alBaraka

I N T E G R A T E D

ANNUAL REPORT 2017

Your Partner Bank

THE WAY WE DO BUSINESS

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 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 proactive 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 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.

OUR PRIMARY STRATEGIC OBJECTIVES:

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

CONTENTS

ABOUT THIS

REPORT

AL BARAKA BANK WELCOMES YOU, OUR VALUED STAKEHOLDER, TO THIS OUR 2017 INTEGRATED ANNUAL REPORT, REFLECTING THE BANK'S 01 JANUARY TO 31 DECEMBER 2017 REPORTING PERIOD.

Our integrated annual report provides stakeholders with an easily understood and concise oversight of the bank's past performance and future prospects, featuring a business profile, a 10-year review of significant financial information, its leadership and business footprint and joint statement by the chairman and chief executive, as well as material issues we face with regard to human resources, information technology, governance, sustainability, compliance and adherence to Shariah principles.

As a commercial banking institution and South Africa's only fully-fledged Islamic bank, our overarching objective 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 the preparation of this integrated report, we remain cognisant of the bank's pre-determined reporting requirements, together with those prescribed by South Africa's financial regulating bodies. However, materiality is determined by our board of directors, in line with the requirements of our shareholders and other key stakeholder groups. We are constantly aware of the guiding principles contained in the South African Generally Accepted Accounting Principles, the Banks Act, Act No. 94 of 1990, the Companies Act, Act No. 71 of 2008, and the King Code of Governance for South Africa.

Our bank adheres to a philosophy of integrated thinking, reflected in the strategic direction we adopt in giving effect to delivery against our Vision statement.

DECLARATION

Al Baraka Bank's audit committee assumes responsibility for appraising and submitting our integrated annual report, together with annual financial statements, to the board of directors for review and approval.

The board, having given due consideration to the report, 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

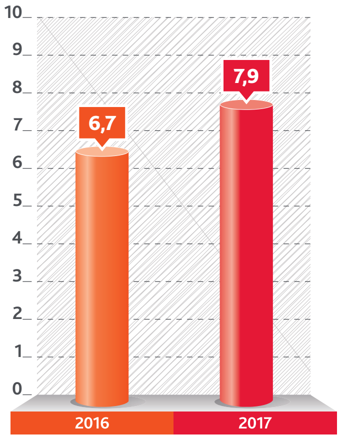
23 March 2018

Shabir Chohan
…………………………..
Shabir Chohan
Chief executive

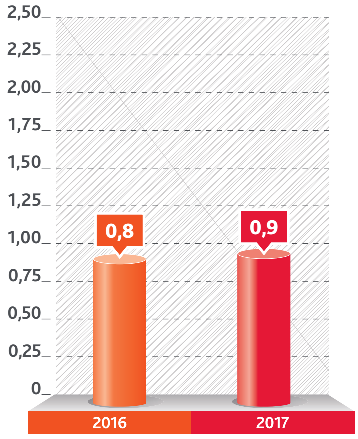
KEY PERFORMANCE

INDICATORS

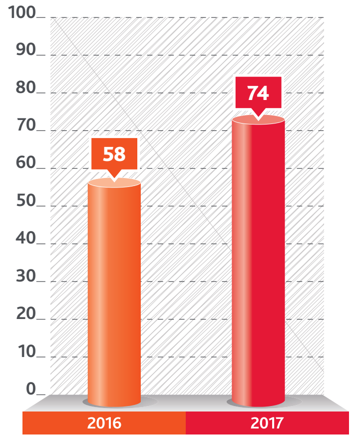
ROE
IN PERCENTAGE



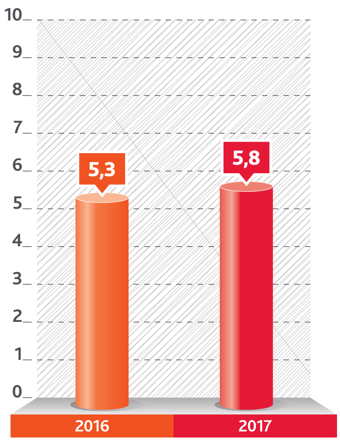
ROA
IN PERCENTAGE



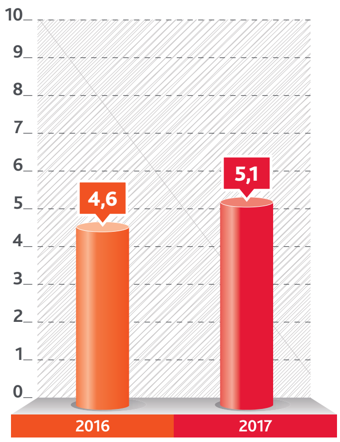
NET PROFIT BEFORE TAXATION
IN MILLIONS



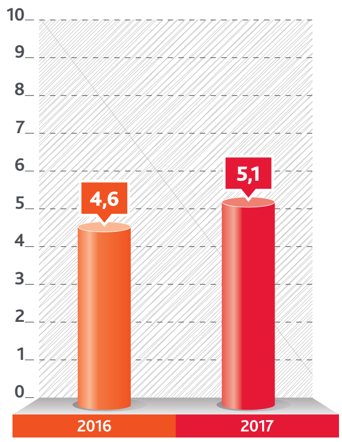
ASSETS
IN BILLIONS



ADVANCES
IN BILLIONS

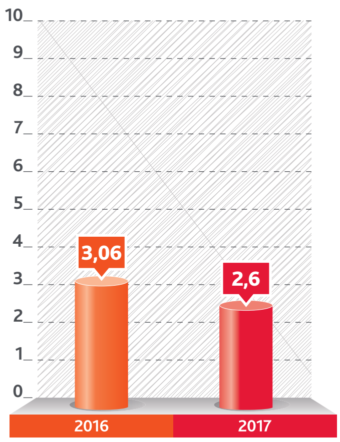


DEPOSITS
IN BILLIONS



BAD DEBT
IN PERCENTAGE

NON-PERFORMING
IN PERCENTAGE



BUSINESS

PROFILE

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

AL BARAKA BANKING GROUP - BAHRAIN

The Al Baraka Banking Group, listed on the Bahrain and Dubai financial exchanges, provides Shariah-compliant retail, corporate, treasury and investment banking and has subsidiary banking units and representative offices located in 16 countries, delivering financial services through more than 700 branches.

Established in order to best meet the need for world-wide Islamic banking services, the group's global footprint, includes representation in Turkey, Jordan, Egypt, Algeria, Tunisia, Sudan, Bahrain, Pakistan, Lebanon, Syria, Iraq, Saudi Arabia, Indonesia, Libya, South Africa and, most recently, Morocco.

As a fully integrated financial institution, the group delivers a comprehensive bouquet of financial products, tailored to meet the ever-evolving requirements of clients. Positioned to take advantage of an exceptional growth trajectory, the group's 2017 net income totalled US$207 million, while total assets grew to US$25,5 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, BTI Bank S.A. in Morocco 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

Established in 1989, Al Baraka Bank in South Africa exists to provide communities across the country with a viable and sustainable alternative to conventional banking models. Its Shariah-compliant products and services are becoming increasingly attractive to both Muslim and non-Muslim clients throughout the country.

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 receiving of interest in any transaction.

Promoting the personal approach, the bank is wholly committed to the ideal of 'partnership,' and strives to develop long-term relationships with clients, thus enabling it to foster close and meaningful linkages to the mutual benefit of both client and bank.

With its head office in Durban, Al Baraka Bank enjoys a national operations footprint comprising seven retail branches, three corporate banking offices, a professional office and a regional office - both located in Gauteng - all offering clients a range of financial products and services, as a fully-fledged Islamic and commercial banking enterprise.

As at 31 December 2017, 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%), Sedfin (Pty) Ltd. (3,33%) and Al Bogari (2,0%). The balance comprises both foreign and local shareholders.

Al Baraka Bank's board of directors comprises both international and local business people, all of whom demonstrate outstanding individual business acumen and exceptional collective expertise, knowledge and experience in Islamic banking.

Ensuring that the bank complies with Shariah in its day-to-day business activities, the bank has in place an internal Shariah Department, as well as an independent Shariah Supervisory Board.

Al Baraka Bank is also a member of the authoritative international Accounting and Auditing Organisation for Islamic Financial Institutions. The bank's financial products are regularly reviewed and audited, giving effect to the maintenance of absolute Shariah compliance.

Al Baraka Banking Group has progressively increased its shareholding in its South African subsidiary, with this country's unit developing to become an integral part of the international group. With its international lineage, Al Baraka Bank has steadily gained an enviable reputation as a highly professional, effective and efficient financial services provider and one which operates at the very cutting-edge of Islamic banking in South Africa.

In this regard, it continues to enjoy a phenomenal growth trajectory and has become a noteworthy contributor towards the successful resolution of some of South Africa's socio-economic challenges through its comprehensive corporate social investment programme, delivering solutions in the fields of education, humanitarianism, health, security and poverty alleviation.

TEN-YEAR

REVIEW

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Statement of Financial Position (Rm)										
Share capital	**322**	322	322	322	225	225	225	150	150	150
Shareholders' interest	**662**	627	601	560	381	362	347	233	228	217
Deposits from customers	**5 078**	4 634	4 426	4 230	3 941	3 322	2 881	2 571	2 130	1 624
Advances and other receivables	**5 111**	4 646	4 473	4 242	3 753	3 269	2 826	2 395	2 057	1 604
Total Assets	**5 880**	5 329	5 058	4 814	4 411	3 716	3 246	2 825	2 381	1 871
Statement of Comprehensive Income (Rm)										
Profit before taxation	**74**	58	76	55	40	34	26	17	18	31
Total comprehensive income for the year	**51**	41	56	40	29	25	16	11	18	21
Share Statistics (Cents)										
Basic and diluted earnings per share	**158**	128	171	154	129	112	77	74	125	145
Headline earnings per share	**162**	127	171	154	129	114	76	69	121	144
Dividend per share	**50**	50	45	45	45	45	45	45	45	35
Net asset value per share	**2 052**	1 943	1 866	1 736	1 692	1 608	1 541	1 551	1 522	1 446
Ratios (%)										
Return on average shareholders' interest	**7,9**	6,7	9,5	8,5	7,8	7,1	4,6	4,8	8,2	10,4
Return on average total assets	**0,9**	0,8	1,1	0,9	0,7	0,7	0,5	0,4	0,9	1,2
Shareholders' interest to total assets	**11,3**	11,8	11,9	11,6	8,6	9,7	10,7	8,2	9,6	11,6

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.

OUR

LEADERSHIP

AL BARAKA BANK EMPLOYS A UNITARY BOARD STRUCTURE COMPRISING:

6 INDEPENDENT NON-EXECUTIVE DIRECTORS
1 NON-EXECUTIVE DIRECTOR
4 EXECUTIVE DIRECTORS

BOARD OF DIRECTORS:

During the 2017 financial year, Al Baraka Bank's highly skilled and dedicated board of directors comprised the following members:

NON-EXECUTIVE DIRECTORS

AA Yousif (62) - Bahraini
Chairman

- MBA
- Joined the board in 2005
- President and chief executive: Al Baraka Banking Group

INDEPENDENT NON-EXECUTIVE DIRECTORS

SA Randeree (55) - British
Vice chairman and lead independent director

- BA (Hons), MBA
- Joined the board in 2003
- Board committee memberships

■ DAC □ BCC ■ REMCO

F Kassim (59) - Sri Lankan

- EMP - Harvard Business School
- Joined the board in 2006
- Board committee memberships

□ DAC □ SEC

A Lambat (59) - South African

- CA (SA)
- Joined the board in 2006
- Board committee memberships

■ RCMC □ BCC □ AC

MS Paruk (63) - South African

- CA (SA), F. Inst.D
- Joined the board in 2004
- Board committee memberships

■ BCC □ RCMC □ AC □ REMCO

NJ Kunene (61) - South African

- B.Com, MBA, Post-Graduate Diploma: Business Management
- Joined the board in 2015
- Board committee memberships

■ SEC □ DAC

YGH Suleman (60) - South African

- CA (SA), Chartered Director (SA)
- Joined the board in 2016
- Board committee memberships

■ AC □ REMCO

EXECUTIVE DIRECTORS

SAE Chohan (52) - South African
Chief executive

- CA (SA)
- Joined the board in 2004
- Board committee memberships

□ SEC □ BCC

MJD Courtiade (64) - French
Chief risk executive

- CA (SA)
- Joined the board in 2004
- Board committee memberships

□ RCMC

A Ameed (36) - South African
Financial director

- CA (SA)
- Joined the board in 2014
- Board committee memberships

□ BCC

M Kaka (38) - South African
Chief operating officer

- CA (SA)
- Joined the board in 2015

BOARD COMMITTEE LEGEND:

□ AC - Audit committee
□ RCMC - Risk and capital management committee
□ BCC - Board credit committee
□ DAC - Directors' affairs committee
□ REMCO - Remuneration committee
□ SEC - Social and ethics committee
■ Committee chairman

ADMINISTRATION:

Company secretary
CT Breeds BA LLB

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

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

Transfer secretaries
Computershare Investor Services (Pty) Ltd.
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196

Auditors
Ernst & Young Inc.
1 Pencarrow Crescent, Pencarrow Park
La Lucia Ridge Office Estate, Durban, 4051

COMPANY DETAILS

Registered name: Albaraka Bank Limited
Registration Number: 1989/003295/06
FSP Number: 4652
NCR Registration Number: NCRCP14
Albaraka Bank Limited is an Authorised Financial Services and Credit Provider
Albaraka Bank Limited is an Authorised Dealer in Foreign Exchange

BUSINESS

STATEMENT

BUSINESS AND POSTAL ADDRESS
HEAD OFFICE:
2 Kingsmead Boulevard, Kingsmead Office Park
Stalwart Simelane Street, Durban, 4001
PO Box 4395, Durban, 4000

REGIONAL OFFICE: GAUTENG
22 Cradock Avenue, Cradock Square, Office 01006
First Floor, Regent Place, Rosebank, Johannesburg, 2196
PO Box 42897, Fordsburg, 2033

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

GAUTENG
Corporate manager: Z Khan
22 Cradock Avenue, Cradock Square, Office 01006
First Floor, Regent Place, Rosebank, Johannesburg, 2196
PO Box 42897, Fordsburg, 2033

CAPE TOWN
Manager: I Modack
Cnr. 42 Klipfontein and Belgravia Roads, Athlone, 7764
PO Box 228, Athlone, 7760

PROFESSIONAL OFFICE: GAUTENG
Relationship manager: M Dadabhay
22 Cradock Avenue, Cradock Square, Office 01006
First Floor, Regent Place, Rosebank, Johannesburg, 2196
PO Box 42897, Fordsburg, 2033

RETAIL BRANCHES:
GENERAL MANAGER: D DESAI
ASSISTANT GENERAL MANAGER: N SEEDAT

KINGSMEAD (DURBAN)
Sales manager: R Karodia
2 Kingsmead Boulevard, Kingsmead Office Park
Stalwart Simelane Street, Durban, 4001
PO Box 4395, Durban, 4000

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

FORDSBURG (JOHANNESBURG)
Sales manager: N Cassim
32 Dolly Rathebe Road, Fordsburg, 2092
PO Box 42897, Fordsburg, 2033

LENASIA (JOHANNESBURG)
Sales manager: A Ahmed
Shop 20, Signet Terrace, 82 Gemsbok Street
Extension 1, Lenasia, 1827
PO Box 2020, Lenasia, 1820

LAUDIUM (PRETORIA)
Sales manager: H Essop
Laudium Plaza, Cnr. 6th Avenue and Tangerine Street
Laudium, 0037
PO Box 13706, Laudium, 0037

ROSEBANK (JOHANNESBURG)
Senior banking officer: M Salajee
Shop G20, The Zone, 117 Oxford Road, Rosebank, 2196
PO Box 42897, Fordsburg, 2033

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

CUSTOMER SERVICES:
Call: 0860 225 786
Email: customerservices@albaraka.co.za
SMS: 43893
Web: www.albaraka.co.za
WhatsApp: +27 84 786 6563

STATEMENT

COMING OFF THE BACK OF THE WEAKEST ECONOMIC GROWTH PERFORMANCE BY THE SOUTH AFRICAN ECONOMY IN 2016 SINCE THE GLOBAL FINANCIAL RECESSION, 2017 PROVED TO BE AN ALMOST EQUALLY TOUGH YEAR.

ECONOMIC OVERVIEW

Political uncertainty in the wake of two Cabinet reshuffles and revelations of the extent to which corruption and State capture had expanded, resulted in downgrades in the country's sovereign credit ratings. By year-end, credit ratings with the exception of those by Moody's, had been reduced to junk status. Business and consumer confidence declined to its lowest levels in decades.

In spite of such headwinds, the economy showed signs of gradual revival from the second quarter, inspired by the dissipation of drought conditions in most parts of the country and unexpected firmness in the Rand, driven by a build-up of risk appetite for risky assets on international financial markets. An abundance of global liquidity generated in recent years by progressive programmes of quantitative easing by leading central banks helped generate the most optimistic global economic environment since the Great Recession. With interest rates in most countries at low levels for some seven years, excess global liquidity drove equity prices to record highs world-wide and also increased the attractions of South Africa's debt markets, offering highly competitive interest rates. In addition, as a leading commodity exporter, South Africa's trade and current account deficits narrowed sharply in the wake of a strong recovery in commodity prices. Resultant appreciation of the Rand, in spite of low levels of business confidence, enabled inflation to come in substantially lower than was expected and facilitated a reduction in interest rates in July, helping to boost disposable income.

The gradual improvement in indicators relating to the real economy was supplemented by newfound optimism, based on Mr Cyril Ramaphosa's election as the ANC's new President. Being associated with investor-friendly policies, his ascent to almost certain leadership of the country resulted in hopes for structural reforms and new investment, likely to boost economic growth.

In turn, the fiscal situation could be eased, paving the way for credit ratings to stabilise at current levels, rather than being downgraded universally to junk status. The further recent appreciation of the Rand to its best levels in three years, creates the space for inflation to decline still further and, possibly, for interest rates to be similarly reduced. Consequently, there is scope for modest further growth in consumer spending, a re-building of inventories and renewed capital investment, all of which stand to increase economic growth to a level of almost 2% in 2018. Unfortunately, there are still risks to such a positive outlook, both globally and domestically. Overheated stock markets, the threat of increased protectionism internationally and uncertainty regarding Mr Ramaphosa's ability to implement his ambitious programme of political and economic reforms, could cause the Rand to reverse gains of the past year, restricting recovery in domestic growth driven by lower inflation and reduced interest rates. Even so, the country could be on the cusp of a turn-around from the declining fortunes of the past decade.

AL BARAKA BANKING GROUP

Durban-based Al Baraka Bank, represented across South Africa, is a subsidiary of Bahrain-based Al Baraka Banking Group, an acclaimed global leader in Islamic banking. The group currently has a presence in 16 countries around the world, operating in excess of 700 branches. Its expansionist strategy saw the 2017 establishment of BTI Bank S.A. in Morocco, together with preliminary moves to develop an East African presence, as a region with an appetite for Shariah-compliant banking.

Al Baraka Banking Group also continued its impressive growth trajectory in 2017, in spite of a difficult global economy, as evidenced by its 2017 financial results, which illustrated growth in assets. Total assets exceeded US$25,5 billion in 2017, an increase of 9,0% over the 2016 financial year. The period also saw the group's exceptionally successful launch of a $400 million Sukuk (Islamic bond), which rapidly became over-subscribed.

Al Baraka Banking Group regards banking as integral to society and maintains that it has a decisive role to play in safeguarding resources placed in the care of bankers. It is unwavering in its reliance on Shariah principles and plays an important role in the successes of clients and advancement of society, including both businesses and individuals.

FINANCIAL PERFORMANCE: SOUTH AFRICAN SUBSIDIARY

In line with the measured resurgence of the South African economy, we were pleased to have posted encouragingly positive financial results for the 2017 financial year.

Net income before tax for 2017 amounted to R74,1 million, up 27,0% over the previous year's R58,0 million, attributable - to some extent - to a gradual improvement in prospects for the economy. Total assets increased by 10,0% from R5,3 billion in 2016 to R5,9 billion in 2017, while our pragmatic management of capital requirements saw advances growth of 12%, or R529,0 million, against 6,5% or R247,0 million in 2016. Our 2017 financial performance is most encouraging, given prevailing economic and social concerns and flow from a series of 2016 bank-implemented growth initiatives.

In line with our ongoing strategy, the review period also saw our implementation of the second phase of Sukuk (Islamic bond), introduced the previous year as a mechanism to ensure the efficient management of our capital requirements. This mobilised R10,0 million in the 2017 financial year.

