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ABRIDGED INTEGRATED ANNUAL REPORT **2012**

*Your Partner Bank*



# VISION, MISSION, VALUES



## CONTENTS

Ten-year Review	1
Directorate and Administration	2
Chairman and Chief Executive's Statement	3
Corporate Governance Report	5
Sustainability Report	7
Compliance Report	10
Shariah Report	11
Abridged Financial Statements	12
Directors' Responsibility Statement	13
Statement of Financial Position	14
Statement of Comprehensive Income	15
Statement of Changes in Shareholders' Equity	16
Statement of Cash Flows	17
Advances and other Receivables	18
Welfare and Charitable Funds	19
Deposits from Customers	19
Earnings per Share	19

### **Vision**

We believe society needs a fair and equitable financial system; one which rewards effort and contributes to the development of the community.

### **Mission**

To meet the financial needs of communities across the world by conducting business ethically, in accordance with our beliefs, practicing the highest professional standards and sharing the mutual benefits with the customers, staff and shareholders who participate in our business success.

### **Values**

#### **Partnership**

Our shared beliefs create strong bonds that form the basis of long-term relationships with customers and staff;

#### **Driven**

We have the energy and perseverance it takes to make an impact in our customers' lives and for the greater good of society;

#### **Neighbourly**

We value and respect the communities we serve. Our doors are always open; our customers always experience a warm-hearted, hospitable welcome and accommodating service;

#### **Peace-of-mind**

Our customers can rest assured that their financial interests are being managed by us to the highest ethical standards;

#### **Social contribution**

By banking with us, our customers make a positive contribution to a better society; their growth and our growth will benefit the world around us.

## TEN-YEAR REVIEW

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>Statement of Financial Position (Rm)</b>										
Share capital	225	225	150	150	150	150	150	89	53	41
Shareholders' interest	362	347	233	228	217	202	187	118	75	58
Deposits from customers	3 322	2 881	2 571	2 130	1 624	1 449	1 254	1 004	885	749
Advances and other receivables	3 269	2 826	2 395	2 057	1 604	1 478	1 300	1 009	836	543
Total assets	3 716	3 246	2 825	2 381	1 871	1 686	1 470	1 179	1 012	859
<b>Statement of Comprehensive Income (Rm)</b>										
Profit before taxation	34	26	17	18	31	27	15	10	8	5
Total comprehensive income for the year	25	16	11	18	21	18	10	7	5	3
<b>Share Statistics (Cents)</b>										
Basic and diluted earnings per share	112	77	74	125	145	121	102	128	129	77
Headline earnings per share	114	76	69	121	144	121	101	134	102	83
Dividend per share	45	45	45	45	35	25	20	-	-	-
Net asset value per share	1 608	1 541	1 551	1 522	1 446	1 344	1 249	1 330	1 415	1 440
<b>Ratios (%)</b>										
Return on average shareholders' interest	7,1	4,6	4,8	8,2	10,4	9,4	7,0	8,9	8,9	5,5
Return on average total assets	0,7	0,5	0,4	0,9	1,2	1,2	0,7	0,7	0,5	0,4
Shareholders' interest to total assets	9,7	10,7	8,2	9,6	11,6	12,0	12,7	10,0	7,4	6,7

### Shareholders' interest

Ordinary share capital, share premium and distributable reserves.

### Return on average shareholders' interest

Total comprehensive income for the year, expressed as a percentage of the weighted average shareholders' interest adjusted relative to the timing of the introduction of any additional capital in a particular year.

### Return on average total assets

Total comprehensive income for the year, expressed as a percentage of the weighted average total assets in a particular year.

### Basic and diluted earnings per share

Total comprehensive income for the year, divided by the weighted average number of ordinary shares in issue adjusted relative to the timing of the issue of any additional ordinary shares in a particular year.

## DIRECTORATE AND ADMINISTRATION

### Board of directors

During the 2012 financial year, Al Baraka Bank's board of directors comprised the following members:

#### Non-executive

##### AA Yousif (57)

Bahraini

- MBA
- Joined the board in 2005
- Non-executive chairman
- Currently president and chief executive of Al Baraka Banking Group

##### MG McLean (65)

- AEP - UNISA
- Joined the board in 2001
- Non-executive director
- Member of the board credit committee

#### Independent non-executive

##### SA Randeree (51)

British

- BA (Hons) MBA
- Joined the board in 2003
- Vice chairman of the board and lead independent director
- Chairman of the directors' affairs committee; interim chairman of the board credit committee
- Member of the remuneration committee

##### F Kassim (54)

Sri Lankan

- EMP – Harvard Business School
- Joined the board in 2006
- Independent non-executive director
- Member of the directors' affairs committee

##### A Lambat (54)

- CA (SA)
- Joined the board in 2006
- Independent non-executive director
- Chairman of the risk and capital management committee
- Member of the audit committee

##### Adv. AB Mahomed SC (67)

- BA LLB
- Joined the board in 1989
- Independent non-executive director
- Chairman of the remuneration committee
- Member of the audit committee and risk and capital management committee

##### MS Paruk (58)

- CA (SA)
- Joined the board in 2004
- Independent non-executive director
- Chairman of the audit committee
- Member of the risk and capital management committee and board credit committee

##### YM Paruk (54)

- Joined the board in 2003
- Independent non-executive director

- Member of the risk and capital management committee and the remuneration committee

##### M Youssef Baker (58)

Egyptian

- B.Sc Economics and Political Science
- Joined the board in 1992
- Independent non-executive director
- Chairman of the social and ethics committee
- Member of the audit committee and the directors' affairs committee

#### Executive

##### SAE Chohan (47)

- CA (SA)
- Joined the board in 2004
- Chief executive
- Member of the board credit committee and the social and ethics committee

##### MJD Courtiade (59)

French

- CA (SA)
- Joined the board in 2004
- Financial director
- Member of the risk and capital management committee.

#### Company secretary

CT Breeds BA LLB

#### Shariah Supervisory Board

Dr. AS Abu Ghudda, Chairman (Syrian)

Mufti SA Jakhura

MS Omar B.Comm LLB

#### Registered office

2 Kingsmead Boulevard, Kingsmead Office Park,  
Stalwart Simelane Street, Durban, 4001

#### Transfer secretaries

Computershare Investor Services (Pty) Ltd.  
70 Marshall Street, Johannesburg, 2001

#### Auditors

Ernst & Young Inc.

