

Interim Report

To the shareholders of Albaraka Bank Limited

Unaudited results for the period ended 30 June 2011

Statement of comprehensive income

	Six months ended 30 June		%	Year ended
	2011	2010		31 December
	R'000	R'000	change	2010 R'000
Income earned from advances	98 970	84 631	16,9	180 378
Income earned from equity finance	14 113	19 471	(27,5)	37 060
Gross income earned	113 083	104 102	8,6	217 438
Income paid to depositors	(61 997)	(59 072)	5,0	(123 002)
Net income before impairment for credit losses	51 086	45 030	13,4	94 436
Impairment for credit losses	62	(953)	-	(506)
Net income after impairment for credit losses	51 148	44 077	16,0	93 930
Net non-Islamic income	-	-	-	-
Fee and commission income	8 341	5 645	47,8	12 315
Other operating income	708	670	5,7	1 341
Net income from operations	60 197	50 392	19,5	107 586
Operating expenditure	(48 086)	(42 922)	12,0	(90 838)
Profit before taxation	12 111	7 470	62,1	16 748
Taxation	(3 977)	(2 496)	59,3	(5 484)
Profit for the period	8 134	4 974	63,5	11 264
Weighted average number of shares in issue (000)	18 750	15 000	25,0	15 000
Basic and diluted earnings per share (cents)	43,4	33,2	30,7	75,1

Statement of financial position

	2011		%	2010
	R'000	R'000		R'000
	R'000	R'000	change	R'000
Assets				
Property and equipment	100 243	93 178	7,6	98 882
Investment property	10 339	10 339	-	10 339
Intangible assets	20 831	25 155	(17,2)	22 713
Deferred tax asset	5 722	7 180	(20,3)	5 831
Investment securities	7 309	6 375	14,7	7 239
Advances and other receivables	2 013 986	1 626 359	23,8	1 925 988
Equity finance	674 707	666 410	1,2	471 650
Cash and cash equivalents	198 320	232 725	(14,8)	282 382
Total assets	3 031 457	2 667 721	13,6	2 825 024
Equity and liabilities				
Equity				
Share capital	225 000	150 000	50,0	150 000
Share premium	29 866	-	-	-
Reserves	84 751	76 962	10,1	83 367
Shareholders' interest	339 617	226 962	49,6	233 367
Liabilities				
Welfare and charitable funds	1 874	6 964	(73,1)	2 812
Accounts payable	16 919	21 089	(19,8)	18 231
Deposits from customers	2 673 047	2 412 706	10,8	2 570 614
Total equity and liabilities	3 031 457	2 667 721	13,6	2 825 024

Statement of changes in shareholders equity

	Share capital	Share premium	Retained income	Shareholders' interest
	R'000	R'000	R'000	R'000
2011				
Balance at beginning of year	150 000	-	83 367	233 367
Proceeds from shares issued	75 000	30 000		105 000
Share issue expenses written off		(134)		(134)
Profit for the year			8 134	8 134
Dividends paid			(6 750)	(6 750)
Balance at 30 June 2011	225 000	29 866	84 751	339 617

Commentary on the unaudited results for the period ended 30 June 2011

Following an offer made to shareholders on 31 January 2011 to increase the bank's qualifying capital by means of a non-renounceable rights issue, the bank's share capital and share premium account was increased by R105,0 million on 31 March 2011. The effect of the rights issue was to increase the bank's capital adequacy ratio which, at 30 June 2011, stood at 14,0%.

The intensification in the demand for credit which was experienced in the third and fourth quarters of 2010 did not manifest itself in the current year. Consequently, the bank's advances book grew by a moderate 4,6% (R88,0 million) for the six months ended 30 June 2011. Nonetheless, the bank achieved an overall advances growth of 23,8% for the 12 months since June 2010. As a result of the foregoing, combined with the generally lower level of mark-ups that prevailed during the period under review, the bank's income earned from advances grew by 16,9% when compared against that earned in the previous year's corresponding period.

Even though the growth in the deposit book was relatively slow at 4,0%, or R102,4 million for the six months ended 30 June 2011, it exceeded, albeit marginally, the advances growth in monetary terms. This, taken together with the increased funding generated from the rights issue, enabled the bank to maintain a higher average equity finance book for the six months ended 30 June 2011 when compared against the previous year's corresponding period. However, the lower yields generated by the equity finance book led to a net decrease of R5,4 million in income earned from that source.

As a result of the aforesaid and after allowing for profits shared with and paid to depositors, the bank's net income before impairment for credit losses increased by 13,4% to R51,1 million. The improvement in impairment for credit losses and in fee and commission income contributed to increase the bank's net income from operations by R9,8 million, or 19,5%, to R60,2 million.

The increase in operating expenditure was caused mainly by the higher computer operating costs and depreciation charge associated with the commissioning of a new banking system in August 2010.

FOR AND ON BEHALF OF THE BOARD

16 September 2011

Mr Adnan Ahmed Yousif
CHAIRMAN

Mr Shabir Chohan
CHIEF EXECUTIVE

Business address and registered office

Albaraka Bank Limited is an Authorised Financial Services and Credit Provider and subscribes to the Code of Banking Practice, Reg No. 1989/003295/06, FSP No. 4652, NCR No. NCRCP14
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