The period also saw our commencement of interaction with this country's financial regulators with regard to the legal framework behind and regulatory requirements for the potential issuance of a locally-issued Sovereign Sukuk.

A buoyant retail foreign exchange market led to substantial growth in transactions during 2017, with unprecedented demand for our bouquet of foreign exchange services by those travelling internationally. This was driven, to a great extent, by our 0% commission offering, highly competitive rates and outstanding service.

It was further offset by growing uptake of our Shariah-compliant Forward Exchange Cover product, introduced during the course of 2016 as an extension to our foreign trade facilities. The product immediately sparked great interest by clients looking to hedge against foreign currency risk through the ability to purchase forward cover from the bank.

In addition and given our commitment to actively embracing the digital age, we moved to finalise the first of a planned series of banking Apps during 2017. Our Foreign Exchange App is to be introduced to ensure our clients' ability to interact with the bank anytime, anywhere, creating significantly improved foreign exchange service efficiency.

On the back of the success of these new product offerings, the bank also established a fully Shariah-compliant seven-day short-term returns product and introduced a Premium Plus Account, which is expected to significantly increase deposits with the bank into the future. Importantly, too, we took steps to appreciably improve the functionality of our debit card option, expanding its usage base by creating the ability for clients to now operate their debit cards

CHAIRMAN AND CHIEF EXECUTIVE'S

STATEMENT

internationally, while also introducing a 'card not present' transaction mechanism. We regard these innovations as a notable step forward in the ongoing quest to improve and expand our product and service offering, so better meeting the growing demands of our client base.

In similar vein, we undertook a re-evaluation of the manner in which we interact with our clients and the channels available for such linkages.

Whilst actively and effectively utilising traditional communication conduits, we recognise the need in today's digital world to further embrace social platforms. Accordingly, the bank has developed a soon-to-be-launched smart phone-enabled process for swiftly interacting with clients and addressing queries.

In a further digital development, we implemented paperless application procedures for clients wishing to take-up our foreign exchange and transactional banking services. The decision, taken in the interests of improving client service and becoming significantly more efficient in our interaction with clients and prospective clients, paves the way for the introduction of further paperless application options going forward.

Our paperless philosophy and automation capabilities also gave effect to the conducting of director evaluations digitally, a move which has had an instantly positive impact. Importantly and in line with the technological advances made, we introduced a new software system in 2017, enabling the bank to conduct internal audits quickly and efficiently.

From an operational perspective, rapidly growing calls for our Shariah-compliant banking services necessitated a substantial upgrade and extension to our Laudium, Pretoria, branch during the course of 2017. This was complemented by the completion of phase one of an upgrade to our Athlone, Cape Town, branch. Phase two is planned for implementation during 2018.

In a further 2017 infrastructural development, we responded to phenomenal growth experienced in the Gauteng region by transforming our incredibly popular dedicated foreign exchange bureau, located in the heart of Rosebank's trendy business area, into a full branch. It now offers a complete suite of products and services for the benefit of our clients there, many of whom are professionals.

It is particularly gratifying to note the continued growth in client levels and frequency of transactions in Gauteng, Western Cape and KwaZulu-Natal, indicative of the increasing trend towards Islamic banking as a viable alternative to traditional banking in South Africa; a trend mirrored globally, with Islamic banking regarded as one of the fastest growing sectors world-wide.

Regrettably, however, 2017 also witnessed a decision to close our Port Elizabeth outlet, which was established in 2008, but which failed to gain traction. Although the outlet represented less than 1% of our total book, its closure did not result in our withdrawal from servicing clients in and around this Eastern Cape city. We instead used our technological ability to introduce a considerably more efficient 'virtual' banking service, with existing Port Elizabeth clients being serviced electronically via our Kingsmead, Durban branch.

Our adoption of technology has, without question, considerably boosted business efficiencies, in turn giving effect to an easy, seamless and rewarding banking experience for all our clients and, especially those in Port Elizabeth, whose best interests remain dear to us. We continue working to enhance client linkages, creating mutually beneficial relationships, whilst continuing to ensure the financial well-being of all those using our services.

MANAGING RISK

Cyber crime and money laundering are increasing globally and South Africa is not immune to the effects of this scourge. We take the threat of cyber crime and money laundering most seriously.

The bank is an active member of the South African Banking Risk Information Centre (SABRIC) and our strategic relationship with this organisation better equips us to manage and assess cyber crime risk and has resulted in our implementation of policies and procedures to control and deal with the global blight of cyber attacks. Recent legislative revisions have also prompted us to tighten our anti-money laundering capabilities, with the 2017 introduction of a new automated system to identify risk. This is evidence of our ongoing commitment to statutory and regulatory requirement compliance.

Confirmation of the conservative nature of our bank's credit policies vests in the considerable resources we invested during 2017 in ensuring the successful implementation by 01 January 2018 of a new International Accounting Standards Board accounting standard. The execution of International Financial Reporting Standard (IFRS) 9: Provisions, has resulted in a positive impact on the bank, with an envisaged decrease in historical provisions made by the bank.

DIVIDEND

We are pleased to report that for the 12th consecutive year, Al Baraka Bank has declared a dividend for the benefit of shareholders. The board-approved dividend for the 2017 financial year was 50c per share.

CUSTOMER SERVICE

We have long regarded client service excellence as a way of life and strive constantly to enhance our ability to better and more efficiently meet and exceed client expectations.

In a move designed to take the bank's client experience to an altogether new level, we have approved and are set to implement, as part of an Al Baraka Banking Group-wide initiative, a key project. This project entails replacing our entire banking system with a radically upgraded version by the year 2020, introducing markedly better operational efficiencies and the streamlining of our client service abilities.

SHARIAH COMPLIANCE

During 2017, we devoted time and resources to the evaluation of a new guideline provided by the regulating authority in Bahrain, giving consideration to the further formalisation of the structures and objectives governing Shariah compliance.

The guideline, which is currently being analysed, will have important and far-reaching consequences and once implemented is poised to give effect to the considerable improvement of governance in terms of Shariah compliance into the future.

FAREWELL TO RETIRING DIRECTOR

We take this opportunity to formally bid farewell to Mr Jacques Courtiade, a long-serving executive director of the bank, who is set to retire on 31 March 2018. Mr Courtiade joined the bank as our financial director in 2004, serving both bank and board with distinction and contributing in no small measure to the steady growth trajectory we have enjoyed over past years.

He was appointed chief operating officer in 2013, with Mr Abdullah Ameed assuming the position of financial director. In 2017, Mr Courtiade relinquished his position to take up the role of chief risk officer, responsible for the bank's regulatory, compliance, risk and credit activities. Executive director, Mr Mohammed Kaka, who was appointed a director in 2015, replaced Mr Courtiade as chief operations officer, assuming responsibility for corporate and retail branch operations, whilst retaining responsibility for our electronic banking and international banking activities.

We, on behalf of the board, thank Mr Courtiade most sincerely for his positive involvement in the development of the bank and,

STATEMENT

accordingly, wish him every success for the future.

FUTURE PROSPECTS

Looking to the future, our board has approved a new strategy, designed to ensure that our business becomes ever more closely aligned with Al Baraka Banking Group's international strategy.

This involves four key objectives, nine initiatives and 16 action plans which, combined, will give effect to an intense focus on the segmentation of our marketing efforts in terms of five major revenue streams, being advances, deposits, foreign exchange, transactional banking and unit trusts. Such concentration aims to significantly increase non-funding income levels for the benefit of the bank.

APPRECIATION

In conclusion, the growth and development of our banking business during the reporting period is testament to the ever-increasing commitment displayed by our numerous stakeholders.

We must, therefore, express our thanks to Al Baraka Banking Group for its constant support of our business unit; support which has, in no small measure, contributed appreciably towards the business successes from which we have benefited in the past. We also extend our grateful thanks to the members of our board, individuals who have given so willingly of their time and expertise to lead the bank on the path to growth and development and whose decision-making has been to the ultimate benefit of our many shareholders and, more especially, clients. There can be no doubt that it is their continuous drive and application of their business acumen which keeps our bank at the cutting-edge of Islamic banking in South Africa.

It would be remiss of us not to thank our executive team, senior management and members of staff for their extra-ordinary effort, commitment and diligence in 2017. We are grateful to have within our ranks a staff team whose dedication to the bank and its clients is quite exceptional.

Finally, to our clients and shareholders, thank you for your ongoing support of Al Baraka Bank. It is our pleasure to serve you and we look forward to continuing to forge mutually beneficial and long-term relationships with you going forward. We now look to the future with confidence. Our objective, as we embark on another financial year, is quite simple; it is to deliver the energy and apply the perseverance necessary to impact positively on the lives of our clients and shareholders, for the greater good of society.

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

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Adnan Ahmed Yousif
Chairman

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Shabir Chohan
Chief executive

23 March 2018

HUMAN RESOURCES

REPORT

AL BARAKA BANK'S ORGANISATIONAL DEVELOPMENT, UNDERPINNED BY A RENEWED FOCUS ON THE BANK'S VALUES, MISSION AND VISION, HAS RESULTED IN AN AWAKENING WHICH IS DRIVING THE ORGANISATION TOWARDS A HIGH PERFORMANCE CULTURE AND CUSTOMER SERVICE EXCELLENCE ETHOS.

The advent of this 'business unusual' approach has created a stimulus for change in human capital management under the pillars governing the human resources discipline. In spite of various human resources challenges faced by our growing organisation, Al Baraka Bank was successful in attracting and retaining high calibre employees during the review period; employees who regard the bank as their employer of choice and who have displayed a commitment to the journey towards our 2020 transformation milestone and beyond. Indeed, as the bank evolves, the strategic alignment and business partnering function of the human resources division - as an agent for change - will become ever more critical in supporting the growth and transformation of the business.

TALENT ACQUISITION

Although the hunt for critical scarce-skilled talent within the financial industry sector remains a constant challenge, we were most successful in filling many vacant positions, especially within the Gauteng region which has been identified as presenting significant new growth opportunities. In addition, a modification to the recruitment strategy designed to source talent at graduate level for development to the next level of work has proved to be sustainable for the bank. We, at Al Baraka Bank, pride ourselves on having the ability to apply stringent processes to ensure the attraction of high calibre members of staff who are the ideal culture-fit for our organisation.Importantly, with an average age staff profile of 33 years of age, Al Baraka Bank has served as an incubator for many young, professionally qualified employees, enabling them to be groomed, developed and promoted within the organisation.

TRAINING FOR EXCELLENCE

The appointment of various trainers, expert in a range of subjects and raised within the Bank, has given effect to the significant upliftment of training services offered, appropriately meeting the demanding expectations associated with a growing and fast-paced business enterprise. Based on the dual philosophy of 'Do it right first time' and 'Yes we can,' the bank's training strategy for 2017 focused on getting back to basics with regard to both our new and existing products and services, policies and procedures, customer service and regulatory requirements. The adoption of a blended learning approach, coupled with coaching and mentoring, has proved to have had a positive impact on staff training and development.

The enhancement of the training support function within the human resources division will continue to receive high-level attention in 2018.

PLANNING FOR SUCCESSION

Our ongoing succession planning initiative means that the planned retirement of certain members of senior management during 2018 will not impact on our ability to continue operating seamlessly in the face of such inevitable changes. It is pleasing, therefore, to report that in the face of the imminent retirement of certain members of staff, we have identified the next generation of leadership for succession and development. Strategic initiatives, such as the implementation of an accelerated career development programme for 'high flyers' will contribute significantly in the preparation of earmarked talent within the leadership pipeline in 2018.

MANAGING FOR IMPROVED PERFORMANCE

In keeping with the fostering of a high-performance culture, the implementation of the bank's performance appraisal processes has received significant attention. The strategic intention is to reward and develop high performers, whilst simultaneously managing to improve the performance of all employees in an effort to ensure that the minimum standards are met, maintained and improved upon. In 2017, the bank for the first time adopted a pay for performance model, linked to its annual remuneration increases. Such initiatives are regarded as holistic processes and involve the commitment of all parties towards a common goal; that of achieving the bank's strategic business objectives.

ORGANISATIONAL CHANGE

As the financial services sector becomes more competitive and disruptive every day, we acknowledge the need to transform as an organisation, becoming ever more customer-centric and technologically innovative. It has become necessary to revise our organisational structure so as to give effect to efficiency of operation, a move which will unquestionably have a positive impact on our customer service. Crucially, our retail division's centralisation project will have the effect of streamlining processes, so creating a sales and customer-focused business environment.

CELEBRATING OUR SUCCESS

Employee recognition and training graduation functions are special events on our human resources calendar. We ensure that we go the extra mile in celebrating and recognising our employees for their achievements and the outstanding contributions they make. Such employee recognition events contribute significantly to our staff retention strategy and assist in improving our staff members' affiliation to the Al Baraka Bank family ethos.

TALENT MANAGEMENT

As part of the strategic alignment of human resources to the bank's overall business strategy, a comprehensive 'people strategy' is in the process of being developed with a view to ensuring that our members of staff are always meaningfully engaged. In the knowledge that the pillars of human resources are strategically and inextricably linked, we regard it as imperative that we constantly strive to improve the organisational climate within which we operate. Staff wellness and satisfaction has been - and remains - extremely important to us. Accordingly, our leadership focus for 2018 is to further improve employee morale and maintain a healthy and sustainable workforce into the future.

	AIC*		White		Total		Total
	Male	Female	Male	Female	Male	Female	
Top and senior management	3	0	1	0	4	0	4
Professionally qualified and experienced specialists in mid-management	29	11	4	2	33	13	46
Skilled technical and academically qualified workers, junior management and supervisors	73	79	2	1	75	80	155
Semi-skilled and discretionary decision-making	32	92	1	0	33	92	125
Unskilled and defined decision-making	4	7	0	0	4	7	11
Total	**141**	**189**	**8**	**3**	**149**	**192**	**341**

STATEMENT

DISRUPTION, FINTECH AND CYBER SECURITY HAVE DOMINATED DISCUSSION BOARDS, ENCOURAGING THE EXPLORATION OF ALTERNATIVE SOLUTIONS TO TRADITIONAL PROCESSES, THE ADOPTION OF UNCONVENTIONAL TECHNOLOGIES AND THE RAISING OF THE BAR ON SECURITY LEVELS TO PROTECT THE WEALTH OF CORPORATE AND CUSTOMER INFORMATION.

Organisational growth and sustainability has remained a core focus area, underpinned by the opportunities presented through technology-enablers, while being mindful of customer experience, processing efficiencies and good corporate governance.

Information security risks were heightened during the period under review with greater emphasis being placed on security monitoring, infrastructure visibility, user awareness and recovery.

Key technology projects implemented during the review period include a Paperless Customer Onboarding Solution, which is being successfully used on a national basis, with consultants signing up individual customers for investment, foreign exchange applications and transactional banking, with onboarding for Unit Trusts set to follow.

The solution has resulted in a considerable improvement in processing efficiencies, data accuracy and a reduction in our carbon foot-print, while offering customers a digital experience.

In the mobile applications space, a 'Forex App' has been developed and released.

Enhanced anti-money laundering reporting systems were also implemented, including automated suspicious transaction reporting to the Financial Intelligence Centre.

In support of a group initiative to consolidate technologies and enhance banking platforms for selected subsidiaries, Al Baraka Bank intends implementing a new core banking system, targeted for release in 2020. Selected systems will be retained and re-integrated into the new platform.

In this regard, existing technology projects have been prioritised for completion ahead of the core banking system replacement project, which is planned to commence during the second quarter of 2018.

It is envisaged that the changes will introduce a positive organisation-wide impact in terms of renewed systems and capabilities, refined processes and enhanced technology infrastructure.

Cyber security initiatives led to the formulation of a draft Cyber Security Risk Framework and the updating of IT Security policies, in line with best practice.

The bank also introduced 24/7 security monitoring services as a means of further enhancing incident response and recovery capabilities. Security awareness programmes have been pervasive through presentations and communications, and, more recently, an e-learning platform to encourage ongoing organisation-wide understanding and the prevention of risks.
The bank adopts a multi-layered approach to security safeguards, including demilitarised zones within a firewalled environment using the latest technologies.

These include the Distributed Denial-of-Service (DDoS) protection capable of mitigating global attacks, Mobile Device Management systems, Endpoint Compliance systems including Anti-Phishing, Anti-Malware and Anti-Spam filters, the uptime monitoring of selected systems and the phased replacement of end-of-life technologies.

The alarming rate of cyber threats has prompted ever greater introspection of potential vulnerabilities, hardening of security layers and the reinforcement of response and recovery mechanisms, bolstered by privacy laws, corporate governance and cyber security strategies, to protect the interests of all stakeholders.

Information technology imperatives to reinforce awareness, design counter-measures and regularly enhance the bank's cyber-security programmes will remain an ongoing process.

Business continuity solutions implemented incorporate high availability technologies which replicate critical systems at an off-site location based in Gauteng.

In the unlikely event of a disaster at the bank's data centre in Durban, one or more critical systems may be switched over, so ensuring continuity of essential services.

The next phase requires the upgrade of data lines and network infrastructure to support branch inter-connectivity and switching during failover conditions.

With the advent of the new core banking system, high availability solutions will need to be revisited, in line with the implementation of the banking system project.

The implementation of the new core banking system by 2020, supplemented by professional services and the up-skilling of staff, will see the organisation-wide rationalisation of technologies capable of taking the bank into the foreseeable future as its new foundation.

While customer-centricity, information technology risk, cyber security and corporate governance remain at the cornerstone of our business and IT strategies, IT agility remains a key enabler for organisational growth through the improvement of efficiencies, a reduction of costs and an increase in profitability, with disruptive technologies, such as block-chain, fintech solutions and cloud-based services presenting opportunities to re-think broader-reaching service delivery channels in a more cost-effective manner.

REPORT

AL BARAKA BANK'S BOARD OF DIRECTORS IS COMMITTED TO ETHICAL AND EFFECTIVE LEADERSHIP IN PURSUIT OF ITS GOVERNANCE OUTCOMES.

AL BARAKA BANK'S GOVERNANCE JOURNEY TO KING IV

The King IV Report on Corporate Governance was launched in November 2016 and became effective for financial years starting on or after 1 April 2017. The board approved Al Baraka Bank's King IV implementation process over three phases during the course of 2017, comprising:

- The formulation phase;
- The identification and collation phase; and
- The implementation and reporting phase.

The board has supervised the successful completion of this three-phased implementation of King IV principles.

2017 GOVERNANCE REVIEW

The board has successfully led Al Baraka Bank in the discharge of its governance responsibilities for 2017. This was primarily in relation to:

- Steering and setting strategic direction for Al Baraka Bank;
- Approving policy and planning that give effect to the strategy and the set direction;
- Overseeing and monitoring implementation and execution by management; and
- Ensuring accountability for the bank's performance through ongoing reporting and disclosures.

In addition, the board continues striving to ensure that it gives effect to the governance outcomes envisaged by King IV, which comprise:

- The development and maintenance of an ethical culture;
- Good performance;
- Effective control; and
- Legitimacy.

STRATEGY FORMULATION

The board approves the long-term and short-term strategies for the bank, ensuring that these strategies are aligned with the four strategic objectives of Al Baraka Banking Group. These four strategic objectives comprise:

1 INCREASING RETURNS TO SHAREHOLDERS AND DEPOSITORS

2 DEVELOPMENT OF INNOVATIVE PRODUCTS

3 IMPROVING CUSTOMER SERVICE AND STAFF SATISFACTION

4 ENHANCEMENT OF TECHNOLOGY AND INTERNAL PROCESSES

During 2017, the board unpacked these strategic objectives into nine initiatives and 16 action plans to specifically ensure the strategy of the bank meets the expectations of key stakeholders. The board is satisfied that the objectives, which it set for 2017, have been satisfactorily achieved.

ROLE AND FUNCTION OF THE BOARD

The board functions within the ambit of a comprehensively written charter, which is subjected to regular review and complies with the provisions of the Companies Act, the Banks Act and the bank's Memorandum of Incorporation. In addition, the board oversees and approves the bank's management structure, which directs and executes all functions within the business. In 2017, the board met on four occasions and once separately with the Reserve Bank, which meeting formed part of the Reserve Bank's regulatory programme. The board places great value on such meetings with the Reserve Bank, which allows the board to engage with this key regulator in an open and transparent manner.

BOARD STRUCTURE AND COMPOSITION

Al Baraka Bank has a unitary board structure comprising 11 directors, six of whom are classified as independent non-executive directors, whilst one is classified as a non-executive director with the remainder of the directors being executive directors. The executive directors comprise the chief executive, the chief operating officer, the chief risk executive and the financial director.