1 Pencarrow Crescent, Pencarrow Park, La Lucia Ridge  
Office Estate, Durban, 4051

#### Company details

Registered name: Albaraka Bank Limited

Registration Number: 1989/003295/06

FSP Number: 4652

NCR Registration Number: NCRCP14

Albaraka Bank Limited is an Authorised Financial  
Services and Credit Provider

Albaraka Bank Limited is an Authorised Dealer in  
foreign exchange

#### Business and postal address

##### Head Office:

2 Kingsmead Boulevard, Kingsmead Office Park,  
Stalwart Simelane Street, Durban, 4001  
PO Box 4395, Durban, 4000

## CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT



### **Al Baraka Banking Group**

The highly acclaimed Bahrain-based Al Baraka Banking Group, with subsidiary banking units in no fewer than 15 countries around the world, is a major shareholder in South Africa's Al Baraka Bank.

Employing some 10 000 members of staff world-wide, the group's assets totalled US\$19,0 billion and net income generated totalled US\$235,0 million in the 2012 financial year.

The group's new state-of-the-art head office in Bahrain is to be completed during the course of 2013 and stands as a clear reflection of Al Baraka Banking Group's cutting-edge position in the global banking environment and its status as the world's principal Islamic banking group – an image it projects throughout its subsidiary network.

Such is the esteem in which the group is held, that Mr Adnan Ahmed Yousif, its president and chief executive – who is also chairman of the South African unit – was presented with the 2012 LARIBA Award for Excellence in Achievement in October 2012. The award was made in recognition of his leadership role in consolidating and operating one of the largest Islamic banking groups in the world. The humbling accolade has spurred the group to redouble its efforts to continue the pioneering work first initiated by HE Sheikh Saleh Kamel, chairman of Al Baraka Banking Group.

### **Shariah banking**

Adherence without compromise to Shariah compliance is – and remains – the cornerstone of Al Baraka Bank's existence in South Africa.

In view of the importance we accord Shariah compliance, and as has been previously reported, our bank is a member of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), widely acclaimed for the standards it sets. We also take guidance from the Shariah Supervisory Board, which is an independent body of specialist jurists in Islamic commercial jurisprudence.

### **South African financial performance**

Coming off the back of conservative results since the 2008/09 global slow-down, Al Baraka Bank achieved its best ever results in the 2012 financial year.

The financial year saw growth in the bank's gross advances book of 15,0% or R356,6 million, while the deposit book grew by 15,3% or R440,5 million to R3,3 billion. The equity finance book grew by 18,8% or R86,6 million.

After allowing for profits shared with and paid to depositors, our net income before impairment for credit losses increased by 16,9% to R124,1 million. Improved fee and commission income and other income gave effect to increasing the bank's net

income from operations by R20,6 million or 16,5% to R145,8 million. Total assets exceeded R3,7 billion.

During the review period we worked especially diligently to introduce financial products to close the loop on our product bouquet.

Our efforts ensured the provision of a full range of products, meeting requirements to make the transition to become a fully-fledged and competitive commercial bank.

Our product growth during the review period included making a noteworthy change to our foreign exchange offering.

Our bank has enjoyed Authorised Dealer with Limited Authority status, allowing for retail foreign exchange and an ability to purchase and sell foreign bank notes to clients, since 2008. However, it was always our intention to move the bank to the next level, becoming an Authorised Dealer. This ambition was realised in the 2012 financial year.

The new licence opened the door to our launch in December 2012 of a full suite of international banking products designed to allow our corporate clients to transact seamlessly with the rest of the world by offering them an efficient, professional and personal service to establish documentary credits, negotiate or pay bills or make telegraphic transfers for imports. In addition, it further enabled the bank's ability to leverage off the client bases of Al Baraka Banking Group and its global subsidiaries.

This milestone, coupled with our existing range of traditional commercial banking products, was further augmented in 2012 with the introduction of a cheque book facility. Internal trials went live in October 2012, with full roll-out to interested clients at the beginning of January 2013.

The move was in answer to rising demand from our client base for a cheque facility in spite of the growth of online banking and a decrease in maximum cheque values. By providing our private and corporate clients access to a cheque account, we have added a complementary product to our existing payment channels offering.

Ours is a commercial South African bank, offering a full range of products and with significant international links, as an integral and important subsidiary to one of the largest Islamic banking groups in the world.

It is our intention, therefore, to capitalise on our new-found position of financial sector strength to further grow our product portfolio into the future.

Our new product introduction initiatives of 2012 were positively supported by the exceptional performance of our Shariah-compliant unit trust, the Old Mutual Al Baraka Equity Fund.

**CHAIRMAN AND  
CHIEF EXECUTIVE'S  
STATEMENT**  
CONTINUED

A 2011 decision, based on professional advice received, to take up the residual assets and liabilities of our wholly-owned subsidiary company, Albaraka Properties Proprietary Limited, in 2012 followed by the dissolution of the subsidiary, was rescinded during the review period.

Following a thorough investigation, we believe it not to be in the best interest of the bank to follow-through on the original decision. We, thus, continue operating Albaraka Properties Proprietary Limited.

**Dividend**

The bank takes pleasure in the fact that for the seventh consecutive year we have been in a position to pay a dividend to shareholders.

The bank's board approved a dividend of 45 cents per share for the 2012 financial year.

**Corporate governance**

Al Baraka Bank consciously endeavours to remain at the forefront of the financial environment in terms of our commitment to King III and, in so doing, regularly reviews and benchmarks its governance principles against best practice.

Given that our bank operates within a highly structured, regulated and legal environment, we have proactively addressed the Basel III criteria, putting into place – by way of an especially convened committee – a range of measures designed to ensure the bank's full compliance with such criteria.

**Information technology**

The 2013 financial year provided the bank the opportunity to continue deriving the benefits of our new banking system, the Equation Banking and Branch Automation System, introduced in 2010.

**Corporate social investment**

The socio-economic empowerment of South Africa's disadvantaged members of society, irrespective of race, gender or creed, remains a focus for our bank.



.....  
**Adnan Ahmed Yousif**  
Chairman

During the 2012 financial year Al Baraka Bank donated funds totalling R4,2 million to deserving organisations and causes across South Africa and we remain committed to assisting in making a positive difference to the lives of the needy in this country.

**Future prospects**

The bank's primary focus for 2013 and beyond is to increase its traditionally low levels of non-funding income through services it can now offer as a fully-fledged commercial bank.

We are intent on looking to create additional and alternative revenue streams within the fields of electronic banking, unit trusts and foreign exchange.

In order to enhance our growth trajectory for the further stimulation of the development of the bank, we aim to give serious consideration to the injection of additional capital and, in particular, to continue developing and introducing innovative financial products for the benefit of existing clients and the attraction of prospective new clients. In this regard, we are reviewing the feasibility of introducing Takaful (Shariah-compliant Islamic insurance).

