INTEGRATED ANNUAL REPORT

2014

Your Partner Bank

alBaraka

Al Baraka Bank...

VISION, MISSION, VALUES, CODE OF BUSINESS CONDUCT, STRATEGIC OBJECTIVES, BUSINESS AND FINANCIAL HIGHLIGHTS

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.

Code of Business Conduct
Al Baraka Bank has in place a Code of Business Conduct which gives effect to the business culture of the financial institution and the actions of its employees.

Principles contained in the Code of Business Conduct include:
- Reflecting the Islamic economic system and complying with Shariah requirements in all activities undertaken by the bank;
- Conducting its affairs with integrity, sincerity and accountability, whilst displaying the highest moral standards;
- Achieving customer service excellence as a way of life in a pro-active and dedicated way;
- Displaying the highest levels of customer confidentiality at all times;
- Creating opportunities for the commitment, loyalty and growth of staff;
- Conforming with International Financial Reporting Standards and to the Accounting and Auditing Organisation for Islamic Financial Institutions Standards, as well as complying with all laws and regulations;
- Addressing all instances of commercial crime by adopting a policy of zero tolerance against offenders;
- Avoiding being compromised by conflicts of interest; and
- Instilling in staff a discipline of avoiding private business relationships with customers and suppliers.

Strategic objectives, business and financial highlights

Primary strategic objectives
- The increase of returns to shareholders;
- The promotion of customer service excellence;
- The development of innovative products; and
- The utilisation of enhanced technology.

Business highlights
- Launch of a project to migrate our magstripe debit cards to chip-enabled cards, thus conforming to global Europay, MasterCard and Visa (EMV) standards;
- Launch of a Business Process Re-engineering (BPR) project to improve the bank's overall operational efficiency; and
- Drive to constantly improve customer service levels, through the development of innovative Shariah-compliant banking products and financial services.

Financial highlights
- Profit after taxation increased to R39,5 million;
- Total assets exceeded R4,8 billion;
- Total deposits of R4,2 billion;
- Gross advances to customers increased by R531,8 million; and
- Shareholders' equity of R559,7 million.

Al Baraka Bank ... Committed to the growth of both our business and our customers

We are deeply committed, as 'your partner bank,' to ensuring the personal growth and development of our customers, while advancing the bank's own growth trajectory.

Our principal focus is to capitalise on available opportunities.... Our supreme reward is in contributing to the overall development of the people, businesses and communities we exist to serve.

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ABOUT THIS REPORT

WELCOME TO AL BARAKA BANK'S INTEGRATED ANNUAL REPORT, REFLECTING THE REVIEW PERIOD 01 JANUARY TO 31 DECEMBER 2014.

Introduction
This report sets-out to provide an understandable and succinct overview of the past performance and future prospects of Al Baraka Bank, presenting the financial institution's company profile, a 10-year review of salient details, its directorate and administration, joint statement by the chairman and chief executive officer and material issues it faces in terms of governance, sustainability, compliance and adherence to Shariah principles.

Al Baraka Bank's overriding purpose, as a commercial banking institution and South Africa's only fully-fledged Islamic bank, is to contribute meaningfully to the provision of a fair and equitable financial system; one which rewards effort and contributes to the development of the community.

We seek to meet the financial needs of communities 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.

In shaping the content of this report, we are bound by all of the bank's pre-determined reporting requirements, as well as those prescribed by the regulating bodies active in South Africa's financial environment. However, materiality is determined by our board of directors, in line with the requirements of our shareholders and other key stakeholder groups. In preparing our report, we have been cognisant of the guiding principles contained in the International Financial Reporting Standards, the Banks Act No. 94 of 1990, the Companies Act No. 71 of 2008, and the King Code of Governance for South Africa (King III).

We employ a philosophy of integrated thinking, which is embedded in the strategic direction adopted by the bank in delivering against our vision.

Declaration
Al Baraka Bank's Audit Committee assumes responsibility for appraising and submitting our integrated annual report, complete with annual financial statements, to the board for review and approval.

The board has given due consideration to the report and is of the opinion that it satisfactorily addresses all relevant material issues and fairly represents the business and financial performance of the bank.

Adnan Ahmed Yousif
Chairman

27 March 2015

Shabir Chohan

Shabir Chohan
Chief executive

COMPANY PROFILE

AL BARAKA BANK IN SOUTH AFRICA IS A FULLY INTEGRATED SUBSIDIARY OF BAHRAIN-BASED AL BARAKA BANKING GROUP, ONE OF THE WORLD'S LEADING ISLAMIC BANKING GROUPS.

Al Baraka Banking Group - Bahrain
Al Baraka Banking Group has subsidiary banking units and representative offices in no fewer than 15 countries, all of which offer Shariah-compliant retail, corporate, investment and treasury banking services. The group's services are delivered through some 550 branches by almost 10 000 members of staff.

Established to meet the need for world-wide Islamic banking services, Al Baraka Banking Group is listed on the Bahrain and Dubai financial exchanges.

As a fully integrated financial institution, the group provides a comprehensive financial products offering, specifically designed to meet the changing requirements of its clients. Positioned to take advantage of its current exceptional growth trajectory, reflected by way of its latest financial results, the group's 2014 net income totalled US$275,0 million, while total assets grew to US$23,5 billion.

Al Baraka Banking Group's international subsidiaries include: Banque Al Baraka D'Algerie S.P.A. in Algeria, Al Baraka Islamic Bank B.S.C. in Bahrain, Al Baraka Bank Egypt in Egypt, Itqan Capital in Saudi Arabia, Jordan Islamic Bank in Jordan, Al Baraka Bank Lebanon S.A.L. in Lebanon, Al Baraka Bank (Pakistan) Limited in Pakistan, Albaraka Bank Limited in South Africa, Al Baraka Bank Sudan in Sudan, Al Baraka Bank Syria s.a. in Syria, Al Baraka Bank Tunisia in Tunisia, Al Baraka Türk Participation Bank in Turkey and Al Baraka Banking Group representative offices in Indonesia, Libya, with a branch in Iraq, for which Al Baraka Türk Participation Bank is responsible.

Al Baraka Bank - South Africa
The South African subsidiary, Al Baraka Bank, was established in 1989 and provides local communities with an essential alternative to conventional banking models.

Shariah-compliant banking is becoming increasingly attractive to a growing number of both Muslim and non-Muslim clients in South Africa.

Following a faith-based system of financial management, Al Baraka Bank draws its guiding principles from Shariah, which promotes profit-sharing, while prohibiting the payment or the receiving of interest in any transaction.

Products and services are Shariah-compliant and the bank remains committed to the ideal of 'partnership,' striving to develop long-term relationships with its clients.

The bank adopts and adheres to a personal approach, enabling it to foster close and meaningful partnerships with clients to the mutual benefit of both clients and the bank.

The bank's head office is situated in Durban. It boasts a national operating footprint comprising seven retail branches, three corporate banking offices and a business office, all of which provide a full range of products as a fully-fledged Islamic and commercial banking enterprise.

As at 31 December 2014, Al Baraka Bank's primary shareholders included the Bahrain-based Al Baraka Banking Group B.S.C. (64,51%), DCD Holdings (SA) (Pty) Ltd. (6,01%), DCD London and Mutual plc (6,60%), Johannesburg-based Timewest Investments (Pty) Ltd. (7,67%) and Sedfin (Pty) Ltd. (3,33%). The remaining shareholding consists of both foreign and local shareholders.

The bank's board of directors comprises international and local business people, all demonstrating outstanding individual business skills and exceptional collective expertise and experience in Islamic banking.

So as to effectively continue its adherence to Shariah in its day-to-day business activities and in an effort to ensure that its products and services constantly comply with Islamic business principles, Al Baraka Bank has in place an internal Shariah Department and an independent Shariah Supervisory Board.

It is also a member of the international Accounting and Auditing Organisation for Islamic Financial Institutions.

All the bank's financial products are regularly reviewed and audited in order to ensure the maintenance of complete Shariah compliance.

Al Baraka Banking Group has progressively increased its shareholding in its South African subsidiary, with Al Baraka Bank here growing to become an integral part of the international group.

Utilising its international linkage, Al Baraka Bank has quickly attained an impressive reputation as a highly professional, effective and efficient financial services provider; one which is at the very cutting-edge of Islamic banking in this country, and one which features an impressive growth-path and is a significant contributor towards the resolution of socio-economic challenges faced by South Africa, through its broad and far-reaching corporate social investment programme.

TEN-YEAR REVIEW

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Statement of Financial Position (Rm)										
Share capital	**322**	225	225	225	150	150	150	150	150	89
Shareholders' interest	**560**	381	362	347	233	228	217	202	187	118
Deposits from customers	**4 230**	3 941	3 322	2 881	2 571	2 130	1 624	1 449	1 254	1 004
Advances and other receivables	**4 242**	3 753	3 269	2 826	2 395	2 057	1 604	1 478	1 300	1 009
Total assets	**4 814**	4 411	3 716	3 246	2 825	2 381	1 871	1 686	1 470	1 179
Statement of Comprehensive Income (Rm)										
Profit before taxation	**55**	40	34	26	17	18	31	27	15	10
Total comprehensive income for the year	**40**	29	25	16	11	18	21	18	10	7
Share Statistics (Cents)										
Basic and diluted earnings per share	**154**	129	112	77	74	125	145	121	102	128
Headline earnings per share	**154**	129	114	76	69	121	144	121	101	134
Dividend per share	**45**	45	45	45	45	45	35	25	20	-
Net asset value per share	**1 736**	1 692	1 608	1 541	1 551	1 522	1 446	1 344	1 249	1 330
Ratios (%)										
Return on average shareholders' interest	**8,5**	7,8	7,1	4,6	4,8	8,2	10,4	9,4	7,0	8,9
Return on average total assets	**0,9**	0,7	0,7	0,5	0,4	0,9	1,2	1,2	0,7	0,7
Shareholders' interest to total assets	**11,6**	8,6	9,7	10,7	8,2	9,6	11,6	12,0	12,7	10,0

Shareholders' interest
Ordinary share capital, share premium, non-distributable reserves 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

DURING THE 2014 FINANCIAL YEAR, AL BARAKA BANK'S BOARD OF DIRECTORS COMPRISED THE FOLLOWING MEMBERS:

Non-executive

AA Yousif (59)
Bahraini
- MBA
- Joined the board in 2005
- Non-executive chairman
- Currently president and chief executive of Al Baraka Banking Group

Independent non-executive

SA Randeree (53)
British
- BA (Hons) MBA
- Joined the board in 2003
- Vice chairman of the board and lead independent director
- Chairman of the directors' affairs committee and the board credit committee
- Member of the remuneration committee

F Kassim (56)
Sri Lankan
- EMP – Harvard Business School
- Joined the board in 2006
- Independent non-executive director
- Member of the directors' affairs committee

A Lambat (56)
South African
- 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 (69)
South African
- BA LLB
- Joined the board in 1989
- Independent non-executive director
- Member of the audit committee, risk and capital management committee and remuneration committee

MG McLean (67)
Australian
- AEP - UNISA
- Joined the board in 2001
- Independent non-executive director (with effect from 01/03/2014)
- Member of the board credit committee

MS Paruk (60)
South African
- 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 (56)
South African
- Joined the board in 2003
- Independent non-executive director
- Chairman of the remuneration committee
- Member of the risk and capital management committee and the social and ethics committee

M Youssef Baker (60)
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 (49)
South African
- CA (SA)
- Joined the board in 2004
- Chief executive
- Member of the board credit committee and the social and ethics committee

MJD Courtiade (61)
French
- CA (SA)
- Joined the board in 2004
- Chief operating officer
- Member of the risk and capital management committee.

A Ameed (33)
South African
- CA (SA)
- Joined the board in 2014 (Director: with effect from 01/07/2014)
- Financial director

Administration:

Company secretary
CT Breeds BA LLB

Shariah Supervisory Board
Dr. AS Abu Ghudda, Chairman (Syrian)
Mufti SA Jakhura
MS Omar B.Com 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

DIRECTORATE AND ADMINISTRATION
CONTINUED

Business and postal address
Head Office:
2 Kingsmead Boulevard, Kingsmead Office Park
Stalwart Simelane Street, Durban, 4001
PO Box 4395, Durban, 4000

Retail branches:
General manager:
D Desai

Kingsmead (Durban)
Regional Manager: F Randeree
2 Kingsmead Boulevard, Kingsmead Office Park,
Stalwart Simelane Street, Durban, 4001
PO Box 4395, Durban, 4000

Overport (Durban)
Acting Branch Administrator: R Buksh
Shop 11, Gem Towers, 98 Overport Drive,
Durban, 4001
PO Box 4395, Durban, 4000

Fordsburg (Johannesburg)
Area Manager: N Cassim
Ground Floor, Baitul Hamd, 32 Dolly Rathebe Road,
Fordsburg, 2092
PO Box 42897, Fordsburg, 2033

Lenasia (Johannesburg)
Branch Manager: N Valli
Shop 20, Signet Terrace, 82 Gemsbok Street,
Extension 1, Lenasia, 1827
PO Box 2020, Lenasia, 1820

Laudium (Pretoria)
Sales Manager: A Dhooda
Laudium Plaza, Cnr. 6th Avenue and Tangerine Street,
Laudium, 0037
PO Box 13706, Laudium, 0037

Athlone (Cape Town)
Manager: A Abrahams
Cnr. 42 Klipfontein and Belgravia Roads,
Athlone, 7764
PO Box 228, Athlone, 7760

Port Elizabeth
Shop 5A, Pamela Arcade, 87 2nd Avenue, Newton Park,
Port Elizabeth, 6001
PO Box 70621, The Bridge, 6001

Professional office:
Killarney (Johannesburg)
Manager: AR Gangat
First floor, Office 105, Office Towers,
Killarney Mall, Killarney, 2193

Corporate offices:
General manager:
I Yuseph

Durban
Manager: M Ameen
2 Kingsmead Boulevard, Kingsmead Office Park
Stalwart Simelane Street, Durban, 4001
PO Box 4395, Durban, 4000

Cape Town
Manager: P Kumble
Cnr. 42 Klipfontein and Belgravia Roads, Athlone, 7764
PO Box 228, Athlone, 7760

Gauteng
Regional manager: AR Gangat
First floor, Office 105, Office Towers
Killarney Mall, Killarney, 2193
PO Box 42897, Fordsburg, 2033

CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT

FOR THE THIRD CONSECUTIVE YEAR, GROWTH IN THE SOUTH AFRICAN ECONOMY IN 2014 TURNED OUT TO BE SIGNIFICANTLY WEAKER THAN HAD BEEN ANTICIPATED AT THE BEGINNING OF THE YEAR. INDEED, GLOBAL ECONOMIC GROWTH PROVED TO BE SOFTER THAN PREVIOUSLY ANTICIPATED.

Economic overview
Domestic business confidence was depressed by aggressive and disruptive industrial action in the mining and manufacturing sectors.

This contributed to perceptions that the Government is challenged or lacks the willpower to press through reforms which would overcome the structural weaknesses impeding the attainment of a higher sustainable growth rate. In addition, growing disruptions in electricity supply and intensifying concerns regarding such supply going forward have added to perceptions of a diminution in long-term sustainable growth.

Increased reluctance to undertake significant new capital investment has ensued. Fortunately, interest rates remain at historically low levels and a sharp fall in fuel prices should provide a boost to disposable income and help to stabilise growth in consumer spending.

The fall-out from rapid and often indiscriminate growth in unsecured lending to households has played out its course. However, the weakness of global economic growth, which has contributed towards lower oil prices, has also depressed prices of many minerals which South Africa exports, thus neutralising much of the potential longer-term benefits of cheaper fuel.

Should some of the factors contributing towards the decline in business confidence be overcome in the coming year, economic growth for 2015 should turn out to be slightly better than that of 2014. However, even this mild optimism might prove to be unfounded in the event of the Eurozone and Chinese economies weakening more than official forecasts suggest.

Hopes are pinned on the benefits of additional monetary loosening in the Eurozone. Even here, there are growing concerns about a disjuncture between rising asset prices stemming from the loose monetary policy of the past five years and the relative paucity of global growth and the increase in inequality this is generating both globally and in South Africa.

Al Baraka Banking Group
Al Baraka Bank in South Africa is a subsidiary of Al Baraka Banking Group, which itself is globally-acclaimed as a leading force in Islamic banking.

Based in Bahrain, Al Baraka Banking Group enjoys representation in some 15 countries world-wide and employs in excess of 10 000 members of staff.

Al Baraka Banking Group's total assets at the end of the 2014 financial year amounted to US$23,5 billion, reflecting an impressive 12,0% increase over the 2013 review period.

Coupled with the group's impressive financial results is the advantageous bond it has come to enjoy with its clients around the world.

The group is today reaping the benefits of having developed and implemented a globally unified corporate identity in 2009; an identity which mirrors the core values and intrinsic strengths of the financial institution.

Al Baraka Banking Group looks to the continuous building of its capacity and the strengthening of its resources so as to ensure its ability to provide a fair and equitable financial system in especially, but not limited to, the countries in which it currently operates.

Purposely re-positioned as 'Your Partner Bank,' Al Baraka Banking Group - through its global network of subsidiaries - sets out to reward efforts which contribute to the development of society, thus giving rise to Al Baraka becoming the brand of choice for financial services, internationally.

Indeed and in recognition of long service to Islamic economics and the effective dissemination of the Islamic banking culture, we are humbled by the Jinan University of Lebanon's recent awarding of an honorary doctorate to Mr Adnan Ahmed Yousif, president and chief executive of Al Baraka Banking Group, who is also chairman of Al Baraka Bank in South Africa.

South African subsidiary's financial performance
Islamic banking is one of the fastest growing sectors in the world and this has made it an exciting and challenging environment in which to work.

The 2014 review period saw our bank achieve record financial results for the third consecutive year, exceeding our previous best results, attained during the 2012 and 2013 reporting periods respectively.

Our net income before tax rose by an impressive 37,5%, from R40,0 million in 2013 to R55,0 million in 2014, while advances grew by 17%, or R529,0 million.

Pleasing growth in demand for our products precipitated this significant increase, although we remain cognisant of the need to manage, in a pragmatic manner, the capital requirements to support such growth.

The bank's deposit book grew by 7%, or R289,0 million. Total assets increased by 9,1% to top R4,8 billion, illustrating the distinct and widespread increase in the appeal, by Muslims and non-Muslims alike, of the benefits of interest-free banking, in line with Islamic banking principles.

The 2014 financial year also saw a significant injection of share capital, in the amount of R150 million, which we believe will assist meaningfully in sustaining our current growth path.

This financial growth spike co-incided with our 25th year in business and also marked the completion of our transformation from a niche financial institution to a commercial bank, heralding a period of sustained growth into the future.

CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT
CONTINUED

The R150 million share capital rights offer was exceptionally well subscribed by existing shareholders, clearly indicating the outstanding confidence which exists in terms of Islamic banking in South Africa.

Our bank is most grateful for the support shown in the rights offer, as this enabled us to take our capital and reserves to more than R559,0 million and to ensure that the bank remained well on-track to achieve our short and medium-term strategic business objectives. Importantly, it also better enabled us to meet and exceed our clients' diverse financial service needs, while allowing for the maximisation of profitability and the creation of a sound profit and capital structure going forward.

Extremely encouraging levels of demand for the greater international banking services our 'Authorised Dealer' status affords us enabled our expanded foreign exchange services to continue attracting exceptional support during the 2014 reporting period and resulted in significant growth in income.

Foreign exchange earnings increased by 59,0% over the previous year, with transactions growing at the rate of 30,0% a month and adding R10,0 million to the bank's income.

During the review period, we also initiated the development of a new product to facilitate Shariah-compliant forward exchange cover, as an extension of our foreign trade facilities. This will allow clients to minimise currency risk by purchasing forward cover from the bank, with repayment occurring on either a spot or deferred basis.

Product development is at an advanced stage and this facility will be introduced in due course.

Crucially, the 2013 introduction of a strategy to increase levels of non-funding income and the implementation of initiatives designed to improve such income began bearing fruit during the review period. Our 2014 efforts resulted in an increase in non-funding income of 26,0% over the previous year's figure.

Importantly, too, our business process re-engineering intervention - launched during the course of 2013 to assist in optimising business efficiencies so as to drive income generation and operational cost reduction - with a view to cutting our cost-income ratio - progressed well during the review period. Implemented interventions gave effect to a decrease in our cost-income ratio, although while we recognise that solid progress has been made, we acknowledge that the ratio remains at an unacceptably high level.

Whilst we may be justifiably pleased with the cuts achieved, we intend re-doubling our efforts to appreciably reduce this ratio and, as a consequence, our business process re-engineering project will continue until such time as an appropriate cost-income level has been achieved.

Al Baraka Bank was poised, in 2014, to launch Sukuk (investment certificates), in line with a growing international trend and as an attractive alternative to conventional bonds. The Sukuk market globally has demonstrated significant growth in recent years and was projected to grow by a massive 141,32% by 2016.

The proposed move was aimed at growing the bank's capital base.

However and as a result of certain regulatory issues at the time, this issue was delayed, prompting instead Al Baraka Bank's most successful share capital rights offer.

Of concern is the unfortunate, though necessary, significant investment of resources to meet ever more onerous regulatory requirements. This is becoming a major cost factor for banks in South Africa and is a matter with which Al Baraka Bank has long grappled in the pursuit of a resolution which facilitates the assurance of continuously meeting regulatory requirements at least cost.

This is a matter which will continue receiving our close attention into the forthcoming financial year. On a more positive note, we are especially pleased with having achieved our best ever financial results during the 2014 financial year, but would stress that our bank's management team remains intent on striving to further expanding our growth-path in the years ahead.

25th Anniversary

The 2014 financial year marked a momentous period in the history of Al Baraka Bank - a quarter of a century in business.

Established in 1989, our bank's founders boldly pursued their goal of becoming the pioneers of Islamic banking in South Africa. They successfully founded South Africa's first Islamic financial institution - and the first of its type to be established in the Western World.

Their vision 25 years ago is to be applauded, as is the exceptional support the community has displayed - and continues to display - in increasingly selecting Al Baraka Bank as their financial institution of choice.

Today ours is the only fully-fledged Islamic bank in South Africa, adhering strictly to Shariah and positioned at the leading-edge of Islamic banking in this country. In addition and in line with the principles behind Broad-Based Black Economic Empowerment, we embrace the ideal and actively set-out to create a business culture which nurtures and caters for the diversity of our staff.

We may attribute our 25-year growth trajectory to the market's confidence in our bank's ability to implement and develop a viable alternative to interest-based banking in South Africa and its track-record and commercial bank status reflects client support for a sustainable non-conventional system of banking which offers a full suite of financial services.

This, we believe, has created the ideal platform for Al Baraka Bank to further increase its footprint in this country's commercial Islamic banking sector into the future and to contribute towards the overall upliftment of South African society.

In this regard, we celebrated this business anniversary with the introduction of a bold, long-term community-based youth empowerment and job creation legacy project in recognition of the customer support we have enjoyed since the bank's inception.

Our company's founders provided us with a true legacy, creating the pioneering, entrepreneurial spirit of business excellence which lives on in the bank today. In demonstrating our gratitude for the widespread community support we have enjoyed over the years, we believed this to be the ideal time to give back to society, creating our own legacy and one which will have a really meaningful socio-economic impact on the historically disadvantaged of South Africa.

Details of this initiative, dubbed 'Project 25,' are contained in the corporate social investment section of this statement.

Executive promotion

During the 2013 financial year we moved to strengthen our bank's executive leadership, enabling a more focused approach to our strategic business initiatives. This resulted in a positional re-shuffle within and several promotions to our executive team.

One such promotion involved Mr Abdullah Ameed, formerly our General Manager: Finance, who was appointed as Acting Financial Director. We are pleased to announce that during the course of the review period, Mr Ameed was appointed as Al Baraka Bank's Financial Director and, at 33 years of age, becoming the youngest Executive to be appointed in our bank's 25-year history. Attracted by the fact that Al Baraka Bank offered an alternative banking model to conventional banking, Mr Ameed joined our company in 2008.

We take this opportunity to congratulate Mr Ameed on his appointment and believe that he will make a valuable contribution to the business development of the bank into the future.

Dividend

The 2014 financial year saw our bank declare a dividend for the benefit of shareholders. This is the ninth consecutive year in which Al Baraka Bank has declared a dividend.

The bank's board approved a dividend of 45 cents per share for the 2014 financial year.

Corporate governance
We, at Al Baraka Bank, believe implicitly in the need for strict adherence to the principles of good corporate governance and the unequivocal observance of the best practice ideal.

As a financial institution operating in a highly regulated environment, we recognise that we are entrusted with our clients finances and that, accordingly, we have an obligation to ensure absolute transparency of action and unconditional compliance with all laws and regulations.

The bank's long-time observance of governance best practice is widely recognised within the South African financial sector and we continuously work to uphold our governance position through the realisation of our obligations in terms of the King Report on Corporate Governance (King III).

Corporate social investment
The poverty trap in South Africa is an inescapable and unfortunate fact of life and will remain so for the foreseeable future.

However, it must be recognised that this country's private sector is doing much to assist in closing the gap between the 'haves' and the 'have-nots.'