BOARD COMPOSITION

6 INDEPENDENT NON-EXECUTIVE DIRECTORS

1 NON-EXECUTIVE DIRECTOR

4 EXECUTIVE DIRECTORS

The board enjoys a broad range of skills, experience and industry knowledge, which enables robust decision-making and strategy setting, as well as ensuring the appropriate balance of power and authority so that no single individual has unfettered decision-making powers.

APPOINTMENT OF THE CHAIRMAN AND LEAD INDEPENDENT DIRECTOR

The roles of the chairman and chief executive are well-defined and separated. The chairman of the board, Mr AA Yousif, is the only director classified as being 'non-executive' by virtue of the fact that he holds the position of president and chief executive of Al Baraka Banking Group. The board has confirmed Mr Yousif as the chairman for the 2018 financial year, given his extensive knowledge of, and experience in, the banking industry as a whole. The board has adopted the additional governance practice of electing, on an annual basis, a deputy chairman who serves as a lead independent director. In this way, the bank's governance practices are and remain transparent and in-keeping with the spirit of the King Code.

The role of the lead independent director is covered under King IV and includes, among others:

- Leading in the absence of the chairman;
- Acting as an intermediary between the chairman and the other members of the board; and
- Chairing discussions and decision-making on matters where the chairman has a conflict of interest.

Mr SA Randeree has occupied the position of deputy chairman and lead independent director for the past several years and has, accordingly, been confirmed to continue these responsibilities for 2018.

An annual review is undertaken by the director's affairs committee in respect of the composition of the board and the respective board committees, which includes an assessment of the skills, experience and overall contributions made by the current set of directors serving on the board. Having conducted its review of the board and board committee composition earlier in 2017, the board supported the recommendations made by the directors' affairs committee that there be rotation of chairmanships across some of the board committees in 2017, in order to give effect to specific governance objectives.

DIRECTOR NATIONALITY

7 SOUTH AFRICAN

1 BRITISH

1 BAHRAINI

1 SRI LANKAN

1 FRENCH

This process commenced with Mr MS Paruk stepping down as chairman of the audit committee and assuming the chairmanship of the board credit committee, which entailed the current chairman, Mr Randeree, standing down as chairman of the board credit committee. Mr Randeree also assumed the chairmanship of the remuneration committee, pursuant to the retirement of Mr YM Paruk.

During the course of 2017, the bank bade farewell to two long-serving directors of the board, being Mr MG McLean and Mr YM Paruk, both of whom stepped down in terms of the bank's succession planning objectives.

FUTURE PLANNING

The board fully embraces the King IV recommendations of setting targets in respect of transformation and gender representation on the board. It is anticipated that 2018 will see the addition of new skills and talent to the board, taking into account the board's succession plans.

DIRECTOR AGE ANALYSIS

2 UNDER 50 YEARS

4 BETWEEN 50-60 YEARS

5 OVER 60 YEARS

The board also regularly monitors whether there is appropriate succession planning at executive and senior management level, regarded as key to the continued growth and sustainability of the bank.

DIRECTOR INDEPENDENCE

The director's affairs committee reviews the independence of directors annually for approval by the board. In terms of the King IV recommendations, the board is required to assess the independence of those independent directors who have served on the board for more than nine years. The independent status of such directors is subjected to rigorous debate, ensuring that board members continue to exercise objective judgement and that there is no interest, position, association or relationship which, when judged from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making of the respective board member.

The directors' affairs committee considered the independence of those directors who have served for longer than nine years and declared that, notwithstanding their respective lengths of service on the board, these directors continue to meet the requirements of an independent director, as set out under King IV.

DIRECTOR INDUCTIONS

Whilst there were no director appointments during 2017, the board has in place a well-developed induction programme. Key features of this programme include:

- An extensive overview of the business operations of Al Baraka Bank;
- Engagements with key members of management staff; and
- Enrolment with an external institution on board and board leadership matters.

ONGOING DIRECTOR DEVELOPMENT AND TRAINING

From a development perspective, the board supports and encourages ongoing director development, designed to foster improved governance practices, not only within the board, but throughout the organisation. Directors are kept informed of developments pertaining to legislation and regulations which impact on the bank's business framework. Where appropriate, directors are encouraged to attend external training courses, the costs of which are borne by the bank.

CORPORATE GOVERNANCE

REPORT

During the course of 2017, the board was informed of the latest developments in the spheres of Cloud Computing, Blockchain Technology and an awareness session in respect of Risk Data Aggregation and Risk Reporting principles. Given the increased importance placed on ethical leadership under King IV, the chairman of the social and ethics committee, Mr NJ Kunene, attended a workshop in respect of the Governance of Ethics by the Ethics Institute of South Africa.

It is anticipated that greater business and regulatory demands will be placed on the directors in 2018, given the disruptive nature of the modern economic environment. Coupled with increasing legal responsibilities, the identification and undertaking of relevant director training will assume significant focus in 2018.

PERFORMANCE EVALUATIONS

Board performance evaluations remain an integral part of assessing the performance and effectiveness of the board, its committees, its chairman and its individual members, along with the chief executive and the company secretary. Given the recent King IV developments with regard to performance evaluations and the usage of external facilitators, the board has supported the utilisation of electronic evaluations for 2017, which was facilitated by an industry-leading external service provider. It is anticipated that this process will enable the board to make an informed assessment of its strategic objectives for 2017 in an efficient and meaningful manner.

BOARD AND COMMITTEE ATTENDANCE

The table below records the attendance of the board and board committee members in respect of the board and board committee meetings which were held in 2017.

BOARD COMMITTEES

The board committees assist the board in the discharge of its duties and responsibilities. Each board committee has formal written terms of reference which record the rights, powers, duties and functions of the respective board committees and which are subject to regular review.

Recognising the board's responsibility for the overall performance of Al Baraka Bank, the board has appointed six standing committees to assist it in the meeting of its objectives.

These include:

- 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 board property committee which oversees the future development of the bank's Kingsmead Office Park property. It is envisaged that upon completion of the property development, this committee will have concluded its mandate and will be disbanded.

The bank's governance framework also includes various management committees, whose objectives are to support the board and board committees in the execution of their mandates. They include:

- The executive management committee;
- The executive credit committee;
- The management risk committee;
- The assets and liabilities committee;
- The FICA executive committee;
- The IT steering committee; and
- The crisis management committee.

Name of Director/Member	Board	Audit	Risk and capital management	Board credit	Directors' affairs	Remuneration	Social and ethics
AA Yousif	4/4 [1]	-	-	-	-	-	-
SA Randeree	4/4 [2]	-	-	4/4	2/2 [1]	2/2 [1]	-
F Kassim	4/4	-	-	-	2/2	-	2/2
A Lambat	4/4	5/5	4/4 [1]	3/4	-	-	-
N Kunene	4/4	-	-	-	2/2	-	2/2 [1]
YGH Suleman	3/4	5/5 [1]	-	-	-	2/2	-
MG McLean	1/4 [5]	-	-	1/4 [5]	-	-	-
MS Paruk	4/4	5/5	4/4	4/4 [1]	-	2/2	-
YM Paruk	1/4 [5]	-	1/4 [5]	-	-	-	-
SAE Chohan	4/4	-	-	4/4	-	-	2/2
MJD Courtiade	4/4	-	4/4	-	-	-	-
A Ameed	4/4	-	-	4/4	-	-	-
M Kaka	3/4	-	-	-	-	-	-
EM Hassan	-	-	4/4 [4]	4/4 [4]	-	-	-
Y Nakhooda	-	-	2/4 [3]	-	-	-	-

1 = Chairman 2 = Deputy chairman and lead independent director 3 = Risk manager 4 = General manager: credit 5 = Retired in April 2017

The board has appointed six committees, as set-out below, with the objective of these committees being to assist the board in meeting its agreed objectives.

The board has also established a property committee with the mandate to oversee the development of the bank's undeveloped property situated within the Kingsmead Office Park precinct. This committee will cease to exist upon the development of the property.

A key component of the bank's governance structure is the existence of several management committees, all of which support the board and board committees in giving effect to their objectives.

The board committees give effect to their mandates in terms of their respective charters, with their key terms of reference being as follows:

AUDIT COMMITTEE

The audit committee is mandated to oversee internal controls throughout the bank, internal and external audit functions, compliance and financial reporting and control.

A summary of some of the key terms of reference of the audit committee includes, inter alia:

- Reviewing the interim and annual financial statements, before submission to the board;
- Considering the appointment of the external auditor and the audit fees;
- Satisfying itself as to the expertise, resources and experience of management for the bank's finance function;
- Ensuring that a process of combined assurance is implemented and is appropriate in identifying the significant risks facing the bank;
- Reviewing the internal audit programme, ensuring close co-ordination between the internal and external auditors; and
- Ensuring that the internal audit function is adequately resourced and has appropriate standing with the bank.

The audit committee, which met on five occasions during 2017, confirms that it has fulfilled its responsibilities, as set-out in its charter for the year under review. All the members are independent non-executive directors and are financially literate.

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YGH Suleman
Chairman: audit committee

RISK AND CAPITAL MANAGEMENT COMMITTEE

The purpose of the risk and capital management committee is to provide assistance to the board and management in monitoring the risk, capital and liquidity functions of the bank.

A summary of some of the key terms of reference of the risk and capital management includes, inter alia:

- Approving the formal risk management functional plan for the ensuing year;
- Assisting 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;
- Identifying and regularly monitoring 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;
- Reviewing and recommending the bank's ICAAP to the board for approval; and
- Monitoring all aspects of information technology and operational risk, with key risks being recorded in a centrally-maintained risk register.

The risk and capital management committee confirms that it has fulfilled its responsibilities, as recorded in its charter for the year under review. The committee is chaired by an independent non-executive director and met on four occasions during the course of 2017.

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A Lambat
Chairman: risk and capital management committee

CREDIT COMMITTEE

The purpose of the credit committee is to review, measure and manage Al Baraka Bank's credit risk strategy and to approve advances in terms of the board-approved framework of delegated persons.

A summary of some of the key terms of reference of the credit committee includes, inter alia:

- Approving of advances in terms of the delegated powers of authority and credit mandates;
- Ensuring that the bank's credit risk management process is aligned with the group's credit risk strategy;
- Reviewing the bank's credit policies, reports and other information it deems necessary;
- Monitoring the credit recovery processes, together with progress made on matters handed over for legal action; and
- Ensuring that the bank complies with all regulatory returns in respect of credit risk functions.

The credit committee is chaired by an independent non-executive director and met on four occasions in 2017. The committee is satisfied that it has fulfilled its responsibilities, as set-out in its charter for the year under review.

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MS Paruk
Chairman: credit committee

DIRECTORS' AFFAIRS COMMITTEE

The purpose of the directors' affairs committee is to assist the board in assessing and evaluating the corporate governance structures which have been established by the board and to deal with all governance-related matters.

A summary of some of the key terms of reference of the directors' affairs committee includes, inter alia:

- Monitoring the adequacy and effectiveness of the bank's corporate governance structures;
- Reviewing the structure, size and composition of the board, in order to meet the governance requirements of the board;
- Identifying, assessing and recommending appropriate nominees to the board as part of the board's succession planning programme;
- Submitting recommendations to the board regarding methodologies for the annual assessment of the performance of the board, board committees, individual directors and the company secretary; and

- Recommending for approval by the board a fee structure in respect of the directors.

The committee is chaired by an independent non-executive director and met twice during the course of 2017. The directors' affairs committee is satisfied that it has fulfilled its responsibilities as set-out in its charter for the year under review.

Membership of the directors' affairs committee is, in terms of section 64B of the Bank's Act, limited to non-executive directors. The chief executive attends meetings of the committee by invitation only.

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SA Randeree
Chairman: directors' affairs committee

REMUNERATION COMMITTEE

The role of the remuneration committee is to advise the board on various matters pertaining to human resources, staffing and remuneration.

A summary of some of the key terms of reference of the remuneration committee includes, inter alia:
- Making recommendations to the board on succession planning, both at senior management and executive management level;
- Ensuring that employees' incentive payments are directly linked to the performance levels of the individual, as well as the business;
- Ensuring that the appropriate quality of staff is attracted, retained, motivated and appropriately rewarded by the bank;
- Reviewing various policies impacting on human resources; and
- Ensuring that a comprehensive employment equity policy exists.

The chief executive attends meetings of the committee per invitation, in accordance with the recommendations of the King IV Report on Corporate Governance.

The remuneration committee is satisfied that it has fulfilled its responsibilities as set-out in its charter for the year under review. The remuneration committee is chaired by an independent non-executive director and met on two occasions during the course of 2017.

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SA Randeree
Chairman: remuneration committee

SOCIAL AND ETHICS COMMITTEE

The role of the social and ethics committee is to ensure that the bank operates in an ethical manner and as a responsible corporate citizen, with due regard to best practice and appropriate legislation and regulations, as applicable within the financial sector.

A summary of some of the key terms of reference of the social and ethics committee includes, inter alia:
- Monitoring the impact of the bank's activities, products and services on the well-being of the environment, health and public safety;
- Monitoring the application of ethical conduct throughout the bank, including that of the bank's ethics policy;
- Monitoring the bank's commitment and contributions made in terms of its corporate social responsibility programme;
- Overseeing the bank's commitment towards its Broad-Based Black Economic Empowerment objectives;
- Reporting annually to shareholders on the activities of the committee; and
- Ensuring that the bank conducts its operations in an environmentally-friendly manner, with reference to its consumption of resources, such as water, electricity and paper.

The committee confirms that it has fulfilled its responsibilities as set-out in its charter for the year under review. The social and ethics committee met on two occasions in 2017.

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NJ Kunene
Chairman: social and ethics committee

GOVERNANCE INDICATORS

ETHICAL CONDUCT:

Ethical conduct remains central and fundamental to the manner in which Al Baraka Bank conducts its business. All employees and key stakeholders with whom the bank interacts are required to commit themselves to the highest ethical standards, as set-out in the bank's code of conduct.

TRANSFORMATION:

Al Baraka Bank fully embraces the financial sector code set-out in terms of Broad-Based Black Economic Empowerment. In terms of its current rating, the bank is classified as a Level 3 contributor.

PRESCRIBED OFFICERS:

The prescribed officers of the bank are the four members of executive management, comprising the chief executive, the chief operating officer, the financial director and the chief risk executive.

COMPANY SECRETARY

The company secretary is appointed by the board of directors. The company secretary is not a director of the bank and provides support and guidance to the board on matters relating to governance, ethical conduct and the rights and duties of directors. The company secretary is responsible for overseeing the induction and training of directors, whilst also giving effect to the process of board evaluations. The board is satisfied that the company secretary has maintained an independent and arm's length relationship with the board.

SUSTAINABILITY

REPORT

"ACTIVELY PRODUCING A SUSTAINABILITY REPORT REFLECTS A COMMITMENT TO BUSINESS TRANSPARENCY AND ACCOUNTABILITY."

PREFACE

Transparency and sustainability of operation are regarded as integral components for a sustainable economy. Stakeholders must be afforded the opportunity to hold enterprises to account and to inject capital into those which deliver innovation of thought and proactive business solutions.

Sustainability reporting is a means of demonstrably improving a company's commitment to sustainable development for the benefit of stakeholders, internal and external. Such improvement in performance enables them to impact positively on the future of society and the economy.

BANK'S APPROACH

Ethical banking forms the cornerstone of Al Baraka Bank's commitment to the furtherance of sustainability initiatives, in line with the well-established triple context framework comprising the economy, environment and society.

Giving effect to our strategic objectives, we strive to stimulate the growth of the economy and the development of society, recognising the unique dynamics of the South African business and social landscape. Accordingly, our sustainability reporting is designed to provide an understanding of our economic performance, environmental impact and social conscience. Our ongoing transparency of action indicates an enhanced business reputation, a sound balance sheet, ethical banking practices within the context of the financial services sector, greater business efficiencies and responsible environmental practices in the eyes of our stakeholders.

STRATEGIC BUSINESS OBJECTIVES

Al Baraka Bank's key business objectives include:

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

IDENTIFYING RISK AND OPPORTUNITY

Our risk and capital management committee is responsible for the identification and assessment of risks which could befall the bank. These risks are monitored by the committee on a quarterly basis through the effective utilisation of a long-established risk control assessment register.

Globally, climate change is viewed as a major risk to business. This is particularly pertinent in the South African context, given the prolonged and devastating drought affecting, especially, the Western Cape, home to the bank's busy Athlone branch. We have taken a number of steps to address this risk, not least of which includes re-emphasising for all staff the need for extreme levels of water conservation in an increasingly water-scarce country.

Other risks addressed by the committee include that of money laundering and cyber crime. Legislative changes have resulted in our implementing enhanced technology designed to identify the risk associated with money laundering. In addition, Al Baraka Bank is a member of the South African Banking Risk Information Centre, which enables us to remain at the forefront of developments and solutions in the field of cyber crime. In this regard, the bank has implemented policies and procedures to control and deal with such risk.

CORPORATE GOVERNANCE AND SUSTAINABILITY

With the launch of the King IV Report on Corporate Governance at the end of 2016, Al Baraka Bank's board has approved its King IV implementation process.

Functionally, the bank's directors' affairs committee assumes responsibility for company-wide adherence to best governance practice. In giving effect to the bank's governance ethos, we adopt an inclusive stakeholder model of governance. In so doing, we acknowledge all identified stakeholder groups in our promotion of ethical behaviour across every facet of our business.

From a Shariah perspective, the bank adheres to business principles and standards as set-out by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). In terms of Shariah governance, we are prohibited from conducting certain banking business practices.

SUSTAINABLE DEVELOPMENT DELIVERY

Recognising the importance of operating within the triple context framework, we proactively address issues within the economic, environmental and social arenas, as follows:

- **ECONOMIC ISSUES**

  As a commercial bank, Al Baraka is a valued business role-player within South Africa's financial industry sector and the greater economy. Notwithstanding the country's prevailing economic difficulties, the bank consistently maintains a positive growth trajectory.

  In addition, consideration for Islamic banking, as an alternative to conventional banking, continues gaining considerable traction in South Africa in line with global trends, which reflect Islamic banking as one of the world's fastest growing sectors.

- **ENVIRONMENTAL ISSUES**

  Al Baraka Bank is aware of and concerned about environmental degradation, especially the damaging role played by business. Accordingly, we have proactively assigned our social and ethics committee with responsibility for minimising our bank's environmental impact.

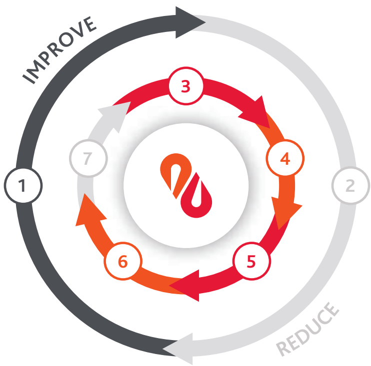
  We are cognisant of the need to address various components of our business in this regard.

  Occupational health and safety: Occupational health and safety revolves around fostering a safe and healthy work environment for staff, customers, service providers and other stakeholders with whom we may interact in the workplace.

  We accept having a legal and moral obligation to protect all those with whom our business deals against environmental hazards. In so doing, we have implemented a set of effective operating standards as part of a dynamic prevention programme, inclusive of:

  - The implementation of a comprehensive occupational health and safety policy;
  - The formation of an occupational health and safety committee - which meets quarterly - comprising 20 members of staff, drawn from the bank's branches across the country;
  - The training of occupational health and safety representatives, first-aiders and fire marshals;
  - The undertaking of monthly inspections, including detailed checklists and gap analyses per branch; and
  - The execution of at least one planned fire drill per annum per branch, which training adds value through the effective safeguarding of staff and clients in the event of an emergency.