We are also in the preliminary stages of looking into the possibility of developing and rolling-out a mobile banking product.

**Appreciation**

Our pleasing results are due to the efforts of all those associated with Al Baraka Bank. We must, therefore, thank the board, executives and staff for their commitment and Al Baraka Banking Group and our shareholders for their support during 2012.

We commit ourselves to the further growth and development of the bank as a mainstream, commercial banking institution and a financial role-player with a growing stature in South Africa's financial sector.

*We thank Almighty Allah, Most Gracious, and pray that He will continue guiding us to success in future.*



.....  
**Shabir Chohan**  
Chief Executive

# CORPORATE GOVERNANCE REPORT



## Al Baraka's governance process

Al Baraka Bank fully embraces the principles incorporated in King III. The board of directors and management remain committed to the highest level of corporate governance, seeking to provide, through the implementation of sound values and a well defined governance structure, long-term sustainable value for all its stakeholders.

The board strives to ensure, through its adoption of the principles of good corporate governance, the creation of an ethical foundation which promotes the well-established principles of responsibility, accountability, fairness and transparency.

The King III report on corporate governance remains the bank's primary framework in respect of governance matters. The board of directors confirms that Al Baraka Bank has, except where indicated, applied in all material respects the King III corporate governance principles.

## Board of directors

### Role and function of the board

The board of directors is the custodian of corporate governance for the bank. Through our governance structures, operational practices and processes – which the board has put in place – the bank seeks to create a balance which drives the sustainability of the business, whilst simultaneously addressing the social, environmental and transformational challenges of the financial sector within which it operates.

### Board structure and composition

Al Baraka Bank has a unitary board structure. The roles and responsibilities of the chairman and the chief executive have been defined by the board and are separate.

As at 31 December 2012, the board comprised 11 directors, seven of whom were independent non-executive directors and two of whom were non-executive directors. The remaining two directors consisted of the chief executive and the financial director. The directors provide a range of skills, experience and knowledge. This enables the board to guide decision-making and strategy and to discharge its duties and responsibilities in an appropriate manner.

The chairman of the board of directors, Mr AA Yousif, is classified as a non-executive director by virtue of the fact that he holds the position of president and chief executive of Al Baraka Banking Group. The board of directors considers Mr Yousif to be the best person to fulfil the role of chairman of Al Baraka Bank, given his extensive and wide ranging knowledge of, and experience in, Al Baraka Banking Group and the banking industry as a whole.

Mr SA Randeree has been appointed as the lead independent director to facilitate matters discussed by the board of directors when the chairman may, or is seen to have a conflict of interest.

## Independence of directors

The independence of directors is reviewed annually by the directors' affairs committee for approval by the board.

The board assessed the independence of those independent directors who have served on the board for more than nine years, as is the recommended practice in terms of King III. Currently, there are two such independent directors, namely, Adv. AB Mahomed SC and Mr YM Paruk. Having subjected both the directors to a rigorous review in respect of their independence, the board came to the unanimous conclusion that both Adv. AB Mahomed SC and Mr YM Paruk are independent in character and judgement, notwithstanding their length of service on the board.

## Succession planning

The board acknowledges the importance of succession planning. No new directors were appointed to the board during the course of the 2012 financial year. All board appointments, when they occur, need to comply with the requirements of applicable legislation, being the Companies Act 2008, as amended, and the Banks Act, 1990, as amended. In terms of the Banks Act, board candidates must be approved by the Reserve Bank, prior to appointment.

## Strategy formulation

The board is responsible for determining the strategy of the bank. The board, being responsible for the overall performance of the bank, monitors the implementation of the approved strategy, which reflects the bank's performance targets.

## Delegation of authority

Through its well-established governance structure, the board is able to retain effective control of the business. The current governance structure allows the board to delegate appropriate and relevant powers of authority to several board committees and the chief executive, such that the chief executive can manage the bank on a day-to-day basis. The board has formulated its own levels of materiality, reserving specific powers for itself. In order to ensure that delegated powers of authority remain both relevant and material, they are subjected to a regular process of review.

## Director training and induction

Ongoing director education is an area of focus and directors are kept informed of applicable legislation and regulations insofar as these may impact on the operations of the bank, as well as any changes to rules and business codes which might also affect the manner in which the bank is required to conduct its business.

## Board evaluation and assessment

The performance of the board is evaluated on an annual basis, in keeping with King III recommendations. This process includes an

assessment of the performance and effectiveness of the board as a whole, an evaluation of each committee by members of the committee and an assessment of the chairman and the chief executive. The year under review also saw the introduction of a self-assessment process in respect of directors. No matters of a material nature emerged from the evaluations.

#### Board meetings

The board held four meetings during 2012. Over and above its quarterly meetings, the board may meet on an ad hoc basis as and when circumstances require. Meetings are scheduled well in advance for the forthcoming year, in consultation with the directors.

In order to allow the board to discharge its corporate responsibilities, the board and board committees may, where necessary, seek independent professional advice on any subject matter, such that the directors may give effect to their obligations as directors. The cost of obtaining such independent advice will be at Al Baraka Bank's expense. Where the need arises, directors are free to engage with members of management, in the absence of executive directors. The board has a well defined charter which comprehensively records the duties and responsibilities of the board.

The table below outlines attendances at 2012 board and board committee meetings.

#### Board committees

Board committees constitute an integral part of Al Baraka Bank's corporate governance framework.

The board has established a number of committees to assist it in fulfilling its objectives, inclusive of the audit committee, the risk and capital management committee, the board credit committee, the directors' affairs committee, the remuneration committee and, more recently, the social and ethics committee, which arises out of the requirements of the Companies Act, 2008, as amended.

The board has also established a board property committee, whose mandate is to oversee the development of sites 23 and 24 at Kingsmead Office Park.

Whilst the board committees assist the board in fulfilling its objectives, it is the board of directors which bears the ultimate responsibility for the performance of the bank. Full disclosure of the committees may be found in the complete version of the 2012 Integrated Annual Report.