Comprehensive, generous and well-executed corporate social investment programmes can and do make a real difference to South African society. The task is immense and the responsibility placed on big business is onerous indeed. However, the future would be bleak without the considerable and weighty financial intervention of the business community. As a significant private sector player in this country, Al Baraka Bank has long accepted the reality of South Africa and delivers an ongoing response designed to channel corporate social investment funds into strategically identified areas of need, inclusive - in the bank's case - of education, humanitarianism, health, poverty alleviation and security.

The 2014 financial year saw our bank add tellingly to our existing social responsibility programme with the introduction of a bold, long-term community-based youth empowerment and job creation legacy project in recognition of our 25th anniversary and the wonderful customer support we have enjoyed since the bank's inception in 1989.

'Project 25' was initiated as a two-pronged socio-economic initiative designed, on the one hand, to better empower and prepare learners who will become tomorrow's potential business leaders and, on the other, to assist with poverty alleviation, job creation and food security.

The bank has pledged long-term assistance to 25 Grade 10 learners from Sinevuso Secondary School, near Ixopo, KwaZulu-Natal, launching a cyclical three-year support programme aimed at providing holistic preparation for post-matric studies or employment.

In addition, we have implemented a community market garden initiative involving 25 jobless individuals at Mariannhill, near Pinetown - an area of high unemployment - as a means of creating jobs, alleviating poverty, promoting wealth generation and promoting a degree of food security in the area.

Our education-based programme includes additional tuition, life-skills and IT training, career choice discussions, aptitude testing and motivational interventions to boost learners' confidence and develop business values. Meanwhile, our provision of protective clothing, garden tools, fertilizer, fencing and water storage tanks has resulted in the pleasing growth of our market garden project, with regular market days being held at the bank, where fresh produce cultivated in the market garden is sold to staff.

During the 2014 financial year Al Baraka Bank donated an impressive R7,6 million to needy organisations and causes, inclusive of Project 25 participants.

Future prospects
Looking ahead, Al Baraka Bank remains committed to facilitating the growth of our business operations for the benefit of existing and prospective new customers.

As a commercial and leading Islamic bank in South Africa we are confident about our ability to continue showing positive growth and will strive to expand our client base in all market sectors through the further development of our product and service offering.

As 'your partner bank,' we are steadfast in our resolve to ensure the personal growth and development of all our customers, while continuing to advance the bank's own growth trajectory.

As previously indicated, we are excited about the development of a new product which has been designed to provide Shariah-compliant forward exchange cover.

This is an additional offering in our foreign exchange service bouquet. Controlled 'go live' deployment is planned for 2015, as is the proposed implementation of system functionalities designed to cater for imports and exports, which - we believe - will position our bank to attract a broader range of corporate customers in future. We are also currently giving consideration to the feasibility of including several additional foreign exchange products.

In view of increasing public interest, the bank is now also actively playing a significant instrumental role in efforts to investigate Takaful (Shariah-compliant Islamic insurance). This was previously afforded consideration, but was at the time deferred.

Such has been the demand for Takaful that steps to unveil this product have been renewed.

Following the outstanding uptake of our electronic banking products since the inception of the concept in 2009, we are constantly looking to bring on-stream products to tighten electronic banking efficiencies, thus radically improving client banking experiences.

We also plan to implement a EMV-compliant card.

Our bank is presently in the process of investigating a 'banking app' whose introduction, we are confident, will greatly assist customers currently utilising our electronic banking services.

Product growth and the growth of our facilities network in South Africa, makes Al Baraka Bank increasingly more accessible to both existing and, especially, prospective new clients.

As we continue our efforts to create tomorrow's bank today, our principal focus is to capitalise on all available opportunities.

Appreciation
In conclusion and in view of our bank having enjoyed its third successive year of record financial results, in spite of the lethargic economic conditions which have prevailed since the recession of 2008/09, we take pleasure in extending our most sincere appreciation to a number of stakeholders.

First and foremost, we acknowledge the immense role played by Al Baraka Banking Group in Bahrain and, in particular, its unstinting support for our South African subsidiary.

Our financial results and continued growth trajectory may, in large part, be attributed to Al Baraka Banking Group's confidence in our operation, together with its exceptional guidance to and ongoing business support for Al Baraka Bank in South Africa.

We also take this opportunity to thank most sincerely members of the board for their business acumen, strategic thinking and clear-cut direction.

Your collective financial wisdom, enthusiasm for the bank's growth and development, tempered only by carefully considered decision-making, has provided for the sound leadership of the bank and the basis for its not inconsiderable business success during the past

CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT
CONTINUED

25 years. We must, of course, express our gratitude to the bank's executive team and its dedicated members of staff for the steadfast commitment shown in taking Al Baraka Bank to ever-better financial heights, while never losing sight of the need to maintain personal relationships with our clients, without whom we would have no business.

Last, but by no means least, we are especially grateful to each and every one of our shareholders, as well as all our private, business and corporate clients.

As 'your partner bank,' we remain committed to ensuring the personal growth and development of our shareholders and clients, while simultaneously advancing the bank's own growth path.

Rest assured, our bank's supreme reward is in contributing to the overall development of the people, businesses and communities we exist to serve. We, therefore, greatly cherish the support you continue to show towards Al Baraka Bank.

In continuing to manage the financial interests of our shareholders and clients to the highest ethical standards, we trust that we will continue making a positive impact on their lives for the greater good of society.

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

Adnan Ahmed Yousif
Chairman

27 March 2015

Shabir Chohan

Shabir Chohan
Chief executive

HUMAN RESOURCES REPORT

AL BARAKA BANK TODAY OPERATES AS A FULLY-FLEDGED COMMERCIAL BANK, RESULTING IN THE EVOLUTION OF THE HUMAN RESOURCES DIVISION AND IT BECOMING A FUNCTION OF PARTNERSHIP WITH THE BUSINESS.

This has been achieved through the alignment of the human resources function both in terms of core operations and the strategic objectives of the bank.

The division's strategic imperative is to improve the organisational climate within which we operate, in the belief that staff satisfaction directly influences customer service, brand reputation and - ultimately - profitability. Critically, we regard our members of staff as comprising the 'golden thread' which runs through the fabric of the organisation.

With a national staff complement of a little under 300 employees, the attraction and retention of key and critical intellectual capital is considered to be essential to maintaining our competitive edge in the market.

Driving a high performance culture

Driving a high performance culture within the bank remains a crucial and very necessary focus area and will ultimately translate into increased and enhanced shareholder value.

The emphasis we place on sales and customer services - as key performance indicators - is reinforced through the implementation and effective management of individual performance development plans and customer service training interventions at the bank.

Employee recognition

The 2014 review period was a time for celebrating and recognising staff performance.

Our annual employee recognition staff awards function was successfully hosted on a regional basis before culminating in a national function staged at our head office, in Durban.

In addition, a special learnership graduation ceremony was held to honour 47 members of our staff who had completed their BankSETA National Certificate in Core Banking and Financial Services and their National Certificate in Sales and Customer Relations.

Both these employee recognition functions contributed appreciably towards enhancing staff morale, thus promoting a sense of pride in being part of the bank

Talent management

The majority of the members of our bank's staff team hold formal degree qualifications, which has the effect of shaping and moulding the company's professional and corporate business culture.

Indeed, we are fortunate to have rapidly developed an employee profile reflecting a young - the average age of our staff is 34 years - well-qualified and ambitious pool of talent.

We recognise and acknowledge that retaining such talent is a challenge. Our objective is to cultivate, nurture and manage long-term, mutually-beneficial careers for our members of staff.

This we are striving to achieve through the creation of a leadership pipeline, encouraging real and effective succession-planning for critical scarce-skilled positions.

Given that Al Baraka Bank operates within a lean and efficient business structure, we regard successful succession-planning as a business imperative, ensuring that the bank is able to continue operating in a totally seamless and productive manner, regardless of natural attrition.

Both our training and development and performance management strategies are, therefore, inextricably linked to the need to ensure the effective succession planning for key and skilled members of staff.

Talent acquisition

The bank prides itself on employing talented candidates who are an appropriate culture-fit to the company.

Apart from the obvious need for relevant qualifications and experience to meet the requirements of available positions within the bank, we firmly believe that it is equally important that prospective new members of staff possess and demonstrate the values of integrity, customer service excellence and a high work ethic.

We accordingly adopt and apply stringent selection methodologies in order to ensure that we are successful in employing staff members with the inherent ability to succeed and the ability and resourcefulness to move to the next level, while having the self-discipline to partner with their professional colleagues in achieving the common cause of taking the bank to new heights.

In this respect, the attraction of suitably qualified, high-calibre young graduates by way of the Al Baraka graduate programme has continued being a tremendous success story for the bank and has grown to become a useful contributor to both our succession-planning and leadership development interventions.

Training and development

The effective and appropriate training and development of staff is the way of business today and is considered key to the future of Al Baraka Bank.

We have set about enhancing the bank's training and development structure so as to be better able to support future skills demands within the organisation.

E-learning technology, coupled with the blended learning approach, has also been thoroughly explored and is rapidly proving to be the future of continuous learning within the bank.

HUMAN RESOURCES REPORT
CONTINUED

Workforce profile as at 31 December 2014

	AIC*		White		Total		Total
	male	female	male	female	male	female	
Top and senior executive management	3	-	1	-	4	-	4
Professionally qualified and experienced specialists in mid-management	27	10	2	2	29	12	41
Skilled technical and academically qualified workers, junior management and supervisors	60	60	4	1	64	61	125
Semi-skilled and discretionary decision-making	38	71	-	-	38	71	109
Unskilled and defined decision-making	8	9	1	-	9	9	18
Total	136	150	8	3	144	153	297

*AIC = African, Indian and Coloured

INFORMATION TECHNOLOGY REPORT

THE 2014 FINANCIAL YEAR SAW AN INTENSIFICATION OF EFFORTS ACROSS VARIOUS FRONTS TO ADDRESS TARGETED STRATEGIC OBJECTIVES

These were designed to increase profitability, reduce costs, improve efficiencies, enhance technologies and effectively improve customer service, whilst also taking cognisance of operational, risk and regulatory demands.

The bank undertook various projects, inclusive of 'Project One,' which set-out to enhance existing systems, introduce new functionalities - where appropriate - and re-engineer business processes by utilising information technology as an enabler. The aptly named 'Project One' embodies the principles of one-time data capture, a single data source, getting it right the first time and requesting information only once. These principles are envisaged to contribute to the key business drivers of improving operational efficiencies, promoting customer service excellence - both internally and externally - as well as reducing the bank's cost-to-income ratio.

Progressive efforts in respect of 'Project One' have been segmented across critical business areas. Efforts include a focus on the implementation and automation of guarantees, automation of budgeting systems, development of invoicing systems, implementation of supplementary and enhanced management reporting, automated report scheduling systems, improved watch-list checking systems, emailing of trade statements and integrated customer capturing between the core and electronic banking systems.

With a number of the sub-projects having been completed, all remaining projects within this phase are at an advanced stage, with completion targeted for early 2015. The focus for the ensuing period will be on closing-off the foregoing projects and commencing with the second phase, which includes a new customer on-boarding system to address branch operational efficiencies, credit application system integration and documentary enhancements, as well as the automation of insurance recording, amongst other components. In enhancing its corporate portfolio, whilst promoting non-funding income generation, the bank is designing a new product to facilitate Forward Exchange Cover (FEC) as an extension of our foreign trade instruments. The latter will enable clients to minimise currency risk by purchasing forward cover from the bank with repayment occurring on either a spot or deferred basis. The project is at an advanced stage, with final configurations to address business requirements to be followed by acceptance testing in readiness for controlled 'go live' deployment during 2015. Also planned is the implementation of system functionalities to cater for exports, positioning the bank to attract a broader range of corporate customers.

With regard to the IT risk environment, strategic focus areas have included the hardening of the existing information systems environment, the enhancement of security programmes and the refinement of disaster recovery and business continuity plans, whilst simultaneously promoting organisational effectiveness through the re-inforcement of corporate governance principles in line with best practice and governance frameworks. Of the more prominent areas within the various categories of risk is that associated with information and information systems - a common threat faced by organisations globally. In this regard, the bank has introduced various safeguards, such as Distributed Denial-of-Service (DDoS) protection, Mobile Device Management systems and Endpoint Compliance systems, amongst other security safeguards in order to mitigate such risks. Moreover, the bank has also implemented Integrated Voice Recording (IVR) systems at all its branches and head office-based service divisions with a view to protecting the interests of customers, employees and the bank, whilst also affording the bank the ability to enhance its customer service quality controls. Notwithstanding the foregoing, as the complexities and sophistication of threats evolve in a constantly changing environment, equally complex and sophisticated counter-measures and strategies will become necessary to regularly enhance the bank's cyber-security programmes, with the latter having been incorporated into targeted objectives for the future. Al Baraka Bank disaster recovery systems and business continuity plans include the recovery of systems at an off-site location in the event of a major disaster which could result in inaccessibility to or the complete loss of critical systems. The bank has access to three fully-equipped disaster recovery centres, hosted at strategic locations around the country, with two additional data centres, should circumstances warrant, for essential staff to continue critical business operations following a disaster event.

A series of tests are conducted regularly across the primary locations to refine the bank's ability to recover critical systems in the shortest possible time. Whilst the current arrangement is adequate for the short-term needs of the bank and its stakeholders, we recognise the value of enhancing continuity and recovery programmes for more real-time sustainability of critical systems and operations. The bank has, accordingly explored suitable high-availability solutions to address real-time redundancy of critical systems, whilst enabling our company to strategically target longer-term objectives in being able to operate our own disaster recovery centre. Planned implementation, following management's due diligence of the proposed solution, is envisaged to commence during the latter part of 2015 under a phased approach and, given inherent network connectivity and security considerations, associated upgrades of data lines and security appliances have been factored in, along with the core high-availability systems requirements.

Insofar as ongoing regulatory and compliance obligations are concerned, a number of system enhancements were undertaken to address bank reporting requirements, including bi-annual IT3 submissions to SARS; SARBDEX II, Basel III and FINSURV reporting to the South African Reserve Bank. Furthermore, existing systems and processes were enhanced to address the Foreign Accounts Tax Collection Act, amongst other compliance-based needs. In this regard, concentrated efforts are to be targeted during the ensuing period in anticipation of relevant reporting expectations for 2015 and beyond. The bank has also taken cognisance of the Protection of Personal Information Act, with targeted efforts initiated to unpack and analyse requirements in readiness for compliance thereof. In addition, the Financial Intelligence Centre has shared its plans to upgrade its reporting systems during 2015 and in this regard the bank has commenced mobilising its resources to address the same.

The general outlook for the period ahead is encouragingly optimistic, with a vibrant undertone in the pursuit of organisational efficiencies, customer service excellence, the management of expenses and an increase in profitability, whilst not losing sight of risk, regulatory and governance needs. In pursuit of the need to underpin strategies through targeted and measurable objectives, due consideration will be given to the adoption of matured technologies which are recognised as effective contributors to business, as well as to the renewal and enhancement of existing technologies where opportunities exist and supporting conditions prevail.

CORPORATE GOVERNANCE REPORT

THIS REPORT SEEKS TO INFORM THE BANK'S STAKEHOLDERS AS TO HOW THE BOARD OF DIRECTORS, THROUGH THE APPROPRIATE STRUCTURES WHICH HAVE BEEN PUT IN PLACE, OVERSEES THE PROCESS OF CORPORATE GOVERNANCE WITHIN THE CONTEXT OF THE BANKING AND BUSINESS ENVIRONMENT IN TERMS OF WHICH AL BARAKA BANK OPERATES.

The board of directors remains committed to good governance, which constitutes an integral part of the way in which the bank conducts its business operations. The board, supported by management, is committed to operating in an ethical and principled manner, maintaining communication with all our stakeholders in an open and transparent way. We believe that these are key principles; principles which will assist the bank achieve its strategic objectives, as determined by the board.

Given the commitment by the board of directors to the implementation of the highest standards of corporate governance throughout the organisation, the bank actively strives to apply the principles of King III to all aspects of the business, where deemed appropriate.

Where the board of directors holds the view that a particular principle of King III is not appropriate within the context of the business of the bank, an alternative approach, supported by sound reasons, may be proposed.

During the period under review, the board was once again satisfied with the way in which the bank had given effect to the recommendations of King III, or, where the recommendations were not appropriate to the nature of the bank's business, that alternative measures had been put in place.

Notwithstanding the challenges experienced by the bank during the course of 2014, the board of directors remains committed to its principal objective, which is to oversee the implementation of the highest governance standards throughout the bank and its operations.

Board of directors
Role and function of the board:
The board of directors, which is constituted in terms of Al Baraka Bank's Memorandum of Incorporation, is responsible for formulating the institution's strategy and business operations.

As the highest decision-making body of the bank, the board is ultimately responsible for the efficient functioning and well-being of the bank. In giving effect to its role as the custodian of corporate governance, the board acknowledges that one of its primary responsibilities lies in the positive performance of the bank, through the creation of value for all its stakeholders.

The board is also responsible for ensuring that the strategy remains in line with the values as determined by the bank.

The board operates within the framework of a written charter, which records the rights, duties and responsibilities of the board in a comprehensive manner. In practical terms, the charter constitutes the mandate of the board.

Given the nature of the changing business environment within which the bank operates, this charter is subjected to regular review. At the time of review, the charter is assessed for compliance with the requirements of prevailing legislation, taking into account key changes which may have been introduced in terms of the Banks Act and the Companies Act.

This review also provides the board with an opportunity to determine how it is giving effect to its mandate.

The board charter records, inter-alia, the process to be followed for:
- Formulation of the bank's strategic plan and overall management of the bank;
- Determination of board committees;
- Implementation of effective risk management processes;
- Approval of budgets;
- Monitoring of the performance of the chief executive, the executive directors and the executive management team;
- Compliance with laws and regulations;
- Assessment of reputational risk;
- Communication with stakeholders;
- Directors selection, orientation and evaluation; and
- Board and board committee composition.

Board structure and composition:
Al Baraka has a unitary board structure.

As at 31 December 2014, the board comprised 12 directors. Of the directors, eight (67%) are independent non-executive directors, one (8%) is a non-executive director and three (25%) are executive directors. The executive directors consist of the chief executive, the chief operating officer and the financial director.

During the period under review, Mr Abdullah Ameed, who was the acting financial director, was appointed as financial director, with effect from 01 July 2014.

The board is mindful of the fact that a changing business environment and landscape brings with it new demands and challenges. With this in mind, the directors' affairs committee undertakes an annual review of the composition of the board to ensure that the board will be able to function both effectively and efficiently within its dynamic environment.

The review undertaken by the directors' affairs committee covers a wide spectrum of factors impacting upon the board composition, including the size of the board, the relevant skills and experience of the directors and whether any new skills are required, the demographic make-up of the board and the need to have sufficient directors in order to give effect to the requirements of the board committees, as well as the ever-evolving regulatory requirements of the banking sector.

The board brings independent, objective and diversified input to the process of decision-making. Through this process, the board ensures that no single director or group of directors possesses dominant decision-making powers.

In giving effect to the recommendations of King III, the roles and responsibilities of the chairman and the chief executive have been appropriately defined and are separate.

The chairman of the board of directors is currently Mr AA Yousif, who is not independent as defined in terms of the governance codes. Mr Yousif is currently the president and chief executive of Al Baraka Banking Group, which is the major shareholder of Al Baraka Bank South Africa. As such, he does not qualify as an independent non-executive director.

The board considers Mr Yousif as being best-suited to fill the role of chairman, given his vast banking experience and deep understanding of the Al Baraka Banking Group.

In keeping with the governance codes, the chairman is appointed on an annual basis, with this principle also being extended to the vice chairman. As the chairman is not classified as an independent non-executive director, the position of lead independent director has been created, a position currently held by Mr SA Randeree.

Independence of directors:
The board of directors supports the principle of King III that the majority of non-executive directors should be independent, more especially as this will serve to reduce the possibility of a conflict of interest, whilst simultaneously promoting objectivity within the board decision-making process.

In giving practical effect to this principle, the board upholds the view that an independent director should be independent in both character and judgement, but more importantly, should also be independent in fact and in the perception of a reasonably informed person.

Given the emphasis placed upon the need for independent directors, the directors' affairs committee is responsible for conducting an annual review of the status of the directors whose position as a director is classified as independent.

The directors' affairs committee places special emphasis on those independent directors who have served on the board for a period longer than nine years.

The independent status of such directors is subjected to rigorous debate, with the ultimate objective of ensuring that there are no relationships or circumstances which could have a negative impact on their independence.

Currently, there are three independent directors who have served on the board for a period in excess of nine years. The directors' affairs committee considered their independence and after a robust review, declared that, notwithstanding their respective lengths of service on the board, Adv. AB Mahomed SC, Mr MS Paruk and Mr YM Paruk continue to meet all the requirements of an independent director.

The board of directors supported the views of the directors' affairs committee.

Succession planning:
Succession planning is a key factor in the development and evolution of the board of directors. Recognising the importance of succession planning to the long-term sustainability of the bank, the directors' affairs committee undertakes an annual review of the composition of the board and the respective board committees.

The directors' affairs committee recognises that it is essential that the process of succession planning be conducted in a manner which is least disruptive to the functioning of the board.

For this reason, the directors' affairs committee subscribes to the view that succession planning should be conducted in a proactive and timely manner, seeking to bring on board new directors prior to the stepping-down of retiring directors.

In this way, new directors will be well-versed with the business of the bank.

Through its review of the composition of the board, the directors' affairs committee has made several recommendations to the board of directors in terms of its succession planning objectives.

As the process of director appointment is a function of various legal and regulatory requirements, both in terms of the Banks Act and the Companies Act, the succession planning objectives of the board remain ongoing at this stage.

The board also ensures that the bank has adequate succession plans in place at an executive level.

Strategy formulation:
The board of directors is responsible for determining the bank's strategic direction, which is based on an in-depth review of the drivers of the business, taking into account the diverse interests of the bank's set of stakeholders.

The board also monitors the implementation of the strategy across the bank on a regular basis.

The bank's corporate governance and risk management objectives are determined by the board for the year ahead, in terms of prevailing banking regulatory requirements.

The board also conducts an annual assessment as to whether the corporate governance and risk management objectives for the period under review were successfully achieved by the bank. Having conducted this assessment in the last quarter of the year under review, the board is satisfied that the 2014 corporate governance and risk management objectives have been satisfactorily fulfilled by the bank.

Delegation of authority:
Al Baraka Bank operates within the parameters of a well-defined governance structure, through which structure the board is able to retain control of the business of the bank.

The governance structure allows the board, which has defined its own levels of materiality, to delegate the necessary authority and powers to the respective board committees and chief executive, within the context of strategic and operational effectiveness and efficiencies.

The chief executive, acting in terms of his written authority from the board, delegates appropriate and relevant powers to management, such that the bank may conduct its business on a day-to-day basis. Notwithstanding this delegation of authority, the board and its directors do not relinquish their accountability. The delegated powers of authority are regularly reviewed to ensure that they

CORPORATE GOVERNANCE
CONTINUED

remain up-to-date and, therefore, relevant within the life of the bank.

Director development and education:
The board places strong emphasis on the ongoing education of directors, to ensure that they remain au fait with the ever-changing legal environment and regulations, with particular reference to the banking sector.

In addition, directors are kept informed of developments and trends within the financial sector generally, as these could have a material impact on the bank and, consequently, its operations.

Directors are encouraged to attend appropriate external training programmes, the costs of which are borne by the bank. Ongoing training is also offered to the members of the board committees, such that they too may give effect to their mandates.

During 2014, the training topics for the board and the board committees included cyber crime, IT governance and corporate governance lessons from within the banking sector, as well as specialised training in respect of the functioning of the social and ethics committee.

Whilst the directors' affairs committee is responsible for overseeing the manner in terms of which director induction and training is given effect to, it is the responsibility of the company secretary to implement this from a practical perspective.

Upon appointment, directors are presented with a corporate governance pack consisting of relevant board policies, financial reports and information, board and board committee charters and appropriate minutes.

In addition, copies of legislation relevant to the banking sector, together with explanatory comments, also form part of the governance pack.

To facilitate the newly appointed directors process of induction into the bank, meetings with relevant members of management are arranged.

The balance of the induction programme is designed in such a way so as to meet the individual requirements of the new directors.

Performance evaluations:
The performance of the board and its committees is evaluated annually, with the purpose of determining their respective levels of effectiveness.

Over and above the evaluation of the board and the board committees, an evaluation is also undertaken in respect of the chairman.

The individual directors complete a self-assessment questionnaire, the outcomes of which are discussed with the chairman and the lead independent director.

The purpose of the self-assessment questionnaire is to allow the directors, in a confidential and private manner, to discuss their contribution to the board.

Going forward, the scope of the evaluation process is to be broadened to include the company secretary, who will be subject to evaluation by the board.

The performance of the chief executive is evaluated in terms of his performance scorecard, which is submitted to the remuneration committee for approval.

Board Meetings:
The board of directors met on four occasions during the course of 2014, which is in accordance with the provisions of the board charter. Where a matter needs to be addressed between planned meetings, additional meetings may be convened for this purpose.