CONTINUAL IMPROVEMENT CYCLE



1 HEALTH AND SAFETY, PRODUCTIVITY, SATISFACTION, IMAGE

2 HAZARD, INJURIES AND ILLNESS, OPERATING COSTS, RISK

3 POLICY MANAGEMENT

4 PLANNING

5 IMPLEMENTATION

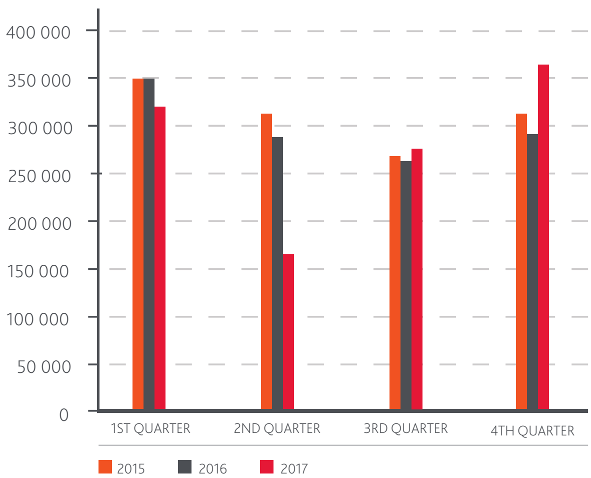
6 CORRECTIVE ACTION

7 MANAGEMENT REVIEW

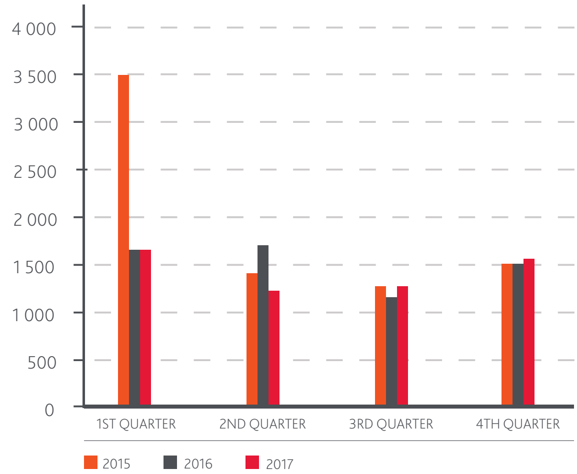
Electricity and water consumption: Al Baraka Bank measures both electricity and water consumption with a view to ensuring a notable reduction in the utilisation of both these resources.

The following graphs reflect quarterly consumption of both electricity and water on a quarterly basis for the comparative periods 2015 to 2017.

ELECTRICITY CONSUMPTION IN KW FOR 2015/16/17



KINGSMEAD WATER CONSUMPTION IN KL FOR 2015/16/17



Other initiatives: The bank has also implemented several other initiatives aimed at reducing our paper and electrical footprint. These include:

- Scanning of all documentation, creating an electronic warehouse for archive and security purposes;
- Implementing a customer on-boarding project designed to enable clients to apply for products and services electronically;
- Shredding used paper and cardboard for recycling purposes, for which a document destruction certificate is issued by the recycling service provider;
- Recycling used toner containers; and
- Installing motion detectors, LED and energy-saver light bulbs at the bank's head office to further reduce energy consumption.

- **SOCIAL ISSUES**

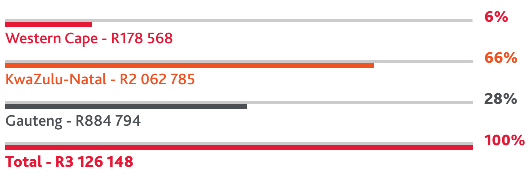
We are cognisant of the fact that the South African business community has a responsibility to address the country's social challenges, assisting to develop and empower disadvantaged communities, regardless of race, religion or gender.

In view of this, Al Baraka Bank has in place a long-standing corporate social investment programme, monitored by its social and ethics committee and practically administered by the bank's social responsibility committee. This committee strongly encourages members of staff to voluntarily participate in a variety of identified empowerment projects undertaken by the bank.

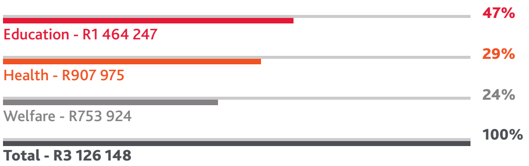
Our strong corporate social investment policy is driven by a mandate from the Bahrain-based Al Baraka Banking Group, as the bank's primary shareholder. Our social responsibility efforts revolve around three principle sectors, being education, health and welfare.

During the 2017 financial year, we donated R3,1 million to projects within these fields, the breakdown of which is depicted in the following tables, together with a further R10,2 million to a charitable trust.

GEOGRAPHICAL DISTRIBUTION - 2017



SECTORAL DISTRIBUTION - 2017



STAKEHOLDER ENGAGEMENT

By considering the triple context framework and through the bank's board-approved stakeholder engagement policy, we have identified key stakeholder groups with whom the bank interacts, as set-out in the diagram below.

In line with King IV recommendations, the bank has introduced various measures to ensure effective stakeholder engagement, inclusive of establishing a dedicated stakeholder committee, comprising members of both executive and senior management. This committee convened twice during 2017, outlining various strategic engagements.

CLIENTS

We have long regarded client service excellence as a way of life and encourage staff to 'live' service excellence in their every interaction with clients. Our goal is to better and more efficiently meet and exceed client expectations across every aspect of our business.

Client engagement enables us to:
- Meaningfully address the financial expectations of our clients;
- Augment the client experience through the provision of professional advisory services;
- Foster an exceptional banking experience for clients, in-branch and online;
- Source information from clients to meet regulatory requirements in a client-friendly manner;
- Address client queries, concerns and complaints efficiently and effectively; and
- Encourage clients to anonymously report suspected instances of fraudulent behaviour to an externally-operated anti-fraud hotline.

STAFF

Direct engagement with members of staff, who are regarded as being the bank's single most important resources, enables us to:
- Offer a safe and innovative working environment;
- Inculcate a service excellence culture within the bank;
- Involve staff in being an integral part of the drive to roll-out the bank's business strategy;
- Identify staff needs and deliver viable solutions; and
- Encourage members of staff to behave in an ethical manner at all times.

We take most seriously the need for effective:
Talent acquisition: Applying stringent processes to ensure the attraction of high-calibre members of staff who are the ideal culture-fit for the bank;

Training for excellence: Adopting a blended learning approach, coupled with coaching and mentoring, so as to impact positively on the development of staff;

Planning for succession: Implementing an accelerated career development programme for 'high flyers' with a view to replacing long-serving members of staff who are due to retire, so providing for seamless succession;

Diversity management: Ensuring dignity, trust and mutual respect for all within the bank's diverse business environment;

Transformation and employment equity: Offering career growth prospects to suitably qualified, historically disadvantaged individuals, including women and the disabled;

Employee wellness: Encouraging staff to make healthy lifestyle choices, creating opportunities for members to consult health-care professionals, where appropriate;

Staff communication: Promoting regular and ongoing communication with members of staff to ensure their understanding of the bank's strategy and business direction. This is achieved through a range of communication platforms, including:
- Regular briefings by the chief executive;
- Access to the intranet;
- Use of several social media channels;
- Opinion surveys;
- Specialist staff presentations on selected topics;
- Dissemination of an e-Newsletter; and
- Access to an anonymous tip-offs facility.

SHAREHOLDERS

Direct engagement with shareholders enables the bank to warrant that shareholders are adequately informed of developments relevant to their shareholding, including the bank's financial statements and the passing of resolutions which impact on the company's business.

Engagement provides for:
- The sharing of information at annual general meetings of the bank;
- The updating of shareholder records; and
- The provision of literature relevant to shareholders.

COMMUNITY

Direct engagement with the community enables the bank to nurture strategic relationships, including, but not limited to, client-related linkages and social and environmental obligations.

Engagement provides for:
- Personal interaction with community members;
- Identification of community needs;
- Identification of potential event sponsorship opportunities;
- Targeted dissemination of community-relevant literature pertaining to the bank and its role; and
- The exploration of the potential for digital communication with communities across the country.

SUSTAINABILITY
REPORT

REGULATORY AND INDUSTRY BODIES
Direct engagement with regulatory and industry bodies enables the bank to establish and sustain meaningful working relationships, founded on the premise of transparency and honesty. We enjoy cordial relations with the financial sector's regulatory and industry bodies, interacting with:

REGULATORY BODIES:
- The South African Reserve Bank;
- The Companies and Intellectual Property Commission;
- The Financial Intelligence Centre;
- The National Credit Regulator;
- The South African Revenue Service; and
- The Financial Services Board.

INDUSTRY BODIES:
- The Banking Association of South Africa;
- The Banking Ombudsman;
- The Payments Association of South Africa; and
- The South African Banking Risk and Information Centre.

MEDIA
Direct engagement with the media enables the bank to build relationships with senior business editors and writers within a range of titles/channels across the country, including national, provincial and community print and electronic media. This ensures that Al Baraka Bank becomes known for:
- The role it plays in growing Islamic banking, as a viable alternative to conventional banking;
- The widespread awareness of the growth of Islamic banking in South Africa and beyond, as well as Al Baraka Bank's role in providing Shariah-compliant financial services;
- Being an authoritative and credible source of comment regarding financially-related matters; and
- Being the source of trustworthy, authoritative and newsworthy bank and finance-related articles.

SUPPLIERS AND CONTRACTORS
Direct engagement with suppliers and contractors, in line with our preferential procurement policy, enables us to:
- Source materials and services in accordance with the Broad-Based Black Economic Empowerment requirements of said policy;
- Give effect to the sustainable development of small business enterprises through a variety of initiatives, such as early payment solutions for services rendered and materials supplied, as well as the provision of business advisory services, as necessary;
- Ensure, through our supply chain function, the development of economically-viable and environmentally-conscious business enterprises; and
- Source materials and services through locally-based service providers for the benefit of the national economy, wherever possible.

ISLAMIC SCHOLARS AND ORGANISATIONS
Direct engagement with Islamic scholars and organisations enables the bank to communicate its role and business activities effectively and efficiently, through a range of channels, including that of both personal and electronic interaction.

CONCLUSION
Al Baraka Bank regards sustainability reporting as more than simply sharing collected data, but instead as a measure of our organisational commitment to self-assessment and continuous improvement.

Our sustainability report encapsulates the organisation's journey, as a responsible corporate citizen, to the fulfilment of the triple context framework, comprising the economy, environment and society within which we operate.

Whilst having embarked upon this crucial journey, we recognise that we have further inroads yet to make. We are, however, intent on following through, introducing additional measures and indicators to better assess our progress and so ensure that the bank remains transparent and accountable for its actions.

Whilst remaining committed to the disclosure ideals of sustainability reporting, we acknowledge that we are not yet in a position to report fully and, therefore, note that no assurance has been attained relating to the bank's sustainability measures for the 2017 financial year.

REPORT

THE DEMANDS OF REGULATORY REFORM ARE UNWAVERING, OFTEN COMPLEX AND COSTLY - YET EXTREMELY NECESSARY TO KEEP MATTERS IN GOOD STEAD, ESPECIALLY DURING THE PREVAILING TURBULENT TIMES.

The 2017 financial year brought with it extensive changes to the regulatory landscape.

The Twin Peaks model is ground-breaking for the country; strong market conduct requirements will certainly bolster the value an organisation shows a client which will, in turn, result in more favourable consumer activity.

We are confident that the full impact of this new model will be very positive and far-reaching.

The Financial Sector Regulation Act provides the architecture for the new Twin Peaks method of regulation which is to be adopted across the South African financial services industry.

Currently in South Africa, all banks are regulated by the Banking Supervision Department of the South African Reserve Bank and all non-bank financial institutions (financial services providers, insurers, pension funds, collective investment schemes and market infrastructures) are regulated by the Financial Services Board.

The Financial Sector Regulation Act creates two brand new regulators, namely the Prudential Authority and the Financial Sector Conduct Authority.

The Prudential Authority will be responsible for regulating the prudential aspects of banks and all non-bank financial institutions, whilst the Financial Sector Conduct Authority will be responsible for regulating market conduct and the safety of financial consumers.

Practically, this new set-up will see the dissolution of the Banking Supervision Department of the South African Reserve Bank, its replacement being the Prudential Authority, whilst the Financial Services Board will be transformed into the Financial Sector Conduct Authority. The South African Reserve Bank will sit above these two new regulators.

The Financial Intelligence Centre Amendment Act, another exceptionally important piece of legislation affecting the country's ongoing relationship with the Financial Action Task Force (FATF), featured quite significantly during 2017.

As promised, the National Treasury consulted with industry bodies, thus ensuring a smooth guidance period.

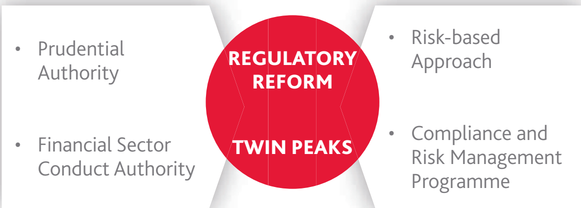
The requirements of the Amendment Act will signify a change from the previous rules-based approach to a more robust risk-based approach.

This will allow financial institutions the ability to formulate rules to suit their unique risk appetite, although guided by relevant legislation, industry standards and international best practice.

In addition, financial institutions will be able to concentrate their efforts on high-risk matters, thereby meaningfully mitigating the risk factors suffered by banks.

The first prescribed requirement to create a Compliance and Risk Management Programme allows financial institutions the freedom of writing into policy the terms and conditions they wish to adopt, although subject to the guidance provided by the authorities. These enhancements will entrench South Africa's role as a key player in the global fight against financial crime, as well as its commitment to the FATF.

TWIN PEAKS REGULATORY REFORM



The required changes to systems and controls to ensure compliance with the new regulations has commenced and is expected to take our bank to a higher level of efficiency.

We are confident that greater emphasis on risk evaluations and more enhanced screening processes will result in increasingly refined interaction with our clients.

The continuously changing regulatory requirements demand that the board, executive team, management and members of staff are kept informed of the impact of these changes, as well as the affected policies and processes that need to be invoked to effect the changes.

The bank's regulatory universe, containing legislation impacting the business, continues to play a significant role within our compliance department.

It is a critical function of compliance to interact with the various divisions within the bank to ensure that appropriate controls are in place, so ensuring compliance with various legislative requirements, regulations, supervisory requirements and international best practice.

Compliance works with business to maintain controls and safeguards, thereby ensuring that the bank is not vulnerable to money laundering, fraud and other risks.

The robust monitoring programme also ensures that we maintain a watchful eye on the level of compliance applied by line management throughout the organisation.

Monitoring in respect of the Financial Advisory and Intermediary Services (FAIS) Act, AML/CTF and various other legislation remain at the top of the list of our compliance function's priorities.

The organisation maintains a strong stance on training and strives to ensure that staff are exposed to relevant and appropriate training before they consult with relevant stakeholders.

Compliance continues to work with human resources to ensure that our members of staff receive training appropriately in line with their functions and purpose.

On an ongoing basis, staff are provided training on both legislation impacting the bank and the various policies and procedures of the bank.

Training relating to compliance issues, especially legislation matters, is co-ordinated and managed jointly by the human resources and compliance divisions.

This approach has been adopted to ensure that staff are provided the requisite practical understanding and knowledge of legislation

COMPLIANCE
REPORT

by subject matter experts.

Non-compliance with legislation and/or the policies and procedures of the bank is viewed in a very serious light, to the extent that any such breaches result in disciplinary action, especially as regards any wilful or repeated errors. The bank imposes a zero tolerance policy on non-compliance with any legislation.

The compliance division also works hand-in-hand with the secretariat, risk and internal audit divisions, ensuring adequate observance of corporate governance by the bank.

The combined efforts of these functions has resulted in the formulation of a bank-wide combined assurance model, in line with the requirements of King III and IV.

The compliance officer is invited to attend meetings of the audit committee, risk committee and the board and also enjoys representation at various EXCO meetings. Compliance also serves on a range of strategic forums and committees and provides guidance to the board and our management team, in terms of regulatory matters.

Forums include project committees, new product committees and the procedure review committee, as well as a number of ad hoc committees established for specific purposes.

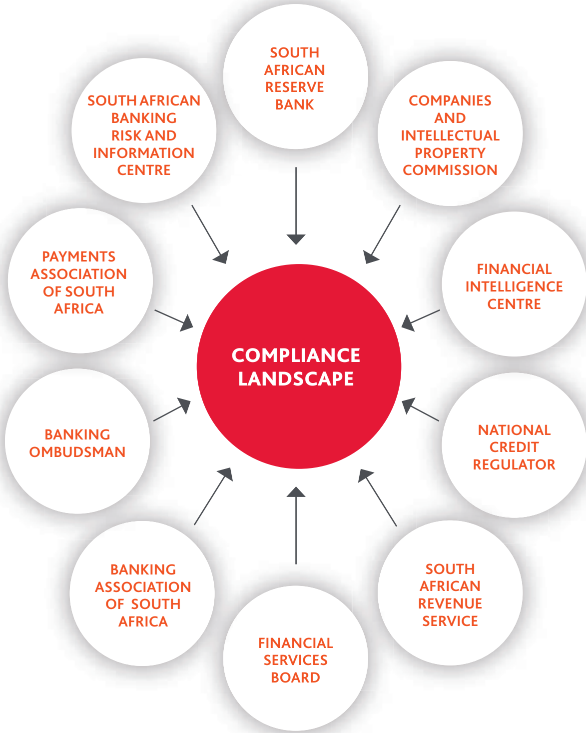
Compliance also maintains healthy, sustainable relationships with key industry stakeholders and acts as the primary interface between various regulatory bodies and the bank, as and when required.

The compliance division actively engages with various committees of the Banking Association of South Africa, the South African Banking Risk Identification Centre and a number of other ad hoc committees, so affording the bank the opportunity to make an impact on regulatory reform affecting the industry and country.

The division remains committed to ensuring the application of a philosophy of strict adherence to the letter of the law and best practise requirements.

We never falter in the application of our strict code of conduct and maintain strong corporate governance ties in all of our dealings.

THE BANK'S COMPLIANCE LANDSCAPE



SHARIAH

REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

IN THE NAME OF ALLAH, THE ALL COMPASSIONATE, THE MOST MERCIFUL

TO THE SHAREHOLDERS OF ALBARAKA BANK LIMITED

We have reviewed the principles and contracts relating to the transactions and products 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 applicable Shariah Rules and Principles, the rulings set out 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:

- Murabaha Financing;
- Musharaka Financing;
- Equity Murabaha Transactions;
- ABL Sukuk;
- Islamic Wills;
- Profit Distribution;
- Management Accounts;
- Disposal of Impermissible Income;
- Calculation of Zakah;
- FOREX Transactions; and
- Banking and Finance Fees

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 applicable 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 applicable 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 45 cents 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

……………………………………

Shaykh Mahomed Shoaib Omar
Member

……………………………..

Mufti Shafique Jakhura
Member

……………………………..

Mufti Zubair Bayat
Member

05 February 2018

SHARIAH SUPERVISORY REPORT

THE SHARIAH SUPERVISORY BOARD IS AN INDEPENDENT BODY COMPRISING SPECIALIST JURISTS IN ISLAMIC COMMERCIAL JURISPRUDENCE, WHICH IS ENTRUSTED WITH DIRECTING, REVIEWING AND SUPERVISING THE ACTIVITIES OF AL BARAKA BANK, IN ORDER TO ENSURE THAT THE BANK COMPLIES WITH SHARIAH LAW.

SHARIAH SUPERVISORY BOARD OF AL BARAKA BANK

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 Shariah standards set-out by AAOIFI. It is the responsibility of the Shariah Supervisory Board to carry out regular audits of the bank's business operations and to form, based on its reviews, an independent opinion. The Shariah Supervisory Board's rulings and resolutions are binding on the bank.

MEMBERS OF THE SHARIAH SUPERVISORY BOARD

DR ABDUS SATTAR ABU GHUDDA (SYRIAN) –

Dr Ghudda is a senior Shariah consultant at Al Baraka Banking Group, a director of the Department of Financial Instruments at Al Baraka Investment and Development Company, a member of the Shariah Supervisory Boards of several Islamic financial institutions and an active member of the OIC Islamic Fiqh Academy and AAOIFI.

Dr Ghudda was responsible for the research and compilation of the Encyclopaedia of Fiqh sponsored and published by 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 Law 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.

SHAYKH MAHOMED SHOAIB OMAR –

Shaykh Mahomed Shoaib Omar serves as a member of the Shariah Supervisory Board of Al Baraka Bank. He completed his B.Com Law degree and LLB at the University of KwaZulu-Natal. He studied Arabic and Islamic Law under the renowned contemporary jurist, Mufti Taqi Usmani, at Darul Uloom Karachi and has received Ijaazah from him. He was also a student of the Chief Qadi of India, Mujahidul Islam Qasemi, the founder of the Islamic Fiqh Academy of India and a distinguished authority in Muslim Family Law. During the past 32 years he has collaborated with Mufti Taqi Usmani in solving problems affecting Contemporary Applications in Islamic Law. He has, for the past 14 years, also worked closely with well-known contemporary Shariah expert, Dr Abdus Sattar Abu Ghuddah, in the field of Islamic Finance and has extensive experience in the application of Shariah Law to contemporary situations, including Islamic Finance.

