

Section 65 (4) of the Companies Act, 71 of 2008, as amended, requires proposed resolutions, ordinary or special, to be accompanied by explanatory material regarding the resolutions to be adopted. The explanatory material in respect of the proposed resolutions is as follows:

1. Special Resolution

1.1 Reason for and effect of Special Resolution 1.1 – Directors’ Fees

Section 66 (9) of the Companies Act provides that the remuneration of directors may be paid only in accordance with a Special Resolution approved by the shareholders within the previous two years.

In giving effect to the requirements of section 66 (9) of the Companies Act, Special Resolution 1.1 approves the fees payable to the non-executive directors for the year 01 July 2013 to 30 June 2014.

2. Ordinary Resolutions

2.1 Resolution 2.1 – Adoption of annual financial statements

The directors are required to submit the audited financial statements for the year ended 31 December 2012 to the annual general meeting for approval.

2.2 Resolution 2.2 – Re-election of directors

This resolution provides for the re-election of retiring directors, in accordance with the requirements of the company’s Memorandum of Incorporation. The directors’ affairs committee conducted an assessment of the retiring directors, the findings of which were supported by the board. The board therefore recommends the re-election of the retiring directors to the shareholders.

2.3 Resolution 2.3 – Remuneration and appointment of auditors

- (a) The purpose of this resolution is to ratify the auditors’ remuneration for the year ended 31 December 2012.
- (b) The purpose of this resolution is to authorise the board to agree to the auditors’ remuneration for the year ending 31 December 2013.
- (c) The Companies Act requires the shareholders, at each annual general meeting, to appoint auditors who will continue in office until the following annual general meeting. The directors propose that Ernst & Young Inc. be appointed as the external auditors of Al Baraka Bank.

2.4 Resolution 2.4 – Directors’ authority to allot unissued shares

The effect of this resolution is to place the unissued ordinary shares of the company under the control of the directors until the next annual general meeting.

2.5 Resolution 2.5 – Confirmation and approval of directors’ remuneration for the year ended 31 December 2012

The effect of this resolution is to approve the remuneration of the directors for the year ended 31 December 2012, as set out more fully in the annual financial statements.

2.6 Resolution 2.6 – Appointment of the Shariah Supervisory Board

The purpose of this resolution is to provide for the appointment of Dr Abdus Sattar Abu Ghudda, Sheikh Mahomed Shoaib Omar and Mufti Shafique Ahmed Jakhura to the Shariah Supervisory Board of Al Baraka Bank.

3. Non-binding advisory endorsement of the remuneration policy

The reason for proposing this resolution is to request shareholders to signify their approval of the company’s remuneration policy by way of a non-binding advisory resolution as provided for in King III.

As this resolution is of an advisory nature, failure to pass it will not have any legal consequences in respect of existing arrangements.

However, the board will consider the outcome of the vote when considering the company’s remuneration policy. The policy is outlined below:

The board of directors, through the remuneration committee, ensures that a correct balance exists between the interests of employees and those of shareholders so that the bank attracts and retains the expertise required to achieve the bank’s strategy.

The committee also ensures that all the company’s directors, executive and senior management are fairly rewarded for their individual contribution to the company.

This is essential in strengthening the relationship between the remuneration of directors and executives and the value it places on its staff and performances thereby enhancing the profitability of Albaraka Bank Limited.

The overall philosophy of the remuneration policy is to:

- Create value for Al Baraka Bank over the long-term;
- Remunerate employees in the form of fixed pay, fringe benefits and variable pay;
- Balance total remuneration between a fixed and variable content;
- Link variable remuneration to factors that represent real growth to Al Baraka Bank and create wealth to shareholders;
- Measure the performance of executives on a multiple of performance matrixes which will include both financial and non-financial elements, of which the latter will form a significant portion;
- Link a significant portion of the remuneration to the performance of an executive’s business unit, the risk of decision-making and the effects thereof by the respective executive in the context of the bank’s operations and the overall performance of Al Baraka Bank;
- Disclose, at least annually in its annual report, the amount of the remuneration paid or awarded to each of its executive directors;
- Disclose in its annual report, the aggregate amount of the remuneration paid or awarded to members of the executive management team and to other members of the bank’s management team as may be prescribed; and
- Stipulate the aggregate amount of sign-on and severance payments made and awarded during the financial year, as well as the total number of beneficiaries of such payments.

LETTER TO SHAREHOLDER, NOTICE TO SHAREHOLDERS AND PROXY FORM

FOR THE YEAR ENDED 31 DECEMBER 2012

LETTER TO
SHAREHOLDER
FOR THE YEAR ENDED
31 DECEMBER 2012

15 April 2013

Dear Shareholder

As-Salaamu-Alaikum

ALBARAKA BANK LIMITED – ANNUAL GENERAL MEETING – 21 JUNE 2013

On behalf of the board of directors, I am pleased to invite you to the twenty-third annual general meeting of Albaraka Bank Limited, to be held at the offices of the bank, being 2 Kingsmead Boulevard, Kingsmead Office Park, Stalwart Simelane Street, Durban.