Name of Director/ Member	Board	Audit	Risk and capital	Board credit	Directors affairs	Remuneration	Social and ethics	Board property
AA Yousif	3/4 <sup>1</sup>	-	-	-	-	-	-	-
SA Randeree	4/4 <sup>2</sup>	-	-	4/4 <sup>1</sup>	2/2 <sup>1</sup>	3/3	-	-
F Kassim	4/4	-	-	-	2/2	-	-	-
A Lambat	4/4	4/5	4/4 <sup>1</sup>	-	-	-	-	-
Adv. AB Mahomed SC	4/4	4/5	4/4	-	-	3/3 <sup>1</sup>	-	-
MG McLean	4/4	-	-	4/4	-	-	-	-
MS Paruk	4/4	5/5 <sup>1</sup>	3/4	4/4	-	-	-	2/2 <sup>1</sup>
YM Paruk	4/4	-	4/4	-	-	3/3	-	2/2
M Youssef Baker	4/4	5/5	-	-	2/2	-	2/2 <sup>1</sup>	-
SAE Chohan	4/4	-	-	4/4	-	-	2/2	2/2
MJD Courtiade	4/4	-	4/4	-	-	-	-	-
EM Hassan	-	-	-	3/4 <sup>3</sup>	-	-	-	-
Y Nakhooda	-	-	3/4 <sup>4</sup>	-	-	-	-	-
Adv. MA Vahed	-	-	-	-	-	-	2/2 <sup>5</sup>	-

<sup>1</sup> = Chairman, <sup>2</sup> = Deputy Chairman, <sup>3</sup> = General Manager: Credit

<sup>4</sup> = Manager: Risk, <sup>5</sup> = Executive: Regulatory and Compliance



# SUSTAINABILITY REPORT



## Introduction

Al Baraka Bank's integrated report tenders a holistic and integrated account of both the bank's sustainability and its financial accomplishments. The bank remains steadfast in its adoption of fair and equitable business practices, designed to integrate economic, environmental, social and ethical values, so advancing the continued transformation and sustainability of the bank going forward.

It therefore follows that it makes good business sense to adopt an eco-efficiency approach to our company operations. This methodology is based on a simple proposition; that a significant reduction in waste generation and operational inefficiencies will result in our ability to generate financial savings, together with the simultaneous safeguarding of the environment.

## Company overview

As South Africa's only fully-fledged Islamic bank, Al Baraka Bank remains unwavering in its commitment to the provision of Shariah-compliant banking in this country. Our vision is to provide society with a fair and equitable financial system; one which rewards effort and contributes to the development of the community we serve. In realising such a vision, Al Baraka Bank conducts its business in an ethical manner and in accordance with Islamic beliefs, practising the highest professional standards and sharing the mutual benefits derived with its customers, staff and shareholders.

Al Baraka Bank is working towards the realisation of a business strategy which maximises profits, while increasingly contributing to the best practice defence of the environment.

## Strategic business objectives, competencies and key performance indicators:

The bank is engaged in meeting four broad strategic business objectives, inclusive of:

- Increasing returns to shareholders;
- Promoting customer service excellence;
- Developing innovative products; and
- Utilising enhanced technology.

## Identification of risks and opportunities:

The bank sets out to continuously identify risks and opportunities, utilising various methods and processes to effectively manage the risks and to take advantage of the opportunities it encounters in its day-to-day business activities.

In executing such enterprise risk management strategies, the bank endeavours to manage its overall financial risk, as well as those risks associated with strategy, operations, reporting and regulatory compliance.

## Organisational and governance structure

Al Baraka Bank adheres strictly to the principles of good governance with respect to its business operations, in line with the four pillars which

effectively underpin good corporate governance, being responsibility, accountability, fairness and transparency.

Being a Shariah-compliant bank, it should be recognised and accepted that the following is prohibited:

- Collection or payment of interest;
- Transactions which involve excessive risk and speculation; and
- Investment in prohibited activities.

In following Islamic business principles, Al Baraka Bank remains true to Shariah Standards published by the Accounting and Auditing Organisation for Islamic Financial Institutions. It avoids investments in non-Shariah-compliant fixed-income instruments or securities, does not hold cash balances in interest-bearing accounts or assets and does not invest in any company involved in alcohol, tobacco, pork, casinos, hotels or conventional banks.

## Managing sustainable development

The economic, environmental and social features which have a bearing on the methodology behind which our bank conducts its business activities in a sustainably responsible manner are documented below:

### Economic:

As a Shariah-compliant banking enterprise, Al Baraka Bank places great store in responsible financing, promoted through its adherence to requirements set out in the National Credit Act.

We seek constantly to create long-term and sustainable economic value for the benefit of the bank's stakeholders. We develop and implement effective and efficient risk management systems geared to complementing the bank's adherence to best governance practices, compliance with all laws and regulations and alignment with good ethical conduct.

### Environmental:

Embedded in the charter of our social and ethics committee of the board is a commitment to proactively defend the environment and conserve natural and renewable energy resources.

The bank follows a continuous assessment approach to environmental sustainability, identifying and implementing measures to minimise our eco-footprint throughout our network of operations.

Such measures include inter-alia:

- Switching from conventional light bulbs to high-performance, energy-saving LED down-lighters;
- Maximising natural light at Al Baraka Bank outlets and, especially, its Durban-based head office and Kingsmead branch which were architecturally designed to filter natural light;
- Minimising paper usage through the promotion



- of electronic communication, and facilitation of electronic communication with shareholders;
- Encouraging shareholders to adopt electronic communication with the bank's transfer secretaries;
  - Recycling waste materials;
  - Automatically shutting-down centrally-ducted air-conditioning and lighting systems at head office;
  - Utility of an atrium, bedded with indigenous plants for improved air quality; and
  - Monitoring electricity and water consumption at head office and Kingsmead branch.

The embryonic management system has already shown a marked saving in electricity usage; a consequence of the recent introduction throughout the structure of LED down-lighters.

**Social:**

Our bank has, since 1994, employed a five-point corporate social investment programme to make significant contributions to the upliftment and empowerment of society's disadvantaged. Our areas of focus mirror the areas of greatest need in the country, namely education, health, poverty alleviation, security and humanitarianism.

Our corporate social investment activities are reported to Al Baraka Banking Group, the Bahrain-based international banking group of which Al Baraka Bank in South Africa is a subsidiary.

The 2012 financial year saw the bank contribute some R4,2 million to a range of needy organisations.

**Stakeholder Engagement**

Al Baraka Bank has formulated a stakeholder policy through which we engage with identified stakeholders.

**Customers:**

Our customers provide the bank with a business purpose and mission and we strive to ensure that our business is, and remains, customer-centric.

The bank engages with customers to gain insights to their financial product needs and expectations, while offering professional advice about our existing offerings.

We place a high premium on the provision, by our members of staff, of service excellence as a way of life.

This is tested through regular and random customer interactions to gauge their sentiments regarding service experiences at the bank. This enables us to identify shortcomings and implement corrective actions.