He was granted the right of appearance in the High and Constitutional Courts of South Africa in 1995. He successfully argued the landmark case of Amod v Road Accidents Fund in the Constitutional Court and Supreme Court of Appeal, which case recognised a duty of support flowing from an Islamic marriage. He currently practices as an attorney, specialising in Shariah and Corporate Law. He has written a number of books and numerous articles on Islamic law and its contemporary applications, inclusive of Islamic Finance, in English and Arabic. He is regarded as expert in comparative jurisprudence (fiqh al muqaarin).

MUFTI ZUBAIR BAYAT –

Mufti Zubair Bayat is the founder and current Ameer of Darul Ihsan Islamic Services Centre. He also serves on the board of Islamic Schools, as well as Islamic financial institutions and as an advisor to various organisations. He completed his Aalim Fadhil and Ifta courses at the famous Darul Uloom Deoband, India. He thereafter furthered his studies and obtained his Master of Arts degree (cum laude) in Islamic Studies from the University of Johannesburg and obtained a certificate in Muslim Personal Law from the University of Islamabad. After completing his formal studies he occupied a post as a lecturer in advanced Islamic studies at The Islamic University (Madrasah Arabia Islamia), Azaadville, and then moved to Stanger where he established the Zakariyya Muslim School and served as Principal and Ameer. During this period he also served as Chairman of the Association of Muslim Schools in KwaZulu-Natal.

He has travelled extensively delivering talks and workshops covering a variety of subjects, written many articles and published several books. Due to his burning concern and desire to serve and unify the Muslim community, he has been instrumental in many pioneering efforts, establishing educational, welfare, social, economic, youth and community initiatives both locally and abroad.

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 (CIEFSA) - a non-profit organisation dedicated to increasing awareness and providing education in the fields of Islamic economics and finance, structuring Shariah-compliant transactions and providing Shariah-compliant commercial solutions at various levels.

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 is a Certified Shariah Accountant and Auditor from the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), Bahrain. He has an Advanced Diploma in Islamic Banking and Finance from the Centre for Islamic Economics, based in Karachi. He also serves the Islamic Finance and Takaful Industry in other parts of the world.

SHARIAH SUPERVISION OF THE OLD MUTUAL AL BARAKA SHARIAH UNIT TRUST FUNDS

The partnered Old Mutual Albaraka Shariah funds are managed in strict accordance with Shariah. The funds afford opportunities for Muslims to invest in socially and morally responsible investments on the Johannesburg Securities Exchange and global markets, as well as Shariah-compliant cash investments.

MEMBERS OF THE SHARIAH SUPERVISORY BOARD

Dr Abdus Sattar Abu Ghudda (Chairman)
Shaykh Mahomed Shoaib Omar
Mufti Zubair Bayat
Mufti Shafique Ahmed Jakhura

SUB-COMMITTEE OF THE SHARIAH SUPERVISORY BOARD

Shaykh Mahomed Shoaib Omar (Chairman)
Mufti Zubair Bayat
Mufti Shafique Ahmed Jakhura

The Shariah Supervisory Board meets at least once annually and the sub-committee meets at least four times a year. The Shariah Supervisory Board has appointed a sub-committee to review and ensure that all investments made by the funds comply with its directives, which are issued in line with applicable Shariah principles, as set-out by AAOIFI, and to report to the Shariah Supervisory Board. The appointment of an independent Shariah Supervisory Board to supervise the bank and the Shariah funds is indicative of Al Baraka Bank's absolute commitment to both Shariah and Islamic economic principles.

Your Partner Bank

I N T E G R A T E D

FINANCIAL STATEMENTS 2017

ANNUAL FINANCIAL STATEMENTS

NATURE OF BUSINESS	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. Sumeshion Chetty CA(SA), general manager: finance, of Al Baraka Bank, was responsible for the preparation of the annual financial statements and Abdullah Ameed, CA(SA), the financial director, was responsible for the review of the financial statements.

THE COMPANY'S DIRECTORS ARE RESPONSIBLE FOR THE PREPARATION AND FAIR PRESENTATION OF THE GROUP ANNUAL FINANCIAL STATEMENTS AND COMPANY ANNUAL FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of the group annual financial statements and company annual financial statements, comprising the statement of financial position as at 31 December 2017 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 company 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 as set out on pages 27 to 80 were approved by the board of directors on 23 March 2018 and signed on their behalf by:

....	....
Adnan Ahmed Yousif	**Shabir Chohan**
Chairman	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.

....

Colin Breeds
Company secretary
Durban

23 March 2018

REPORT

DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2017, THE AUDIT COMMITTEE CONVENED FIVE TIMES TO DISCHARGE BOTH ITS STATUTORY AND BOARD RESPONSIBILITIES.

During the 2017 year there was a change in Chairmanship of the Audit Committee from MS Paruk to YGH Suleman. 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 group annual financial statements. Amongst others, the committee:

1. reviewed the principles, policies and accounting practices and standards adopted in preparation of the group annual financial statements and commented thereon and monitored compliance with all statutory/ legal/ regulatory requirements; and
2. reviewed interim reports.

Since the group annual financial statements complied, in all material aspects, with the principles, policies and accounting practices and standards adopted in preparation of the group 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 group 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 29 June 2018

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. reviewed the internal audit charter and ensured that the charter was approved by the board;
5. regularly met separately with the internal audit manager; and
6. did not receive any complaints relating to the internal audit of the company.

EXTERNAL AUDIT AND RELATED MATTERS

Ernst & Young Inc (EY) 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 EY'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 EY may provide to the company/group;
6. regularly met separately in confidence with EY;
7. through enquiry, ascertained that EY has not identified any irregularity that required reporting thereof to IRBA; and
8. evaluated and were satisfied with the independence of EY.

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.

………………………………..

Y G H Suleman
Chairman of the Audit Committee

23 March 2018

ALBARAKA BANK LIMITED

WE HAVE AUDITED THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS OF ALBARAKA BANK LIMITED SET OUT ON PAGES 27 TO 80 WHICH COMPRISE THE CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017, AND

the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

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 2017, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA code) and other independence requirements applicable to performing the audit of Albaraka Bank Limited. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code, IESBA Code, and in accordance with other ethical requirements applicable to performing the audits of Albaraka Bank Limited. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The directors are responsible for the other information. The other information which we obtained prior to the date of this report comprises the Directors' Report, Company Secretary Statement and Audit Committee Report, as required by the Companies Act of South Africa, and the Directors' Responsibility Statement. The other information which is expected to be made available to us after the date of this report comprises the Annual Report. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the 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.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that EY has been the auditor of Albaraka Bank Limited for 10 years.

Ernst + Young Inc.

....

Ernst & Young Inc.
Director: Ernest Van Rooyen
Registered Auditor
Chartered Accountant (SA)

23 March 2018
Durban

FOR THE YEAR ENDED 31 DECEMBER 2017

THE DIRECTORS HAVE PLEASURE IN PRESENTING THEIR REPORT FOR THE YEAR ENDED 31 DECEMBER 2017.

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), Laudium (Pretoria), Lenasia (Johannesburg), Rosebank (Johannesburg), Kingsmead (Durban), Overport (Durban), corporate offices in Cape Town, Durban, Johannesburg, and a regional office in Gauteng. In an attempt to continue to review the effectiveness of its operating structure, the bank made a decision in 2017 to close down its operations in the Port Elizabeth region. Our customer base in the region will continue to be serviced through our Kingsmead branch. However, our physical location was closed in December 2017.

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 (2016: 100,0 million) ordinary shares of R10 each, amounting to R1,0 billion (2016: R1,0 billion). The issued share capital of the company comprises 32,2 million (2016: 32,2 million) ordinary shares of R10 each, amounting to R322,4 million (2016: R322,4 million).

FINANCIAL RESULTS
The results of the group and the company for the year ended 31 December 2017 are set out on pages 27 to 80.

DIVIDENDS
On 24 March 2017 the directors declared a dividend of 50 cents (2016: 50 cents) per share amounting to R16,1 million (2016: R16,1 million) paid to shareholders registered as at close of business on 03 July 2017.

GROUP STRUCTURE
Albaraka Properties Proprietary Limited is a wholly-owned subsidiary of Albaraka Bank Limited. In 2016, Albaraka Properties Proprietary Limited issued an additional 900 shares at R1 each. In addition, during 2016, Albaraka Bank issued its first local Sukuk in the country via a structured entity namely the Albaraka Sukuk Trust. The Albaraka Sukuk Trust is consolidated as part of the group reporting in terms of IFRS 10 principles due to the fact that the Sukuk trust was created specifically to administer the issuance and management of the Albaraka Sukuk product. The Sukuk trust therefore cannot operate in the absence of the bank and as such is required to be consolidated as part of the group reporting.

CAPITAL MANAGEMENT
The bank continues to work towards strong management of its capital reserves. In 2016, the SARB also approved the bank's issuance of a tier II capital instrument to the value of R200m structured as a Sukuk. To date R45m has been issued with a drive to issue the remaining portions in future years.

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) Vice chairman
F Kassim (Sri Lankan)
A Lambat CA(SA)
MG McLean - Retired effective 31 March 2017
MS Paruk CA(SA)
YM Paruk - Retired effective 31 March 2017
NJ Kunene
YGH Suleman CA(SA)

EXECUTIVE
SAE Chohan CA(SA) - Chief Executive
M Kaka CA(SA) - Chief Operating Officer, Effective 01 September 2017
MJD Courtiade CA(SA) - (French), Chief Risk Executive, Effective 01 September 2017
A Ameed CA(SA) - Financial Director

SECRETARY
The secretary of the company is CT Breeds whose business, postal and registered address is 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

FOR THE YEAR ENDED 31 DECEMBER 2017

		GROUP		COMPANY	
		2017	2016	**2017**	2016
		R'000	**R'000**	**R'000**	**R'000**
Assets					
Property and equipment	3	**113 627**	114 388	**60 139**	70 817
Investment properties	4	**10 502**	10 502	**-**	-
Intangible assets	5	**29 329**	26 152	**29 329**	26 152
Investment in and amount due by subsidiary company	6	**-**	-	**19 108**	11 972
Deferred tax asset	7	**4 723**	2 117	**31 372**	26 634
Investment securities	8	**25 717**	24 925	**25 717**	24 925
Advances and other receivables	9	**5 110 818**	4 645 935	**5 110 667**	4 645 786
South African Revenue Service receivables	10	**1 215**	3 345	**1 158**	3 290
Regulatory balances	11	**337 650**	294 958	**337 650**	294 958
Cash and cash equivalents	12	**246 438**	206 550	**246 196**	206 550
Total assets		**5 880 019**	5 328 872	**5 861 336**	5 311 084
Equity and liabilities					
Equity					
Share capital	13	**322 403**	322 403	**322 403**	322 403
Share premium	13	**82 196**	82 196	**82 196**	82 196
Other reserves		**1 460**	1 200	**1 460**	1 200
Retained income		**255 532**	220 735	**236 762**	203 372
Shareholders' interests		**661 591**	626 534	**642 821**	609 171
Liabilities					
Welfare and charitable funds	14	**14 981**	11 600	**14 981**	11 600
Accounts payable	15	**56 382**	18 183	**55 991**	17 884
South African Revenue Service payable	16	**76**	705	**544**	579
Provision for leave pay	17	**8 517**	7 408	**8 517**	7 408
Deposits from customers	18	**5 092 593**	4 633 900	**5 092 593**	4 633 900
Sukuk	19	**45 879**	30 542	**45 889**	30 542
Total liabilities		**5 218 428**	4 702 338	**5 218 515**	4 701 913
Total equity and liabilities		**5 880 019**	5 328 872	**5 861 336**	5 311 084

FOR THE YEAR ENDED 31 DECEMBER 2017

		GROUP		COMPANY	
		2017	2016	2017	2016
	Notes	R'000	R'000	R'000	R'000
Income earned from advances		441 567	387 165	441 567	387 165
Income earned from equity finance		46 615	38 719	46 615	38 719
Gross income earned		488 182	425 884	488 182	425 884
Income paid to depositors	20	(236 412)	(208 883)	(236 412)	(208 883)
Income paid to sukuk holders/trust	19	(3 568)	(625)	(3 829)	(726)
Net income before impairment for credit losses		248 202	216 376	247 941	216 275
Impairment for credit losses	9.3.3	(3 991)	(4 969)	(3 991)	(4 969)
Net income after impairment for credit losses		244 211	211 407	243 950	211 306
Net non-Islamic income	21	-	-	-	-
Fee and commission income	22	44 353	34 419	44 585	34 639
Other operating income	23	4 719	4 653	12 976	12 984
Net income from operations		293 283	250 479	301 511	258 929
Operating expenditure	24	(219 141)	(192 280)	(222 974)	(196 033)
Finance costs		-	-	(9 808)	(10 026)
Profit before taxation		74 142	58 199	68 729	52 870
Taxation	25	(23 225)	(17 003)	(19 219)	(12 931)
Profit after tax for the year attributable to equity holders		50 917	41 196	49 510	39 939
Other comprehensive income items subsequently reclassified to profit and loss					
Fair value gains net of tax	26	260	-	260	-
Total comprehensive income for the year, net of tax, attributable to equity holders		51 177	41 196	49 770	39 939
Weighted average number of shares in issue ('000)		32 240	32 240		
Basic and diluted earnings per share (cents)	27	157,9	127,8		

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Share premium	Other reserves	Retained income	Shareholders' interest
	R'000	R'000	R'000	R'000	R'000
Group					
2017					
Balance at beginning of year	**322 403**	**82 196**	**1 200**	**220 735**	**626 534**
Profit after tax	**-**	**-**	**-**	**50 917**	**50 917**
Dividends declared	**-**	**-**	**-**	**(16 120)**	**(16 120)**
Other comprehensive income	**-**	**-**	**260**	**-**	**260**
Balance at end of year	**322 403**	**82 196**	**1 460**	**255 532**	**661 591**
2016					
Balance at beginning of year	322 403	82 196	1 200	195 659	601 458
Profit after tax	-	-	-	41 196	41 196
Dividends declared	-	-	-	(16 120)	(16 120)
Other comprehensive income	-	-	-	-	-
Balance at end of year	322 403	82 196	1 200	220 735	626 534
Company					
2017					
Balance at beginning of year	322 403	82 196	1 200	203 372	609 171
Profit after tax	-	-	-	49 510	49 510
Dividends declared	-	-	-	(16 120)	(16 120)
Other comprehensive income	-	-	260	-	260
Balance at end of year	**322 403**	**82 196**	**1 460**	**236 762**	**642 821**
2016					
Balance at beginning of year	322 403	82 196	1 200	179 553	585 352
Profit after tax	-	-	-	39 939	39 939
Dividends declared	-	-	-	(16 120)	(16 120)
Other comprehensive income	-	-	-	-	-
Balance at end of year	322 403	82 196	1 200	203 372	609 171

FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Cash flow from operating activities					
Cash generated from operations	29.1	**86 612**	69 605	**76 286**	59 367
Changes in working capital	29.2	**13 673**	(26 620)	**14 187**	(26 813)
Taxation paid	29.3	**(25 982)**	(24 793)	**(24 106)**	(23 152)
Dividends paid	29.4	**(15 992)**	(16 028)	**(15 992)**	(16 028)
Net cash inflow/(outflow) from operating activities		**58 311**	2 164	**50 375**	(6 626)
Cash flow from investing activities					
Purchase of property and equipment	29.5	**(11 766)**	(16 846)	**(5 936)**	(16 803)
Purchase of investment property	29.6	**-**	(129)	**-**	-
Purchase of intangible assets	29.7	**(10 401)**	(8 044)	**(10 401)**	(8 044)
Purchase of investment securities		**(33)**	(100)	**(33)**	(100)
Proceeds from disposal of property and equipment		**201**	2 154	**201**	2 154
Dividend income	23	**1 368**	1 422	**10 368**	10 422
(Increase) in investment in and amount due by subsidiary		**-**	-	**(7 136)**	(382)
Net cash utilised in investing activities		**(20 631)**	(21 543)	**(12 937)**	(12 753)
Cash flow from financing activities		**-**	-	**-**	-
Net increase/(decrease) for the year		**37 680**	(19 379)	**37 438**	(19 379)
Net foreign exchange difference on cash on hand		**2 208**	(1 033)	**2 208**	(1 033)
Cash and cash equivalents at beginning of year		**206 550**	226 962	**206 550**	226 962
Cash and cash equivalents at end of year	12	**246 438**	206 550	**246 196**	206 550

FOR THE YEAR ENDED 31 DECEMBER 2017

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 2017 comprise the company, its subsidiary and the Albaraka Sukuk Trust (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 certain financial assets 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. Numbers are in Rand thousands.

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.

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 have 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 last ten 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.

The Albaraka Sukuk Trust was created specifically as a structured entity to administer the issuance and management of the Albaraka Sukuk product. The Sukuk Trust therefore cannot operate in the absence of the bank and as such is required to be consolidated as part of the group reporting. Assets, liabilities,income and expenses of the Trust for 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 Trust.

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

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. Capital expenditure which takes place in tranches is first capitalised to work in progress and subsequently moved to the relevant capital asset upon completion when the asset is available for use and subsequently depreciated. Equipment, motor vehicles, buildings, tank containers, computer hardware, and leasehold improvements are depreciated on a straight line basis. Land is not depreciated. The 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 have 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 fair value less costs of disposal 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, regulatory balances with central bank, 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 fair value based on the best available data for the valuation. Where the fair value cannot be reasonably determined, these are carried at cost. After initial measurement, available-for-sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income and credited in the other reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income.

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.

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 for fair-value-through-profit-or-loss financial instruments plus incremental direct transaction costs for available-for-sale financial instruments and subsequently accounted for as fair value. 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 32.8 : 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 comprise 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/ laws that have been enacted or substantively enacted at the reporting date. These can be offset if legally enforceable and relate to the same tax entity and authority.

Shareholder payments are net of dividend withholding tax at the relevant rate.

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.

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 REGULATORY BALANCES
Cash and cash equivalents comprise short-term negotiable securities, cash and short-term funds. Regulatory balances comprise our holdings in treasury bills as well as regulatory balances held with the central bank.

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 its probable future economic benefits will flow to the entity, and the cost can be measured reliably, 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;
- Its intention to complete and its 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 one wholly-owned subsidiary and one structured entity. The subsidiary and structured entity are consolidated for accounting purposes and group annual financial statements are prepared annually. The subsidiary and structured entity are 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 can 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:

	2017	2016
	R'000	**R'000**
Regulatory capital		
Tier 1		
Share capital	**322 403**	322 403
Share premium	**82 196**	82 196
Retained income	**236 762**	203 372
Less: unappropriated profits	**(14 601)**	(14 222)
Unrealised gains and losses on available for sale items net of tax	**1 460**	1 200
Total capital and reserves	**628 220**	594 949
Less: prescribed deductions against capital and reserve funds	**(26 159)**	(26 152)
Total Tier 1 capital	**602 061**	568 797
Tier 2		
Portfolio impairment	**20 763**	20 734
Sukuk	**45 500**	30 300
Total eligible capital	**668 324**	619 831
Capital adequacy ratios (Tier 1 %)	**13,2%**	14,1%
Capital adequacy ratios (Total %)	**14,7%**	15,3%
Minimum regulatory requirement ratios (Total %)	**9,50%**	9,75%

The sukuk has been approved by the South African Reserve Bank as a qualifying tier II capital instrument.

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 2017, 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:

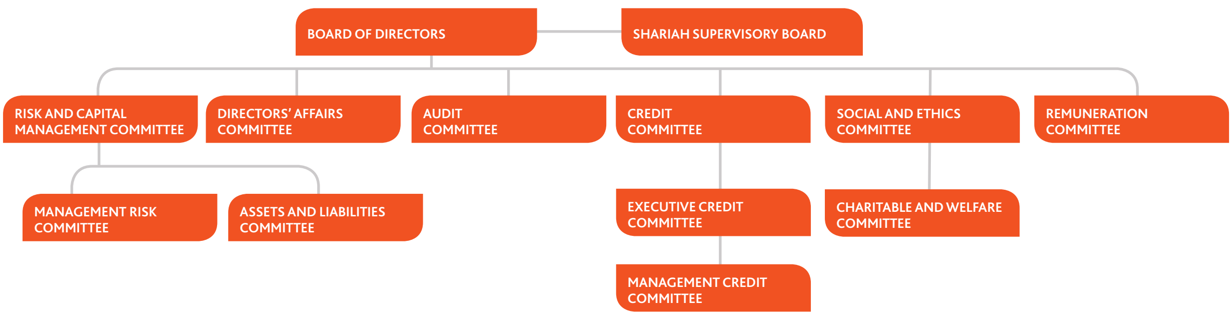
	CAPITAL REQUIREMENTS		RISK-WEIGHTED ASSETS	
	2017	2016	**2017**	2016
	R'000	**R'000**	**R'000**	**R'000**
Credit risk	**371 703**	319 701	**3 717 031**	3 278 980
Operational risk	**51 557**	44 458	**515 568**	455 975
Equity risk	**2 572**	2 430	**25 717**	24 925
Market risk	**1 469**	2 191	**14 697**	22 476
Other risk	**28 557**	25 679	**285 567**	263 377
	455 858	394 459	**4 558 580**	4 045 733

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. In addition, the Shariah Supervisory Board has been delegated the responsibility of managing the Shariah risk which the bank faces. These committees are assisted by management committees (more particularly the assets and liabilities committee (ALCO), the executive credit committee, 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 Albaraka Bank a culture that is risk-management orientated.