The chairpersons of the bank's board committees will, as is the practice, be in attendance at the meeting. I therefore encourage shareholders to attend the annual general meeting of the bank, more especially as it will provide you with the opportunity of being able to interact with the board of directors and to ask questions regarding the bank's financial performance during the course of 2012. Should you not be in a position to attend the annual general meeting in person, then I would like to encourage you to complete and submit your proxy form, so that your contribution to the meeting will not be foregone.

The resolutions, both ordinary and special, which are to be considered by the shareholders, are set out in the notice of the annual general meeting, which forms part of the annual report. The board of directors has agreed to recommend that shareholders vote in favour of the resolutions set out in the notice.

Shareholders are advised that the Zakah of the bank was calculated at 31 cents per share and should be discharged individually, as the bank is not mandated to discharge this on your behalf.

Was-Salaam

Yours faithfully

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Adnan Ahmed Yousif
Chairman
Albaraka Bank Limited

NOTICE TO
SHAREHOLDERS
TWENTY-THIRD
ANNUAL GENERAL MEETING

Notice is hereby given that the twenty-third annual general meeting of the shareholders of Albaraka Bank Limited will be held at 09h00 on Friday, 21 June 2013 at the offices of Al Baraka Bank, 2 Kingsmead Boulevard, Kingsmead Office Park, Stalwart Simelane Street, Durban, to conduct the following business:

1. Special Resolution

It is proposed that the following Resolution be considered and passed, with or without amendment, as a Special Resolution:

1.1 Special Resolution

Resolved that the fees payable to the non-executive directors for the year 1 July 2013 to 30 June 2014, as set out below, be approved:

	Present R	Proposed R
Board, risk and capital management committee, directors' affairs committee, remuneration committee, the social and ethics committee and any other ad hoc committee of the board (Per meeting)		
Chairman	6 200	6 600
Director/Member	4 200	4 500
Audit committee and board credit committee (Per meeting)		
Chairman	9 000	9 600
Director/Member	6 000	6 400
Retainer (Per annum)		
Chairman	115 000	123 000
Director/Member	76 000	81 500

Percentage of voting rights required to pass this resolution: 75%.

2. Ordinary Resolutions

2.1 To receive and adopt the group and company annual financial statements as at 31 December 2012.

Percentage of voting rights required to pass this resolution: 50% + 1 vote.

2.2 To elect directors in the place of the following persons who, in terms of the company's Memorandum of Incorporation, are retiring by rotation and, being eligible, offer themselves for re-election. Motions for re-election will be moved individually.

Name	A A Yousif
Age	57
Appointed	22 March 2005
Occupation	President and chief executive of Al Baraka Banking Group
Committee Member	Chairman of the board of directors.

Name:	A Lambat
Age:	54
Appointed:	24 July 2006
Occupation:	Chartered Accountant
Committee Member:	Audit committee, risk and capital management committee (chairman).

Name:	F Kassim
Age:	54
Appointed:	14 July 2006
Occupation:	Director of companies/businessman
Committee Member:	Directors' affairs committee.

Percentage of voting rights required to pass this resolution: 50% + 1 vote.

- 2.3 (a) To ratify the auditors' remuneration for the year ended 31 December 2012.
(b) To authorise the board of directors to determine the auditors' remuneration for the financial year ending 31 December 2013.
(c) To re-appoint Ernst & Young Inc. as the external auditors of the company until the conclusion of the next annual general meeting.

Percentage of voting rights required to pass this resolution: 50% + 1 vote.

2.4 To renew the directors authority to allot the unissued shares, if any, of the company at their discretion until the next annual general meeting.

Percentage of voting rights required to pass this resolution: 50% + 1 vote.

2.5 To confirm and approve the remuneration paid to the directors of the company, as set out in the annual financial statements, for the year ended 31 December 2012.

Percentage of voting rights required to pass this resolution: 50% + 1 vote.

2.6 To elect the Shariah Supervisory Board of the bank, with the following members being eligible for election:

- Dr Abdus Sattar Abu Ghudda;
- Sheikh Mahomed Shoaib Omar; and
- Mufti Shafique Ahmed Jakhura.

Percentage of voting rights required to pass this resolution: 50% + 1 vote.

3. Non-binding advisory endorsement of the company's remuneration policy

To consider and endorse, by way of a non-binding advisory vote, the company's remuneration policy.

4. Other Business

To note that on 15 March 2013, the directors declared a dividend of 45 cents (2012: 45 cents) per share, payable on 18 October 2013 to shareholders registered as at the close of business on 04 October 2013.

To consider such other business as may be transacted at the annual general meeting.

A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, to speak and, on a poll, vote in his/her stead. A proxy need not be a shareholder of the company. In order to be effective, proxy forms must reach the registered office of the company by no later than 48 hours before the meeting.

Meeting participants will be required to provide satisfactory identification before being permitted to participate in the meeting.

A proxy form, on a separate page, forms part of this insert.

By order of the board

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CT Breeds
Company secretary
Albaraka Bank Limited

Durban, 15 April 2013