Board meeting dates are planned well in advance, with the objective of securing maximum attendance.

To this end, a year planner is developed in consultation with board members. The board's meetings with representatives from the Reserve Bank are also included in this process.

Whilst directors strive to attend board and board committee meetings in person, it is acknowledged that this will not always be possible.In such circumstances, every effort is made to ensure that the director in question is linked-up electronically, such that their views may still be heard and taken into account during board discussions.

As part of its efforts to reduce paper consumption, the board and board committees have made increasing use of its well-established directors' portal. Board papers are distributed two weeks prior to a board meeting, such that the directors' have sufficient time to prepare for board meetings.

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

[1] = Chairman, [2] = Vice chairman, [3] = Appointed as a director on 01 July 2014
[4] = Risk manager, [5] = General manager: credit

Access to information

In order to familiarise themselves with the operations of the bank, directors enjoy unrestricted access to the bank's information.

Directors may also consult with external professional advisors on any subject impacting on the bank, should they so wish. In such instances, the costs of such external advice is at the expense of the bank.

Directors may, at their request, meet with representatives of management in the absence of executive directors, should they deem it necessary.

For purposes of courtesy, these meetings are facilitated through the office of the chief executive.

Board Committees

Whilst recognising that the board is responsible for the performance of the bank in its entirety, the board has established six permanent committees whose function it is to provide a specific focus on key specialised areas.

Through this process, the board committees assist the board of directors in discharging their obligations.

In addition to the audit committee, the risk and capital management committee, the board credit committee, the directors' affairs committee, the remuneration committee and the social and ethics committee, the board has also established a specialist property committee.

The primary function of the board property committee is to monitor the development of the bank's property, which it acquired at Kingsmead Office Park.

Once this property has been developed, the board property committee will cease to exist.

All the permanent board committees possess written terms of reference, which are regularly reviewed.

As part of the board's commitment to a transparent process of corporate governance, the respective committees provide the board with verbal feedback on the key issues as discussed at the most recent committee meetings. In addition, the minutes of all committee meetings are submitted to the board as part of the meeting papers.

Al Baraka's governance structure makes provision for the establishment of various management committees, whose purpose is to support the board and the board committees in giving effect to their respective mandates.

The management committees currently consist of the executive management committee, the executive credit committee, the management risk committee, the assets and liabilities committee, the FICA executive committee and the IT steering committee.

The key terms of reference of the board committees are set out as follows:

Audit Committee:

The key role of the audit committee is to ensure that management has created and maintained an effective control environment.

A summary of the key terms of reference of the audit committee includes the following:

- Consider the appointment of the external auditor and the audit fees;
- Discuss with the external auditor before the audit commences, the nature and scope of the audit;
- Review the interim and annual financial statements, before submission to the board;
- Review the internal auditor's report and the external auditor's management letter and management's response to their reports;
- Review the company statement on internal control systems, prior to endorsement by the board;
- Review the internal audit programme, ensure co-ordination between the internal and external auditors and ensure that the internal audit function is adequately resourced and has appropriate standing within the company; and
- Satisfy itself as to the expertise, resources and experience of management for the bank's financial function, on an annual basis.

Members of the audit committee are all independent non-executive directors and are financially literate.

The audit committee met on five occasions during 2014.

…………………………….

MS Paruk
Chairman: audit committee

Risk and capital management committee:

The role of the risk and capital management committee is to assist the board, as well as management, in addressing all aspects of risk impacting on the bank. A summary of the key terms of reference of the risk and capital management committee includes the following :

- Establish and implement the policies and procedures designed to ensure that the bank identifies, measures and reports all material risks;
- Approve a formal risk management functional plan for the ensuing year;
- Identify and regularly monitor all key risks and key performance indicators to ensure that its decision-making capability and the accuracy of its reporting is maintained at a high level;
- Ensure that a formal risk assessment is undertaken at least annually;
- Assist the board in developing a risk mitigation strategy to ensure that the bank manages the risks in an optimal manner;
- Assist the board in its evaluation of the adequacy and efficiency of the risk policies, procedures, practices and controls applied within the bank in the day-to-day management of its business; and
- Approve new products and ensure that adequate measures have been taken to address all related risks before making recommendations to board for the approval of such products.

The risk and capital management committee is chaired by an independent director and met on four occasions during the year under review.

The risk and capital management committee is satisfied that it discharged its responsibilities in accordance with its charter.

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A Lambat
Chairman: risk and capital management committee

CORPORATE GOVERNANCE
CONTINUED

Credit committee:
The role of the credit committee is to review, measure and manage Al Baraka Bank's overall credit risk strategy and to approve advances in terms of board-approved delegations.

A summary of the key terms of reference of the credit committee includes the following:
- Ensure that the bank's credit risk management process is aligned with the group's credit risk strategy;
- Approve advances in terms of delegated powers of authority;
- Review the bank's credit risk management policy for adequacy and ensure that such policy is approved by the board;
- Approve write-offs of debtor accounts within its delegated authority;
- Review and recommend to the board any change in strategy, marketing and business plans in respect of any financing activities of the bank;
- Review and evaluate any significant credit risks faced by Al Baraka Bank;
- Review advances approved by delegated sub-credit committees in terms of delegated levels of authority; and
- Review stress testing scenarios in respect of credit risks on an annual basis.

The credit committee is chaired by an independent director and met on four occasions in 2014.

The credit committee is satisfied that it discharged its responsibilities in accordance with the terms of its charter.

SA Randeree
Chairman: credit committee

Directors' affairs committee:
The role of the directors' affairs committee is to assist the board of directors in its determination and evaluation of the adequacy, efficiency and appropriateness of the corporate governance structures and accompanying practices of the bank.

A summary of the key terms of reference of the directors' affairs committee includes the following :
- Identify, evaluate and recommend nominees to the board of directors in terms of an agreed process;
- Ensure that an appropriate induction training course is formulated and implemented for all new directors and that there is ongoing development for directors;
- Annually review the structure, size and composition of the board, taking into account the requirements of board sub-committees and make recommendations to the board regarding any required changes;
- Review the composition, skills, experience and other qualities required for the effective functioning of the board;
- Review and make recommendations on the re-election of directors;
- Consider methodologies for the annual assessment of the performance of the board and sub-committees and contribution of the individual directors by making recommendations to the board; and
- Maintain a board directorship continuity programme, which shall include:
  - Succession plans for the chairman and board sub-committees; and
  - Succession plans for executive directors, executive management and other senior management.

In terms of section 64B of the Banks Act, membership of the directors' affairs committee is restricted to non-executive directors.

The membership of the directors' affairs committee meets this requirement, with the chief executive attending meetings of the committee by invitation only.

The directors' affairs committee is chaired by an independent director and met twice during the course of 2014.

The directors' affairs committee is satisfied that it discharged it's responsibilities in accordance with its charter.

SA Randeree
Chairman: directors' affairs committee

Remuneration committee:
The role of the remuneration committee is to advise the board of directors on a wide range of human resource issues, with special emphasis on matters pertaining to remuneration and staffing.

A summary of the key terms of reference of the remuneration committee includes the following:

- Make recommendations to the board on matters, such as succession planning, both at senior management and executive management level, general staff policy, performance, remuneration, benefits, bonuses and incentive schemes;
- Ensure that the right calibre of executive senior management is attracted, retained, motivated and rewarded;
- Ensure that a comprehensive employment equity policy exists;
- Recommend to the board any share or share incentive scheme;
- Ensure that employees' incentive payments are linked to the contribution of the individual and business performance; and
- Assist in creating an environment where individuals who demonstrate the qualities of initiative, enterprise, ability, effort and loyalty are able to develop rewarding careers at all levels.

The remuneration committee is chaired by an independent director and met on three occasions during 2014.

The remuneration committee is satisfied that it discharged it's responsibilities in accordance with the terms of reference of its charter.

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YM Paruk
Chairman: remuneration committee

Social and ethics committee:
The role of the social and ethics committee is to monitor the bank's activities to ensure that they are conducted in an ethical manner and that they comply with legislation and best practice relevant to the banking sector.

A summary of the key terms of reference of the social and ethics committee includes the following :

- Monitor the bank's activities with regard to matters relating to:
  - Social and economic development;
  - Good corporate citizenship, including the bank's commitment to its corporate social responsibility programme, the environment, health and public safety;
  - Consumer relationships; and
  - Labour and employment.
- Report, through the chairman, to the shareholders at the bank's annual general meeting, on matters within its mandate.

The social and ethics committee is chaired by an independent director and met on two occasions during 2014.

The composition of the social and ethics committee met the requirements of Regulation 43 of the Companies Act.

The social and ethics committee is satisfied that it discharged its responsibilities in accordance with the terms of reference of its charter.

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M Youssef Baker
Chairman: social and ethics committee

CORPORATE GOVERNANCE
CONTINUED

Prescribed officers:
In terms of the Companies Act regulations, a person is a prescribed officer if that person:

- Exercises general executive control over and management of the whole, or a significant portion of the business and activities of the company; or
- Regularly participates, to a material degree, in the exercise of general executive control over and management of the whole, or a significant portion of the business and activities of the company.

Based on this requirement, the board has confirmed that the prescribed officers of the bank are the executive directors, namely the chief executive, the chief operating officer and the financial director.

Company secretary:
The company secretary, who is responsible for board administration matters, serves as a link between the board of directors and the bank.

A key function of the company secretary is to keep the board of directors informed as to changes in best governance practice and relevant legislation, insofar as it may impact upon the board and the organisation.

Directors have access to the services of the company secretary and are satisfied that an arm's length relationship exists between it and the company secretary. The company secretary is neither a director nor a prescribed officer of the bank.

Ethics:
Conducting business in an ethical way forms the basis of Al Baraka Bank's approach to business.

The board of directors recognises that such an approach is vital to the sustainability of the business and the interests of stakeholders.

This approach is reflected in the bank's code of conduct, with all employees being required to adhere to the code, both in spirit and in deed. In support of the code, the board of directors has committed itself to a zero tolerance approach in respect of ethical misconduct.

Codes of transformation:
Al Baraka Bank remains committed to the objectives set-out in the Financial Sector Code.

In terms of its current rating, the bank is classified as a Level 4 contributor.

SUSTAINABILITY REPORT

A SUSTAINABILITY REPORT COMPRISES INFORMATION PERTAINING TO AN ORGANISATION'S ECONOMIC, ENVIRONMENTAL AND SOCIAL IMPACTS, AS A CONSEQUENCE OF ITS EVERY-DAY ACTIVITIES.

Such a report takes account of an organisation's values, governance standards and the inescapable linkage between its business strategy and its commitment to a sustainable environment.

Al Baraka Bank, as is the case with an increasing number of enterprises globally, is intent on ensuring - and, indeed, ably demonstrating - the sustainability of our operations, while contributing meaningfully to sustainable future development. Recognising that sustainability is founded on four pillars of performance, our bank's long-term goal is to develop our own sustainability reporting to a level which will enable us to accurately and effectively measure, understand and communicate our economic, environmental, social and governance and ethics performance.

Sustainability within the bank is driven by and is the responsibility of our board-appointed social and ethics committee. This committee is mandated to address issues, as set out in the Companies Act, pertaining to good corporate citizenship, social and economic development, health, safety and environmental matters, employment practices and customer relationships.

We are currently working towards ensuring that our sustainability report provides the foundation for the measured and managed communication of both performance and impact, in the certain knowledge that stakeholders, inclusive of customers, shareholders, members of staff and service providers, are showing progressively greater interest in the non-financial components of our company.

The business world is moving inextricably towards ever-more transparent, auditable and published performance results and strategies for the future. Al Baraka Bank, as a responsible corporate citizen, both recognises and acknowledges the need to accept and embrace this responsibility, laying the groundwork for the delivery of a more positive impact into the future. This is contemplated in our long-term vision, which espouses the fact that we believe society needs a fair and equitable financial system; one which rewards effort and contributes to the development of the community, thus giving effect to delivery on our social and environmental intent.

In this respect, our quest is simple. It is to significantly reduce waste and inefficiencies of operation as a means of creating financial savings and the protection of the environment.

Company overview

Al Baraka Bank operates as a fully-fledged Islamic commercial bank and is committed to the delivery of Shariah-compliant banking facilities throughout South Africa.

The bank's purpose is to meet the financial needs of communities by conducting business ethically, in accordance with our beliefs, practicing the highest professional standards and sharing the mutual benefits with customers, shareholders and staff who participate in our business success.

In giving effect to this mission, we make certain that we conduct our business operations in an ethical manner and in accordance with Islamic beliefs. Ours is a company which strives for the highest professional business standards and is dedicated to sharing the benefits it derives with its customers, shareholders and members of staff.

Al Baraka Bank is actively implementing and rolling-out a business strategy tailored to both maximise profits and to ensure best practice in safeguarding the environment.

Strategic business objectives, competencies and key performance indicators

We strive to achieve 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

By implementing a series of enterprise risk management strategies, our bank effectively manages its overall financial risk, as well as the risks associated with strategy, operations, reporting, fraud, supply chain management and risk associated with materiality issues which could impact on the bank, as well as all aspects of regulatory compliance.

Organisational and governance structure

Good governance is integral to the way in which the bank conducts its day-to-day business operations.

Al Baraka Bank adheres to the principles underpinning the good governance ideal, particularly as this relates to the four pillars which form the foundation of corporate governance, being responsibility, accountability, fairness and transparency.

Our directors' affairs committee of the board is directly responsible for driving and managing the bank's implementation of the governance framework and annually reviews the company's obligation to the proper execution of sound corporate governance practices, in line with the recommendations contained in King III.

This, in turn, gives effect to management's ability to continuously enhance its levels of compliance.

As South Africa's only fully-fledged Islamic bank and the consequent need for Shariah compliance, the bank draws attention to the following aspects of its business which are prohibited:

- Transactions which involve excessive risk and speculation;
- Investment in prohibited activities and services; and
- Investment in any company which may be involved in:
  - Alcohol;
  - Tobacco;
  - Pork;
  - Casinos; or
  - Conventional banks.

We follow Islamic business principles and standards, as published by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

Delivery of sustainable development to stakeholder groups

We are of the opinion that in order to deliver sustainable development, there exists the need for a paradigm shift from that of a purely profit-driven business model to one which promotes a more inclusive framework, with direct emphasis on an integrated approach with regard to the four foundational components, comprising economics, environment, social issues and governance and ethics. We contend that the adoption of such an eco-efficiency model will allow for the generation of sustainable shareholder value, which, in

SUSTAINABILITY REPORT
CONTINUED

turn, will facilitate the delivery of the more effective management of our business and, therefore, serve the best interests of bank's stakeholder groups.

Our report addresses the four pillars of performance, set-out as follows:

Economics:
As a fully-fledged Islamic commercial bank, we adhere to Shariah and all regulatory requirements, as pre-determined by the legal environment impacting on the South African financial sector, in our quest to deliver responsible financing to our relevant stakeholder groups.

Our primary objective is to create long-term and sustainable economic value for these stakeholders, while aiming for effective risk management strategies to enhance our adherence to good corporate governance, compliance with all laws and regulations and absolute alignment with ethical business practices.

Our goal in this respect is to further enhance shareholder value and to ensure the sustainability of the business in the long-term. In this regard, we pride ourselves on the limited need for legal recourse in our operations, a direct consequence - we believe - of our rigorous client risk profiling approach, the purpose of which is to develop a sustainable and sound economic business model.

Such a model provides the basis for determining the feasibility of prospective projects, so creating and stimulating employment within and the growth of small and medium-sized businesses, while promoting wealth creation and distribution within communities which form a critical component of our stakeholder groups.

Environment:
Our social and ethics committee takes most seriously environmental issues impacted by the business and, especially, the need for interventions to effectively protect the environment.

As this committee has grown in stature, so too has its commitment to the development of measurable environmental indices in the pursuit of solutions to mitigate against environmental sensitivities.

Whilst being aware that our environmental impact may not be as extreme as enterprises involved in this country's manufacturing sector, we do acknowledge that we have a role and responsibility with regard to environmental sustainability.

In giving effect to this role, our social and ethics committee has instructed that the bank's legal documentation must better reflect its commitment to issues of the environment in terms of the compilation of future contracts with stakeholder groups.

The bank has embarked upon an environmental impact assessment journey, in order to ultimately position itself to more accurately measure the results of its impact on the environment. We continuously look to reducing our bank's eco-footprint on a national basis.

Social issues:
The legacy of a dysfunctional past, has left South Africa with the burden of extreme poverty and a swathe of related social ills. Government alone is unable to impact sufficiently to make a lasting difference in the lives of the affected millions.

It, therefore, falls to business to play a meaningful role in assisting to correct the imbalances of the past. Al Baraka Bank recognises this and embraces the need for a range of sustainable socio-economic development initiatives.

The bank has in place a long-running corporate social investment programme, targeting education, health, poverty alleviation, security and humanitarianism.

Whilst actively supporting a range of needy individuals and welfare organisations, the bank in 2014 launched - as part of its 25th anniversary celebrations - an initiative known as 'Project 25.'

Project 25, which goes well beyond the bank's existing corporate social investment programme, is a two-pronged socio-economic scheme designed to empower tomorrow's potential business leaders and to assist with poverty alleviation, job creation and food security.

Our 25th anniversary was regarded as the ideal time in the company's history to create a sustainable social legacy; one which will have a really meaningful socio-economic impact on the historically disadvantaged of this country.

Project 25 was designed, firstly, to guide 25 Grade 10 learners from a disadvantaged rural school in KwaZulu-Natal for a three-year period, preparing them for a future in which they would be able to make a substantial contribution to the economy. Secondly, we facilitate a community market garden project involving 25 out-of-work individuals in an area of high unemployment near Pinetown, in KwaZulu-Natal, as a means of creating jobs, so assisting in alleviating poverty, promoting a degree of food security in the area and creating wealth through the sale of produce to the bank's staff and, potentially, other outlets. This dual-stream project is designed to be a rolling programme, creating ongoing educational, employment and wealth-generation opportunities for the disadvantaged into the future.

The entire corporate social investment programme is overseen by the social and ethics committee and is administered by management's charitable and welfare committee. The ideal is fully supported by the Bahrain-based Al Baraka Banking Group, of which the South African unit is a subsidiary, and, accordingly, details of the bank's sustainable social interventions are regularly reported to the group.

In addition, the bank encourages its members of staff to become active participants in its charitable and welfare activities, with the social and ethics committee recommending that such participation be acknowledged.

During the 2014 financial year, the bank contributed some R7,6 million to needy organisations and causes, with the objective of ensuring their sustainability into the future.

Governance and ethics:
Strict adherence to the principles of good corporate governance is and remains a bank imperative.

The implementation of good governance principles is fundamental to the manner in which we conduct our day-to-day business. We are committed to conducting our business affairs in both an ethical and transparent manner, thus ensuring long-term sustainability on behalf of our stakeholder groups.

The bank strives to continuously promote ethical investing as a means of ensuring the attainment of sustainable and responsible investment policies and practices throughout the business model.

In addition, in 2014 we conducted an ethics survey amongst bank staff. Survey results were noted by the social and ethics committee and it was recommended that such surveys be carried out annually during the next three years and that all staff opinions on ethics be taken into account and accorded serious consideration.

The bank's long-time observance of governance best practice is widely recognised within the South African financial sector and we continuously work to uphold our governance position through the realisation of our obligations in terms of the King Report on Corporate Governance (King III).

In addition and to ensure the bank's adherence to ethical behaviour, we employ the inclusive stakeholder model of governance as a means of encompassing the rights of all the members of our stakeholder groups.

Stakeholder engagement
The bank regards intensive engagement with its stakeholder groups as part of the process of remaining relevant in a tremendously competitive financial operating environment and to give effect to its

long-term strategic business objectives.

We work diligently to ensure that the bank enjoys both the capacity to meet stakeholder expectations in a responsible manner and the ability to develop enduring partnerships with such stakeholders. Al Baraka Bank manages its relationships with identified stakeholders as follows:

Customers:
We acknowledge the fact that without customers, we would not have a business. Accordingly, we actively adopt a customer-centric approach to our every interface with customers.

Direct engagement with our customer-base enables us to:
- Understand and respond to, especially, the financial needs of our customers, recognising that we have a responsibility to provide all our customers with exceptional banking services and products;
- Ensure we have the capacity to provide necessary and appropriate banking advice and - importantly - workable solutions to meet the wide-ranging needs and expectations of customers;
- Ensure the delivery of client service excellence in our every dealing with customers, both in-branch and online; and
- Regularly check and update the personal information of customers, thus safeguarding the integrity of customer details and the professional reputation of the bank, in line with the upcoming requirements of the Protection of Personal Information Act.

We take most seriously the need for customer service excellence as a way of life amongst staff members. This we regularly test by way of 'mystery banking' surveys which allow us to determine customer opinions concerning service delivery across our banking network. We evaluate all such feedback and implement remedial behaviour as and where necessary.

In addition, the bank has in place a customer service centre sharecall telephone facility, regarded as a vital tool through which to attend, in a timely manner, to customer queries, concerns, complaints and compliments.

We also record for service quality evaluation and control purposes, all telephone calls to various frontline business divisions, inclusive of foreign exchange and customer service, with a direct customer interface.

The bank has for a number of years utilised the services of an external anti-fraud hotline, managed through the good offices of an internationally-based firm of auditors. This service is provided in line with our commitment to responsible banking and to ensure the delivery of fair and equitable business practices.

Members of staff:
Our members of staff are the bank's most important asset; an asset which makes business operations in the financial sector possible.

Direct engagement with our members of staff enables us to:
- Ensure that the bank remains an employer of choice, providing an inspiring, safe and positive work environment;
- Fully understand, evaluate and respond to staff experiences, their needs and their concerns; and
- Provide members of staff with details of the company's planned strategic direction and growth trajectory, as well as sharing with them relevant information about the company and the group.

Recruitment and training -
Al Baraka Bank operates in a highly regulated business and legal environment.

It is, therefore, vital that our members of staff adhere to the very highest of standards, displaying integrity, honesty and accountability, while ensuring a strong disposition towards customer service excellence and a high work ethic.

As a consequence, we seek to attract, develop and retain top talent; people with the moral fibre and resourcefulness to assist in developing the bank and its business into the future.

In realising the full potential of its staff complement, the bank offers comprehensive training and development programmes which are specifically tailored to meet business requirements.

In addition, staff are actively encouraged to themselves identify areas in which they would seek to become more proficient, with relevant training interventions being sourced to accommodate such needs.

We also place great store in the provision of access to a range of Islamic educational initiatives, whilst also giving effect to fast-tracking high-performing graduates.

We have had in place for some years a highly successful graduate recruitment programme.

The purpose of this programme is to enable today's talented and suitably qualified young people to take-up learnership positions within the bank so as to develop the skills and to benefit from the experience necessary to be successful in the business environment.

This provides a very important bridging mechanism between the theoretical world of academia and the rigours of the world of work.

BankSETA funding was secured for the sponsorship of banking programmes, which provided members of staff enhanced prospects for career path advancement.

During 2014, such programmes included, inter-alia, the BankSETA National Certificate in Core Banking and Financial Services and the National Certificate in Sales and Customer Relations.

Managing diversity -
Diversity in the workplace is an every-day reality and should be embraced.

Differences amongst people should not result in the disaffection and marginalisation of any individual or group in the workplace and Al Baraka Bank makes every effort to, instead, foster a sense of belonging and self-worth.

We endeavour to harness the diversity which our members of staff bring to the workplace, creating a single business culture and inspiring a sense of mutual respect, dignity and unity.

Transformation and employment equity -
The bank recognises the need for effective social transformation in the South African business arena and, particularly, within the financial sector. This is a key driver for our board, which is dedicated to the transformation process.

We acknowledge the importance of providing opportunities to suitably qualified members of historically disadvantaged groups, including both women and the disabled.

As part of our transformation obligation, the bank annually reports on its Broad-Based Black Economic Empowerment (B-BBEE) performance by means of the Financial Sector Code.

In line with our overarching B-BBEE objectives, we set-out to recruit staff from historically disadvantaged backgrounds and also look to promoting and/or appointing increasing numbers of women to positions within both senior and middle management levels.

Employee wellness -
A healthy staff member is a productive staff member. The wellness of our total staff complement is, therefore, of the utmost importance to our bank.

We have in place a wellness-based policy which advocates the health and well-being of the individuals we employ, while promoting positive life-style changes.

We implement regular wellness activities throughout our national branch network; activities which are intended to encourage members of our staff to embark on healthy life-style and exercise programmes.

SUSTAINABILITY REPORT
CONTINUED

Staff communication -
With regard to the regular provision of relevant information to staff about the group, company and their respective activities, we see such communication as being extremely important.

We recognise that decisions made about the organisation and its direction have a direct bearing on staff and that they have a right to pertinent information. Accordingly, we employ a wide range of communication vehicles through which to broadly share current business events and changes.