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



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.

2. RISK MANAGEMENT AND ASSESSMENT (CONTINUED)

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 assessment, 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 counterparties 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.

CREDIT EXPOSURES

	GROUP AND COMPANY	
	2017	2016
	R'000	**R'000**
Advances to customers	**4 633 877**	4 100 715
Advances and balances with banks	**556 070**	631 390
Advances, treasury bills and regulatory balances	**464 682**	384 650
Letters of credit, guarantees and confirmations	**280 236**	292 134
Total exposure	**5 934 865**	5 408 889
Impairment of advances	**(30 769)**	(26 687)
Net exposure	**5 904 096**	5 382 202

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

Geographical distribution of exposures		
Customer exposure		
KwaZulu-Natal	**2 431 797**	2 015 695
Gauteng	**1 669 231**	1 601 637
Western Cape	**813 085**	775 517
Total customer exposure	**4 914 113**	4 392 849
Bank exposure		
KwaZulu-Natal	**19 610**	21 652
Gauteng	**997 260**	988 799
United States of America	**3 882**	5 589
Total bank exposure	**1 020 752**	1 016 040
Total exposure	**5 934 865**	5 408 889

2. RISK MANAGEMENT AND ASSESSMENT (CONTINUED)

		GROUP AND COMPANY	
		2017	2016
		R'000	R'000
Industry distribution of exposures			
Banks and financial institutions		**1 020 752**	1 016 040
Individuals		**1 524 599**	1 511 900
Business and trusts		**3 389 514**	2 880 949
Total exposure		**5 934 865**	5 408 889
Product distribution analysis			
Property (Musharaka and Murabaha)		**3 539 597**	3 130 381
Equity finance		**449 266**	531 805
Instalment sales		**650 105**	604 261
Trade		**442 289**	362 947
Balances with local and central banks		**571 486**	484 235
Letters of credit		**1 430**	-
Guarantees and confirmations		**278 806**	292 134
Other		**1 886**	3 126
Total exposure		**5 934 865**	5 408 889
Residual contractual maturity of book			
Within 1 month	- equity finance	**172 401**	202 748
	- other	**475 646**	395 354
From 1 to 3 months	- equity finance	**85 118**	226 760
	- other	**352 992**	335 809
From 3 months to 1 year	- equity finance	**191 747**	102 297
	- other	**1 050 522**	803 146
From 1 year to 5 years		**1 760 929**	1 685 271
More than 5 years		**1 845 510**	1 657 504
Total exposure		**5 934 865**	5 408 889

	GROUP AND COMPANY							
	Advances to customers		Advances and balances with banks		Other exposures		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000
Past due and individually impaired								
Gross amount	**56 991**	45 175	**-**	-	**-**	-	**56 991**	45 175
Specific impairment	**(10 005)**	(5 953)	**-**	-	**-**	-	**(10 005)**	(5 953)
Carrying amount	**46 986**	39 222	**-**	-	**-**	-	**46 986**	39 222
Past due but not impaired								
Standard category	**1 080 651**	760 668	**-**	-	**-**	-	**1 080 651**	760 668
Special mention category	**212 609**	165 485	**-**	-	**-**	-	**212 609**	165 485
Sub-standard category	**38 961**	38 757	**-**	-	**-**	-	**38 961**	38 757
Doubtful category	**11 243**	24 261	**-**	-	**-**	-	**11 243**	24 261
Loss category	**13 806**	17 254	**-**	-	**-**	-	**13 806**	17 254
Carrying amount	**1 357 270**	1 006 425	**-**	-	**-**	-	**1 357 270**	1 006 425
Neither past due nor impaired								
Carrying amount	**3 219 616**	3 049 115	**1 020 752**	1 016 040	**280 236**	292 134	**4 520 604**	4 357 289
Total carrying amount before portfolio impairment	**4 623 872**	4 094 762	**1 020 752**	1 016 040	**280 236**	292 134	**5 924 860**	5 402 936
Portfolio impairment - standard category	**(20 764)**	(20 734)	**-**	-	**-**	-	**(20 764)**	(20 734)
Net carrying amount	**4 603 108**	4 074 028	**1 020 752**	1 016 040	**280 236**	292 134	**5 904 096**	5 382 202

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 is 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 72% invested in property transactions, 15% in instalment sale transactions (equipment and motor vehicle) and 13% in trade finance transactions. All of the above exposures are collateralized 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 32.1).

Restructured advances are exposures which have been refinanced by the bank, due to the client experiencing financial distress on an existing exposure and where it has been ascertained that the client will be able to meet the amended modified repayment terms after the restructure. Restructured advances are classified as non-performing for the first six months after a restructure has occurred and are thereafter classified according to the bank's normal classification policies. The value of restructured advances at year end is R43.6 million (2016: R62,3 million).

2. RISK MANAGEMENT AND ASSESSMENT (CONTINUED)

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

Collateral is allocated per asset class as follows:

	GROUP AND COMPANY			
	Credit exposure	**Collateral cover**	Credit exposure	Collateral cover
	2017		2016	
	R'000	**R'000**	R'000	R'000
Standard asset	**3 938 497**	**3 371 750**	3 485 628	2 776 986
Special mention asset	**574 380**	**540 105**	489 640	440 105
Sub-standard asset	**59 225**	**54 292**	50 929	45 524
Doubtful asset	**18 141**	**16 778**	27 510	16 506
Loss asset	**43 634**	**32 416**	47 008	30 914
	4 633 877	**4 015 341**	4 100 715	3 310 035

	GROUP AND COMPANY	
	2017	2016
	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	**20 521**	16 336
- Business and trusts	**36 470**	28 839
	56 991	45 175
Past due but not impaired		
- Individuals	**519 434**	412 199
- Business and trusts	**837 836**	594 226
	1 357 270	1 006 425

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

	GROUP AND COMPANY									
	Less than 30 days		30 to 60 days		60 to 180 days		Greater than 180 days		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000
Individuals	**462 999**	369 558	**42 683**	30 661	**9 381**	9 630	**4 371**	2 350	**519 434**	412 199
Business and trusts	**714 854**	511 982	**73 202**	28 958	**38 487**	37 944	**11 293**	15 342	**837 836**	594 226
	1 177 853	881 540	**115 885**	59 619	**47 868**	47 574	**15 664**	17 692	**1 357 270**	1 006 425

Included within the less than 30 days category is an amount of R 302,9 million related to payments that were due in December where funds came through in January 2018.

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. Albaraka 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 license.

The bank's exposure to market risk at year end is tabled below:

		GROUP AND COMPANY	
		2017	2016
		R'000	R'000
Assets held under interest rate risk	- Treasury bills	**223 744**	194 343
Assets held under exchange rate risk	- Foreign currency held	**14 698**	22 476
		238 442	216 819

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. 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 14.

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 Albaraka 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 52 000 shares 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 and 160 000 shares in Ahmed Al Kadi Private Hospital Limited, a hospital that does provide healthcare services to the general public. Both investment companies hold property in Durban, as well as the private hospital being situated 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.

In terms of Regulation 43, the bank has made available, via its website, the disclosure on the liquidity coverage ratio. This can be accessed via www.albaraka.co.za/Files/LCR.pdf.

Refer to note 32.4 for details relating to liquidity risk management.

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.

2. RISK MANAGEMENT AND ASSESSMENT (CONTINUED)

2.6 SHARIAH RISK (CONTINUED)

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 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.

2.8 REPUTATIONAL RISK

Reputational risk is a risk of loss resulting from damages to a firm's reputation, in lost revenue, increased operating capital, regulatory costs or destruction of shareholder value. The bank manages this risk by employing adequately trained staff to ensure any risk of exposure to reputational risk is managed proactively.

3. PROPERTY AND EQUIPMENT

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	**R'000**	**R'000**	**R'000**
Cost				
Land and buildings	**76 237**	76 237	**63 444**	63 444
Vehicles	**6 295**	6 088	**6 295**	6 088
Fittings, equipment and computers	**55 993**	42 228	**50 057**	42 115
Leasehold improvements	**22 700**	27 287	**21 991**	26 585
Capital work in progress	**200**	4 066	**200**	4 064
	161 425	155 906	**141 987**	142 296
Accumulated depreciation and impairment	**(47 798)**	(41 518)	**(81 848)**	(71 479)
Land and buildings	**-**	-	**(34 543)**	(30 313)
Vehicles	**(4 104)**	(3 600)	**(4 104)**	(3 600)
Equipment and computers	**(31 941)**	(25 493)	**(31 869)**	(25 444)
Leasehold improvements	**(11 753)**	(12 425)	**(11 332)**	(12 122)
Carrying amount	**113 627**	114 388	**60 139**	70 817
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 R12,0 million in 2017. The property was leased entirely to the bank. 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 3316 square metres. The property is leased to the bank. The lease contains an initial non-cancellable period of ten years, starting from 2009. The property was independently valued at R113,5 million in 2017. Commercial property comprises land at a cost of R3,5million (2016: R3,5 million) and buildings thereon at a cost of R69,1 million (2016: R69,1 million).	**72 582**	72 582		
3. Land and buildings held under finance leases comprise Portion 6 of Erf 12445 Durban, Registration Division FU, Province of KwaZulu-Natal, in extent 3316 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 (2016: R72 million) and calculating a rate intrinsic in the lease of 14,3% (2016:14,3%).			**33 131**	37 361
	76 237	76 237	**33 131**	37 361

3. PROPERTY AND EQUIPMENT (CONTINUED)

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	**R'000**	**R'000**	**R'000**
Cost				
Carrying amount at beginning of year	**76 237**	76 237	**33 131**	37 361
Additions	**-**	-	**-**	-
Depreciation	**-**	-	**(4 230)**	(4 230)
Carrying amount at end of year	**76 237**	76 237	**28 901**	33 131

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

The bank does not have any encumbered assets.

	Land and buildings	Vehicles	Fittings, 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
Movement in property and equipment: Carrying Amount							
Group							
2017							
Cost at beginning of year	76 237	6 088	42 228	27 287	-	4 066	155 906
Accumulated depreciation at beginning of year	-	(3 600)	(25 493)	(12 425)	-	-	(41 518)
Net carrying amount at beginning of year	76 237	2 488	16 735	14 862	-	4 066	114 388
Additions	-	632	10 367	314	-	453	11 766
Transfers	-	-	3 565	623	-	(4 319)	(131)
Disposals	-	-	(22)	(321)	-	-	(343)
Assets written-off	-	-	-	(1 071)	-	-	(1 071)
Depreciation for the year	-	(929)	(6 593)	(3 460)	-	-	(10 982)
Net carrying amount at end of year	76 237	2 191	24 052	10 947	-	200	113 627
Cost at end of year	76 237	6 295	55 993	22 700	-	200	161 425
Accumulated depreciation at end of year	-	(4 104)	(31 941)	(11 753)	-	-	(47 798)

Included in fittings, equipment and computers for group includes upgrades to the bank's Athlone branch to the value of R5,8million.

	Land and buildings	Vehicles	Fittings, 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							
2016							
Cost at beginning of year	76 237	5 461	36 299	19 404	7 145	3 437	147 983
Accumulated depreciation at beginning of year	-	(3 009)	(20 811)	(9 656)	(5 508)	-	(38 984)
Net carrying amount at beginning of year	76 237	2 452	15 488	9 748	1 637	3 437	108 999
Additions	-	876	6 086	3 324	-	6 560	16 846
Transfers	-	-	1 315	4 629	-	(5 931)	13
Disposals	-	-	(265)	(5)	(1 484)	-	(1 754)
Assets written off	-	-	(168)	-	-	-	(168)
Depreciation for the year	-	(840)	(5 721)	(2 834)	(153)	-	(9 548)
Net carrying amount at end of year	76 237	2 488	16 735	14 862	-	4 066	114 388
Cost at end of year	76 237	6 088	42 228	27 287	-	4 066	155 906
Accumulated depreciation at end of year	-	(3 600)	(25 493)	(12 425)	-	-	(41 518)
Company							
2017							
Cost at beginning of year	**63 444**	**6 088**	**42 115**	**26 585**	**-**	**4 064**	**142 296**
Accumulated depreciation at beginning of year	**(30 313)**	**(3 600)**	**(25 444)**	**(12 122)**	**-**	**-**	**(71 479)**
Net carrying amount at beginning of year	**33 131**	**2 488**	**16 671**	**14 463**	**-**	**4 064**	**70 817**
Additions	**-**	**632**	**4 543**	**306**	**-**	**455**	**5 936**
Transfers	**-**	**-**	**3 565**	**623**	**-**	**(4 319)**	**(131)**
Disposals	**-**	**-**	**(22)**	**(321)**	**-**	**-**	**(343)**
Assets written-off	**-**	**-**	**-**	**(1 071)**	**-**	**-**	**(1 071)**
Depreciation for the year	**(4 230)**	**(929)**	**(6 569)**	**(3 341)**	**-**	**-**	**(15 069)**
Net carrying amount at end of year	**28 901**	**2 191**	**18 188**	**10 659**	**-**	**200**	**60 139**
Cost at end of year	**63 444**	**6 295**	**50 057**	**21 991**	**-**	**200**	**141 987**
Accumulated depreciation at end of year	**(34 543)**	**(4 104)**	**(31 869)**	**(11 332)**	**-**	**-**	**(81 848)**

3. PROPERTY AND EQUIPMENT (CONTINUED)

	Land and buildings	Vehicles	Fittings, 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
Movement in property and equipment: Carrying Amount							
Company							
2016							
Cost at beginning of year	63 444	5 461	36 228	18 708	7 145	3 435	134 421
Accumulated depreciation at beginning of year	(26 083)	(3 009)	(20 785)	(9 474)	(5 508)	-	(64 859)
Net carrying amount at beginning of year	37 361	2 452	15 443	9 234	1 637	3 435	69 562
Additions	-	876	6 043	3 324	-	6 560	16 803
Transfers	-	-	1 315	4 629	-	(5 931)	13
Disposals	-	-	(265)	(5)	(1 484)	-	(1 754)
Assets written-off	-	-	(168)	-	-	-	(168)
Depreciation for the year	(4 230)	(840)	(5 697)	(2 719)	(153)	-	(13 639)
Net carrying amount at end of year	33 131	2 488	16 671	14 463	-	4 064	70 817
Cost at end of year	63 444	6 088	42 115	26 585	-	4 064	142 296
Accumulated depreciation at end of year	(30 313)	(3 600)	(25 444)	(12 122)	-	-	(71 479)

All disposals and write offs reflected in the note above are at net carrying amounts

4. INVESTMENT PROPERTIES

	GROUP	
	2017	2016
	R'000	**R'000**
Balance at beginning of year	**10 502**	10 373
Additions	**-**	129
Balance at end of year	**10 502**	10 502

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 2140 square metres and Portion 5 of Erf 12445 Durban, Registration Division FU, Province of KwaZulu-Natal, in extent 1528 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.

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 R14,0 million as at 1 November 2017 which is in line with the group policy to obtain such valuations every 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 in 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 have accordingly concluded not to adjust its fair value from that of the independent valuation referred to above.

5. INTANGIBLE ASSETS

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	**R'000**	**R'000**	**R'000**
Cost				
Computer software	**7 865**	6 756	**7 865**	6 756
Capitalised project costs	**46 474**	38 384	**46 474**	38 384
Capital work in progress	**8 133**	6 799	**8 133**	6 799
	62 472	51 939	**62 472**	51 939
Accumulated amortisation and impairment	**(33 143)**	(25 787)	**(33 143)**	(25 787)
Computer software	**(5 278)**	(3 707)	**(5 278)**	(3 707)
Capitalised project costs	**(27 865)**	(22 080)	**(27 865)**	(22 080)
	29 329	26 152	**29 329**	26 152

Movement in intangible assets: Carrying Amount	Computer software	Capitalised project costs	Capital work in progress	Total
	R'000	R'000	R'000	R'000
Group and Company				
2017				
Cost at beginning of year	**6 756**	**38 384**	**6 799**	**51 939**
Accumulated amortisation at beginning of year	**(3 707)**	**(22 080)**	**-**	**(25 787)**
Net carrying amount at beginning of year	**3 049**	**16 304**	**6 799**	**26 152**
Additions	**1 109**	**1 927**	**7 365**	**10 401**
Transfers	**-**	**6 162**	**(6 031)**	**131**
Disposal	**-**	**-**	**-**	**-**
Amortisation for the year	**(1 571)**	**(5 784)**	**-**	**(7 355)**
Net carrying amount at end of year	**2 587**	**18 609**	**8 133**	**29 329**
Cost at end of year	**7 865**	**46 474**	**8 133**	**62 472**
Accumulated amortisation at end of year	**(5 278)**	**(27 865)**	**-**	**(33 143)**
2016				
Cost at beginning of year	4 874	33 472	5 603	43 949
Accumulated amortisation at beginning of year	(2 449)	(17 700)	-	(20 149)
Net carrying amount at beginning of year	2 425	15 772	5 603	23 800
Additions	1 923	546	5 575	8 044
Transfers	-	4 366	(4 379)	(13)
Disposal	(18)	-	-	(18)
Amortisation for the year	(1 281)	(4 380)	-	(5 661)
Net carrying amount at end of year	3 049	16 304	6 799	26 152
Cost at end of year	6 756	38 384	6 799	51 939
Accumulated amortisation at end of year	(3 707)	(22 080)	-	(25 787)

All disposals reflected in the note above are at net carrying amounts

6. INVESTMENT IN AND AMOUNT DUE BY SUBSIDIARY COMPANY

Albaraka Properties Proprietary Limited is 100% (2016: 100%) owned by Albaraka Bank Limited.

The issued share capital of Albaraka Properties Proprietary Limited comprises 1000 shares of R1 each (2016: 1000 shares of R1 each). In 2016, there were an additional 900 shares issued at R1 each.

	GROUP	
	2017	2016
	R'000	**R'000**
Shares at cost	**1**	1
Due by subsidiary	**19 107**	11 971
- Amounts owing by subsidiary	**87 545**	82 477
- Finance lease liability (note 33.2)	**(68 438)**	(70 506)
	19 108	11 972

The amount due by the subsidiary is profit-free. For the purposes of classification of financial instruments 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.

Finance costs relate to the intercompany finance lease for R9.8 million (2016: R10,0 million)

7. DEFERRED TAX ASSET/ (LIABILITY)

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	**R'000**	**R'000**	**R'000**
Balance at beginning of year	**2 117**	(477)	**26 634**	21 621
Tax income recognised in profit or loss	**2 800**	2 587	**4 937**	5 006
Tax (expense) recognised in other comprehensive income	**(89)**	-	**(89)**	-
Deferred tax - prior year (under-provision)/over-provision recognised in profit or loss	**(105)**	7	**(110)**	7
Balance at end of year	**4 723**	2 117	**31 372**	26 634
The deferred tax asset comprises the following:				
Temporary differences arising on finance lease	**-**	-	**11 070**	10 465
Temporary differences on financial assets	**(1 102)**	(903)	**(1 102)**	(903)
Impairment for doubtful advances	**2 102**	1 250	**2 102**	1 250
Leave pay provision	**2 385**	2 074	**2 385**	2 074
Portfolio impairment	**5 814**	5 805	**5 814**	5 805
Profit not paid to depositors	**15 668**	12 654	**15 668**	12 654
Other	**257**	455	**243**	455
Prepaid expenses	**(267)**	(184)	**(259)**	(177)
Intangible assets, property and equipment	**(19 854)**	(18 757)	**(4 269)**	(4 712)
Fair value on investments	**(280)**	(277)	**(280)**	(277)
	4 723	2 117	**31 372**	26 634

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		COMPANY	
	2017	2016	**2017**	2016
	R'000	**R'000**	**R'000**	**R'000**
Unit trust investments				
Fair value at beginning of year	**8 849**	8 569	**8 849**	8 569
Additions at cost	**33**	100	**33**	100
Fair value gains	**710**	180	**710**	180
Fair value at end of year	**9 592**	8 849	**9 592**	8 849
Unlisted investments				
Kiliminjaro Investment Proprietary Limited, at fair value	**4 107**	4 076	**4 107**	4 076
Earthstone Investments Proprietary Limited at fair value	**10 070**	10 000	**10 070**	10 000
Ahmed Al Kadi Private Hospital Limited at fair value	**1 948**	2 000	**1 948**	2 000
	25 717	24 925	**25 717**	24 925

The bank's investment in unit trusts comprise 437 166 units (2016: 435 503 units) in the Old Mutual Albaraka Equity Fund. The carrying value of this investment is R9,6 million (2016: R8,8 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 of 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, whilst Ahmed Al Kadi Private Hospital Limited is a hospital development that provides healthcare to the general public. The bank owns 52 000 shares (2016: 52 000 shares) of Kiliminjaro Investments, it purchased 1000 shares in Earthstone Investments during 2014 and it purchased 160 000 shares in Ahmed Al Kadi Private Hospital in 2015. These investments are classified as available-for-sale financial instruments. Kiliminjaro Investments Proprietary Limited and Earthstone Investments Proprietary Limited are measured at fair value. Ahmed Al Kadi Private Hospital is measured at its fair value. The bank currently has no intention to dispose of these assets.