Our customer service centre sharecall telephone facility allows us to attend to customer queries, concerns, complaints and compliments. It, with other channels of interaction, permits us to analyse customer information so as to better understand the evolving financial needs of clients.

**Employees:**

Recruitment and training –

We seek staff of the highest calibre, setting out to attract, develop and retain top talent. To ensure members of staff reach their full potential, the bank has in place a range of training and development interventions, all geared towards the creation of a high performance culture within the bank.

We are committed to the principles which drive transformation and remain steadfast in our desire to ensure the practice of fair, professional and scientific recruitment. The bank also has in place access to various Islamic educational initiatives, together with a successful graduate programme.

BANKSETA funding has been secured for the sponsorship of a series of relevant management and executive courses.

Managing diversity –

Developing a business culture which encompasses the beliefs and values of all is important to us. Our goal is to bring together the shared skills and work-related activities of staff, so as to foster new perspectives, giving rise to innovative and inclusive business solutions.

We support the well-recognised concept of diversity and use it to inspire amongst our staff the need for mutual respect, a sense of belonging, a feeling of self-worth and the fortitude to contribute to company decision-making.

Transformation –

The bank is supportive of the underlying transformation principles, including the need to employ representatives of historically disadvantaged groups, inclusive of women and those with disabilities.

We welcome the finalisation of the Financial Sector Code, which we will use to report our Black Economic Empowerment performance. In addition, the bank has engaged a leading ratings agency with a view to securing a verifiable Broad-Based Black Economic Empowerment certification rating.

Employment equity –

Al Baraka Bank embraces the employment equity ideal and remains committed to recruiting staff from the ranks of the historically disadvantaged and promoting the role of women in business.

Employee wellness –

We take the health and welfare of our members of staff seriously and have developed a health and wellness policy to advance the overall health and well-being of our staff. This is achieved through interventions addressing health education and other related issues, being supportive of lifestyle changes aimed at improving productivity and the general well-being of staff.

Staff communication –

The bank is aware of the importance of keeping staff



informed about developments affecting the business. Channels we employ for such internal communication include:

- The chief executive's address;
- The intranet site;
- Social media;
- The contact centre;
- Employee self-service facility; and
- Tip-offs Anonymous.

**Shareholders:**

The bank regularly provides shareholders with relevant information, delivered in a timely manner and in accordance with the requirements of the Companies Act, 2008, as amended.

We encourage shareholders to attend the bank's annual general meetings and promote the presence of the chairmen of our various committees of the board and the Shariah Supervisory Board at such meetings to provide informed responses to shareholder queries. In addition, the chairman of the social and ethics committee delivers a report on the activities of the committee.

**Community:**

We create sound partnerships with the different communities within which we operate, in an effort to ensure the relevance of our offerings and the business and social role we play.

Engagement with community members include personal interaction and involvement in and sponsorship of community service events, communication via social and print media, the provision of special-purpose publications – such as the integrated annual report – SMS messaging and our interactive website.

**Regulators and industry bodies:**

As a registered bank, we enjoy established relationships with industry regulators and ensure the bank's formal adherence to the legal and regulatory requirements of such regulators. This we achieve through ongoing interaction with these bodies by way of statutory reporting activities and scheduled prudential visits.

We also interact with financial industry and related bodies, including the Banking Association of South

Africa and the South African Banking Risk and Information Centre to keep abreast of emerging trends and developments within the financial sector and to deliver best practice.

**Media:**

Al Baraka Bank develops relationships with key members of South Africa's business media (print and electronic) to prominently position the brand in the public domain and to publicise newsworthy events, thus keeping stakeholders informed.

**Suppliers:**

Given our commitment to the ideals behind Broad-Based Black Economic Empowerment, the bank employs a preferential procurement policy through which suppliers from historically disadvantaged backgrounds are, where appropriate, utilised.

This facilitates the growth and development of these enterprises, assisted by a fast-track payment system, pursuant to the completion and delivery of commissioned works, thereby facilitating improved cash flows and promoting their business sustainability.

**Conclusion**

Our sustainability report best evidences the bank's discharge of its sustainability responsibilities, the rendering of highly ethical management and control qualities and the delivery of professional communication with its stakeholders.

Importantly, this report also demonstrates Al Baraka Bank's standing within South Africa's financial sector as a responsible corporate citizen.

Sustainability reporting has become an important measure, enabling stakeholders to acquire insight to and an assessment of a company's 'triple bottom line' of economic, environmental and social performance.

Recognising this, the bank is devoting significant resources to the more efficient evaluation and quantification of its sustainability measures, focusing on integrated performance, while affording the bank a unique business opportunity to identify latent revenue streams and a reduction of costs.

No assurance has been attained relating to Al Baraka Bank's sustainability measures for the 2012 financial year.



Al Baraka Bank ensures the continuous up-skilling of compliance personnel, facilitating capable and exceptional service delivery, given that the focus of the bank's compliance function is the effective monitoring of regulatory and reputational risk.

Regulatory risk is the risk that the bank could be exposed to penalties and sanctions for failing to comply with statutory, regulatory and supervisory requirements imposed by regulatory authorities. Reputational risk is the risk that the bank could be exposed to negative publicity, as a consequence of, inter-alia, contravening laws applicable to the bank.

Our compliance personnel support management in complying with the letter and spirit of the law and other supervisory requirements. Our compliance officer operates in terms of authority delegated by the board and in terms of a board-approved compliance charter. The compliance officer has access to the chief executive, the audit committee and the chairman of the board.

Reports and updates are submitted to the audit committee, board and South African Reserve Bank regularly, covering a range of compliance matters. During the 2012 financial year no material issues of non-compliance were reported.

Regulatory developments which had a significant impact on Al Baraka Bank during the 2012 financial year included:

- **Anti-money laundering control and combating of terrorism legislation**

Given that there have been significant enhancements to technology related to anti-money laundering and terrorist detection, the bank continues to explore all relevant systems or processes to assist in this function. The bank's focus on such compliance is maintained by dedicated branch staff, the anti-money laundering officer and the compliance officer.

- **Financial Advisory and Intermediary Services Act**

Al Baraka Bank's licence allows for interventions designed to give effect to compliance with the Financial Advisory and Intermediary Services Act (FAIS Act). Such interventions include:

- Identifying and appointing additional representatives, establishing training necessities and updating the required register;
- Reviewing processes, communication, promotional and other materials to ensure that they align with the requirements of the FAIS Act and codes of consumer protection;
- Up-skilling staff to meet FAIS qualification requirements; and
- Updating the bank's own FAIS policy and procedure document.