Such communication vehicles currently include:
- The chief executive's address: briefings to staff following quarterly board meetings;
- The intranet site: online communication of posted staff information;
- Social media: a feed used by management to post staff-relevant information;
- The contact centre: an email and telephonic contact point as a source of information regarding a range of employee-related matters;
- Employee self-service facility: an online mechanism for staff members to undertake human resources activities, such as leave applications, pay-slip generation and the like;
- Tip-offs Anonymous: a dedicated external fraud hotline, operated on the basis of anonymity, enabling staff and the public to 'blow the whistle' without fear of recrimination;
- Surveys: a dedicated practice of surveying staff in terms of ethics and, on occasion, the rating of various divisions within the organisation;
- E-Newsletter: an informal staff-based newsletter keeping employees informed about the bank, its operations and staff activities; and
- Staff presentations: specialist presentations designed to inform staff and keep individuals appraised of the latest developments within the bank.

Shareholders:
The bank, in line with the requirements of the Companies Act, looks to actively provide shareholders with relevant information in a timely manner.

Direct engagement with shareholders enables us to ensure the provision of appropriate bank-related information in a timely manner as a means of equipping shareholders with information suitable for making investment decisions.

We have embarked upon a process of ensuring increased levels of electronic communication with our shareholders, as a more expedient form of communication. Shareholders receive bank information in a more timely manner, whilst enabling the bank to contain paper usage.

Such regular interaction is undertaken in the pursuit of absolute transparency and accountability.

We engage with shareholders at annual general meetings and by way of ad hoc road-shows in identified areas around the country.

By way of example, during the year under review a successful road-show event was hosted in Cape Town for the benefit of and involvement by Western Cape-based shareholders of the bank. Similar road-shows are planned for the Gauteng and Durban regions during the 2015 financial year.

Shareholders are also encouraged to attend and participate in the bank's annual general meetings, held at our head office, located in Durban, during which the respective chairmen of our board committees are on-hand to respond to shareholder queries and concerns, while the chairman of the social and ethics committee delivers a report covering the past year's committee activities.

Detailed sharing of information ensures that shareholders are regularly and appropriately updated, thus becoming fully conversant with the business of the bank and enabling them to make informed decisions regarding their future investment in the bank.

Community:
Our goal is to establish and develop sound, long-term partnerships with members of the communities we exist to serve.

Direct engagement with the community enables us to:
- Create partnerships which facilitate our integrated environmental and social activities; and
- Create widespread awareness of such integrated environmental and social initiatives.

Our approach to fostering community relationships is to:
- Interact on a personal basis;
- Become involved in the sponsorship of identified community service events;
- Deliver identified corporate social investment solutions;
- Support various community events;
- Provide special-purpose publications, inclusive of our integrated annual report and abridged annual report, amongst others; and
- Post relevant information on social media feeds and our website for the benefit of community members.

Interaction with communities through these channels affords us the opportunity to not only disseminate bank-related information and news, but to also absorb community insights to best effect and to evaluate and act on the expectations and aspirations of community members.

Regulators and industry bodies:
Transparency of operation forms the basis of our relationship and interaction with regulators and various industry bodies. Being a registered commercial bank necessitates our statutory reporting to and interaction with various regulatory and industry bodies.

Direct engagement with regulators and industry bodies enables us to:
- Foster and maintain good working relationships with regulators, ensuring compliance with their legal and regulatory requirements, thereby retaining various operating licences, while minimising the bank's operational risk;
- Continue the company's development as a result of positive interaction with industry bodies and cross-sectoral organisations; and
- Develop strategic business partnerships for the overall benefit of our stakeholder groups.

Al Baraka Bank interacts with, inter-alia, the following regulators:
- The South African Reserve Bank;
- The Financial Intelligence Centre;
- The National Credit Regulator;
- The Companies and Intellectual Property Commission;
- The Financial Services Board; and
- The South African Revenue Service.

We also interact with, inter-alia, the following industry bodies:
- The Banking Association of South Africa;
- The Payments Association of South Africa;
- The South African Banking Risk and Information Centre; and
- The Banking Ombudsman.

Media:
As a business entity, our bank recognises the importance of the prominent positioning of our brand in the public domain and ensuring the provision of newsworthy bank-related business information to the media in order to keep the general public well-informed.

Direct engagement with the media enables us to:
- Access a range of news channels to communicate effectively and efficiently with our stakeholder groups;
- Position the bank as a responsible corporate citizen in South Africa's financial sector and, therefore, a preferred service provider; and
- Respond appropriately and in a timely manner to media queries and/or requests for comment on current financial and business-related issues.

We achieve such direct engagement with the media by forming and nurturing good working relationships with key members of this country's business, financial and community media, inclusive of both print and electronic media-types.

Suppliers and contractors:

In order to meet the objectives of the Broad-Based Black Economic Empowerment Act, the bank has in place a well-developed preferential procurement policy.

Direct engagement with suppliers and contractors enables us to:

- Strive to maintain superlative and timely supplies of goods and services for the benefit of the bank and the execution of its operations;
- Assist such suppliers and contractors with their own business viability by way of education and early payment solutions for goods and services provided, as well as other support mechanisms designed to improve the cash flows of small and medium-sized service and goods providers;
- Encourage environmentally responsible business practice within the company's supply chain; and
- Investigate further opportunities for the sourcing of goods and services by way of local procurement.

By engaging with suppliers and contractors in this way, the bank is able to ensure its appropriate utilisation of suitably capable small and medium-sized enterprises to service all its business needs.

Islamic scholars and organisations:

As a Shariah-compliant financial institution, our bank maintains close ties with Islamic scholars and associated organisations.

Direct engagement with Islamic scholars and organisations is undertaken in order to communicate Al Baraka's activities, as South Africa's only fully-fledged Islamic bank, within the Muslim community nationally.

This we achieve through meetings, social interaction, conferences and electronic communication.

Conclusion

Our social and ethics committee endeavours to continuously develop strategic interventions which are aimed, inter-alia, at providing for the protection of the environment, significant investment in staff, meaningful support for local communities and the effective fostering of education and training, as part of a planning process which will assist in facilitating the long-term sustainability of the bank.

This report expresses the bank's fulfilment of its sustainability responsibilities, the execution of ethical management practice and the provision of effective communication with our stakeholder groups, together with a growing commitment to environmental responsibilities.

Our sustainability report is an indication of our commitment, as a responsible corporate citizen, to the need to understand and communicate our economic, environmental, social and governance and ethics performance.

With the foundation blocks of our sustainability reporting process now well-embedded, we will look to continuing the process of evolving our overall reporting capabilities.

Finally, it must be said that no assurance has been attained relating to Al Baraka Bank's sustainability measures for the 2014 financial year. However, the obtaining of an assurance report does form part of our bank's sustainability journey and is something we are steadily working towards achieving.

COMPLIANCE REPORT

WOVEN INTO THE DEMANDS ASSOCIATED WITH A FULLY FUNCTIONAL COMMERCIAL BANK ARE THE INCREASED PRESSURES RELATING TO REGULATORY CONFORMITY.

An enhanced and full bouquet of financial products draws the need for amplified regulatory applicability, intensified evaluations, greater analysis and escalated levels of monitoring. Attracting greater risk, it also requires stepped-up screening, testing and reviewing processes.

We are pleased to report that in reaching our 25th anniversary in business, no stone has been left unturned in terms of maintaining our commitment to compliance with legislation and best practice.

In 2014, the bank was in a position to proudly celebrate its quarter century milestone in the certain knowledge that we have executed our business affairs with the utmost integrity and with the necessary adherence to the principles of corporate governance which underpin the organisation.

This status was achieved as a direct consequence of our unwavering policy of zero tolerance for non-compliance - a policy which we have not only cascaded through our network of branches and corporate offices, but which has become the very foundation upon which the bank is based.

The 'Al Baraka way' has quickly become synonymous with continuously doing the right thing.

Our compliance with all relevant legislation forms the centre-piece of this ideology and we regularly and repeatedly continue the task of entrenching this thinking and belief into the very fabric of the bank through staff awareness sessions - specific and general - together with monthly Anti-Money Laundering (AML) Awareness and Update sessions. It is comforting to note management's positive application of our zero tolerance policy, whilst simultaneously balancing mitigating shortcomings and implementing proactive actions to address identified areas of concern.

During the year under review, the compliance division worked closely with key divisions within the bank in order to give effect to added efficiencies, aligning itself with the goals of the organisation and ensuring compliance requirements were filtered through to all the business affairs of the bank. This linkage with the divisions culminated in the achievement of key goals and in the near-achievement of a number of others. It also gave rise to formal project committees being convened in order to promote regulatory requirements across the company.

One such project involved the Foreign Account Tax Compliance Act (FATCA) Committee, which has overseen the conclusion of a FATCA policy, procedure, manual and system changes/enhancements, as well as instituting extensive training programmes, which were rolled-out in a timely manner, thus ensuring compliance with FATCA.

The bank's commitment to identifying and reporting unusual and suspicious transactions and countering terrorist financing is ineradicable and the automation of our Sanctions Screening System, through the incorporation of a new system, is a clear indication of our stance. The directive to staff and clients alike regarding anti-money laundering has been made very clear.

In spite of the burdensome nature of compliance facing clients, we are confident that our strict adherence to relevant legislation, policies and procedures has endowed the bank with an enviable track-record of integrity, professionalism and the wherewithal to act decisively with regard to any negative activity.

Our uncompromising attitude in this regard lends justification to our claim of being an ethical bank, not only from the perspective of offering sound, Shariah-compliant banking products, but also in terms of advancing the compliance aspects as they relate to legislative requirements, with particular emphasis on anti-money laundering and counter-terrorist financing in all of our undertakings.

This is further intensified by our zero tolerance policy, which ensures that any deviance from the norm is immediately and proactively dealt with through remedial actions.

The compliance division also works in unison with other governance structures, such as secretariat, risk and internal audit, so as to ensure the observance of the very highest levels of corporate governance by the bank. One such partnership, with risk and internal audit, included the formulation of a bank-wide combined assurance model, in line with the requirements of King III.

Reflecting our resolute commitment to the need for compliance, the division serves on a range of strategic forums and committees while providing guidance to the board and our management team, in terms of regulatory matters. We enjoy representation on management's executive committee, the board, audit committee, risk committee, several project committees and the procedure review committee, as well as a number of ad hoc committees formulated for specific purposes.

The compliance division is also the interface between various regulatory bodies and the bank as and when required and, accordingly, maintains strong, sustainable relationships with key industry role-players.

In addition to finalising a 'regulatory universe' for the bank, the compliance division has also worked strenuously in an effort to unpack various new legislative components affecting the bank. This included, inter-alia, various amendments to existing legislation and regulations, as well as new requirements imposed by Al Baraka Banking Group on its subsidiaries, of which our South African unit is one. In particular, we worked to implement AML legislation, guidance notes and Financial Action Task Force (FATF) recommendations. We look forward to the anticipated new AML legislation, scheduled for 2015, which will require close attention and discussion.

We have enjoyed vigorous interaction with the Banking Association of South Africa, through which the bank had representation in 41 meetings and forums, actively utilising said representation to make recommendations and provide feedback in terms of various issues which formed part of the relevant agendas.

As the bank has imprinted its 25-year footprint on South African society, so too have our compliance and risk management activities entrenched an indelible mark on the bank. The commitment to upholding our zero tolerance standpoint remains steadfast and is continuously driven from the highest levels of management, ensuring the absence of any distortion to the message.

The thread of corporate governance binds the organisation together; while compliance tautens the weaves to resilient righteousness.

SHARIAH REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

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 and with the rulings set 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, inter-alia:

- Financial Statements;
- Murabaha Financing;
- Musharaka Financing;
- Equity Murabaha Transactions;
- Foreign Exchange Transactions;
- Profit Distribution;
- Disposal of Impermissible Income; 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 38,3c 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 success in this World and the Hereafter.

Dr Abdus Sattar Abu Ghudda
Chairman

Sheikh Mahomed Shoaib Omar
Member

Mufti Shafique Jakhura
Member

30 January 2015

SHARIAH SUPERVISORY BOARD

THE SHARIAH SUPERVISORY BOARD IS AN INDEPENDENT BODY AND COMPRISES SPECIALIST JURISTS IN ISLAMIC COMMERCIAL JURISPRUDENCE.

Shariah Supervisory Board of Al Baraka Bank
It is entrusted with directing, reviewing and supervising the activities of Al Baraka Bank, in order to ensure that the bank complies with Shariah.

The board sets out to ensure that all Shariah matters regarding Al Baraka Bank are dealt with in a professional manner and in strict accordance with the standards set-out by AAOIFI.

The Shariah Supervisory Board's rulings and resolutions are binding on the bank.

It is the responsibility of the Shariah Supervisory Board to carry out regular audits of transactions and, based on its reviews of the bank's business operations, to form an independent opinion.

Al Baraka Bank's Shariah Supervisory Board comprises:
Dr Abdus Sattar Abu Ghudda (Syrian) –
Dr Ghudda is the senior Shariah consultant for the Al Baraka Banking Group. He is also a director of the Department of Financial Instruments at Al Baraka Investment and Development Company and is a member of the Shariah Supervisory Boards of several Islamic financial institutions. He is an active member of the OIC Islamic Fiqh Academy and AAOIFI.

He was responsible for the research and compilation of the Encyclopaedia of Fiqh of the Kuwait Ministry of Awqaf and Islamic Affairs and is a former member of the Ministry's Fatwa Board. He has taught fiqh and Islamic studies in Kuwait and Saudi Arabia. Dr Ghudda obtained BA degrees in Islamic Shariah and in Law from Damascus University. He went on to earn his MA degree in Shariah and hadith and his PhD in Shariah and comparative fiqh from Al-Azhar University in Cairo.

Sheikh Mahomed Shoaib Omar –
Sheikh Omar serves as a member of the Shariah Supervisory Board of Al Baraka Bank. He completed his LLB at the University of KwaZulu-Natal in 1979 and studied Arabic and Islamic Law under Mufti Taqi Usmani in 1982. He was also a student of Qadhi Mujahidul Islam, the founder of the Islamic Fiqh Academy of India.

He was granted the right of appearance in the High and Constitutional Courts of South Africa in 1995. He currently practices as an attorney and has written a number of books and numerous articles on Islamic law and commerce.

Mufti Shafique Ahmed Jakhura –
Mufti Jakhura serves in the Fatwa Department preparing and issuing Islamic juristic rulings at the Darul Ihsan Research Centre in Durban.

He has established and heads the Centre for Islamic Economics and Finance SA - a non-profit organisation dedicated to increasing awareness and providing education in the fields of Islamic economics and finance.

In 2002 he completed, with distinction, the Aalimiyah Course at Madrasah Taleemuddeen, in Durban and in 2005 completed a three-year specialisation course in Islamic Jurisprudence (Fiqh and Fatwa) from Jamia Darul Uloom Karachi, under the guidance of Mufti Taqi Usmani, which culminated in the submission of a thesis on the topic of Shirkat and Mudharabat. He also has an Advanced Diploma in Islamic Banking and Finance from the Centre for Islamic Economics, based in Karachi.

Shariah supervision of the Old Mutual Al Baraka Shariah funds
The partnered Old Mutual Albaraka Shariah funds are managed in strict accordance with Shariah.

The funds afford opportunities for Muslim investors seeking socially and morally responsible investments on the Johannesburg Securities Exchange and global markets, as well as Shariah-compliant cash investments.

The appointment of an independent Shariah Supervisory Board indicates the absolute commitment to both Shariah and Islamic economic principles.

The Shariah Supervisory Board comprises Mufti Justice (retired) Muhammad Taqi Usmani (Chairman), Dr Muhammad Imran Ashraf Usmani, Sheikh Mahomed Shoaib Omar and Mufti Zubair Bayat, and meets at least once annually.

The board has also appointed a local Shariah sub-committee, comprising Sheikh Mahomed Shoaib Omar and Mufti Zubair Bayat, who examine the Shariah compliance status of prospective companies and the core activities and financials of every company in the fund universe so as to ensure that each and every company complies with Shariah principles as set by AAOIFI.

All investments made by the fund ensure ongoing compliance with Shariah board directives.

The local sub-committee meets at least four times a year in order to ensure the execution of its mandate and to report to the Shariah Supervisory Board annually.

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

2014

Your Partner Bank

alBaraka

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

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

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The financial statements of Albaraka Bank Limited have been audited in compliance with S30 of the Companies Act of South Africa. Albaraka Bank Limited's acting general manager: finance, Sumeshion Chetty CA(SA), was responsible for the preparation of the annual financial statements and financial director, Abdullah Ameed, CA(SA), was responsible for the review of the financial statements.

DIRECTORS' RESPONSIBILITY STATEMENT

The company's directors are responsible for the preparation and fair presentation of the group annual financial statements and separate parent annual financial statements, comprising the statement of financial position as at 31 December 2014 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 company's directors are also responsible for the preparation and fair presentation of the audit committee report, company secretary statement and directors' report.

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 these 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 International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Approval of group annual financial statements and company annual financial statements
The group and company annual financial statements set-out on pages 36 to 81 were approved by the board of directors on 27 March 2015 and signed on their behalf by:

Shabir Chohan

…………………………..

Adnan Ahmed Yousif
Chairman

…………………………..

Shabir Chohan
Chief executive

Company secretary statement
In terms of the provisions of the Companies Act, I certify that Albaraka Bank Limited has lodged with the Commissioner of the Companies and Intellectual Property Commission all such returns and notices prescribed by the Companies Act and that all such returns and notices are true, correct and up-to-date.

CHBreeds.

…………………………..

Colin Breeds
Company secretary
Durban
27 March 2015

During the financial year ended 31 December 2014, the audit committee convened five times to discharge both its statutory and board responsibilities. As an overview only, and not to be regarded as an exhaustive list, the committee carried out the following duties:

Annual financial statements

The committee has evaluated the annual financial statements. Amongst others, the committee:
1. reviewed the principles, policies and accounting practices and standards adopted in preparation of the annual financial statements and commented thereon and monitored compliance with all statutory/legal/regulatory requirements; and
2. reviewed interim reports and preliminary results announcements.

Since the annual financial statements complied, in all material aspects, with the principles, policies and accounting practices and standards adopted in preparation of the annual financial statements and with the appropriate International Financial Reporting Standards and as no complaints relating to the accounting practices or the contents or auditing of the financial statements, or to any related matter, were received by the committee, the committee has approved and recommended the annual financial statements for approval to the board. The board has subsequently approved the financial statements, which will be presented to shareholders at the annual general meeting to be held on 03 June 2015.

Internal audit function

The committee has played an oversight role in respect of the internal audit function, which is performed in-house to ensure its effectiveness. Amongst others, the committee:
1. approved the internal audit mandate and ensured that internal audit is an effective risk-based function that adheres to the IIA Standards and Code of Ethics;
2. ensured that the internal audit plan was risk-based and addressed specific risks of the company;
3. approved the internal audit plan;
4. ensured that the charter used by internal audit was approved by the board;
5. reviewed the internal audit charter;
6. regularly met separately with the internal audit manager; and
7. did not receive any complaints relating to the internal audit of the company.

External audit and related matters

Ernst & Young Inc. are the Company's appointed external auditors. The committee has played an oversight role in respect of the external audit process to ensure its effectiveness. Amongst others, the committee:
1. approved Ernst & Young's terms of engagement;
2. reviewed the quality and effectiveness of the external audit process;
3. reviewed the external auditor's report to the committee and management's responses thereto;
4. reviewed significant judgements and/or unadjusted differences resulting from the audit, as well as any reporting decisions made;
5. maintained a non-audit services policy which determines the nature and extent of any non-audit services that Ernst & Young may provide to the company/group;
6. regularly met separately in confidence with Ernst & Young;
7. through enquiry, ascertained that Ernst & Young has not identified any irregularity that required reporting thereof to IRBA; and
8. evaluated and were satisfied with the independence of Ernst & Young

Risk management, assurance and ethics

The committee formed an integral component of the risk management framework and amongst others, monitored financial reporting risks, internal financial controls, fraud risks and IT risks as these relate to financial reporting. The committee played an oversight role in respect of risk, combined assurance and ethics.

………………………….

MS Paruk
Chairman: audit committee

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ALBARAKA BANK LIMITED

Report on the consolidated financial statements

We have audited the consolidated and separate financial statements of Albaraka Bank Limited set-out on pages 36 to 81, which comprise the statements of financial position as at 31 December 2014, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The company's directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Albaraka Bank Limited as at 31 December 2014, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate financial statements for the year ended 31 December 2014, we have read the directors' report, the audit committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Ernst + Young Inc.

Ernst & Young Inc.
Director – Merisha Kassie
Registered Auditor
Chartered Accountant (SA)

27 March 2015
Durban

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors have pleasure in presenting their report for the year ended 31 December 2014.

Nature of the business

Albaraka Bank Limited is a registered bank domiciled in South Africa and has as its principal objective the operation of its business according to Islamic banking precepts. The bank serves the public through branches in Athlone (Cape Town), Fordsburg (Johannesburg), Killarney (Johannesburg), Laudium (Pretoria), Lenasia (Johannesburg), Kingsmead (Durban), Overport (Durban), Port Elizabeth and corporate offices in Cape Town, Durban and Johannesburg.

The bank's parent and ultimate holding company is Al Baraka Banking Group B.S.C., a company incorporated in the Kingdom of Bahrain. The address of its registered office is PO Box 1882, Manama, Kingdom of Bahrain.

Share capital

The authorised share capital of the company comprises 100,0 million (2013: 30,0 million) ordinary shares of R10 each amounting to R1,0 billion (2013: R300,0 million). The issued share capital of the company comprises 32,2 million (2013: 22,5 million) ordinary shares of R10 each amounting to R322,4 million (2013: R225,0 million).

Financial results

The results of the group and the company for the year ended 31 December 2014 are set out on pages 36 to 81.

Dividends

On 28 November 2014 the directors declared a dividend of 45 cents (2013: 45 cents) per share amounting to R10,13 million (2013: R10,13 million) paid to shareholders registered as at close of business on 07 August 2014.

Group structure

Albaraka Properties Proprietary Limited is a wholly-owned subsidiary of Albaraka Bank Limited. There were no changes to the group structure for the 2014 financial year.

Capital management

In relation to the requirements of the Banks Act and Regulations, the bank was granted condonation by the South African Reserve Bank in regard to its capital management. The bank issued R150 million in shares via a rights issue, which was completed in September of the review period, in order to stregthen its capital position and allow for growth in the medium-term. The bank will continue to investigate other potential sources of capital to support its expected growth in the long-term.

Events after the reporting period

There are no material events after the financial period that require reporting.