9. ADVANCES AND OTHER RECEIVABLES

9.1 Sectoral analysis

	GROUP 2017	GROUP 2016	COMPANY 2017	COMPANY 2016
Advances to customers				
Property (Musharaka and Murabaha)	**3 539 597**	3 130 381	**3 539 597**	3 130 381
Instalment sale	**650 105**	604 261	**650 105**	604 261
Trade	**442 289**	362 947	**442 289**	362 947
Other	**1 886**	3 126	**1 886**	3 126
Gross advances to customers	**4 633 877**	4 100 715	**4 633 877**	4 100 715
Provision for impairment of doubtful advances	**(30 769)**	(26 687)	**(30 769)**	(26 687)
Net advances to customers after provisions	**4 603 108**	4 074 028	**4 603 108**	4 074 028
Advances to banks				
Equity finance	**449 266**	531 805	**449 266**	531 805
Net advances	**5 052 374**	4 605 833	**5 052 374**	4 605 833
Other receivables	**58 444**	40 102	**58 293**	39 953
	5 110 818	4 645 935	**5 110 667**	4 645 786

Included under property are Musharaka advances amounting to R3 528 million (2016: R3 122 million). Included in other receivables is R36,4 million (2016: R nil) receivable for the agreed sale of foreign currency to take place in January 2018.

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
9.2 Maturity analysis				
Advances to customers				
Within 1 month	**195 158**	194 932	**195 158**	194 932
From 1 month to 3 months	**289 291**	243 470	**289 291**	243 470
From 3 months to 1 year	**723 860**	503 660	**723 860**	503 660
From 1 year to 5 years	**1 721 911**	1 627 618	**1 721 911**	1 627 618
More than 5 years	**1 703 657**	1 531 035	**1 703 657**	1 531 035
	4 633 877	4 100 715	**4 633 877**	4 100 715
Equity finance				
Within 1 month	**172 401**	202 748	**172 401**	202 748
From 1 month to 3 months	**85 118**	226 760	**85 118**	226 760
From 3 months to 1 year	**191 747**	102 297	**191 747**	102 297
	449 266	531 805	**449 266**	531 805
9.3.1 Specific impairments	**10 005**	5 953	**10 005**	5 953
Balance at beginning of year	**5 953**	6 910	**5 953**	6 910
Charge to profit for the year	**4 333**	1 325	**4 333**	1 325
Bad debts written-off	**(281)**	(2 282)	**(281)**	(2 282)
9.3.2 Portfolio impairment	**20 764**	20 734	**20 764**	20 734
Balance at beginning of year	**20 734**	19 165	**20 734**	19 165
Charge to profit for the year	**30**	3 842	**30**	3 842
Bad debts written-off	**-**	(2 273)	**-**	(2 273)
	30 769	26 687	**30 769**	26 687
9.3.3 Impairment for credit losses				
Specific impairments	**4 333**	1 325	**4 333**	1 325
Portfolio impairments	**30**	3 842	**30**	3 842
Bad debts recovered	**(372)**	(198)	**(372)**	(198)
	3 991	4 969	**3 991**	4 969

There was an increase of specific impairments of R4,3 million for the year which was a result of impairments of R5,9 million being raised and a further R1,6 million being released. During 2016, there was an increase in specific impairments of R1,3 million for the year which was a result of impairments of R3,0 million being raised and a further R1,7 million released.

10. SOUTH AFRICAN REVENUE SERVICE RECEIVABLE

	GROUP 2017 R'000	GROUP 2016 R'000	COMPANY 2017 R'000	COMPANY 2016 R'000
Income Tax	**1 215**	3 345	**1 158**	3 290
	1 215	3 345	**1 158**	3 290

11. REGULATORY BALANCES

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	**R'000**	**R'000**	**R'000**
Government and other stock	**223 744**	194 343	**223 744**	194 343
Balances with Central Bank	**113 906**	100 615	**113 906**	100 615
	337 650	294 958	**337 650**	294 958

These balances represent mandatory reserve deposits for liquidity requirements and are therefore not available for use in the bank's daily operations. .

12. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	**R'000**	**R'000**	**R'000**
Cash on hand	**12 602**	17 274	**12 360**	17 274
Balances with Central Bank	**127 032**	89 691	**127 032**	89 691
Placements with other banks	**106 804**	99 585	**106 804**	99 585
	246 438	206 550	**246 196**	206 550
The following banking facilities are available to the group:				
Settlement facilities	**61 776**	68 414	**61 766**	68 414
	61 776	68 414	**61 766**	68 414

13. SHARE CAPITAL AND SHARE PREMIUM

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	**R'000**	**R'000**	**R'000**
13.1 Authorised share capital				
100 000 000 (2016: 100 000 000) ordinary shares of R10 each	**1 000 000**	1 000 000	**1 000 000**	1 000 000
13.2 Issued and fully paid share capital				
32 240 260 (2016: 32 240 260) ordinary shares of R10 each	**322 403**	322 403	**322 403**	322 403
13.3 Share premium				
Balance at beginning of year	**82 196**	82 196	**82 196**	82 196
Balance at end of year	**82 196**	82 196	**82 196**	82 196
Reconciliation of Shares *				
- Opening number of shares issued	**32 240 260**	32 240 260	**32 240 260**	32 240 260
- Closing number of shares issued	**32 240 260**	32 240 260	**32 240 260**	32 240 260

* Values represent number of shares and have therefore not been rounded.

14. WELFARE AND CHARITABLE FUNDS

	GROUP		COMPANY	
	2017	2016	2017	2016
	R'000	R'000	R'000	R'000
Gross income from non-Islamic activities during the year	**19 438**	19 727	**19 438**	19 727
Normal tax thereon	**(2 194)**	(4 156)	**(2 194)**	(4 156)
Net income from non-Islamic activities during the year	**17 244**	15 571	**17 244**	15 571
Donations and advances	**(13 863)**	(11 882)	**(13 863)**	(11 882)
Balance at beginning of year	**11 600**	7 911	**11 600**	7 911
Balance at end of year	**14 981**	11 600	**14 981**	11 600

15. ACCOUNTS PAYABLE

	GROUP		COMPANY	
	2017	2016	2017	2016
	R'000	R'000	R'000	R'000
Sundry creditors	**48 149**	9 069	**48 104**	9 053
Accruals	**8 233**	9 114	**7 887**	8 831
	56 382	18 183	**55 991**	17 884

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.

Also included in sundry creditors is an amount of R27.9m (2016: R nil) payable for foreign currency purchased, which is scheduled for settlement in January 2018.

16. SOUTH AFRICAN REVENUE SERVICE PAYABLE

	GROUP		COMPANY	
	2017	2016	2017	2016
	R'000	R'000	R'000	R'000
Value Added Taxation	**76**	705	**544**	579
	76	705	**544**	579

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

17. PROVISION FOR LEAVE PAY

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Balance at beginning of year	**7 408**	5 987	**7 408**	5 987
Accrued during the year	**9 081**	8 680	**9 081**	8 680
Utilised during the year	**(7 972)**	(7 259)	**(7 972)**	(7 259)
Balance at end of year	**8 517**	7 408	**8 517**	7 408

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.

18. DEPOSITS FROM CUSTOMERS

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Maturity analysis				
Within 1 month	**2 115 416**	1 924 080	**2 115 416**	1 924 080
From 1 month to 3 months	**834 919**	812 486	**834 919**	812 486
From 3 months to 1 year	**2 083 328**	1 849 864	**2 083 328**	1 849 864
Greater than 1 year	**2 973**	2 282	**2 973**	2 282
More than 5 years	**55 957**	45 188	**55 957**	45 188
	5 092 593	4 633 900	**5 092 593**	4 633 900

The bank's deposit products include participation investment accounts, monthly investment plans, hajj saving schemes, regular income provider accounts, current accounts, guarantee deposit accounts, tax free saving accounts, corporate saver accounts as well as a premium investment product.

Amounts held in the more than 5 year category relate to funds held as an investment risk reserve for the benefit of the total depositor pool.

19. SUKUK

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Sukuk capital	**45 500**	30 300	**45 500**	30 300
Sukuk profit payable	**379**	242	**389**	242
	45 879	30 542	**45 889**	30 542

The sukuk investment product was launched in October 2016 with an initial investment of R30.3 million, being the first tranche in a R200m issuance to take place in due course. The Sukuk investment product qualifies as a tier II capital instrument in terms of Basel III with a 10 year maturing period. The Albaraka Sukuk Trust was formed with the sole purpose of administering the issuance and management of the sukuk investment product to the sukuk certificate holders. Profits are paid monthly and the R379k (2016 :R242k) profit payable balance represents the December profit accrual which was paid in January 2018 (2016 : January 2017).

20. 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 depositors on instruction or reinvested on the depositors' behalf within the category of the initial deposit.

21. NET NON-ISLAMIC INCOME

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	**R'000**	**R'000**	**R'000**
Interest income	**19 438**	19 727	**19 438**	19 727
	19 438	19 727	**19 438**	19 727
Amount transferred to welfare and charitable funds	**(19 438)**	(19 727)	**(19 438)**	(19 727)
	-	-	**-**	-

22. FEE AND COMMISSION INCOME

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	**R'000**	**R'000**	**R'000**
Service fees	**20 171**	17 729	**20 171**	17 729
Commission received on sale of unit trusts	**8 500**	6 010	**8 500**	6 010
Profit from foreign currency trading	**15 682**	10 680	**15 682**	10 680
Management fee from subsidiary	**-**	-	**232**	220
	44 353	34 419	**44 585**	34 639

23. OTHER OPERATING INCOME

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	**R'000**	**R'000**	**R'000**
Property rental income	**-**	-	**240**	237
Net parking income from investment property	**983**	906	**-**	-
Tank container rental income	**-**	327	**-**	327
Dividend income	**1 368**	1 422	**10 368**	10 422
Fair value gain on financial instrument	**710**	180	**710**	180
Other	**1 658**	1 818	**1 658**	1 818
	4 719	4 653	**12 976**	12 984

24. OPERATING EXPENDITURE

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
Operating expenditure includes:				
Auditor's remuneration				
Audit fees				
- current year	**2 257**	2 429	**2 216**	2 392
- prior year under-provision	**10**	7	**10**	7
Fees for other services				
- Other	**200**	370	**200**	370
	2 467	2 806	**2 426**	2 769
Consultancy fees	**5 818**	5 008	**5 770**	4 977
Depreciation of property and equipment	**10 982**	9 548	**15 069**	13 639
Amortisation of intangible assets	**7 355**	5 661	**7 355**	5 661
Assets written-off	**1 071**	168	**1 071**	168
Unit Trust expense	**7 600**	-	**7 600**	-
Operating lease charges	**4 514**	3 801	**5 322**	4 536
Research costs	**146**	959	**146**	959
Staff costs	**105 381**	94 771	**105 381**	94 771
Directors' emoluments			**9 790**	9 907
- Executive services			**7 953**	7 924
- Non-executive directors' fees			**1 837**	1 983

	2017			2016		
	Salary	**Other benefits**	**Total**	Salary	Other benefits	Total
	R'000	**R'000**	**R'000**	R'000	R'000	R'000
24.1 Executive services						
Company only						
SAE Chohan - Chief executive	**2 361**	**359**	**2 720**	2 211	608	2 819
MJD Courtiade - Chief risk executive	**1 949**	**81**	**2 030**	1 830	200	2 030
A Ameed - Financial director	**1 441**	**104**	**1 545**	1 354	183	1 537
M Kaka - Chief operating officer	**1 494**	**164**	**1 658**	1 307	231	1 538
	7 245	**708**	**7 953**	6 702	1 222	7 924

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

On 01 September 2017, Mr M.J.D. Courtiade was promoted to chief risk executive and Mr M. Kaka was promoted to chief operating officer.

	COMPANY	
	2017	2016
	R'000	R'000
24.2 Non-executive directors' fees		
AA Yousif	**298**	242
Adv. AB Mahomed SC	**-**	46
F Kassim	**188**	159
A Lambat	**271**	210
MS Paruk	**281**	289
YM Paruk	**57**	210
SA Randeree	**249**	232
M Youssef Baker	**-**	56
MG McLean	**50**	178
NJ Kunene	**191**	178
YGH Suleman	**252**	183
	1 837	1 983

25. TAXATION

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	R'000	**R'000**	R'000
South African tax				
Normal - current year	**28 477**	22 708	**26 603**	21 055
- prior year	**(363)**	1 045	**(363)**	1 045
Attributable to income from non-Islamic activities (refer to accounting policy 11 and note 14)				
- current year	**(2 388)**	(3 363)	**(2 388)**	(3 363)
- prior year	**194**	(793)	**194**	(793)
Deferred tax - current year	**(2 800)**	(2 587)	**(4 937)**	(5 006)
- prior year	**105**	(7)	**110**	(7)
Taxation attributable to Islamic activities	**23 225**	17 003	**19 219**	12 931
	%	%	**%**	%
Effective tax rate	**31,3**	29,2	**28,0**	24,5
Adjustable items:				
Non-taxable income	**1,1**	0,9	**4,4**	5,6
Non-deductible expenditure	**(4,3)**	(1,6)	**(4,3)**	(1,6)
Current tax adjustment - prior year	**(0,2)**	(0,5)	**(0,2)**	(0,5)
Deferred tax adjustment - prior year	**0,1**	-	**0,1**	-
	28,0	28,0	**28,0**	28,0

Non-taxable income is exempt income which is earned from learnerships and dividends. Non-deductible expenses are items that are capital in nature and depreciation which is not allowed for tax purposes.

26. FAIR VALUE GAIN

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	**R'000**	**R'000**	**R'000**
Fair value gain on available for sale asset	**49**	-	**49**	-
Deferred tax on available for sale asset	**(5)**	-	**(5)**	-
Fair value gain on forward exchange contract (Refer note 32.3)	**300**	-	**300**	-
Deferred tax on forward exchange contract	**(84)**	-	**(84)**	-
	260	-	**260**	-

27. EARNINGS PER SHARE

	GROUP	
	2017	2016
	R'000	**R'000**
Basic and diluted earnings per share are calculated on after tax income attributable to ordinary shareholders and a weighted average number of 32 240 260 (2016: 32 240 260) ordinary shares in issue during the year (cents)	**157,9**	127,8
Headline earnings per share are calculated on headline earnings and a weighted number of 32 240 260 (2016: 32 240 260) ordinary shares in issue during the year (cents)	**161,7**	127,1
Headline earnings per share are derived from:		
Profit for the year	**50 917**	41 196
Profit arising on disposal of property and equipment	**142**	(382)
Write-off of property, equipment and intangible assets	**1 071**	168
	52 130	40 982

28. DIVIDENDS

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	**R'000**	**R'000**	**R'000**
A dividend of 50 cents per share (2016: 50 cents) was paid on 21 July 2017 to shareholders registered on the shareholders register of the bank at close of business on 03 July 2017.	**16 120**	16 120	**16 120**	16 120

29. STATEMENT OF CASH FLOWS

	GROUP		COMPANY	
	2017	2016	2017	2016
	R'000	R'000	R'000	R'000
29.1 Cash generated from operations				
Profit before taxation	74 142	58 199	68 729	52 870
Adjustment for non-cash items and investment income:				
Depreciation of property and equipment	10 982	9 548	15 069	13 639
Dividend income	(1 368)	(1 422)	(10 368)	(10 422)
Unrealised forex (gains)/losses	(1 782)	1 630	(1 782)	1 630
Amortisation of intangible assets	7 355	5 661	7 355	5 661
Loss/(Profit) on disposal of property and equipment	142	(382)	142	(382)
Assets written-off	1 071	168	1 071	168
Straight-lining of operating leases	34	129	34	129
Provision for leave pay	1 109	1 421	1 109	1 421
Impairment for credit losses	(4 363)	(5 167)	(4 363)	(5 167)
Fair value gain on financial instruments	(710)	(180)	(710)	(180)
	86 612	69 605	76 286	59 367
29.2 Changes in working capital				
Increase in deposits from customers	458 693	207 773	458 693	207 773
Increase in Sukuk investment	15 200	30 300	15 200	30 300
Increase in accounts payable	37 120	2 429	37 632	2 346
Increase in welfare and charitable funds	5 573	7 845	5 573	7 845
(Increase) in advances and other receivables	(460 221)	(167 385)	(460 219)	(167 495)
(Increase) in regulatory balances	(42 692)	(107 582)	(42 692)	(107 582)
	13 673	(26 620)	14 187	(26 813)
29.3 Taxation paid				
Amount receivable at beginning of year	3 345	2 305	3 290	2 238
Amount charged to profit for the year	(25 918)	(19 597)	(24 044)	(17 944)
Amount charged to welfare and charitable funds	(2 194)	(4 156)	(2 194)	(4 156)
Amount receivable at end of year	(1 215)	(3 345)	(1 158)	(3 290)
	(25 982)	(24 793)	(24 106)	(23 152)
29.4 Dividends paid				
Amount outstanding at beginning of year	(1 053)	(961)	(1 053)	(961)
Dividends declared and paid	(16 120)	(16 120)	(16 120)	(16 120)
Amount outstanding at end of year	1 181	1 053	1 181	1 053
	(15 992)	(16 028)	(15 992)	(16 028)
29.5 Purchase of property and equipment				
Vehicles	(632)	(876)	(632)	(876)
Equipment and computers	(10 367)	(6 086)	(4 543)	(6 043)
Leasehold improvements	(314)	(3 324)	(306)	(3 324)
Work in progress	(453)	(6 560)	(455)	(6 560)
	(11 766)	(16 846)	(5 936)	(16 803)

29. STATEMENT OF CASH FLOWS (CONTINUED)

	GROUP		COMPANY	
	2017	2016	2017	2016
	R'000	R'000	R'000	R'000
29.6 Purchase of investment property				
Development of land	-	(129)	-	-
	-	(129)	-	-
29.7 Purchase of intangible assets				
Computer software	**(1 109)**	(1 923)	**(1 109)**	(1 923)
Capitalised project costs	**(1 927)**	(546)	**(1 927)**	(546)
Work in progress	**(7 365)**	(5 575)	**(7 365)**	(5 575)
	(10 401)	(8 044)	**(10 401)**	(8 044)

30. LETTERS OF CREDIT, GUARANTEES AND CONFIRMATIONS

	GROUP		COMPANY	
	2017	2016	2017	2016
	R'000	R'000	R'000	R'000
Guarantees and confirmations	**278 806**	292 134	**278 806**	292 134
Letters of credit	**1 430**	-	**1 430**	-
	280 236	292 134	**280 236**	292 134

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.