- **Home Loan and Mortgage Disclosure Act**

This legislation was introduced to allow historically disenfranchised members of society access to residential property finance. The bank annually provides statistics to the Office of Disclosure, located within the Department of Human Settlements.

- **Consumer Protection Act**

The bank has established a committee to unpack the provisions of the Consumer Protection Act (CPA), culminating in the successful incorporation of the CPA into the bank's policies and procedures.

- **Companies Act 2008**

The bank has established a committee to examine the requirements of the Companies Act no. 71 of 2008, as amended, and accompanying regulations.

- **Protection of Personal Information Bill**

With the imminent promulgation of the Protection of Personal Information Bill, the bank has established a project team to drive its implementation.

- **Foreign Account Tax Compliance Act**

The Foreign Account Tax Compliance Act (FATCA) imposes a penal withholding tax on foreign entities which refuse to disclose the identities of USA persons with offshore bank accounts and/or investments that commit tax evasion.

Al Baraka Banking Group has conducted an assessment of its group-wide FATCA compliance. We have formed a committee to ensure compliance with FATCA.

Monitoring is an essential element of the compliance function. Accordingly, an extensive monitoring plan has been incorporated into the bank's system. The monitoring of legislation has been further enhanced through the introduction of new compliance software.

Four internal control officers assist with the monitoring of legislation. Reports are submitted to monthly management EXCO and quarterly FICA EXCO meetings.

The bank applies a zero tolerance approach to non-compliance and prides itself on maintaining a rich culture of compliance to laws, rules, standards and policies.

The need and requirement for absolute compliance is emphasised by the bank, so entrenching a collective staff mind-set which gives effect to full compliance with all relevant laws.

# SHARIAH REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

*In the name of Allah, the All Compassionate, the Most Merciful*

## **To the shareholders of Albaraka Bank Limited**

We have reviewed the principles and the contracts relating to the transactions and applications introduced by Al Baraka Bank during the year under review. We have also conducted our review to form an opinion as to whether Al Baraka Bank has complied with Shariah Rules and Principles in accordance with the Shariah Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and the resolutions issued by the Shariah Supervisory Board of the bank.

Al Baraka Bank's management is responsible for ensuring that the bank complies with Islamic Shariah Rules and Principles. It is the Shariah Supervisory Board's responsibility to form an independent opinion, based on its review of the operations of Al Baraka Bank and report to you.

We conducted our review, which included examining, directly or indirectly through the Shariah Department, on a test basis, each type of transaction, the relevant documentation and procedures adopted by the bank, including interviews with members of management.

The scope of the audit included:

- Financial Statements for the year ended 31 December 2012;
- Murabaha Financing;
- Musharaka Financing;
- Equity Murabaha Transactions;

- Profit Distribution;
- Disposal of Impermissible Income;
- Foreign Exchange Transactions; and
- Review and Approval of Zakah Calculation.

We planned and performed our review so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that Al Baraka Bank has not violated Islamic Shariah Rules and Principles.

In our opinion:

1. The contracts, transactions and dealings entered into by Al Baraka Bank during the year under review are generally in compliance with Shariah Rules and Principles;
2. The allocation of profit and charging of losses relating to investment accounts conform to the basis that had been approved by us in accordance with Islamic Shariah Rules and Principles;
3. An amount of impermissible income has been designated to be paid to charity;
4. In relation to certain transactions which were erroneously transacted, we directed management to rectify the same; and
5. Zakah of the bank was calculated at 31c per share. Shareholders are advised to discharge this Zakah individually, as the bank is not mandated to discharge this on their behalf.

*We beg the Almighty to grant us all the success in this World and the Hereafter.*

**Dr Abdus Sattar Abu Ghudda**  
Chairman

**Sheikh Mahomed Shoaib Omar**  
Member

**Mufti Shafique Jakhura**  
Member

30 January 2013

**ABRIDGED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2012**



<b>NATURE OF BUSINESS</b>	Islamic Financial Services
<b>AUDITORS</b>	Ernst & Young Inc.
<b>REGISTERED OFFICE</b>	2 Kingsmead Boulevard Kingsmead Office Park Stalwart Simelane Street Durban 4001  P O Box 4395 Durban 4000
<b>PARENT AND ULTIMATE HOLDING COMPANY</b>	Al Baraka Banking Group B.S.C.
<b>REGISTRATION NUMBER</b>	1989/003295/06
<b>COUNTRY OF INCORPORATION</b>	Republic of South Africa

The abridged financial statements are derived from the Albaraka Bank Limited annual financial statements for the year ended 31 December 2012. The group has applied the provisions of the new Companies Act, 71 of 2008, as amended, of South Africa, which allows for the presentation of abridged financial statements.

Albaraka Bank Limited's principal accounting policies have been prepared in terms of International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board and have been applied consistently over the current and prior financial years.

The annual financial statements of Albaraka Bank Limited have been audited in compliance with S30 of the Companies Act of South Africa and are available at [www.albaraka.co.za](http://www.albaraka.co.za).

Albaraka Bank Limited's financial manager, Rishaad Bismilla CA(SA), and general manager: finance, Abdullah Ameen CA(SA), were responsible for the preparation of the financial statements.

## DIRECTORS' RESPONSIBILITY STATEMENT

The abridged financial statements are extracted from the complete set of the group and separate parent annual financial statements, for which the company's directors are responsible in terms of preparation and fair presentation. They comprise the audit committee report, company secretary statement, directors' report, the statement of financial position as at 31 December 2012 and the statement of comprehensive income, the statement of changes in shareholders' equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in the group and separate parent annual financial statements.

The directors have made an assessment of the group's and company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group annual financial statements and separate parent annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

### **Approval of group annual financial statements and annual financial statements**

The group annual financial statements and annual financial statements were approved by the board of directors on 15 March 2013 and signed on their behalf by:



.....  
**Adnan Ahmed Yousif**  
Chairman



.....  
**Shabir Chohan**  
Chief Executive

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Notes	Group		Company	
		2012	2011	2012	2011
		R'000	R'000	R'000	R'000
<b>Assets</b>					
Property and equipment		98 655	100 435	73 008	79 017
Investment properties		10 552	10 682		
Intangible assets		19 570	19 007	19 570	19 007
Investment in and amount due by subsidiary company				22 903	15 045
Deferred tax asset		2 222	3 019	13 616	8 755
Investment securities		8 719	7 576	8 719	7 576
Advances and other receivables	1	3 269 322	2 825 687	3 269 133	2 825 529
South African Revenue Service		649	1 899	671	1 899
Cash and cash equivalents		306 552	277 392	306 552	277 392
<b>Total assets</b>		<b>3 716 241</b>	<b>3 245 697</b>	<b>3 714 172</b>	<b>3 234 220</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital		225 000	225 000	225 000	225 000
Share premium		29 866	29 866	29 866	29 866
Retained income		106 912	91 782	106 011	81 043
<b>Shareholders' interests</b>		<b>361 778</b>	<b>346 648</b>	<b>360 877</b>	<b>335 909</b>
<b>Liabilities</b>					
Welfare and charitable funds	2	4 418	2 795	4 418	2 795
Accounts payable		23 199	9 791	22 104	9 098
South African Revenue Service		231	1 094	158	1 049
Provision for leave pay		5 111	4 341	5 111	4 341
Deposits from customers	3	3 321 504	2 881 028	3 321 504	2 881 028
<b>Total liabilities</b>		<b>3 354 463</b>	<b>2 899 049</b>	<b>3 353 295</b>	<b>2 898 311</b>
<b>Total equity and liabilities</b>		<b>3 716 241</b>	<b>3 245 697</b>	<b>3 714 172</b>	<b>3 234 220</b>



**STATEMENT OF  
COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	Group		Company	
		2012	2011	2012	2011
		R'000	R'000	R'000	R'000
Income earned from advances		240 181	204 529	240 181	204 529
Income earned from equity finance		23 060	26 399	23 060	26 399
<b>Gross income earned</b>		<b>263 241</b>	<b>230 928</b>	<b>263 241</b>	<b>230 928</b>
Income paid to depositors		(139 175)	(124 829)	(139 175)	(124 829)
<b>Net income before impairment for credit losses</b>		<b>124 066</b>	<b>106 099</b>	<b>124 066</b>	<b>106 099</b>
Impairment for credit losses	1.2.3	(3 850)	(895)	(3 850)	(895)
<b>Net income after impairment for credit losses</b>		<b>120 216</b>	<b>105 204</b>	<b>120 216</b>	<b>105 204</b>
Net non-Islamic income		-	-	-	-
Fee and commission income		21 385	17 623	21 585	17 823
Other operating income		4 156	2 306	21 437	5 999
<b>Net income from operations</b>		<b>145 757</b>	<b>125 133</b>	<b>163 238</b>	<b>129 026</b>
Operating expenditure		(111 363)	(99 320)	(114 927)	(103 032)
Finance costs				(9 737)	(9 480)
<b>Profit before taxation</b>		<b>34 394</b>	<b>25 813</b>	<b>38 574</b>	<b>16 514</b>
Taxation		(9 139)	(9 962)	(3 481)	(7 974)
<b>Total comprehensive income for the year, net of tax, attributable to equity holders</b>		<b>25 255</b>	<b>15 851</b>	<b>35 093</b>	<b>8 540</b>
Weighted average number of shares in issue ('000)		22 500	20 625		
Basic and diluted earnings per share (cents)	4	112,2	76,9		

**STATEMENT OF  
CHANGES IN  
SHAREHOLDERS' EQUITY**  
FOR THE YEAR ENDED 31 DECEMBER 2012

	Share capital	Share premium	Retained income	Shareholders' interest
	R'000	R'000	R'000	R'000
<b>Group</b>				
<b>2012</b>				
Balance at beginning of year	225 000	29 866	91 782	346 648
Total comprehensive income			25 255	25 255
Dividends paid			(10 125)	(10 125)
<b>Balance at end of year</b>	<b>225 000</b>	<b>29 866</b>	<b>106 912</b>	<b>361 778</b>
<b>2011</b>				
Balance at beginning of year	150 000		82 681	232 681
Rights issue	75 000	30 000		105 000
Share issue costs		(134)		(134)
Total comprehensive income			15 851	15 851
Dividends paid			(6 750)	(6 750)
<b>Balance at end of year</b>	<b>225 000</b>	<b>29 866</b>	<b>91 782</b>	<b>346 648</b>
<b>Company</b>				
<b>2012</b>				
Balance at beginning of year	225 000	29 866	81 043	335 909
Total comprehensive income			35 093	35 093
Dividends paid			(10 125)	(10 125)
<b>Balance at end of year</b>	<b>225 000</b>	<b>29 866</b>	<b>106 011</b>	<b>360 877</b>
<b>2011</b>				
Balance at beginning of year	150 000		79 253	229 253
Rights issue	75 000	30 000		105 000
Share issue costs		(134)		(134)
Total comprehensive income			8 540	8 540
Dividends paid			(6 750)	(6 750)
<b>Balance at end of year</b>	<b>225 000</b>	<b>29 866</b>	<b>81 043</b>	<b>335 909</b>

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2012

	Group		Company	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
<b>Cash flow from operating activities</b>				
Cash generated from operations	37 316	33 678	27 576	24 636
Changes in working capital	16 099	(122 549)	15 675	(121 168)
Taxation paid	(8 027)	(7 117)	(8 027)	(7 117)
Dividends paid	(10 125)	(6 750)	(10 125)	(6 750)
Increase in South African Revenue Service liability	-	229	-	229
<b>Net cash inflow/(outflow) from operating activities</b>	<b>35 263</b>	<b>(102 509)</b>	<b>25 099</b>	<b>(110 170)</b>
<b>Cash flow from investing activities</b>				
Purchase of property and equipment	(6 060)	(7 023)	(6 060)	(6 852)
Purchase of investment properties	(22)	(343)		
Purchase of intangible assets	(265)	(401)	(265)	(401)
Purchase of investment securities	(77)	(42)	(77)	(42)
Proceeds from disposal of property and equipment	4	14	4	14
Dividend income	317	448	18 317	4 448
(Increase)/decrease in investment in and amount due by subsidiary			(7 858)	3 147
<b>Net cash (utilised)/generated in investing activities</b>	<b>(6 103)</b>	<b>(7 347)</b>	<b>4 061</b>	<b>314</b>
<b>Cash flow from financing activities</b>				
Proceeds from rights issue	-	104 866	-	104 866
<b>Net cash from financing activities</b>	<b>-</b>	<b>104 866</b>	<b>-</b>	<b>104 866</b>
Net increase/(decrease) for the year	29 160	(4 990)	29 160	(4 990)
Cash and cash equivalents at beginning of year	277 392	282 382	277 392	282 382
<b>Cash and cash equivalents at end of year</b>	<b>306 552</b>	<b>277 392</b>	<b>306 552</b>	<b>277 392</b>