Directors

The directors of the company during the year under review were:

Non-executive

AA Yousif	(Bahraini)	Chairman

Independent non-executive

SA Randeree	(British)	
F Kassim	(Sri Lankan)	Vice chairman
A Lambat CA(SA)		
Adv AB Mahomed SC		
MG McLean	*	
MS Paruk CA(SA)		
YM Paruk		
M Youssef Baker	(Egyptian)	

Executive

SAE Chohan CA(SA)		Chief executive
MJD Courtiade CA(SA)	(French)	Chief operating officer
A Ameed CA(SA)		Financial director**

* Independent from 03 March 2014
** Effective from 01 July 2014

Secretary

The secretary of the company is CT Breeds, whose business, postal and registered addresses are as follows:

Business address	Postal Address	Registered address
2 Kingsmead Boulevard	PO Box 4395	2 Kingsmead Boulevard
Kingsmead Office Park	Durban	Kingsmead Office Park
Stalwart Simelane Street	4000	Stalwart Simelane Street
Durban, 4001		Durban, 4001

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Notes	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Assets					
Property and equipment	3	**104 600**	97 811	**69 261**	67 934
Investment properties	4	**10 399**	10 476	**-**	-
Intangible assets	5	**18 849**	18 296	**18 849**	18 296
Investment in and amount due by subsidiary company	6	**-**	-	**13 816**	15 294
Deferred tax asset	7	**614**	375	**20 097**	15 815
Investment securities	8	**20 575**	9 906	**20 575**	9 906
Advances and other receivables	9	**4 241 636**	3 752 994	**4 241 414**	3 752 833
South African Revenue Service receivable	10	**-**	1 825	**-**	1 825
Cash and cash equivalents and other similar instruments	11	**417 182**	519 128	**417 182**	519 128
Total assets		**4 813 855**	4 410 811	**4 801 194**	4 401 031
Equity and liabilities					
Equity					
Share capital	12	**322 403**	225 000	**322 403**	225 000
Share premium	12	**82 196**	29 866	**82 196**	29 866
Retained income		**155 126**	125 734	**142 652**	116 184
Shareholders' interests		**559 725**	380 600	**547 251**	371 050
Liabilities					
Welfare and charitable funds	13	**3 734**	2 297	**3 734**	2 297
Accounts payable	14	**14 434**	31 312	**14 247**	31 184
South African Revenue Service payable	15	**432**	292	**432**	190
Provision for leave pay	16	**5 845**	5 669	**5 845**	5 669
Deposits from customers	17	**4 229 685**	3 940 636	**4 229 685**	3 940 636
Shareholders mudaraba advance	18	**-**	50 005	**-**	50 005
Total liabilities		**4 254 130**	4 030 211	**4 253 943**	4 029 981
Total equity and liabilities		**4 813 855**	4 410 811	**4 801 194**	4 401 031

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

		Group		Company	
	Notes	2014	2013	2014	2013
		R'000	R'000	R'000	R'000
Income earned from advances		**303 766**	262 131	**303 766**	262 131
Income earned from equity finance		**30 548**	29 249	**30 548**	29 249
Gross income earned		**334 314**	291 380	**334 314**	291 380
Income paid to depositors	19	**(171 545)**	(153 209)	**(171 545)**	(153 209)
Net income before impairment for credit losses		**162 769**	138 171	**162 769**	138 171
Impairment for credit losses	9.3.3	**(3 767)**	(2 400)	**(3 767)**	(2 400)
Net income after impairment for credit losses		**159 002**	135 771	**159 002**	135 771
Net non-Islamic income	20	**-**	-	**-**	-
Fee and commission income	21	**35 322**	28 044	**35 522**	28 244
Other operating income	22	**4 120**	4 317	**10 500**	5 558
Net income from operations		**198 444**	168 132	**205 024**	169 573
Operating expenditure	23	**(143 323)**	(127 685)	**(146 805)**	(131 884)
Finance costs		**-**	-	**(10 066)**	(9 937)
Profit before taxation		**55 121**	40 447	**48 153**	27 752
Taxation	24	**(15 604)**	(11 500)	**(11 560)**	(7 454)
Total comprehensive income for the year, net of tax, attributable to equity holders		**39 517**	28 947	**36 593**	20 298
Weighted average number of shares in issue ('000)		**25 747**	22 500		
Earnings per share (cents)	25	**153,5**	128,7		

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Share capital	Share premium	Retained income	Shareholders' interest
	R'000	R'000	R'000	R'000
Group				
2014				
Balance at beginning of year	**225 000**	**29 866**	**125 734**	**380 600**
Total comprehensive income	**-**	**-**	**39 517**	**39 517**
Dividends paid	**-**	**-**	**(10 125)**	**(10 125)**
Rights issue	**97 403**	**52 597**	**-**	**150 000**
Share issue expenses net of tax	**-**	**(267)**	**-**	**(267)**
Balance at end of year	**322 403**	**82 196**	**155 126**	**559 725**
2013				
Balance at beginning of year	225 000	29 866	106 912	361 778
Total comprehensive income	-	-	28 947	28 947
Dividends paid	-	-	(10 125)	(10 125)
Balance at end of year	225 000	29 866	125 734	380 600
Company				
2014				
Balance at beginning of year	**225 000**	**29 866**	**116 184**	**371 050**
Total comprehensive income	**-**	**-**	**36 593**	**36 593**
Dividends paid	**-**	**-**	**(10 125)**	**(10 125)**
Rights issue	**97 403**	**52 597**	**-**	**150 000**
Share issue expenses net of tax	**-**	**(267)**	**-**	**(267)**
Balance at end of year	**322 403**	**82 196**	**142 652**	**547 251**
2013				
Balance at beginning of year	225 000	29 866	106 011	360 877
Total comprehensive income	-	-	20 298	20 298
Dividends paid	-	-	(10 125)	(10 125)
Balance at end of year	225 000	29 866	116 184	371 050

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

		Group		Company	
	Notes	2014	2013	2014	2013
		R'000	R'000	R'000	R'000
Cash flow from operating activities					
Cash generated from operations	27.1	**59 705**	44 842	**49 764**	34 278
Changes in working capital	27.2	**(202 817)**	137 517	**(202 662)**	138 472
Taxation paid	27.3	**(15 850)**	(11 978)	**(15 850)**	(11 978)
Dividends paid	27.4	**(16 749)**	(2 158)	**(16 749)**	(2 158)
Net cash (outflow)/inflow from operating activities		**(175 711)**	168 223	**(185 497)**	158 614
Cash flow from investing activities					
Purchase of property and equipment	27.5	**(12 648)**	(4 095)	**(11 340)**	(4 095)
Purchase of intangible assets	27.6	**(4 260)**	(1 846)	**(4 260)**	(1 846)
Purchase of investment securities		**(10 075)**	(78)	**(10 075)**	(78)
Proceeds from disposal of property and equipment		**35**	14	**35**	14
Dividend income	22	**985**	353	**7 985**	2 353
Decrease in investment in and amount due by subsidiary		**-**	-	**1 478**	7 609
Net cash (utilised)/generated in investing activities		**(25 963)**	(5 652)	**(16 177)**	3 957
Cash flow from financing activities					
(Repayments)/proceeds from shareholders mudaraba advance		**(50 005)**	50 005	**(50 005)**	50 005
Proceeds from rights issue		**149 733**	-	**149 733**	-
Net cash from financing activities		**99 728**	50 005	**99 728**	50 005
Net (decrease)/increase for the year		**(101 946)**	212 576	**(101 946)**	212 576
Cash and cash equivalents and other similar instruments at beginning of year		**519 128**	306 552	**519 128**	306 552
Cash and cash equivalents and other similar instruments at end of year	11	**417 182**	519 128	**417 182**	519 128

ACCOUNTING POLICIES

1. REPORTING ENTITY

Albaraka Bank Limited is a company domiciled in South Africa. The company's registered address is 2 Kingsmead Boulevard, Kingsmead Office Park, Stalwart Simelane Street (Stanger Street), Durban, 4001. The consolidated financial statements of the company for the year ended 31 December 2014 comprise the company and its subsidiary (together referred to as the "group"). The accounting policies below are applicable to both the company and group financial statements, unless otherwise stated.

The group is primarily involved in corporate and retail banking according to Islamic banking precepts.

2. BASIS OF PREPARATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with, and comply with the South African Companies Act and International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board.

Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for fair-value-through-profit-or-loss financial assets which are measured at fair value.

Functional and presentation currency

These consolidated financial statements are presented in South African Rand, which is the company's functional currency. All financial information is presented in South African Rand.

Use of significant estimates and judgements

The preparation of the group and company financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

The key assumptions concerning the future and other key sources of uncertainty, at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

In determining the rate intrinsic in finance leases, the company estimates any unguaranteed residual value which may be realised at the end of the lease. This unguaranteed residual is compared to the fair value of the underlying asset independently valued on a regular basis.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. In determining the extent to which the deferred tax assets may be recognised, management considers factors such as: the likely period of future operations, estimated profits which are adjusted for exceptional items and estimated taxable profits based on the applicable legislation, as well as future tax planning strategies.

In determining the useful lives of property and equipment, management has exercised judgement as further detailed in accounting policy note 4, property and equipment.

The impairment on advances comprises a specific impairment and portfolio impairment. The specific impairment is calculated by considering all loans that are categorised as bad (greater than 90 days in arrears). Each advance is then scrutinised to determine whether impairment is required by assessing the cash flow being received on the advance. In calculating the impairment against the individual advance the following assumptions were made:

1. A constant cash flow would be received based on the recent payment history;
2. The cash flow would be received for a period that was sufficient to repay the outstanding advance amount; and
3. The discount rate used is equivalent to the mark-up profit rate on the advance.

Where the expected payment is inadequate, the bank factors in the realisation of tangible collateral on hand to settle the exposure. The difference between the realisation value and the value of the exposure may result in a specific impairment.

The portfolio impairment is calculated based on the historical trend of deterioration in the book from good to bad. The average deterioration of the book over the past 10 years has been used as the basis for providing the portfolio impairment. Management considers external economic and other indicators for their impact on the advances book and consequently the portfolio impairment. Another factor that is considered during this process and which requires management judgement applies to the weighting of security cover per product type.

3. BASIS OF CONSOLIDATION

Investment in subsidiary

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of financial position and statement of comprehensive income from the date the group gains control until the date the group ceases to control the subsidiary. Investment in subsidiary is carried at cost less accumulated impairment in the separate company financial statements.

Transactions eliminated on consolidation

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

4. PROPERTY AND EQUIPMENT

Land is not depreciated. Items of equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Equipment, motor vehicles, buildings, tank containers, computer hardware and leasehold improvements are depreciated on a straight line basis. The re-assessed estimated useful lives are as follows:

Buildings – Owned	50 years
Buildings – Leased	15 years
Tank containers	20 years
Equipment	4 - 26 years
Vehicles	7 - 10 years
Computer hardware	2 - 18 years
Leasehold improvements	4 - 24 years

The assets' depreciation methods, residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Management has exercised judgement in determining useful lives and residual values of each category of property and equipment as required by International Accounting Standard (IAS) 16 - Property, plant and equipment. These judgements have been based on historical trends and the expected future economic benefits to be derived from the assets. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Subsequent expenditure relating to an item of property and equipment is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit for the year in the statement of comprehensive income in the year that the asset is derecognised.

Where residual value of buildings exceeds cost, no depreciation will be provided for.

5. IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the group's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated.

A cash-generating unit is the smallest identifiable asset group that generates cash flows that are independent from other assets and groups. In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised in profit for the year in the statement of comprehensive income whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount is the higher of its net selling price and its value in use.

A previously recognised impairment loss is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years. For goodwill, a recognised impairment loss is not reversed.

6. PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit for the year in the statement of comprehensive income, net of any reimbursement.

7. CONTINGENCIES AND COMMITMENTS

Transactions are classified as contingencies where the group's obligations depend on uncertain future events and principally consist of third party obligations underwritten by the bank. Items are classified as commitments where the group commits itself to future transactions that will normally result in the acquisition of an asset.

8. FINANCIAL INSTRUMENTS

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, advances and other receivables, cash and cash equivalents and other similar instruments, loans and borrowings, and accounts payable.

A financial instrument is initially recognised when the group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the group's contractual rights to the cash flows from the financial assets expire or if the group transfers the financial assets to another party without retaining control or substantially all the risks and rewards of the assets. Purchases and sales of financial assets are accounted for at trade date, i.e. the date that the group commits itself to purchase or sell the assets.

Financial liabilities are derecognised if the group's obligations specified in the contract expire or are discharged or cancelled.

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are initially recognised at their fair value plus, in the case of financial assets and liabilities not at fair value through profit or loss, any directly attributable incremental costs of acquisition or issue.

Available-for-sale financial assets

Available-for-sale investments include equity and debt securities. Equity investments classified as available-for-sale are those which are neither classified as held-for-trading nor designated at fair value through profit or loss. The group's investment in available-for-sale financial assets are stated at cost due to the unavailability of observable market data that is required to measure these investments at fair value.

Fair value through profit or loss financial instruments

Financial assets and financial liabilities classified in this category are those that have been designated as such by management on initial recognition. Financial assets and financial liabilities at fair value through profit or loss are recorded in the statement of financial position at fair value.

Changes in fair value are recorded in profit for the year in the statement of comprehensive income.

ACCOUNTING POLICIES (continued)

8. FINANCIAL INSTRUMENTS (continued)

Advances and other receivables

Advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the group does not intend to sell immediately or in the near term.

Advances are initially measured at fair value plus incremental direct transaction costs and subsequently measured at their amortised cost using the effective profit rate (EPR) method except when the group designates the advances at fair value through profit or loss. Amortised cost is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EPR. The losses arising from impairment are recognised in profit for the year in the statement of comprehensive income.

Offsetting

Financial assets and liabilities are set off and the net amount presented in the statement of financial position when, and only when, the group has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

Held to maturity

Non-derivative financial assets, with fixed or determinable payments and fixed maturities, are classified as held to maturity when the group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost less impairment, using an effective interest rate. Shariah-compliant returns are taken to the statement of comprehensive income, while non-compliant returns are taken to the charity and welfare account.

Investment securities

Investment securities, which are listed, are initially measured at fair value plus incremental direct transaction costs and subsequently accounted for as fair-value-through-profit-or-loss financial instruments or available-for-sale financial instruments. Investment securities, which are not listed on an active market, are measured at cost and classified as available-for-sale financial instruments. Dividend income is recognised in profit or loss when the group becomes entitled to the dividend.

Fair value measurement

The group discloses financial instruments at fair value at each reporting date in terms of IFRS 13.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. See note 30.8: Fair value hierarchy for further disclosure regarding the three applicable levels.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future cash flows, discounted at the market rates at the reporting date. After initial measurement, financial liabilities are measured at amortised cost using the effective profit rate method.

Guarantees

In the ordinary course of business, the bank issues guarantees, consisting of letters of credit, letters of guarantees and confirmations. These guarantees are recognised as off-balance sheet items which are measured at fair value upon initial recognition and are not re-measured subsequently.

9. IMPAIRMENT OF FINANCIAL ASSETS

At each reporting date the group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

The group considers evidence of impairment at both a specific asset and collective level. All individually significant financial assets are assessed for specific impairment. All significant financial assets or cash generating units found not to be specifically impaired are then collectively assessed for any impairment that has been incurred, but not yet identified.

Financial assets or cash generating units that are not individually significant are then collectively assessed for impairment by grouping together financial assets with similar characteristics. In respect of advances refer to accounting policy note 2 for use of estimates and judgements.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an advance by the group on terms that the group would otherwise not consider, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security, other observable data relating to a group of assets, such as adverse changes in the payment status of debtors, or issuers in the group or economic conditions that correlate with defaults in the group.

Advances are stated after the deduction of specific and portfolio impairments.

Specific impairments represent the quantification of incurred losses from separately identified non-performing advances. The amount of specific impairment raised is the amount needed to reduce the carrying value of the asset to the expected ultimate net realisable value, taking into account the financial status of the underlying client and any security in place for the advances.

The impairment is raised through an allowance account and the amount of the loss is recognised in profit for the year in the statement of comprehensive income.

In assessing the net realisable value, the expected future cash flows from advances are discounted to their present value at their original effective mark-ups.

Portfolio impairments cover losses which, although not specifically identified, are present in any portfolio of advances. The movements in provisions are recognised in profit for the year in the statement of comprehensive income.

10. INCOME TAX EXPENSE

Income tax expense on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit for the year, except to the extent that it relates to items recognised directly in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date and any adjustment of tax payable for previous years.

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

11. REVENUE RECOGNITION

Income from Islamic activities

Income from Islamic activities comprises:

- Income earned from advances being profits attributable to the purchase and sale of moveable and immoveable property, manufacturing materials and finished products in terms of Musharaka or Murabaha arrangements. The profit is recognised over the period of each transaction either on the straight line or reducing balance basis, depending on the nature of the transaction;
- Income earned from equity finance transactions being profits attributable to the purchase and sale of equities in terms of Murabaha arrangements. The profit is recognised over the period of each transaction on a straight line basis;
- Fee and commission income for services rendered to customers. The income is recognised when earned; and
- Other operating income relating mainly to rental income earned on properties and tank containers. Rental income is recognised in profit or loss on a straight line basis over the lease term for properties.

Non-Islamic income

The group does not, as a policy, engage in any activities that involve usury. However, any non-Islamic income earned by the company, due to circumstances beyond its control, is transferred to the welfare and charitable fund. Fair value gains and losses on treasury bills are regarded as non-Islamic income and are, therefore, transferred to the welfare and charitable fund net of tax.

Non-Islamic income is reported net of these transfers on the face of the statement of comprehensive income.

Dividend income

Dividends are recognised when the right to receive payment is established.

12. LEASES

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

ACCOUNTING POLICIES (continued)

12. LEASES (continued)

Group and company as a lessee

Finance leases, which transfer to the group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance costs and reduction of the lease liability so as to achieve a constant rate of return on the remaining balance of the liability.

Finance costs are recognised in profit for the year in the statement of comprehensive income.

Leased assets are depreciated over the useful life of the asset. However, if there is no reasonable certainty that the group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Group as a lessor

Leases where the group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rentals are recognised as revenue in the period in which they are earned.

13. CASH AND CASH EQUIVALENTS AND OTHER SIMILAR INSTRUMENTS

For the purposes of the statement of cash flows, cash and cash equivalents and other similar instruments comprise short-term negotiable securities, cash and short-term funds.

14. INVESTMENT PROPERTIES

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment losses.

Investment properties are derecognised when they have been disposed of, or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the transfer is recorded at the carrying value of the property. If owner-occupied property becomes an investment property, the company accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

The fair value of investment properties are assessed in line with its ability to be disposed of in an active market accessible to the group. This is assessed by the use of independent valuations. Consideration is also given to the highest and best use of investment properties.

No assets held under operating leases have been classified as investment properties.

15. INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate and are treated as changes in accounting estimates.

The amortisation expense on intangible assets with finite lives is recognised in the statement of comprehensive income in the expense category consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit and loss when the asset is derecognised.

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognised as an intangible asset when the group can demonstrate:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- It's intention to complete and it's ability to use or sell the asset;
- How the asset will generate future economic benefits;
- The availability of resources to complete the asset; and
- The ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in profit and loss. During the period of development, the asset is tested for impairment annually.

Intangible assets are amortised on a straight line basis. The current estimated useful lives are as follows:

Computer software	3 - 7 years
Capitalised project costs	5 - 10 years

Computer software comprises acquired third party software and capitalised project costs represent internal costs of development. Capital work in progress refers to items still in the process of development and not currently available for use.

16. EMPLOYEE BENEFITS

Defined contribution plan

Obligations for contribution to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related time of service is provided.

17. EARNINGS PER SHARE

The group presents basic and diluted earnings per share (EPS) data, where relevant, for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the bank by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

18. RELATED PARTIES

A related party is a person or entity that is related to the group.

A person or a close member of that person's family is related to the group if that person:

- Has control or joint control over the group;
- Has significant influence over the group; or
- Is a member of the key management personnel of the group or of a subsidiary of the group.

An entity is related to the group if any of the following conditions apply:

- The entity and the group are members of the same company;
- One entity is an associate or joint venture of the other entity;
- Both entities are joint ventures of the same third party;
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- The entity is a post-employment defined benefit plan for the benefit of employees of either the group or an entity related to the group. If the group is itself such a plan, the sponsoring employers are also related to the group;
- The entity is controlled or jointly controlled by a person identified above;
- A person identified above has significant influence over the entity or is a member of the key management personnel of the entity; and
- The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the subsidiaries of the group.

The following are deemed not to be related:

- Two entities simply because they have a director or key manager in common;
- Two venturers who share joint control over a joint venture;
- Providers of finance, trade unions, public utilities and departments and agencies of a government that does not control, jointly control or significantly influence the group, simply by virtue of their normal dealings with the group (even though they may affect the freedom of action of the group or participate in its decision-making process); and
- A single customer, supplier, franchiser, distributor, or general agent with whom the group transacts a significant volume of business, merely by virtue of the resulting economic dependence.

1. CAPITAL ADEQUACY

Introduction

Albaraka Bank Limited, is a registered bank domiciled in South Africa and is subject to regulatory capital adequacy requirements under Basel III in terms of the Banks Act, No. 94 of 1990, as amended and Regulations relating thereto.

The bank has a wholly-owned subsidiary, which is a property owning company. The subsidiary is consolidated for accounting purposes and group annual financial statements are prepared annually. The subsidiary is consolidated for regulatory purposes in accordance with Regulation 36(2) of the Banks Act and Regulations. Also in terms of Regulation 43, the bank has made available, via its website, the capital adequacy composition calculation. This may be accessed via www.albaraka.co.za/capitaladequacy.aspx.

Capital structure

The capital base of the bank provides the foundation for financing, off-balance sheet transactions and other activities. The capital adequacy of the bank is measured in terms of the Banks Act, which dictates the requirements on how the bank must maintain a minimum level of capital, based on its risk adjusted assets and off-balance sheet exposures, as determined by the provisions of Basel III. The capital structure of the bank is as follows:

	2014 R'000	2013 R'000
Regulatory capital		
Tier 1		
Share capital	**322 403**	225 000
Share premium	**82 196**	29 866
Retained income	**142 652**	116 185
Less: Unappropriated profits	**(14 406)**	(1 986)
Total capital and reserves	**532 845**	369 065
Less: Prescribed deductions against capital and reserve funds	**(18 849)**	(18 296)
Total Tier 1 capital	**513 996**	350 769
Tier 2		
Portfolio impairment	**15 860**	11 691
Total eligible capital	**529 856**	362 460
Capital adequacy ratios (Tier 1 %)	**14,5%**	11,5%
Capital adequacy ratios (Total %)	**15,0%**	11,9%
Minimum regulatory requirement ratios (Total %)	**10,0%**	9,5%

The bank's capital strategy plays an important role in growing shareholder value and has contributed significantly to growth in the current year.

The objective of active capital management is to:
- Enable growth in shareholder value; and
- Protect the capital base.

The bank's risk and capital management committee is responsible for the formulation, implementation and maintenance of the bank's capital management framework in order to achieve the above objectives and operates in terms of a board-approved capital management framework. It assists the board in reviewing the bank's capital requirements and management thereof.

The bank is committed to maintaining sound capital and strong liquidity ratios.

The overall capital needs are continually reviewed to ensure that its capital base appropriately supports current and planned business and regulatory capital requirements.

In assessing the adequacy of the bank's capital to support current and future activities, the group considers a number of factors, including:
- An assessment of growth prospects;
- Current and potential risk exposures across all the major risk types;
- Sensitivity analysis of growth assumptions;
- The ability of the bank to raise capital; and
- Peer group analysis.

At 31 December 2014, the minimum capital requirements and risk-weighted assets of the bank for credit risk, equity risk, market risk and other risks as calculated under the standardised approach and for operational risk as calculated under the basic indicator approach in terms of the Banks Act and Regulations were as follows:

	Capital requirements		Risk-weighted assets	
	2014	2013	**2014**	2013
	R'000	**R'000**	**R'000**	**R'000**
Credit risk	**302 780**	254 253	**3 027 800**	2 676 347
Operational risk	**34 344**	24 449	**343 441**	257 364
Equity risk	**-**	-	**-**	-
Market risk	**1 132**	446	**11 323**	4 696
Other risk	**15 682**	10 775	**156 816**	113 419
	353 938	289 923	**3 539 380**	3 051 826

In relation to the requirements of the Banks Act and Regulations, the bank was granted condonation by the South African Reserve Bank in regard to its capital management during 2014. In September 2014 the bank issued shares, in the form of a rights issue, which ensured all capital requirements were met.

2. RISK MANAGEMENT AND ASSESSMENT

Whilst the board is ultimately responsible for risk management and to determine the type and level of risk which the bank is willing to accept in conducting its banking activities, the effective management of risk has been delegated to five board committees, namely the risk and capital management committee, the audit committee, the credit committee, the directors' affairs committee and the social and ethics committee.

These committees are assisted by management committees, more particularly the assets and liabilities committee (ALCO), the executive credit committee and the management risk committee, to discharge their responsibilities effectively.

The composition, terms of reference and delegated powers of authority of the board and management committees are set by the board and are reviewed annually.

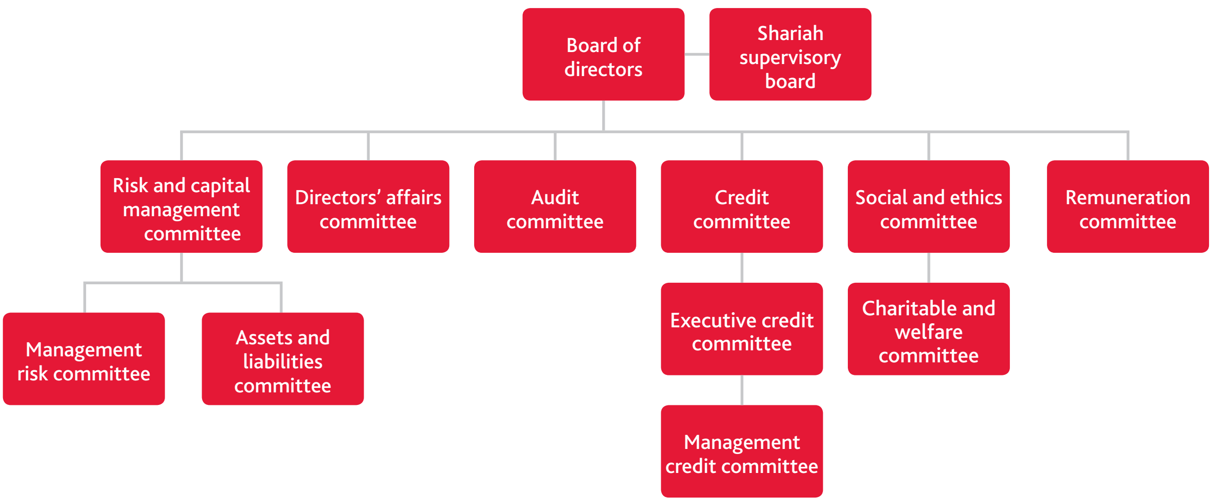
The board and management committees are responsible for developing and monitoring risk management policies and programmes in their specified areas.

These policies and programmes are established to identify and analyse risks faced by the bank, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

The risk management policies and programmes are reviewed regularly to reflect changes in market conditions and products offered.

In addition, the bank has adopted a strategy that seeks to entrench at all levels within Al Baraka Bank a culture that is risk-management orientated.

The structure and organisation of the risk management function is provided in diagrammatic form below:



2. RISK MANAGEMENT AND ASSESSMENT(continued)

The audit committee and risk and capital management committee are responsible for monitoring compliance with the risk management policies and programmes and for reviewing the adequacy of the risk management framework in relation to the risks faced by the bank.