31. CAPITAL COMMITMENTS

	GROUP		COMPANY	
	2017	2016	2017	2016
	R'000	R'000	R'000	R'000
Authorised and contracted for				
- Property and equipment	**227**	1 164	**227**	1 164
	227	1 164	**227**	1 164

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

32. FINANCIAL INSTRUMENTS

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	**R'000**	**R'000**	**R'000**
32.1 Credit risk - maximum exposure to credit risk				
Advances to customers (note 9.1)	**4 633 877**	4 100 715	**4 633 877**	4 100 715
Advances and balances with banks	**556 070**	631 390	**556 070**	631 390
Advances and balances with Central Bank	**464 682**	384 650	**464 682**	384 650
Letters of credit, guarantees and confirmations	**280 236**	292 134	**280 236**	292 134
	5 934 865	5 408 889	**5 934 865**	5 408 889
32.2 Currency risk				
The group's exposure to currency risk was as follows:				
Cash and cash equivalents				
- EUR	**1 403**	1 943	**1 403**	1 943
- GBP	**853**	1 525	**853**	1 525
- SAR	**412**	155	**412**	155
- USD	**11 517**	18 189	**11 517**	18 189
- Others	**513**	664	**513**	664
	14 698	22 476	**14 698**	22 476

Based on the bank's year end foreign currency holdings a 1% fluctuation in the exchange rate will result in a R147k (2016: R225k) foreign exchange gain or loss. The bank does not speculate in currency fluctuations and therefore does not hold any stock for this purpose.

32.3 Derivative instruments

The group did not trade in any derivative instruments during the years under review, other than forward cover which was taken out during the year to mitigate against currency movement in physical stock held for trading. (Note 26)

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.4 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.

Group

	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
2017						
Assets						
Advances and other receivables	**5 110 818**	**422 414**	**375 845**	**917 760**	**1 721 911**	**1 672 888**
Investment securities	**25 717**	**-**	**-**	**-**	**-**	**25 717**
Cash and cash equivalents and regulatory balances	**584 088**	**252 436**	**9 892**	**207 854**	**-**	**113 906**
	5 720 623	**674 850**	**385 737**	**1 125 614**	**1 721 911**	**1 812 511**
Liabilities						
Deposits from customers	**5 092 593**	**2 115 416**	**834 919**	**2 083 328**	**2 973**	**55 957**
Sukuk	**45 879**	**45 879**	**-**	**-**	**-**	**-**
Accounts payable	**70 946**	**53 688**	**488**	**2 203**	**-**	**14 567**
Letters of credit, guarantees and confirmations	**280 236**	**40 654**	**53 809**	**118 808**	**39 018**	**27 947**
	5 489 654	**2 255 637**	**889 216**	**2 204 339**	**41 991**	**98 471**
Net liquidity gap	**230 969**	**(1 580 787)**	**(503 479)**	**(1 078 725)**	**(1 679 920)**	**(1 714 040)**

The liquidity disclosure of the sukuk is based on the terms and conditions which were approved by the SARB.

Group

	Carrying Amount	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 Years	More than 5 years
2016						
Assets						
Advances and other receivables	4 645 935	434 681	471 460	607 801	1 627 618	1 504 375
Investment securities	24 925	-	-	-	-	24 925
Cash and cash equivalents and regulatory balances	501 508	206 550	-	194 343	100 615	-
	5 172 368	641 231	471 460	802 144	1 728 233	1 529 300
Liabilities						
Deposits from customers	4 633 900	1 923 921	812 535	1 849 974	2 282	45 188
Sukuk	30 542	30 542				
Accounts payable	18 183	16 980	219	984	-	-
Letters of credit, guarantees and confirmations	292 134	11 145	92 339	105 143	57 653	25 854
	4 974 759	1 982 588	905 093	1 956 101	59 935	71 042
Net liquidity gap	197 609	(1 341 357)	(433 633)	(1 153 957)	1 668 298	1 458 258

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	**R'000**	**R'000**	**R'000**
32.5 Market risk				
The banks exposure to market risk at year end:				
- Interest Rate risk – Treasury bills	**223 744**	194 343	**223 744**	194 343
- Exchange rate risk – Foreign currency	**14 698**	22 476	**14 698**	22 476
	238 442	216 819	**238 442**	216 819

32.6 Intrinsic rate risk			COMPANY	
			2017	2016
	Intrinsic rate	Maturity	**R'000**	**R'000**
	14,3%	2024		
Current portion – less than 12 months			**12 018**	**11 128**
Non-current portion – greater than 12 months			**56 420**	**59 378**
Total obligations under finance leases (Note 33.2)			**68 438**	**70 506**

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

32.7 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 overleaf 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

32. FINANCIAL INSTRUMENTS (CONTINUED)

32.7 Accounting classification (continued)

	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						
2017						
Assets						
Advances	5 052 374	-	-	-	-	5 052 374
Forward exchange contract	-	-	-	-	36 406	36 406
Investment securities	-	16 125	-	-	9 592	25 717
Cash and cash equivalents	246 438	-	-	-	-	246 438
Regulatory balances	113 906	-	223 744	-	-	337 650
	5 412 718	16 125	223 744	-	45 998	5 698 585
Liabilities						
Deposits from customers	-	-	-	5 078 029	-	5 078 029
Sukuk	-	-	-	45 879	-	45 879
Accounts payable	-	-	-	70 944	-	70 944
	-	-	-	5 194 852	-	5 194 852
Group						
2016						
Assets						
Advances	4 608 553	-	-	-	-	4 608 553
Investment securities	-	16 076	-	-	8 849	24 925
Cash and cash equivalents	206 550	-	-	-	-	206 550
Regulatory balances	100 615	-	194 343	-	-	294 958
	4 915 718	16 076	194 343	-	8 849	5 134 986
Liabilities						
Deposits from customers	-	-	-	4 633 900	-	4 633 900
Sukuk	-	-	-	30 542	-	30 542
Accounts payable	-	-	-	18 183	-	18 183
	-	-	-	4 682 625	-	4 682 625

32.8 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 fair value of Kiliminjaro Investment Proprietary Limited, Earthstone Investments Proprietary Limited and Ahmed Al Kadi Private Hospital Limited were derived from observable market data, i.e. square metres and prices from comparable buildings in similar locations, by the valuation using multiple techniques.

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

	Level 1	Level 2	Level 3	Total
	R'000	R'000	R'000	R'000
Group				
2017				
Financial assets				
- Advances and receivables	**-**	**5 412 718**	**-**	**5 412 718**
- Available-for-sale	**-**	**16 125**	**-**	**16 125**
- Held to maturity	**-**	**223 744**	**-**	**223 744**
- Fair value through profit and loss	**45 998**	**-**	**-**	**45 998**
	45 998	**5 652 587**	**-**	**5 698 585**
Financial liabilities				
- Amortised cost	**-**	**5 194 852**	**-**	**5 194 852**
	-	**5 194 852**	**-**	**5 194 852**
2016				
Financial assets				
- Advances and receivables	-	4 915 718	-	4 915 718
- Available-for-sale	-	16 076	-	16 076
- Held to maturity	-	194 343	-	194 343
- Fair value through profit and loss	8 849	-	-	8 849
	8 849	5 126 137	-	5 134 986
Financial liabilities				
- Amortised cost	-	4 682 625	-	4 682 625
	-	4 682 625	-	4 682 625

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.

33. LEASES

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	**R'000**	**R'000**	**R'000**
Operating leases				
33.1 Leases as lessee				
Non-cancellable operating lease rentals payable are as follows:				
Less than one year	**3 828**	3 687	**5 122**	3 687
Between one and five years	**971**	3 950	**971**	3 950
	4 799	7 637	**6 093**	7 637

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.

	2017		2016	
	Minimum payments	**Present value of payments**	Minimum payments	Present value of payments
	R'000	**R'000**	R'000	R'000
Finance leases				
33.2 Leases as lessee-company				
Less than one year	**12 825**	**12 018**	11 875	11 128
Between one and five years	**62 416**	**40 966**	57 793	37 931
More than five years	**35 582**	**15 454**	53 031	21 447
Total minimum lease payments	**110 823**	**68 438**	122 699	70 506
Less amounts representing finance charges	**(42 385)**	**-**	(52 193)	-
Present value of minimum lease payments - (note 6)	**68 438**	**68 438**	70 506	70 506

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% (2016: 14,3%) after considering the unguaranteed residual value of R72 million (2016: R72 million) which will be realised at the end of the lease.

34. 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 R10,0 million (2016: R8,8 million). Executives portion of the contribution amounted to R724 500 for the year (2016: R670 200).

35. RELATED PARTY INFORMATION

The holding company of Albaraka Bank Limited at 31 December 2017 is Al Baraka Banking Group B.S.C. which is a company registered in the Kingdom of Bahrain and which holds 64.5% (2016: 64,5%) of the company's ordinary shares.

DCD Holdings (SA) Proprietary Limited and DCD London & Mutual Plc, a company incorporated in England and Wales, jointly hold 12,6% (2016: 12,6%) of the company's ordinary shares.

Timewest Investments Proprietary Limited, a company incorporated in South Africa, holds 7,7% (2016: 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. Two of the bank's directors are also trustees of the trust. The Iqraa Trust is not consolidated.

The Albaraka Sukuk Trust is a registered trust, formed with the intention of the administration of the Sukuk which was issued by Albaraka Bank Limited. The beneficiaries of the trust are the Sukuk certificate holders. The trust has five trustees comprising an institutional trustee, a chartered accountant, an individual from the business community, an advocate, as well as one of the Bank's directors. The only exposure between the Sukuk Trust and the bank currently relates to the Sukuk investment as disclosed under note 19.

The subsidiary of the bank, Albaraka Properties (Proprietary) Limited, and the related intercompany balances are identified in note 6. The bank also made finance lease repayments amounting to R11 875 378 (2016: R10 995 721) 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 intercompany account.
The management fee charged to the subsidiary is disclosed in note 22. A dividend of R 9 000 000 (2016: R9 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 24.

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 advances to executive and non-executive directors, are disclosed below:

	COMPANY	
	2017	2016
	R'000	**R'000**
Property finance - Musharaka and Murabaha		
Balance outstanding at beginning of year	**21 016**	16 303
Advances granted during the year	**-**	8 855
Repayments during the year	**(5 008)**	(6 127)
Profit earned	**1 957**	1 985
	17 965	21 016
Profit mark-up range for the year	**5,0%-11,0%**	5,0%-11,0%

The profit mark-up of 5% is in respect of advances to executive directors at subsidised rates which, at year end amounted to R2 611 937 (2016: R3 049 252).

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

	2017	2016
Instalment sale		
Balance outstanding at beginning of year	**3 069**	3 008
Advances granted during the year	**840**	1 316
Repayments during the year	**(2 054)**	(1 881)
Profit earned	**388**	626
	2 243	3 069
Profit mark-up range for the year	**6,0%-13,0%**	6,0% - 12,9%

35. RELATED PARTY INFORMATION (CONTINUED)

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

	COMPANY	
	2017	2016
	R'000	**R'000**
Trade finance		
Balance outstanding at beginning of year	**4 194**	4 012
Advances granted during the year	**4 298**	8 832
Repayments during the year	**(6 964)**	(9 511)
Profit earned	**336**	861
	1 864	4 194
Profit mark-up range for the year	**9,75%-10,0%**	9,25% - 10,5%
Iqraa Trust		
During the year, the bank donated an amount of R10 151 267 (2016: R6 221 674) to the trust.		
At 31 December 2017 funds deposited by the trust with the bank amounted to R16 694 685 (2016: R19 365 812).		
Sukuk Trust		
Sukuk capital	**45 500**	30 300
Total exposure to related parties	**67 572**	58 579
Staff advances are conducted at subsidised 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	**61 251**	52 983

36. STANDARDS AND AMENDMENTS NOT YET EFFECTIVE

EFFECTIVE DATE

At the date of authorisation of the annual financial statements for the year ended 31 December 2017, the following non-exhaustive list of 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.

IFRS 9: Financial Instruments

01 Jan 2018

The IFRS 9 standard addresses the recognition, classification, measurement and de-recognition of financial assets and financial liabilities. The standard is based on an expected loss model which is more forward-looking replacing the IAS 39 incurred loss model which is backward-looking.The standard will have an impact on both the measurement and presentation of financial assets and financial liabilities held by the bank.

IFRS 9 is based on a three-stage model which requires assessment of the deterioration or improvement in a financial instrument from origination. Expected credit losses are recognised in stage 1 where finance transactions are assessed over the first 12 months from date of origination; and then through a continuous assessment to determine whether a transaction has increased significantly in credit risk, which will result in the transaction moving into stage 2 and 3 which recognises losses over a lifetime assessment.

In order to calculate impairment provisions in line with the requirements of the IFRS 9 impairment provisioning standard, the bank underwent an IFRS 9 model design process aimed at building an impairment provisioning tool. This engagement was structured as follows:
1. An assessment of the available data and credit risk capabilities of the bank;
2. A design of a conceptual model blueprint, with the required methodology applied in estimating the IFRS 9 impairment provision within the context of the data and systems available to the bank;
3. An analysis and investigation into historical trends and data in order to determine the assumptions to be applied in the methodology;
4. Implementation of the selected assumptions and methodology into an impairment provisioning tool; and
5. Parallel runs, back-testing and refinement of the model before finalisation of the results.

The bank opted to adopt a component loss approach within the model build with different components required to calculate the expected credit loss being combined in the final impairment calculation.

The following key components were considered during the model build:
- **Macro data:** historical and forecast macro-economic indicators were used in the model build to adjust for forward looking macro-economic information.
- **Default rate:** historical information on the default experience of the bank was used in calibration of the model.
- **Staging category information:** the following were used in assessing the staging of debts in line with the 3 stage categorisation methodology in IFRS 9:
  - Quantitative triggers;
  - Historical term structures; and
  - Qualitative triggers.

Base data was then used to calibrate the assumptions used in the model build. The key components of the base data used were as follows:
- **Historical account information;**
- **Collateral information; and**
- **Behavioral scores.**

The above data was sourced from a combination of both internal historic data trends as well as external information from other service providers.

For the purposes of IFRS 9, a significant increase in impairment risk is assessed by taking into account the past due days of any deal as well as credit bureau information. Backward transitions thresholds for the IFRS 9 model have been defined to be symmetric to the criteria for forward transitions.

36. STANDARDS AND AMENDMENTS NOT YET EFFECTIVE (CONTINUED)

	EFFECTIVE DATE
IFRS 9: Financial Instruments (continued) In the banks assessment of IFRS 9, the following key areas have been considered in the calculation of the expected credit loss (ECL): • Probability of default (PD): The bank has adopted the marginal PD approach in estimating ECL over the projected lifetime of any deal in question. To this end, the probability of default has been defined as the likelihood of an account defaulting within a specified month of its term; • Exposure at default (EAD): This represents that value at risk in the event of default of any given customer; and • Loss given default (LGD) : This represents the estimated value the bank would be exposed to in the event of a default by any customer after taking into account recoveries such as collateral. The bank has undertaken several test runs on the IFRS 9 model during 2017 and all indications are that due to the strong credit profiles of the bank's customer base, the bank may potentially end up with a release of provisions in the 2018 year. The bank has chosen to adopt the transitional provisions which exist within the new standards and as such will be making an opening retain earnings and investment risk reserve adjustment for the 2018 financial year. The adjustment to the investment risk reserve in addition to retained income is in keeping with the bank's Islamic ethos of partnership and in line with AAOIFI requirements.	
IFRS 15: Revenue from Contracts with Customers IFRS 15 replaces all existing revenue requirements in terms of IFRS and applies to revenue from contracts with customers. The standard also 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. The underlying assumption is that revenue will need to be recognised when any performance obligations are met. Albaraka generates the majority of its income from funding activities with only a portion generated from non-funding activities. The funding activities (income generated from advances and equity finance) are excluded under the scope of IFRS 15 as these are covered as part of IFRS 9. Only the bank's non-funding activities (transactional income, unit trust income, forex income and debit card income) fall within the scope of IFRS 15. These non-funding activities however, do not require contracts with customers and are not dependent on a future performance obligation. These income streams are rather driven by activity levels of customers at a point in time and are recognised as such. This means that the banks' assessment of IFRS 15 indicates that there will be little to no impact of this standard.	01 Jan 2018
IFRS 16: Leases The IASB has issued IFRS 16: Leases that requires lessees to recognise most leases on their balance sheets. Lessees will have a single accounting model for all leases, with certain exemptions. Lessors accounting is substantially unchanged. The standard contains additional disclosure requirements for leasing arrangements entered into. The implication of this standard has been discussed by the Audit Committee with the expectation that it will impact the bank's asset base by capitalising the bank's branch premises which the majority are currently being leased on an operating lease basis. The impact of this on the bank's regulatory requirements are still being assessed by the banking industry and the South African Reserve Bank.	01 Jan 2019
IAS 40: Transfers of Investment Property The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The bank assessed the usage of investment property with no immediate intention to change.	01 Jan 2018

Your Partner Bank

FOR THE YEAR ENDED 31 DECEMBER 2017

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	**R'000**	**R'000**	**R'000**
Assets				
Cash and cash equivalents	**584 088**	501 508	**583 846**	501 508
Sales receivables	**1 540 787**	1 502 680	**1 540 787**	1 502 680
Musharaka financing	**3 511 587**	3 103 153	**3 511 587**	3 103 153
Investment securities	**25 717**	24 925	**25 717**	24 925
Investment in subsidiary company	**-**	-	**19 108**	11 972
Total investments	**5 662 179**	5 132 266	**5 681 045**	5 144 238
Other assets	**64 382**	45 564	**90 823**	69 877
Property and equipment	**113 627**	114 388	**60 139**	70 817
Investment properties	**10 502**	10 502	**-**	-
Intangible assets	**29 329**	26 152	**29 329**	26 152
Total assets	**5 880 019**	5 328 872	**5 861 336**	5 311 084
Liabilities, unrestricted investment accounts and owners' equity				
Liabilities				
Customer current accounts and other	**570 822**	522 277	**570 822**	522 277
Payables	**64 975**	26 296	**65 052**	25 871
Other liabilities	**14 981**	11 600	**14 981**	11 600
Total liabilities	**650 778**	560 173	**650 855**	559 748
Equity of unrestricted investment account holders	**4 465 814**	4 066 435	**4 465 814**	4 066 435
Sukuk	**45 879**	30 542	**45 889**	30 542
Profits distributable to depositors	**55 957**	45 188	**55 957**	45 188
Total liabilities and unrestricted investment accounts	**5 218 428**	4 702 338	**5 218 515**	4 701 913
Owners' equity	**661 591**	626 534	**642 821**	609 171
Share capital	**322 403**	322 403	**322 403**	322 403
Share premium	**82 196**	82 196	**82 196**	82 196
Other reserve	**1 460**	1 200	**1 460**	1 200
Retained income	**255 532**	220 735	**236 762**	203 372
Total liabilities, unrestricted investment accounts and owners' equity	**5 880 019**	5 328 872	**5 861 336**	5 311 084

AAOIFI STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	GROUP		COMPANY	
	2017	2016	**2017**	2016
	R'000	**R'000**	**R'000**	**R'000**
Income from sales receivables	**146 367**	132 401	**146 367**	132 401
Income from Musharaka financing	**341 815**	293 483	**341 815**	293 483
Return on unrestricted investment accounts before the bank's share as Mudarib	**488 182**	425 884	**488 182**	425 884
Less: bank's share as Mudarib	**(248 202)**	(216 275)	**(247 941)**	(216 275)
Return on unrestricted accounts	**239 980**	209 609	**240 241**	209 609
Bank's share in income from investment (as a mudarib and as a fund owner)	**248 202**	216 275	**247 941**	216 275
Bank's income from its own investments	**1 368**	1 422	**10 368**	10 422
Revenue from banking services	**20 171**	17 729	**20 171**	17 729
Other revenue	**27 533**	19 921	**27 022**	19 472
Total bank revenue	**297 274**	255 347	**305 502**	263 898
Administrative and general expenditure	**(204 795)**	(181 939)	**(214 349)**	(191 728)
Depreciation of property and equipment	**(10 982)**	(9 548)	**(15 069)**	(13 639)
Amortisation of intangible assets	**(7 355)**	(5 661)	**(7 355)**	(5 661)
Profit before taxation	**74 142**	58 199	**68 729**	52 870
Taxation	**(23 225)**	(17 003)	**(19 219)**	(12 931)
Profit for the period	**50 917**	41 196	**49 510**	39 939

GLOBAL NETWORK

AL BARAKA BANKING GROUP B.S.C.
GROUP HEADQUARTERS
Bahrain Bay
PO Box 1882, Manama, Kingdom of Bahrain

Board Member, President and Chief Executive
Mr Adnan Ahmed Yousif
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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,
BTI Bank S.A. in Morocco.

AL BARAKA BANKING GROUP ALSO HAS REPRESENTATIVE OFFICES IN:
Indonesia, Libya, with a branch in Iraq, for which Al Baraka Türk Participation Bank is responsible.

Contact details for the subsidiary units of Al Baraka Banking Group are available via our website.
Please visit: www.albaraka.co.za and select 'Group Website'