**NOTES TO THE ABRIDGED  
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2012

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
<b>1. Advances and other receivables</b>				
<b>1.1 Sectoral analysis</b>				
<b>Advances to customers</b>				
Property (Musharaka and Murabaha)	1 929 112	1 619 299	1 929 112	1 619 299
Instalment sale	410 003	397 834	410 003	397 834
Trade	395 235	360 771	395 235	360 771
Other	863	743	863	743
<b>Gross advances to customers</b>	<b>2 735 213</b>	<b>2 378 647</b>	<b>2 735 213</b>	<b>2 378 647</b>
Provision for impairment of doubtful advances	(16 509)	(16 319)	(16 509)	(16 319)
	<b>2 718 704</b>	<b>2 362 328</b>	<b>2 718 704</b>	<b>2 362 328</b>
<b>Advances to banks</b>				
Equity finance	548 088	461 480	548 088	461 480
<b>Net advances</b>	<b>3 266 792</b>	<b>2 823 808</b>	<b>3 266 792</b>	<b>2 823 808</b>
Other receivables	2 530	1 879	2 341	1 721
	<b>3 269 322</b>	<b>2 825 687</b>	<b>3 269 133</b>	<b>2 825 529</b>
Included under property are Musharaka advances amounting to R1 873,1 million (2011: R1 548,7 million)				
<b>1.2 Analysis of impairment for doubtful advances</b>				
<b>1.2.1 Specific impairments</b>				
Balance at beginning of year	6 316	6 434	6 316	6 434
Charge to profit for the year	3 252	(5)	3 252	(5)
Bad debts written off	(3 863)	(113)	(3 863)	(113)
	<b>10 804</b>	<b>10 002</b>	<b>10 804</b>	<b>10 002</b>
<b>1.2.2 Portfolio impairments</b>				
Balance at beginning of year	10 002	8 271	10 002	8 271
Charge to profit for the year	802	1 731	802	1 731
	<b>16 509</b>	<b>16 318</b>	<b>16 509</b>	<b>16 318</b>
<b>1.2.3 Impairment for credit losses</b>				
Specific impairments	3 252	(5)	3 252	(5)
Portfolio impairments	802	1 731	802	1 731
Bad debts recovered	(204)	(831)	(204)	(831)
	<b>3 850</b>	<b>895</b>	<b>3 850</b>	<b>895</b>

There was a net increase in specific impairments of R3 252 433 for the year which was a result of impairments of R3 433 969 being raised and a further R181 536 being released.

	<u>Group</u>		<u>Company</u>	
	2012	2011	2012	2011
	R'000	R'000	R'000	R'000
<b>2. Welfare and charitable funds</b>				
Gross income from non-Islamic activities during the year	6 764	7 261	6 764	7 261
Normal tax thereon	(935)	(1 149)	(935)	(1 149)
Net income from non-Islamic activities during the year	5 829	6 112	5 829	6 112
Donations and advances	(4 206)	(6 129)	(4 206)	(6 129)
Balance at beginning of year	2 795	2 812	2 795	2 812
<b>Balance at end of year</b>	<b>4 418</b>	<b>2 795</b>	<b>4 418</b>	<b>2 795</b>

### 3. Deposits from customers

Participation investment accounts	1 514 592	1 361 008	1 514 592	1 361 008
Savings accounts	9 922	15 437	9 922	15 437
Monthly investment plan	115 425	99 338	115 425	99 338
Haj investment scheme	102 946	91 106	102 946	91 106
Regular income provider	1 370 425	1 166 620	1 370 425	1 166 620
Electronic banking	140 649	104 744	140 649	104 744
Profits distributable to depositors	25 511	18 622	25 511	18 622
Other	42 034	24 153	42 034	24 153
	<b>3 321 504</b>	<b>2 881 028</b>	<b>3 321 504</b>	<b>2 881 028</b>

### 4. Earnings per share

Basic and diluted earnings per share are calculated on after tax income attributable to ordinary shareholders and a weighted average number of 22 500 000 (2011: 20 625 000) ordinary shares in issue during the year (cents)

112,2      76,9

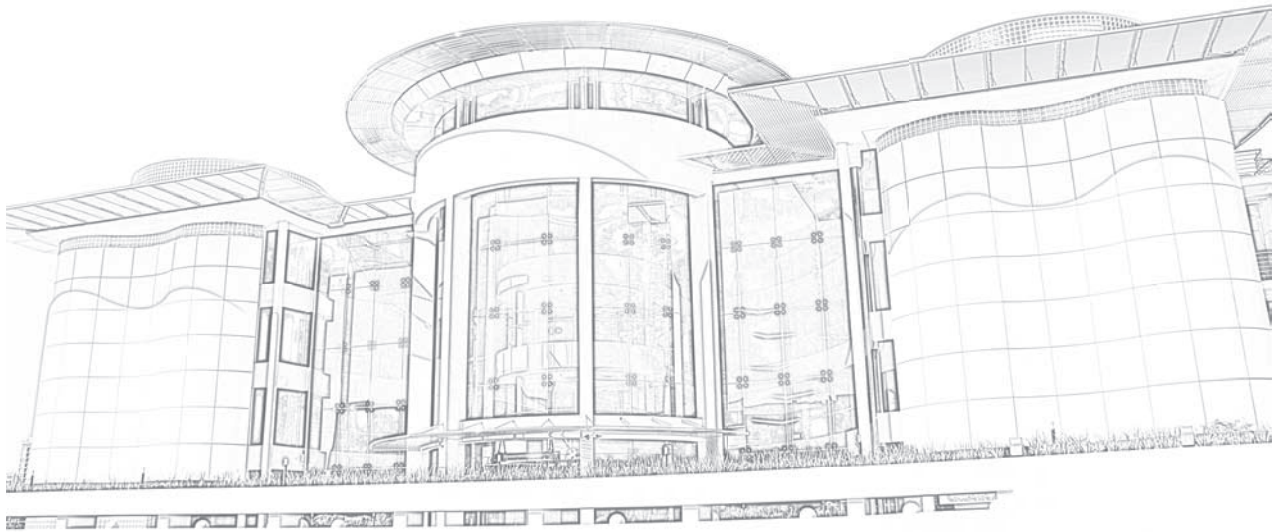
Headline earnings per share are calculated on headline earnings and a weighted number of 22 500 000 (2011: 20 625 000) ordinary shares in issue during the year (cents)

114,1      76,9

Headline earnings per share are derived from:

Profit for the year	25 255	15 851
Loss arising on disposal of property and equipment	17	11
Write-off of property, equipment and intangible assets	407	-
Impairment of property and equipment	-	7
	<b>25 679</b>	<b>15 869</b>





**alBaraka** 

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