The audit committee is assisted in these functions by internal audit which undertakes regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Major risks

The following are the major forms of risks to which the bank is exposed:

- Credit risk;
- Market risk;
- Equity risk;
- Liquidity risk;
- Profit rate risk;
- Shariah risk; and
- Operational risk.

2.1 Credit risk

Credit risk refers to the potential loss that the bank could sustain as a result of counter-party default and arises principally from advances to customers and other banks.

The bank manages its credit risk within a governance structure supported by delegated powers of authority as approved by the board.

The credit approval process is graduated, whereby increasingly higher levels of authorisation are required depending on the type and value of the transactions concerned.

Applications for credit may therefore be considered progressively by line management, senior and executive management, the management credit committee, the executive credit committee, the board credit committee and the board itself.

A separate credit division, reporting to the chief executive and the credit committee of the board, is responsible for the oversight of the bank's credit risk, including:

- Formulating credit policies covering collateral requirements, credit assessments, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements;
- Establishing the authorisation structure for the approval and renewal of credit facilities;
- Reviewing and assessing credit risk;
- Limiting concentrations of exposure to counter-parties and by product; and
- Developing and maintaining risk gradings in order to categorise exposures to the degree of risk of financial loss faced and to focus management on the relevant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework is described under the section dealing with portfolio measures of risk.

Credit exposures are monitored primarily on performance. Defaulting accounts receive prompt attention. Initially they are dealt with by line management and, in instances where further degeneration occurs, they are handed over to the bank's collections and legal specialists.

Depending on the type of credit exposure, account reviews, which include the re-performance of qualitative and quantitative assessments, are performed annually.

The credit risk management process needs to identify all risk factors to enable such risks to be quantified and their impact on the pricing or credit risk to be taken into account. Pricing for credit risk is, therefore, a critical component of the risk management process.

The main risk of default by the counter-party is mitigated by means of collateral security obtained from the debtor concerned.

For internal risk management and risk control purposes, credit risk is measured in terms of potential loss that could be suffered, taking into account the quantum of the exposures, the realisable value of the collateral security and the value, if any, that could be placed on the sureties.

The executive and board credit committees constantly monitor the credit quality of counter-parties and the exposure to them. Detailed risk reports are submitted to the aforementioned committees and also to the management credit committee on a regular basis.

Portfolio measures of credit risk

Credit loss expense is reported in accordance with International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement.

Under these rules, losses are recognised and charged to the profit for the year in the statement of comprehensive income in the period in which they arise.

The occurrence of actual credit losses is erratic in both timing and amount and those that arise usually relate to transactions entered into in previous accounting periods.

In order to make the business accountable for any credit losses suffered in a portfolio of advances that have not yet been individually identified as impaired, a credit impairment for incurred, but not reported losses is created, based on historic loss and estimated emergence patterns.

Based on the performance of individual customers and the results of assessments performed, credit exposures are classified under five main categories, or risk gradings, which are Standard, Special Mention, Sub-standard, Doubtful and Loss.

- Exposures that are current and where full repayment of the principal and profit is expected are classified under the Standard category;
- Exposures where evidence exists that the debtor is experiencing some difficulties that may threaten the bank's position, but where ultimate

loss is not expected - but could occur if adverse conditions continue are classified under the Special Mention category;
- Exposures that show underlying, well-defined weaknesses that could lead to probable loss if not corrected are classified under the Sub-standard category. The risk that such exposures may become impaired is probable and the bank relies to a large extent on available security;
- Exposures that are considered to be impaired, but are not yet considered total losses because of some pending factors that may strengthen the quality of such exposures are classified under the Doubtful category;
- Exposures that are considered to be uncollectable and where the realisation of collateral and institution of legal proceedings have been unsuccessful are classified under the Loss category. These exposures are considered to be of such little value that they should no longer be included in the net assets of the bank;
- Exposures that are classified under the Sub-standard, Doubtful and Loss categories are regarded as non-performing; and
- Exposures that have not met their individual repayment terms are classified as past due exposures.

A default is considered to have occurred with regard to a particular obligor when either of the following events have taken place:
- The bank considers that the obligor is unlikely to pay its credit obligations to the bank, without recourse by the bank to actions such as realising security (if held); and
- The obligor is past due more than 90 days on any material credit obligation to the bank.

2. RISK MANAGEMENT AND ASSESSMENT

2.1 Credit risk (continued)

	Group and Company	
	2014	2013
	R'000	**R'000**
Credit exposures		
Advances to customers	**3 626 301**	3 094 498
Advances and balances with banks	**691 574**	720 267
Advances, treasury bills and balances with Central Bank	**339 444**	467 941
Letters of credit, guarantees and confirmations	**186 534**	196 528
Total exposure	**4 843 853**	4 479 234
Impairment of advances	**(21 744)**	(18 828)
Net exposure	**4 822 109**	4 460 406

The Group monitors concentrations of credit risk by geographical location, industry and product distribution.

	2014	2013
Geographical distribution of exposures		
Customer exposure		
KwaZulu-Natal	**1 975 040**	1 678 883
Gauteng	**1 241 689**	1 108 265
Western Cape	**596 106**	503 878
Total customer exposure	**3 812 835**	3 291 026
Bank exposure		
KwaZulu-Natal	**16 905**	11 698
Gauteng	**1 010 622**	1 175 104
United States of America	**3 491**	1 406
Total bank exposure	**1 031 018**	1 188 208
Total exposure	**4 843 853**	4 479 234
Industry distribution of exposures		
Banks and financial institutions	**1 031 018**	1 188 208
Individuals	**1 234 653**	1 027 524
Other services	**2 578 182**	2 263 502
Total exposure	**4 843 853**	4 479 234
Product distribution analysis		
Property (Musharaka and Murabaha)	**2 542 108**	2 164 735
Equity finance	**625 157**	674 688
Instalment sales	**562 185**	453 057
Trade	**519 022**	475 953
Balances with local and central banks	**405 861**	513 520
Letters of credit	**5 758**	4 810
Guarantees and confirmations	**180 776**	191 718
Other	**2 986**	753
Total exposure	**4 843 853**	4 479 234

		Group and Company	
		2014	2013
		R'000	R'000
Residual contractual maturity of book			
Within 1 month	- equity finance	**242 254**	574 184
	- other	**538 024**	699 276
From 1 to 3 months	- equity finance	**302 208**	100 504
	- other	**357 862**	351 033
From 3 months to 1 year	- equity finance	**80 695**	-
	- other	**611 112**	472 651
From 1 year to 5 years		**1 369 505**	1 167 981
More than 5 years		**1 342 193**	1 113 605
Total exposure		**4 843 853**	4 479 234

Group and Company

	Advances to customers		Advances and balances with banks		Other exposures		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	R'000	R'000	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000
Past due and individually impaired								
Gross amount	**32 261**	39 228	**-**	-	**-**	-	**32 261**	39 228
Specific impairment	**(5 884)**	(7 137)	**-**	-	**-**	-	**(5 884)**	(7 137)
Carrying amount	**26 377**	32 091	**-**	-	**-**	-	**26 377**	32 091
Past due but not impaired								
Standard category	**687 510**	996 985	**-**	-	**-**	-	**687 510**	996 985
Special mention category	**120 221**	110 319	**-**	-	**-**	-	**120 221**	110 319
Sub-standard category	**3 462**	15 107	**-**	-	**-**	-	**3 462**	15 107
Doubtful category	**23 950**	13 351	**-**	-	**-**	-	**23 950**	13 351
Loss category	**16 875**	9 134	**-**	-	**-**	-	**16 875**	9 134
Carrying amount	**852 018**	1 144 896	**-**	-	**-**	-	**852 018**	1 144 896
Neither past due nor impaired								
Carrying amount	**2 742 025**	1 910 374	**1 031 018**	1 188 208	**186 534**	196 528	**3 959 577**	3 295 110
Total carrying amount before portfolio impairment	**3 620 420**	3 087 361	**1 031 018**	1 188 208	**186 534**	196 528	**4 837 972**	4 472 097
Portfolio impairment - Standard category	**(15 863)**	(11 691)	**-**	-	**-**	-	**(15 863)**	(11 691)
Net carrying amount	**3 604 557**	3 075 670	**1 031 018**	1 188 208	**186 534**	196 528	**4 822 109**	4 460 406

2. RISK MANAGEMENT AND ASSESSMENT (continued)
2.1 Credit risk (continued)

The bank holds collateral against advances to customers in the form of mortgage interests over property or other registered securities over assets and guarantees.

Estimates of fair value are based on the value of collateral assessed at the time of the advance. Revolving facilities which have commercial property and/or residential property as collateral are assessed on a three-year interval based on independent valuations. In other instances, collateral is re-assessed after an advance is individually assessed as impaired. Collateral is generally not held over advances to banks.

Financial assets classified as neither past due nor impaired are well diversified with 64% invested in property transactions, 17% in instalment sale transactions (equipment and motor vehicles) and 19% in trade finance transactions.

All of the above exposures are collateralised in the form of property, assets, personal sureties and company guarantees.

The maximum exposure to credit risk is calculated as being the maximum amount payable by customers, banks and other financial institutions (refer to note 30).

Advances with re-negotiated terms are advances which have been restructured due to deterioration in the borrower's financial position and where the bank has made concessions that it would not otherwise consider. Once the advance is restructured, it remains in this category independent of satisfactory performance after restructuring.

Collateral is held specifically in respect of advances and these predominantly comprise mortgage bonds over fixed property, notarial bonds over moveable property, cessions over cash deposits, insurance policies, book debts and unit trusts, as well as personal sureties and company guarantees.

	Group and Company	
	Credit Exposure	Collateral cover
	2014	
	R'000	R'000
Collateral is allocated per asset class as follows:		
Standard asset	**3 251 450**	**2 395 368**
Special mention asset	**298 301**	**243 650**
Sub-standard asset	**7 818**	**6 944**
Doubtful asset	**36 994**	**25 601**
Loss asset	**31 738**	**26 025**
	3 626 301	**2 697 588**

	Group and Company	
	2014	2013
	R'000	R'000
A distribution analysis of past due advances, impaired and past due and not impaired, is disclosed below:		
Past due and individually impaired		
- Individuals	**18 527**	15 168
- Other customers	**13 734**	24 060
	32 261	**39 228**
Past due but not impaired		
- Individuals	**348 003**	462 190
- Other customers	**504 016**	682 707
	852 019	**1 144 897**

An aging analysis of past due advances which have not been impaired is disclosed opposite:

	Group and Company									
	Less than 30 days		30 to 60 days		60 to 180 days		Greater than 180 days		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Individuals	**300 381**	361 206	**33 142**	68 467	**11 186**	21 342	**3 294**	11 175	**348 003**	462 190
Other customers	**441 186**	579 071	**34 488**	85 944	**12 755**	14 235	**15 586**	3 457	**504 015**	682 707
	741 567	940 277	**67 630**	154 411	**23 941**	35 577	**18 880**	14 632	**852 018**	1 144 897

2.2 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate resulting in losses due to movements in observable market variables, such as profit rates, exchange rates and equity markets.

In addition to these and other general market risk factors, the risk of price movements specific to individual issuers of securities is considered market risk.

Al Baraka Bank's exposure to market risk is limited in that the bank does not trade in marketable securities other than those that it is required to hold for liquid asset purposes, which are usually held to maturity, and foreign currency, held in terms of its foreign exchange licence.

		Group and Company	
		2014	**2013**
		R'000	R'000
The bank's exposure to market risk at year end is tabled below:			
Assets held under interest rate risk	- Treasury bills	**86 560**	73 711
Assets held under exchange rate risk	- Foreign currency held	**11 323**	4 696
		97 883	78 407

In accordance with Islamic banking principles, the bank does not levy interest on finance provided, hence is not exposed to interest rate risk but rather profit rate risk as described in note 2.5 overleaf.

The treasury bills disclosed above are held for statutory liquidity requirements and thus interest earned on these bills is included in the amounts donated as per note 13.

2.3 Equity risk

Equity risk relates to the risk of loss that the bank would suffer due to material fluctuations in the fair values of equity investments.

Equity risk in the case of Al Baraka Bank, relates to its 100% investment in Albaraka Properties Proprietary Limited, a property-owning subsidiary, whose sole assets are properties held in Athlone (Cape Town) and Kingsmead (Durban).

In addition the bank owns 9,4% in Kiliminjaro Investments Proprietary Limited, a property-holding company, as well as 1 000 shares in Earthstone Investments (Pty) Ltd, also a property-holding company.

Both investment companies hold property in Durban. The fair values of the underlying properties are obtained by an independent valuation on a periodic basis and compared to the cost of these investments to identify any need for impairment.

The bank also has an investment in unit trusts which is classified as fair-value-through-profit-and-loss and is subject to regular monitoring by management and the board, but is not currently significant in relation to the overall results and financial position of the group.

2.4 Liquidity risk

Liquidity risk relates to the potential inability to repay deposits, fund asset growth or to service debt or other expense payments.

Liquidity risk is managed mainly by ensuring that the funding of the bank is sourced from a wide range of retail deposits with an appropriate spread of short, medium and long-term maturities.

Exposure to large deposits is strictly controlled. ALCO monitors and reviews the maturity profiles of the bank's assets and liabilities on a regular basis to ensure that appropriate liquidity levels are maintained to meet future commitments.

The bank also has a policy of maintaining liquidity buffers (in the form of Treasury Bills and cash surpluses held on call) comfortably in excess of regulatory requirements.

Refer to note 30.4 for details relating to liquidity risk management.

2. RISK MANAGEMENT AND ASSESSMENT (continued)

2.5 Profit rate risk
In keeping with Islamic banking principles, the bank does not levy interest on finance provided to debtors, but instead earns income either by means of buying the item to be financed from the supplier and on-selling the item to the bank's clients at an agreed mark-up or by entering into arrangements with the debtor in terms of which the bank shares in the profit generated by the debtor at an agreed profit sharing ratio.

In a similar fashion, the bank's depositors do not earn interest on deposits placed with the bank, but instead earn income on their deposits based on their proportionate share of the profits earned from customers, by the bank.

There is thus no mismatch in terms of the earning profile of depositors and that of the bank as the bank will only be able to share profits which are earned.

As the bank shares profits earned on advances in a predetermined ratio to the profit to be paid to the depositors, the bank is not at risk of earning less from advances than it would be required to pay to its depositors.

2.6 Shariah risk
Shariah risk relates to the possibility that the bank may enter into or conclude transactions that may not be compliant with Islamic banking principles.

It also relates to the risk of non-compliance with the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) Standards, to which the bank subscribes.

In this regard, Shariah risk is closely linked to and embraces the following risks:
- Reputational risk;
- Profit rate risk;
- Liquidity risk; and
- Market risk.

Shariah risk is managed by monitoring, reviewing and supervising the activities of the bank to ensure that Shariah procedures, as prescribed by the Shariah Supervisory Board, are implemented and adhered to.

The bank seeks to manage and minimise its exposure to Shariah risk by ensuring that the following measures are effectively implemented:

- The employment of adequate resources to manage and effectively mitigate, to the fullest possible extent, risk which could compromise Shariah compliance;
- Shariah reviews are carried out appropriately, and in a timely manner in accordance with Shariah Supervisory Board policies and plans;
- Confirmation that profits earned from clients and profits paid to depositors are strictly in accordance with Shariah principles;
- Profit distribution is managed by the bank in accordance with Shariah guidelines, as defined by the Shariah Supervisory Board;
- Obtaining written Shariah Supervisory Board approval prior to the implementation of any new product or service and any proposed amendment to an existing bank product;
- The disposal of non-permissible income in terms of Shariah Supervisory Board rulings;
- The effective management and/or investment, in a Shariah-compliant manner, of excess liquidity; and
- The employment of a programme of continuous update by the bank of new developments, changes and amendments with regards to AAOIFI Shariah Standards.

2.7 Operational risk
Operational risk refers to those risks that do not have a direct financial impact as opposed to the pure financial risks such as credit risk, liquidity risk and profit rate risk.

Operational risk is the risk of loss that could arise as a result of breakdowns in internal controls and processes, system inefficiencies, theft and fraud.

The bank seeks to minimise its exposure to operational risk by various means, including the following:
- The establishment of an independent compliance function to monitor compliance with relevant laws and regulations and to facilitate compliance awareness within the bank;
- The establishment of board and management risk committees;
- The establishment of an independent internal audit function;
- The compilation of board-approved delegated powers of authority;
- The compilation of a policies and procedures manual;
- The provision of staff training (including fraud awareness programmes) and ensuring that staff are well versed with the bank's policies and procedures;
- Implementing comprehensive security measures to protect the bank's staff and to safeguard the bank's assets; and
- The establishment of a comprehensive insurance programme to protect the bank against material losses that may arise.

	Group		Company	
	2014	2013	**2014**	2013
	R'000	**R'000**	**R'000**	**R'000**
3. PROPERTY AND EQUIPMENT				
Cost				
Land and buildings	**76 237**	76 237	**63 444**	63 444
Vehicles	**4 822**	3 531	**4 822**	3 531
Equipment and computers	**31 303**	25 803	**31 303**	25 803
Leasehold improvements	**17 897**	10 839	**14 800**	11 379
Tank containers	**7 145**	7 145	**7 145**	7 145
Capital work in progress	**242**	1 559	**2 568**	1 559
	137 646	125 114	**124 082**	112 861
Accumulated depreciation and impairment	**(33 046)**	(27 303)	**(54 821)**	(44 927)
Land and buildings	**-**	-	**(21 853)**	(17 624)
Vehicles	**(2 809)**	(2 180)	**(2 809)**	(2 180)
Equipment and computers	**(17 631)**	(14 204)	**(17 631)**	(14 204)
Leasehold improvements	**(7 405)**	(6 024)	**(7 327)**	(6 024)
Tank containers	**(5 201)**	(4 895)	**(5 201)**	(4 895)
Carrying amount	**104 600**	97 811	**69 261**	67 934

Land and buildings comprise the following commercial properties presented at their carrying amount as described below:				
1. Commercial property in Cape Town described as Erf no. 33983 Cape Town in extent 610 square metres independently valued at R10,5 million in 2014. The property was leased partly to the bank and partly to third parties. The leases contained an initial non-cancellable period of three years. Commercial property comprises land and buildings at carrying amount.	**3 655**	3 655		
2. Commercial property in Durban described as Portion 6 of Erf 12445 Durban, Registration Division FU, Province of KwaZulu-Natal, in extent 3 316 square metres. The property is leased to the bank. The lease contains an initial non-cancellable period of ten years. The property was independently valued at R103 million in 2014. Commercial property comprises land at a cost of R3,5 million (2013: R3,5 million) and buildings thereon at a cost of R69,1 million (2013: R69,1 million).	**72 582**	72 582		

3. PROPERTY AND EQUIPMENT (continued)

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
3. Land and buildings held under finance leases comprise Portion 6 of Erf 12445 Durban, Registration Division FU, Province of KwaZulu-Natal, in extent 3 316 square metres. The property is measured at the present value of the minimum lease payments and is fully depreciated over the period of the lease. The minimum lease payments were discounted taking into consideration an unguaranteed residual of R72 million (2013: R72 million) and calculating a rate intrinsic in the lease of 14,3% (2013: 14,3%).			**41 591**	45 821
	76 237	76 237	**41 591**	45 821
Carrying amount at beginning of year	**76 237**	76 237	**45 821**	50 051
Additions	**-**	-	**-**	-
Depreciation	**-**	-	**(4 230)**	(4 230)
Carrying amount at end of year	**76 237**	76 237	**41 591**	45 821

The residual value of buildings on a group basis exceeds their cost and hence no depreciation has been provided on buildings.

	Land and buildings R'000	Vehicles R'000	Equipment and computers R'000	Leasehold improvements R'000	Tank containers R'000	Capital work in progress R'000	Total R'000
Movement in property and equipment: Carrying Amount							
Group 2014							
Cost at beginning of year	76 237	3 531	25 803	10 839	7 145	1 559	125 114
Accumulated depreciation at beginning of year	-	(2 180)	(14 204)	(6 024)	(4 895)	-	(27 303)
Net carrying amount at beginning of year	76 237	1 351	11 599	4 815	2 250	1 559	97 811
Additions	-	1 291	2 935	1 326	-	7 096	12 648
Transfers	-	-	2 977	5 732	-	(8 413)	296
Disposals	-	-	(34)	-	-	-	(34)
Assets written-off	-	-	-	-	-	-	-
Depreciation for the year	-	(629)	(3 805)	(1 381)	(306)	-	(6 121)
Net carrying amount at end of year	76 237	2 013	13 672	10 492	1 944	242	104 600
Cost at end of year	76 237	4 822	31 303	17 897	7 145	242	137 646
Accumulated depreciation at end of year	-	(2 809)	(17 631)	(7 405)	(5 201)	-	(33 046)

	Land and buildings	Vehicles	Equipment and computers	Leasehold improvements	Tank containers	Capital work in progress	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Group 2013							
Cost at beginning of year	76 237	3 085	24 151	10 511	7 145	1 034	122 163
Accumulated depreciation at beginning of year	-	(1 695)	(12 074)	(5 151)	(4 588)	-	(23 508)
Net carrying amount at beginning of year	76 237	1 390	12 077	5 360	2 557	1 034	98 655
Additions	-	446	1 532	27	-	2 130	4 135
Transfers	-	-	1 289	301	-	(1 605)	(15)
Disposals	-	-	(19)	-	-	-	(19)
Assets written-off	-	-	(80)	-	-	-	(80)
Depreciation for the year	-	(485)	(3 200)	(873)	(307)	-	(4 865)
Net carrying amount at end of year	76 237	1 351	11 599	4 815	2 250	1 559	97 811
Cost at end of year	76 237	3 531	25 803	10 839	7 145	1 559	125 114
Accumulated depreciation at end of year	-	(2 180)	(14 204)	(6 024)	(4 895)	-	(27 303)
Company 2014							
Cost at beginning of year	**63 444**	**3 531**	**25 803**	**11 379**	**7 145**	**1 559**	**112 861**
Accumulated depreciation at beginning of year	**(17 624)**	**(2 180)**	**(14 204)**	**(6 024)**	**(4 895)**	**-**	**(44 927)**
Net carrying amount at beginning of year	**45 820**	**1 351**	**11 599**	**5 355**	**2 250**	**1 559**	**67 934**
Additions	**-**	**1 291**	**2 935**	**18**	**-**	**7 096**	**11 340**
Transfers	**-**	**-**	**2 977**	**3 406**	**-**	**(6 087)**	**296**
Disposals	**-**	**-**	**(34)**	**-**	**-**	**-**	**(34)**
Assets written-off	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation for the year	**(4 229)**	**(629)**	**(3 805)**	**(1 306)**	**(306)**	**-**	**(10 275)**
Net carrying amount at end of year	**41 591**	**2 013**	**13 672**	**7 473**	**1 944**	**2 568**	**69 261**
Cost at end of year	**63 444**	**4 822**	**31 303**	**14 800**	**7 145**	**2 568**	**124 082**
Accumulated depreciation at end of year	**(21 853)**	**(2 809)**	**(17 631)**	**(7 327)**	**(5 201)**	**-**	**(54 821)**
Company 2013							
Cost at beginning of year	63 444	3 085	24 151	11 050	7 145	1 034	109 909
Accumulated depreciation at beginning of year	(13 393)	(1 695)	(12 074)	(5 151)	(4 588)	-	(36 901)
Net carrying amount at beginning of year	50 051	1 390	12 077	5 899	2 557	1 034	73 008
Additions	-	446	1 532	28	-	2 130	4 136
Transfers	-	-	1 289	301	-	(1 605)	(15)
Disposals	-	-	(19)	-	-	-	(19)
Assets written-off	-	-	(80)	-	-	-	(80)
Depreciation for the year	(4 231)	(485)	(3 200)	(873)	(307)	-	(9 096)
Net carrying amount at end of year	45 820	1 351	11 599	5 355	2 250	1 559	67 934
Cost at end of year	63 444	3 531	25 803	11 379	7 145	1 559	112 861
Accumulated depreciation at end of year	(17 624)	(2 180)	(14 204)	(6 024)	(4 895)	-	(44 927)

All disposals reflected in the note above are at net carrying amount.

	Group		Company	
	2014	2013	**2014**	2013
	R'000	**R'000**	**R'000**	**R'000**
4. INVESTMENT PROPERTIES				
Balance at beginning of year	**10 476**	10 552		
Additions	**-**	-		
Depreciation	**(77)**	(76)		
Balance at end of year	**10 399**	10 476		

Investment properties are only applicable at a group level and comprise the following land as described below:

Land in Durban described as Portion 4 of Erf 12445 Durban, Registration Division FU, Province of KwaZulu-Natal, in extent 2 140 square metres and Portion 5 of Erf 12445 Durban, Registration Division FU, Province of KwaZulu-Natal, in extent 1 528 square metres.

The group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

The group carries investment properties at historic cost less provision for depreciation and impairment.

The cost of the properties were considered to be equal to their fair value at the time of acquisition.

The investment property was independently valued at R12,4 million as at 01 December 2014, which is in line with the group revaluation policy of three years.

The independent valuation referred to above, provides an indication of what the fair value of this property is.

The inputs into the valuation as applied by the independent valuator were location, surrounding environment and any improvements applied to the property.

The valuator further considered sales of comparable properties in proximity to the investment property. Investment property would be classified as a level two category in the fair value hierarchy.

As investment property is classified as a non-financial asset, management has considered its highest and best use and with no current intention to alter the use of this investment property, have accordingly concluded not to adjust its fair value from that of the independent valuation referred to above.

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
5. INTANGIBLE ASSETS				
Cost				
Computer software	**3 053**	2 318	**3 053**	2 318
Capitalised project costs	**29 805**	27 716	**29 805**	27 716
Capital work in progress	**1 780**	640	**1 780**	640
	34 638	30 674	**34 638**	30 674
Accumulated amortisation and impairment	**(15 789)**	(12 378)	**(15 789)**	(12 378)
Computer software	**(1 562)**	(1 094)	**(1 562)**	(1 094)
Capitalised project costs	**(14 227)**	(11 284)	**(14 227)**	(11 284)
	18 849	18 296	**18 849**	18 296

	Computer software R'000	Capitalised project costs R'000	Capital work in progress R'000	Total R'000
Movement in intangible assets: Carrying Amount				
Group and company 2014				
Cost at beginning of year	**2 318**	**27 716**	**640**	**30 674**
Accumulated depreciation at beginning of year	**(1 094)**	**(11 284)**	**-**	**(12 378)**
Net carrying amount at beginning of year	**1 224**	**16 432**	**640**	**18 296**
Additions	**735**	**2 089**	**1 436**	**4 260**
Transfers	**-**	**-**	**(296)**	**(296)**
Disposal	**-**	**-**	**-**	**-**
Assets written-off	**-**	**-**	**-**	**-**
Amortisation for the year	**(468)**	**(2 943)**	**-**	**(3 411)**
Net carrying amount at end of year	**1 491**	**15 578**	**1 780**	**18 849**
Cost at end of year	**3 053**	**29 805**	**1 780**	**34 638**
Accumulated depreciation at end of year	**(1 562)**	**(14 227)**	**-**	**(15 789)**
Group and company 2013				
Cost at beginning of year	1 801	24 730	2 484	29 015
Accumulated depreciation at beginning of year	(779)	(8 666)	-	(9 445)
Net carrying amount at beginning of year	1 022	16 064	2 484	19 570
Additions	595	194	1 057	1 846
Transfers	(32)	2 908	(2 901)	(25)
Disposal	(47)	-	-	(47)
Assets written-off	-	(18)	-	(18)
Amortisation for the year	(314)	(2 716)	-	(3 030)
Net carrying amount at end of year	1 224	16 432	640	18 296
Cost at end of year	2 318	27 716	640	30 674
Accumulated depreciation at end of year	(1 094)	(11 284)	-	(12 378)

All disposals reflected in the note above are at net carrying amount.

6. INVESTMENT IN AND AMOUNT DUE BY SUBSIDIARY COMPANY

Albaraka Properties Proprietary Limited is 100% (2013: 100%) owned by Albaraka Bank Limited.

The issued share capital of Albaraka Properties Proprietary Limited comprises 100 shares of R1 each (2013: 100 shares of R1 each).

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Shares at cost			*	*
Due by subsidiary			**13 816**	15 294
- Amounts owing by subsidiary			**85 370**	86 209
- Finance lease liability (note 31.3)			**(71 554)**	(70 915)
			13 816	15 294

* Amount less than R1 000.

The amount due by the subsidiary is profit-free. For the purposes of classification of financial instriuments this is considered to be advances and receivables. The difference between the amounts owing by the subsidiary and the finance lease liability above, is a result of the present value of the lease liability which will unwind over the period of the lease. The balance of the finance lease liability has been set off against the balance on the loan account as the bank has a legally enforceable right to set off these amounts in terms of the lease contract and intends to realise the asset and settle the liability simultaneously.

7. DEFERRED TAX ASSET

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Balance at beginning of year	**375**	2 222	**15 815**	13 616
Tax income/(expense) recognised in profit or loss	**542**	(995)	**4 585**	3 051
Deferred tax – prior year over-provision recognised in profit or loss	**(303)**	(852)	**(303)**	(852)
Balance at end of year	**614**	375	**20 097**	15 815

The deferred tax asset comprises the following:

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Temporary differences arising on finance lease	**-**	-	**8 390**	7 026
Deferred tax on accumulated tax credits in subsidiary	**220**	1 333	**-**	-
Temporary differences on financial assets	**(719)**	(553)	**(719)**	(553)
Impairment for doubtful advances	**1 235**	1 499	**1 235**	1 499
Leave pay provision	**1 637**	1 587	**1 637**	1 587
Portfolio impairment	**4 442**	3 273	**4 442**	3 273
Profit not paid to depositors	**10 946**	9 161	**10 946**	9 161
Other	**268**	35	**258**	50
Prepaid expenses	**(179)**	(162)	**(172)**	(155)
Intangible assets, property and equipment	**(17 236)**	(15 798)	**(5 920)**	(6 073)
	614	375	**20 097**	15 815

The expected manner of recovery of the deferred tax asset will be through the use thereof at tax rates applicable to companies at the time of such recovery.

8. INVESTMENT SECURITIES

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Unit trust investments				
Fair value at beginning of year	**7 306**	6 119	**7 306**	6 119
Additions at cost	**75**	78	**75**	78
Fair value gains	**594**	1 109	**594**	1 109
Fair value at end of year	**7 975**	7 306	**7 975**	7 306
Unlisted investments				
Kiliminjaro Investment Proprietary Limited, at cost	**2 600**	2 600	**2 600**	2 600
Earthstone Investments Proprietary Limited, at cost	**10 000**	-	**10 000**	-
	20 575	9 906	**20 575**	9 906

The Bank's investment in unit trusts comprise 424 377 units (2013: 420 275 units) in the Old Mutual Albaraka Equity Fund. The carrying value of this investment is R8,0 million (2013: R7,3 million) and has been designated as a fair-value-through-profit-or-loss financial instrument on initial recognition. The investment is treated in this manner in order to eliminate any potential recognition inconsistencies that may arise on changes in the fair value of this instrument, had the instrument been classified on an alternate basis. The fair value of this investment is determined by quoted market prices and changes in fair value are recorded in profit or loss for the year.

Kiliminjaro Investments Proprietary Limited and Earthstone Investments Proprietary Limited are property-owning companies. The bank owns 9,4% (2013: 9,4%) of Kiliminjaro Investments and it purchased 1 000 shares in Earthstone Investments during 2014. Both investments are classified as available-for-sale financial instruments which are measured at cost, due to their fair value being indeterminable. The bank currently has no intention to dispose of these assets.

9. ADVANCES AND OTHER RECEIVABLES

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
9.1 Sectoral analysis				
Advances to customers				
Property (Musharaka and Murabaha)	**2 542 108**	2 164 735	**2 542 108**	2 164 735
Instalment sale	**562 185**	453 057	**562 185**	453 057
Trade	**519 022**	475 953	**519 022**	475 953
Other	**2 986**	753	**2 986**	753
Gross advances to customers	**3 626 301**	3 094 498	**3 626 301**	3 094 498
Provision for impairment of doubtful advances	**(21 744)**	(18 828)	**(21 744)**	(18 828)
Net advances to customers after provisions	**3 604 557**	3 075 670	**3 604 557**	3 075 670
Advances to banks				
Equity finance	**625 157**	674 688	**625 157**	674 688
Net advances	**4 229 714**	3 750 358	**4 229 714**	3 750 358
Other receivables	**11 922**	2 636	**11 700**	2 475
	4 241 636	3 752 994	**4 241 414**	3 752 833

Included under property are Musharaka advances amounting to R2,509 million (2013 R2,129 million).

9. ADVANCES AND OTHER RECEIVABLES (continued)

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
9.2 Maturity analysis				
Advances to customers				
Within 1 month	**271 693**	277 817	**271 693**	277 817
From 1 month to 3 months	**299 773**	236 556	**299 773**	236 556
From 3 months to 1 year	**483 383**	415 189	**483 383**	415 189
From 1 year to 5 years	**1 340 573**	1 148 908	**1 340 573**	1 148 908
More than 5 years	**1 230 879**	1 016 028	**1 230 879**	1 016 028
	3 626 301	3 094 498	**3 626 301**	3 094 498
Equity finance				
Within 1 month	**242 254**	574 184	**242 254**	574 184
From 1 month to 3 months	**302 208**	100 504	**302 208**	100 504
From 3 months to 1 year	**80 695**	-	**80 695**	-
	625 157	674 688	**625 157**	674 688
9.3 Analysis of impairment for doubtful advances				
9.3.1 Specific impairments	**5 884**	7 137	**5 884**	7 137
Balance at beginning of year	**7 137**	5 705	**7 137**	5 705
Charge to profit for the year	**(332)**	1 827	**(332)**	1 827
Bad debts written-off	**(921)**	(395)	**(921)**	(395)
9.3.2 Portfolio impairment	**15 860**	11 691	**15 860**	11 691
Balance at beginning of year	**11 691**	10 804	**11 691**	10 804
Charge to profit for the year	**4 169**	887	**4 169**	887
	21 744	18 828	**21 744**	18 828
9.3.3 Impairment for credit losses				
Specific impairments	**(332)**	1 827	**(332)**	1 827
Portfolio impairments	**4 172**	887	**4 172**	887
Bad debts recovered	**(73)**	(314)	**(73)**	(314)
	3 767	2 400	**3 767**	2 400

There was a net release of specific impairments of R332 677 for the year which was a result of impairments of R1 651 865 being raised and a further R1 984 542 being released.

During 2013, there was a net increase in specific impairments of R1 826 981 for the year, which was a result of impairments of R2 380 244 being raised and a further R553 263 being released.

10. SOUTH AFRICAN REVENUE SERVICE RECEIVABLE

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Income tax	-	1 825	-	1 825
	-	1 825	-	1 825

	Group		Company	
	2014	2013	**2014**	2013
	R'000	**R'000**	**R'000**	**R'000**
11. CASH AND CASH EQUIVALENTS AND OTHER SIMILAR INSTRUMENTS				
Cash on hand	**11 322**	5 608	**11 322**	5 608
Government and other stock	**86 560**	73 711	**86 560**	73 711
Balances with Central Bank	**252 884**	394 230	**252 884**	394 230
Placements with other banks	**66 416**	45 579	**66 416**	45 579
	417 182	519 128	**417 182**	519 128
The following banking facilities are available to the group:				
Letters of credit and guarantees	**20 000**	20 000	**20 000**	20 000
Settlement facilities	**9 232**	8 466	**9 232**	8 466
	29 232	28 466	**29 232**	28 466

Deposits with the Central Bank of R166,6 million (2013: R149,6 million) and in Government stock of R86,5 million (2013: R73,7 million) represent mandatory reserve deposits for liquidity requirements and are therefore not available for use in the bank's daily operations.

12. SHARE CAPITAL AND SHARE PREMIUM

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
12.1 Authorised share capital				
100 000 000 (2013: 30 000 000) ordinary shares of R10 each	**1 000 000**	300 000	**1 000 000**	300 000
12.2 Issued and fully paid share capital				
32 240 260 (2013: 22 500 000) ordinary shares of R10 each	**322 403**	225 000	**322 403**	225 000
12.3 Share premium				
Balance at beginning of year	**29 866**	29 866	**29 866**	29 866
Movement for the year	**52 330**	-	**52 330**	-
Balance at end of year	**82 196**	29 866	**82 196**	29 866
Reconciliation of shares				
- Opening number of shares issued	**22 500 000**	22 500 000	**22 500 000**	22 500 000
- Rights issue	**9 740 260**	-	**9 740 260**	-
- Closing number of shares issued	**32 240 260**	22 500 000	**32 240 260**	22 500 000

13. WELFARE AND CHARITABLE FUNDS

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
Gross income from non-Islamic activities during the year	**10 776**	8 006	**10 776**	8 006
Normal tax thereon	**(1 703)**	(1 149)	**(1 703)**	(1 149)
Net income from non-Islamic activities during the year	**9 073**	6 857	**9 073**	6 857
Donations and advances	**(7 636)**	(8 978)	**(7 636)**	(8 978)
Balance at beginning of year	**2 297**	4 418	**2 297**	4 418
Balance at end of year	**3 734**	2 297	**3 734**	2 297

	Group		Company	
	2014	2013	**2014**	2013
	R'000	**R'000**	**R'000**	**R'000**
14. ACCOUNTS PAYABLE				
Sundry creditors	**7 322**	25 248	**7 284**	25 212
Accruals	**7 112**	6 064	**6 963**	5 972
	14 434	31 312	**14 247**	31 184

Terms and conditions of the above financial liabilities:

Sundry creditors are non-interest bearing and are normally settled on 30-day terms.

Accruals are non-interest bearing and have an average term of six months.

15. SOUTH AFRICAN REVENUE SERVICE PAYABLE				
Value Added Taxation	**161**	134	**161**	32
South African Revenue Service liability	**271**	158	**271**	158
	432	292	**432**	190

Payables to the South African Revenue Service in terms of Value Added Taxation are settled within 30 days to avoid penalties and interest.

The South African Revenue Service liability represents PAYE due to the revenue authorities and is expected to be settled within the following 6 months.

16. PROVISION FOR LEAVE PAY				
Balance at beginning of year	**5 669**	5 111	**5 669**	5 111
Accrued and utilised during the year	**176**	558	**176**	558
Balance at end of year	**5 845**	5 669	**5 845**	5 669

The provision for leave pay provided is determined by multiplying the accumulated days of leave due per employee by the rate per day of that specific employee.

The provision is expected to increase as the leave days accrue and decrease as leave is taken or paid out on the retirement or resignation of any specific employee.

17. DEPOSITS FROM CUSTOMERS				
Participation investment accounts	**1 801 998**	1 717 653	**1 801 998**	1 717 653
Savings accounts	**6 820**	8 231	**6 820**	8 231
Monthly investment plan	**130 875**	130 207	**130 875**	130 207
Haj investment scheme	**123 959**	110 461	**123 959**	110 461
Regular income provider	**1 653 769**	1 622 251	**1 653 769**	1 622 251
Electronic banking	**338 951**	227 583	**338 951**	227 583
Profits distributable to depositors	**39 091**	32 717	**39 091**	32 717
Guarantee deposit accounts	**70 120**	20 575	**70 120**	20 575
Other	**64 102**	70 958	**64 102**	70 958
	4 229 685	3 940 636	**4 229 685**	3 940 636

	Group		Company	
	2014	2013	**2014**	2013
	R'000	**R'000**	**R'000**	**R'000**
Maturity analysis				
Within 1 month	**1 784 894**	1 590 414	**1 784 894**	1 590 414
From 1 month to 3 months	**733 678**	699 453	**733 678**	699 453
From 3 months to 1 year	**1 669 890**	1 615 432	**1 669 890**	1 615 432
Greater than 1 year	**2 131**	2 620	**2 131**	2 620
More than 5 years	**39 092**	32 717	**39 092**	32 717
	4 229 685	3 940 636	**4 229 685**	3 940 636

The maturity of the deposit products offered by the bank range from current to 720 days. As such, amounts reflected as more than 5 years are representative of funds held as an investment risk reserve for the benefit of the total depositor pool. The funds in this reserve should not exceed a fixed percentage of the depositor's book and will be paid to the depositor when the need arises.

18. SHAREHOLDERS MUDARABA ADVANCE

Shareholders' mudaraba advance	**-**	50 005	**-**	50 005

The shareholders' Mudaraba advance was received in December 2013 from the holding company, Al Baraka Banking Group B.S.C. in support of the bank's required capital position. The funds earn profit within the pool on similar terms to the 35-day participation investment account. The advance was subordinated in favour of all creditors and did not have a defined maturity date. In 2014, the bank performed a rights issue to the value of R150 million which facilitated the repayment of this advance.

19. INCOME PAID TO DEPOSITORS

Income paid to depositors is based on the profit sharing ratio agreed upon between the depositor and the bank at the time of the initial investment. On maturity, this income is either paid out to the depositor on instruction or reinvested on the depositor's behalf within the category of the initial deposit.

20. NET NON-ISLAMIC INCOME

Interest income	**10 776**	8 006	**10 776**	8 006
	10 776	8 006	**10 776**	8 006
Amount transferred to welfare and charitable funds	**(10 776)**	(8 006)	**(10 776)**	(8 006)
	-	-	**-**	-

21. FEE AND COMMISSION INCOME

Service fees	**23 468**	19 715	**23 468**	19 715
Commission received on sale of unit trusts	**5 806**	4 575	**5 806**	4 575
Profit from foreign currency trading	**6 048**	3 754	**6 048**	3 754
Management fee from subsidiary	**-**	-	**200**	200
	35 322	28 044	**35 522**	28 244

	Group		Company	
	2014	2013	**2014**	2013
	R'000	**R'000**	**R'000**	**R'000**
22. OTHER OPERATING INCOME				
Property rental income	**105**	273	**214**	212
Net parking income from investment property	**729**	698	**-**	-
Tank container rental income	**842**	1 066	**842**	1 066
Dividend income	**985**	353	**7 985**	2 353
Fair value gain on financial instrument	**594**	1 110	**594**	1 110
Other	**865**	817	**865**	817
	4 120	4 317	**10 500**	5 558
23. OPERATING EXPENDITURE				
Operating expenditure includes:				
Auditor's remuneration				
Audit fees				
- current year	**2 102**	1 976	**2 053**	1 946
- prior year under provision	**319**	167	**319**	167
Fees for other services				
- Tax consultancy	**-**	58	**-**	58
- Other	**164**	384	**164**	384
	2 585	2 585	**2 536**	2 555
Consultancy fees	**2 080**	2 370	**2 068**	2 356
Depreciation of property and equipment	**6 121**	4 865	**10 275**	9 095
Depreciation on investment property	**77**	76	**-**	-
Amortisation of intangible assets	**3 411**	3 030	**3 411**	3 030
Assets written-off	**-**	98	**-**	98
Net loss on disposal of property and equipment	**34**	5	**34**	5
Operating lease charges	**2 642**	1 998	**2 897**	2 253
Research costs	**754**	1 471	**754**	1 471
Staff costs	**76 693**	68 259	**76 693**	68 259
Directors' emoluments			**6 061**	4 898
Executive services			**4 656**	3 610
Non-executive directors' fees			**1 405**	1 288

	2014			2013		
	Salary	**Other benefits**	**Total**	Salary	Other benefits	Total
	R'000	**R'000**	**R'000**	R'000	R'000	R'000
23.1 Executive services						
Company only						
SAE Chohan – Chief executive	**1 924**	**501**	**2 425**	1 794	397	2 191
MJD Courtiade – Chief operating officer	**1 602**	**125**	**1 727**	1 309	110	1 419
A Ameed – Financial Director*	**501**	**3**	**504**			
	4 027	**629**	**4 656**	3 103	507	3 610

*Appointed as Executive in July 2014

Salary and other benefits are short-term benefits as classified per IAS 24.

	Group		Company	
	2014	2013	**2014**	2013
	R'000	**R'000**	**R'000**	**R'000**
23.2 Non-executive directors' fees				
AA Yousif			**155**	138
Adv. AB Mahomed SC			**168**	163
F Kassim			**112**	105
A Lambat			**163**	153
MS Paruk			**207**	188
YM Paruk			**151**	137
SA Randeree			**161**	149
M Youssef Baker			**159**	134
MG McLean			**129**	121
			1 405	1 288

24. TAXATION

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
South African tax				
Normal - current year	**17 413**	11 572	**17 413**	11 572
- prior year	**547**	(770)	**547**	(770)
Attributable to income from non-Islamic activities (refer to accounting policy 11 and note 13)				
- current year	**(1 703)**	(1 149)	**(1 703)**	(1 149)
- prior year	**(14)**	-	**(14)**	-
Deferred tax - current year	**(542)**	995	**(4 586)**	(3 051)
- prior year	**(97)**	852	**(97)**	852
Taxation attributable to Islamic activities	**15 604**	11 500	**11 560**	7 454

The deferred tax - prior year adjustment results from differences between the calculated taxation at the prior financial year-end, as compared to the submitted taxation return as due within the current year.

Reconciliation of taxation charge	**%**	%	**%**	%
Effective tax rate	**28,3**	28,4	**24,0**	26,9
Adjustable items:				
Non-taxable income and non-deductible expenditure	**(0,2)**	(0,8)	**4,1**	0,6
Current tax adjustment - prior year	**(0,3)**	2,5	**(0,3)**	3,6
Deferred tax adjustment - prior year	**0,2**	(2,1)	**0,2**	(3,1)
	28,0	28,0	**28,0**	28,0

	Group		Company	
	2014	2013	**2014**	2013
	R'000	**R'000**	**R'000**	**R'000**
25. EARNINGS PER SHARE				
Basic earnings per share are calculated on after tax income attributable to ordinary shareholders and a weighted average number of 25 746 753 (2013: 22 500 000) ordinary shares in issue during the year (cents)	**153,5**	128,7		
Headline earnings per share are calculated on headline earnings and a weighted number of 25 746 753 (2013: 22 500 000) ordinary shares in issue during the year (cents)	**153,6**	129,1		
Headline earnings per share are derived from:				
Profit for the year	**39 517**	28 947		
Loss arising on disposal of property and equipment	**34**	5		
Write-off of property, equipment and intangible assets	**-**	98		
	39 551	29 050		
26. DIVIDENDS				
A dividend of 45 cents per share (2013: 45 cents) was paid on 28 November 2014 to shareholders registered on the shareholders register of the bank at close of business on 07 August 2014.	**10 125**	10 125	**10 125**	10 125
27. STATEMENT OF CASH FLOWS				
27.1 Cash generated from operations				
Profit before taxation	**55 121**	40 447	**48 153**	27 752
Adjustment for non-cash items and investment income:				
Depreciation of property and equipment	**6 121**	4 865	**10 275**	9 095
Depreciation of investment property	**77**	76	**-**	-
Dividend income	**(985)**	(353)	**(7 985)**	(2 353)
Impairment of property and equipment	**-**	-	**-**	-
Amortisation of intangible assets	**3 411**	3 030	**3 411**	3 030
Loss on disposal of property and equipment	**34**	52	**34**	52
Assets written-off	**-**	98	**-**	98
Straight-lining of operating leases	**184**	(108)	**134**	(131)
Provision for leave pay	**176**	558	**176**	558
Impairment for credit losses	**(3 840)**	(2 714)	**(3 840)**	(2 714)
Fair value gain on financial instruments	**(594)**	(1 109)	**(594)**	(1 109)
	59 705	44 842	**49 764**	34 278
27.2 Changes in working capital				
Increase in deposits from customers	**289 049**	619 132	**289 049**	619 132
(Decrease)/increase in accounts payable	**(10 251)**	315	**(10 108)**	1 276
(Decrease)/increase in welfare and charitable funds	**3 139**	(972)	**3 139**	(972)
Increase in advances and other receivables	**(484 754)**	(480 958)	**(484 742)**	(480 964)
	(202 817)	137 517	**(202 662)**	138 472

	Group		Company	
	2014	2013	**2014**	2013
	R'000	**R'000**	**R'000**	**R'000**
27.3 Taxation paid				
Amount receivable at beginning of year	**1 825**	649	**1 825**	649
Amount charged to profit for the year	**(16 243)**	(9 653)	**(16 243)**	(9 653)
Amount charged to welfare and charitable funds	**(1 703)**	(1 149)	**(1 703)**	(1 149)
Amount receivable at end of year	**271**	(1 825)	**271**	(1 825)
	(15 850)	(11 978)	**(15 850)**	(11 978)
27.4 Dividends paid				
Amount outstanding at beginning of year	**(7 967)**	-	**(7 967)**	-
Dividends declared and paid	**(10 125)**	(10 125)	**(10 125)**	(10 125)
Amount outstanding at end of year	**1 343**	7 967	**1 343**	7 967
	(16 749)	(2 158)	**(16 749)**	(2 158)
27.5 Purchase of property and equipment				
Land and buildings	**-**	-	**-**	-
Vehicles	**(1 291)**	(446)	**(1 291)**	(446)
Equipment and computers	**(2 935)**	(1 531)	**(2 935)**	(1 531)
Leasehold improvements	**(1 326)**	(28)	**(18)**	(28)
Work in progress	**(7 096)**	(2 090)	**(7 096)**	(2 090)
	(12 648)	(4 095)	**(11 340)**	(4 095)
27.6 Purchase of intangible assets				
Computer software	**(735)**	(595)	**(735)**	(595)
Capitalised project costs	**(2 089)**	(194)	**(2 089)**	(194)
Work in progress	**(1 436)**	(1 057)	**(1 436)**	(1 057)
	(4 260)	(1 846)	**(4 260)**	(1 846)
28. LETTERS OF CREDIT, GUARANTEES AND CONFIRMATIONS				
Guarantees and confirmations	**180 776**	191 718	**180 776**	191 718
Letters of credit	**5 758**	4 810	**5 758**	4 810
	186 534	196 528	**186 534**	196 528

The above letters of credit, guarantees and confirmations are directly linked to the company's core activities and payments relating thereto will be made in the ordinary course of business.

29. CAPITAL COMMITMENTS

	Group 2014	Group 2013	Company 2014	Company 2013
Authorised and contracted for				
- Property and equipment	**968**	12	**968**	12
	968	12	**968**	12

The expenditure will be financed from funds on hand and generated internally.

	Group		Company	
	2014	2013	**2014**	2013
	R'000	**R'000**	**R'000**	**R'000**
30. FINANCIAL INSTRUMENTS				
30.1 Credit risk - maximum exposure to credit risk				
Advances to customers (note 9.1)	**3 626 301**	3 094 498	**3 626 301**	3 094 498
Advances and balances with banks	**691 574**	720 267	**691 574**	720 267
Advances and balances with Central Bank	**339 444**	467 941	**339 444**	467 941
Letters of credit, guarantees and confirmations	**186 534**	196 528	**186 534**	196 528
	4 843 853	4 479 234	**4 843 853**	4 479 234
30.2 Currency risk				
The group's exposure to currency risk was as follows:				
Cash and cash equivalents				
- EUR	**820**	270	**820**	270
- GBP	**160**	113	**160**	113
- SAR	**114**	123	**114**	123
- USD	**10 079**	3 904	**10 079**	3 904
- Others	**150**	286	**150**	286
	11 323	4 696	**11 323**	4 696

30.3 Derivative instruments

The group did not trade in any derivative instruments during the year under review.

30.4 Liquidity risk

The table below shows an analysis of financial and non-financial assets and liabilities analysed according to when they are expected to be recovered or settled. The fair value of assets in the group and company are not materially different and thus only group disclosures have been presented.

	Carrying Amount	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years
	R'000	R'000	R'000	R'000	R'000	R'000
Group						
2014						
Assets						
Advances and other receivables	4 241 636	523 440	602 952	565 537	1 340 573	1 209 134
Investment securities	20 575	-	-	-	-	20 575
Cash and cash equivalents and other similar instruments	417 182	245 576	-	86 560	-	85 046
	4 679 393	769 016	602 952	652 097	1 340 573	1 314 755
2014						
Liabilities						
Deposits from customers	4 229 685	1 784 894	733 678	1 669 890	2 131	39 092
Accounts payable	14 434	13 632	422	211	-	169
South African Revenue Service	432	161	-	271	-	-
Provision	5 845	487	974	4 384	-	-
Mudaraba shareholder advance	-	-	-	-	-	-
Letters of credit, guarantees and confirmations	186 534	32 076	58 088	41 169	28 932	26 269
	4 436 930	1 831 250	793 162	1 715 925	31 063	65 530
Net liquidity gap	242 463	(1 062 234)	(190 210)	(1 063 828)	1 309 510	1 249 225

	Carrying Amount	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 Years	More than 5 years
	R'000	R'000	R'000	R'000	R'000	R'000
Group						
2013						
Assets						
Advances and other receivables	3 752 994	852 442	337 942	416 511	1 148 908	997 191
South African Revenue Service	1 825	-	-	1 825	-	-
Investment securities	9 906	-	-	-	-	9 906
Cash and cash equivalents and other similar instruments	519 128	420 450	22 852	-	-	75 826
	4 283 853	1 272 892	360 794	418 336	1 148 908	1 082 923
2013						
Liabilities						
Deposits from customers	3 940 636	1 590 414	699 452	1 615 432	2 620	32 718
Accounts payable	31 312	22 814	353	7 985	-	160
South African Revenue Service	292	134	-	158	-	-
Provision	5 669	472	945	4 252	-	-
Mudaraba shareholder advance	50 005	-	-	-	-	50 005
Letters of credit, guarantees and confirmations	196 528	6 617	91 625	57 462	19 073	21 751
	4 224 442	1 620 451	792 375	1 685 289	21 693	104 634
Net liquidity gap	59 411	(347 559)	(431 581)	(1 266 953)	1 127 215	978 289

	Group		Company	
	2014	2013	**2014**	2013
	R'000	R'000	R'000	R'000
30.5 Market risk				
The banks' exposure to market risk at year end:				
- Interest rate risk - treasury bills	**86 560**	73 711	**86 560**	73 711
- Exchange rate risk - foreign currency	**11 323**	4 696	**11 323**	4 696
	97 883	78 407	**97 883**	78 407

	Intrinsic rate	Maturity	Company 2014 R'000	Company 2013 R'000
30. FINANCIAL INSTRUMENTS (continued)				
30.6 Intrinsic rate risk				
Loans and borrowings subject to intrinsic rate risk				
	14,3%	2024		
Current portion – less than 12 months			**9 540**	8 834
Non-current portion – greater than 12 months			**62 014**	62 081
Total obligations under finance leases (note 31.3)			**71 554**	70 915

Intrinsic rate risk is limited to the finance lease between the bank and its wholly-owned subsidiary.

30.7 Accounting classification

The fair value of assets in the group and company are not materially different and thus only group disclosures have been presented.

Please refer to note 6 for information regarding details of balances of amounts owing between the company and the subsidary.

Fair value of financial assets and liabilities not carried at fair value

The following describes the methodologies and assumptions used to determine fair values for those financial instruments which are not already recorded at fair value in the financial statements:

Financial instruments for which fair value approximates carrying value

For financial assets and financial liabilities that have a short-term maturity (less than three months) it is assumed that the carrying amounts approximate their fair value.

This assumption is also applied to demand deposits and savings accounts without a specific maturity.

Fixed rate financial instruments

The fair value of fixed rate financial assets and financial liabilities carried at amortised cost are estimated by comparing market profit rates when they were first recognised with current market rates for similar financial instruments.

The estimated fair value of fixed profit-bearing deposits is based on discounted cash flows using prevailing money-market profit rates for debts with similar credit risk and maturity.

For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current profit rate yield curve appropriate for the remaining term to maturity and credit spreads.

For other variable rate instruments, an adjustment is also made to reflect the change in required credit spread since the instrument was first recognised.

Set-out opposite is a comparison, by class, of the carrying amounts and fair values of the bank's financial instruments that are not carried at fair value in the financial statements

	Advances and receivables	Available for sale	Held to maturity	Amortised cost	Fair value through profit and loss	Carrying amount
	R'000	R'000	R'000	R'000	R'000	R'000
Group						
2014						
Assets						
Advances	**4 229 714**	**-**	**-**	**-**	**-**	**4 229 714**
Investment securities	**-**	**12 600**	**-**	**-**	**7 975**	**20 575**
Cash and cash equivalents and other similar instruments	**330 622**	**-**	**86 560**	**-**	**-**	**417 182**
	4 560 336	**12 600**	**86 560**	**-**	**7 975**	**4 667 471**
Liabilities						
Deposits from customers	**-**	**-**	**-**	**4 229 685**	**-**	**4 229 685**
Accounts payable	**-**	**-**	**-**	**14 434**	**-**	**14 434**
	-	**-**	**-**	**4 244 119**	**-**	**4 244 119**
Group						
2013						
Assets						
Advances	3 750 358	-	-	-	-	3 750 358
Investment securities	-	2 600	-	-	7 306	9 906
Cash and cash equivalents and other similar instruments	445 417	-	73 711	-	-	519 128
	4 195 775	2 600	73 711	-	7 306	4 279 392
Liabilities						
Deposits from customers	-	-	-	3 940 636	-	3 940 636
Accounts payable	-	-	-	31 312	-	31 312
	-	-	-	3 971 948	-	3 971 948

30.8 Fair value hierarchy

The fair value of assets in the group and company are not materially different and thus only group disclosures have been presented.

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis, by class of financial instruments, recorded at fair value by level of the fair value hierarchy:

30. FINANCIAL INSTRUMENTS (continued)

30.8 Fair value hierarchy (continued)

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Group				
2014				
Financial assets				
- Advances and receivables	-	4 560 336	-	4 560 336
- Available-for-sale	-	12 600	-	12 600
- Held to maturity	-	86 560	-	86 560
- Fair value through profit and losss	7 975	-	-	7 975
	7 975	4 659 496	-	4 667 471
Financial liabilities				
- Amortised cost	-	4 244 119	-	4 244 119
	-	4 244 119	-	4 244 119
2013				
Financial assets				
- Advances and receivables	-	4 195 775	-	4 195 775
- Available-for-sale	-	2 600	-	2 600
- Held to maturity	-	73 711	-	73 711
- Fair value through profit and losss	7 306	-	-	7 306
	7 306	4 272 086	-	4 279 392
Financial liabilities				
- Amortised cost	-	3 971 948	-	3 971 948
	-	3 971 948	-	3 971 948

Financial instruments recorded at fair value

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using quoted (unadjusted) prices.

Financial investments – fair-value-through-profit-or-loss

Fair-value-through-profit-or-loss financial assets which are valued using quoted (unadjusted) prices consist of quoted equities.

	Group 2014 R'000	Group 2013 R'000	Company 2014 R'000	Company 2013 R'000
31. LEASES				
Operating leases				
31.1 Leases as lessee				
Non-cancellable operating lease rentals payable are as follows:				
Less than one year	**2 024**	1 353	**2 695**	1 658
Between one and five years	**3 465**	2 095	**3 465**	2 096
	5 489	3 448	**6 160**	3 754

The rentals disclosed above relate to the leasing of commercial premises, occupied by retail and corporate branches of Albaraka Bank Limited. These leases have an average life of between one and three years with renewal options included in the contracts. Operating lease rentals are accounted for on a straight line basis over the period of the lease.

	Group 2014 R'000	Group 2013 R'000
31.2 Leases as lessor		
Non-cancellable operating lease rentals payable are as follows:		
Less than one year	**-**	48
Between one and five years	**-**	-
	-	48

Operating lease rentals receivable relate to building premises owned by Albaraka Properties Proprietary Limited. The associated rental income is accounted for on a straight line basis over the period of the lease.

	2014 Minimum payments	2014 Present value of payments	2013 Minimum payments	2013 Present value of payments
Finance leases				
31.3 Leases as lessee - company				
Less than one year	**10 181**	9 540	**9 427**	8 834
Between one and five years	**49 548**	32 520	**45 878**	30 111
More than five years	**84 147**	29 494	**97 998**	31 970
Total minimum lease payments	**143 876**	71 554	**153 303**	70 915
Less amounts representing finance charges	**(72 322)**	-	**(82 388)**	-
Present value of minimum lease payments - (note 6)	**71 554**	71 554	**70 915**	70 915

31.3 Leases as lessee - company

Albaraka Bank Limited has entered into a finance lease with its wholly-owned subsidiary, Albaraka Properties Proprietary Limited, for the use of its property as the bank's corporate head office. This lease is for an initial period of ten years with a five-year renewal option.

Rentals are escalated annually at 8%. No purchase option exists. Renewals are at the option of the bank. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are stated above. The rate intrinsic in the lease is 14,3% (2013: 14,3%) after considering the unguaranteed residual value of R72 million (2013: R72 million) which will be realised at the end of the lease.

32. RETIREMENT BENEFITS

Albaraka Bank Limited contributes to the Albaraka Bank Provident Fund, a defined contribution plan. The Fund is registered under and governed by the Pension Funds Act, 1956, as amended.

Employee benefits are determined according to each member's equitable share of the total assets of the Fund. The company's contribution for the year was R7,1 million (2013: R4,4 million). Executives' portion of the benefit amounted to R412 293 for 2014.

33. RELATED PARTY INFORMATION

The holding company of Albaraka Bank Limited at 31 December 2014 is Al Baraka Banking Group B.S.C. which is a company registered in the Kingdom of Bahrain and which holds 64,5% (2013: 62,2%) of the company's ordinary shares.

During the 2014 financial year the holding company was repaid its Mudaraba advance of R50 million, which is disclosed in further detail in note 18.

DCD Holdings (SA) Proprietary Limited and DCD London & Mutual Plc, a company incorporated in England and Wales, jointly hold 12,6% (2013: 12,6%) of the company's ordinary shares. Timewest Investments Proprietary Limited, a company incorporated in South Africa, holds 7,7% (2013: 7,7%) of the company's ordinary shares.

The Iqraa Trust is a registered trust whose beneficiaries are charitable, welfare and educational institutions. The trust is one of various beneficiaries of the bank's charitable activities. Four of the bank's directors are also trustees of the trust.

The subsidiary of the bank, Albaraka Properties (Proprietary) Limited, and the related inter-company balances are identified in note 6. The bank also made finance lease repayments amounting to R9 427 058 (2013: R8 728 758) for the year.

As the subsidiary does not maintain a physical bank account, all revenue and expenditure transactions are facilitated by Albaraka Bank Limited and are accounted for via the inter-company account. The management fee charged to the subsidiary is disclosed in note 21.

A dividend of R7 000 000 (2013: R2 000 000) was declared during the year.

The directors are considered the key management personnel and the remuneration paid to the directors is disclosed in note 23.

Albaraka Bank Limited enters into financial transactions, including normal banking relationships, with companies in which the directors of the bank have a beneficial interest. These transactions are governed by terms no less favourable than those arranged with third parties and are subject to the bank's normal credit approval policies and procedures.

Directors are required to declare their interest in such transactions and recuse themselves from participating in any meeting at which these matters are discussed. Any transactions, irrespective of size, have to be reviewed by the board.

In order to avoid conflicts of interest and with a view to ensuring transparency at all times, a register of directors' interests in companies containing the nature of such interests, as well as the nature and extent of the beneficial shares held in the companies is submitted to the board of directors annually for reviewing and updating.

Balances owing by/(to) related parties, including loans to executive and non-executive directors, are disclosed below:

	Company	
	2014	2013
	R'000	**R'000**
Property finance - Musharaka and Murabaha		
Balance outstanding at beginning of year	**16 520**	7 337
Advances granted during the year	**4 831**	10 000
Repayments during the year	**(3 189)**	(1 881)
Profit earned	**1 624**	1 064
	19 786	16 520
Profit mark-up range for the year	**5,0% - 10,0%**	5,0% - 9,5%

The profit mark-up of 5% is in respect of advances to executive directors at subsidised rates which, at year-end amounted to R1 033 708 (2013: R15 632).

	Company 2014 R'000	Company 2013 R'000
Balances owing by/(to) related parties, including loans to executive and non-executive directors, are disclosed below:		
Instalment sale		
Balance outstanding at beginning of year	**1 460**	1 390
Advances granted during the year	**1 683**	861
Repayments during the year	**(1 634)**	(1 067)
Profit earned	**653**	276
	2 162	1 460
Profit mark-up range for the year	**6,0% - 9,5%**	8,5% - 15,0%
Trade finance		
Balance outstanding at beginning of year	**3 985**	3 791
Advances granted during the year	**8 805**	9 658
Repayments during the year	**(9 750)**	(10 151)
Profit earned	**1 301**	687
	4 341	3 985
Profit mark-up range for the year	**8,5% - 9,75%**	8,5% - 9,0%
Iqraa Trust		
Balance due to the trust at beginning of year	**-**	(5)
Funds received on behalf of the trust	**(1)**	(12)
Funds paid over to the trust	**1**	17
Balance due to the trust at end of year	**-**	-

During the year, the bank donated an amount of R4 427 440 (2013: R4 643 302) to the trust.

At 31 December 2014 funds deposited by the trust with the bank amounted to R22 204 091 (2013: R35 098 393)

Total exposure to related parties	**26 289**	21 965

Staff advances are conducted at subsidsed profit rates. The amount subject to the subsidised profit rate is dependent on the staff member's position within the entity.

The total staff advances outstanding at the end of the period amounted to:	**43 876**	38 388

34. HOME LOAN AND MORTGAGE DISCLOSURE ACT

Received

(a) The total number and amount in Rand of completed home loan applications received during the financial year:

(i) Categories of borrowers and geographic areas as may be prescribed:

	Natural Persons		Juristic Persons		Total	
	Loan R'000	Number	Loan R'000	Number	Loan R'000	Number
Eastern Cape	3 382	6	-	0	3 382	6
Free State	1 177	3	-	0	1 177	3
Gauteng	269 498	263	53 629	39	323 127	302
KwaZulu-Natal	173 434	223	80 449	63	253 883	286
Limpopo	4 060	3	2 610	2	6 670	5
Mpumalanga	3 519	6	2 380	2	5 899	8
Northern Cape	-	0	650	1	650	1
North West	2 357	5	680	1	3 037	6
Western Cape	107 046	143	30 170	16	137 216	159
Total	**564 473**	**652**	**170 568**	**124**	**735 041**	**776**

Declined

b) The total number and amount in Rand of home loan applications declined and the reasons for the rejections in respect of such:

(i) Categories of borrowers and geographic areas as may be prescribed:

	Natural Persons		Juristic Persons		Total	
	Loan R'000	Number	Loan R'000	Number	Loan R'000	Number
Eastern Cape	-	0	-	0	-	0
Free State	-	0	-	0	-	0
Gauteng	69 894	60	5 623	4	75 517	64
KwaZulu-Natal	10 812	12	4 140	3	14 952	15
Limpopo	-	0	1 610	1	1 610	1
Mpumalanga	-	0	-	0	-	0
Northern Cape	-	0	-	0	-	0
North West	900	2	-	0	900	2
Western Cape	24 482	39	9 000	1	33 482	40
Total	**106 088**	**113**	**20 373**	**9**	**126 461**	**122**

Declined Reason	Loan R'000	Number	%
(ii) Reasons for the rejections in respect of such:			
Lack of affordability	118 338	113	92,62%
Unacceptable credit track-record	2 675	3	2,46%
Insufficient information/documents have not been provided	5 248	5	4,10%
Unacceptable security	200	1	0,82%
Total	**126 461**	**122**	**100%**

	Loan R'000	Number
Disbursed/closed		
(c) The total number and amount in Rand of home loans, closed and disbursed by a financial institution during the financial year:		
Total	**308 799**	**354**

	Natural Persons		Juristic Persons		Total	
	Loan R'000	Number	Loan R'000	Number	Loan R'000	Number
Approved						
(d) The total number and amount in Rand of home loans approved by a financial institution during the financial year:						
(i) Categories of borrowers and geographic areas as may be prescribed:						
Eastern Cape	3 382	6	-	0	3 382	6
Free State	1 177	3	-	0	1 177	3
Gauteng	170 104	181	45 006	34	215 110	215
KwaZulu-Natal	154 486	201	75 109	59	229 595	260
Limpopo	4 060	3	1 000	1	5 060	4
Mpumalanga	3 519	6	2 380	2	5 899	8
Northern Cape	-	0	650	1	650	1
North West	1 457	3	680	1	2 137	4
Western Cape	78 778	99	21 170	15	99 948	114
Total	**416 963**	**502**	**145 995**	**113**	**562 958**	**615**

35. STANDARDS AND AMENDMENTS NOT YET EFFECTIVE

At the date of authorisation of the annual financial statements for the year ended 31 December 2014, the following accounting standards, interpretations and amendments were in issue but not yet effective. These standards will be adopted at their effective dates, with no early adoption intended.

There have been other amendments made to the standards which are not listed in this note as they are not applicable to the group.

	Effective date
IFRS 9: Financial instruments	
The standard addresses the classification, measurement and derecognition of financial assets and financial liabilities.	
The effect of this standard on the group financial statements is in the process of being evaluated. An internal task team has been set-up to unpack the requirements of this standard.	01 Jan 2018
IAS 16 and 38: Property, plant and equipment	
The IASB issued amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets prohibiting the use of revenue-based depreciation methods for fixed assets and limiting the use of revenue-based amortisation methods for intangible assets. The amendments are effective prospectively.	
This is not expected to impact the group financial statements.	01 Jan 2016

35. STANDARDS AND AMENDMENTS NOT YET EFFECTIVE (continued)

IAS 27: Consolidated financial statements

When IAS 27 and IAS 28 were revised in 2003, the equity method was removed as an option to account for investments in subsidiaries and associates in an entity's separate financial statements.

In some jurisdictions, local regulations require an entity to use the equity method for this purpose, therefore creating a difference between separate financial statements prepared in accordance with local GAAP and those prepared in accordance with IFRS.

The objective of these amendments is to restore the option to use the equity method. This is not expected to impact the group financial statements. 01 Jan 2016

IFRS 10 and IAS 28: Consolidated financial statements

The amendments to these standards relate to sale or contribution of assets between an investor and its associates or joint ventures and the treatment of profits or losses arising from such transactions.

This is not expected to impact the group financial statements. 01 Jan 2016

IAS 1: Presentation of financial statements

The International Accounting Standards Board has issued amendments to IAS 1 as part of the disclosure initiative which aims to improve the presentation and disclosure requirements.

The effect of this will be evaluated by the management team. 01 Jan 2016

IFRS 15: Revenue from contracts with customers

IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. The standard provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets, such as property or equipment.

Extensive disclosures will be required, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates.

The effect of this will be evaluated by the management team. 01 Jan 2017

IAS 40: Investment property

The amendment clarifies the inter-relationship of IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

This is not expected to impact the group financial statements. 01 Jan 2014

36. ADOPTION OF EFFECTIVE AMENDMENTS AND INTERPRETATIONS

The following applicable amendments to standards and new interpretations were adopted during the year, as they became effective for years commencing on or after 01 January 2014:

	Effective date
IAS 32: Offsetting financial assets and financial liabilities	
This standard was amended to clarify the meaning of "legally enforceable right". This has not had an impact on the group financial statements.	01 Jan 2014
IAS 36: Impairment of assets	
This standard was amended to clarify the disclosure requirements about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.	
This has had no impact on the group financial statements.	01 Jan 2014

AAOIFI STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

	Group		Company	
	2014	2013	**2014**	2013
	R'000	**R'000**	**R'000**	**R'000**
Assets				
Cash and cash equivalents	**417 182**	519 28	**417 182**	519 128
Sales receivables	**1 735 822**	1 641 937	**1 735 822**	1 641 937
Musharaka financing	**2 493 892**	2 108 421	**2 493 892**	2 108 421
Investment securities	**20 575**	9 906	**20 575**	9 906
Investment in subsidiary company	**-**	-	**13 816**	15 294
Total investments	**4 667 471**	4 279 392	**4 681 287**	4 294 686
Other assets	**12 536**	4 836	**31 797**	20 115
Property and equipment	**104 600**	97 811	**69 261**	67 934
Investment properties	**10 399**	10 476	**-**	-
Intangible assets	**18 849**	18 296	**18 849**	18 296
Total assets	**4 813 855**	4 410 811	**4 801 194**	4 401 031
Liabilities, unrestricted investment accounts and owners' equity				
Liabilities				
Customer current accounts and other	**403 053**	298 541	**403 053**	298 541
Payables	**20 711**	37 273	**20 524**	37 043
Other liabilities	**3 734**	2 297	**3 734**	2 297
Shareholders Mudaraba advance	**-**	50 005	**-**	50 005
Total liabilities	**427 498**	388 116	**427 311**	387 886
Equity of unrestricted investment account holders	**3 787 540**	3 609 378	**3 787 540**	3 609 378
Profits distributable to depositors	**39 092**	32 717	**39 092**	32 717
Total liabilities and unrestricted investment accounts	**4 254 130**	4 030 211	**4 253 943**	4 029 981
Owners' equity	**559 725**	380 600	**547 251**	371 050
Share capital	**322 403**	225 000	**322 403**	225 000
Share premium	**82 196**	29 866	**82 196**	29 866
Retained income	**155 126**	125 734	**142 652**	116 184
Total liabilities, unrestricted investment accounts and owners' equity	**4 813 855**	4 410 811	**4 801 194**	4 401 031

AAOIFI STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Group		Company	
	2014	2013	**2014**	2013
	R'000	**R'000**	**R'000**	**R'000**
Income from sales receivables	**121 377**	105 386	**121 377**	105 386
Income from Musharaka financing	**212 937**	185 994	**212 937**	185 994
Return on unrestricted investment accounts before the bank's share as Mudarib	**334 314**	291 380	**334 314**	291 380
Less: bank's share as Mudarib	**(162 769)**	(138 171)	**(162 769)**	(138 171)
Return on unrestricted accounts	**171 545**	153 209	**171 545**	153 209
Bank's share in income from investment (as a Mudarib and as a fund owner)	**162 769**	138 171	**162 769**	138 171
Bank's income from its own investments	**985**	353	**7 985**	2 353
Revenue from banking services	**23 468**	19 715	**23 468**	19 715
Other revenue	**14 989**	12 293	**14 569**	1 797
Total bank revenue	**202 211**	170 532	**208 791**	162 036
Administrative and general expenditure	**(137 636)**	(122 190)	**(146 954)**	(126 389)
Depreciation of property and equipment	**(6 043)**	(4 865)	**(10 273)**	(4 865)
Amortisation of intangible assets	**(3 411)**	(3 030)	**(3 411)**	(3 030)
Profit before taxation	**55 121**	40 447	**48 153**	27 752
Taxation	**(15 604)**	(11 500)	**(11 560)**	(7 454)
Profit for the period	**39 517**	28 947	**36 593**	20 298

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Al Baraka Bank...

Al Baraka Bank...Committed to the growth of both our business and our customers

We are deeply committed, as 'your partner bank,' to ensuring the personal growth and development of our customers, while advancing the bank's own growth trajectory.

Our principal focus is to capitalise on available opportunities.... Our supreme reward is in contributing to the overall development of the people, businesses and communities we exist to serve.

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