alBaraka Bank

2024

ANNUAL REPORT

Your Partner Bank

AL BARAKA BANK

Albaraka Bank Limited (Al Baraka Bank) remains deeply committed to serving the financial needs of communities across South Africa, through an ethical customer-centric approach, tailored for the digital age.

VISION

To be the South African leader in innovative participation finance, offering an agile ethical financial system built for the digital age.

MISSION

To fulfil the financial needs of the South African community by conducting business through an ethical customer-centric approach tailored for the digital age, based on our core beliefs and aimed at sharing the mutual rewards with our partners in business success, our employees, our shareholders and our communities at large.

VALUES

Partnership:

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

Agility:

We are fleet-footed to adapt to the digital age to meet the fast-changing customer behaviour and needs in a dynamic and challenging environment.

Innovation:

We recognise that an 'Innovation First' culture is necessary to be able to serve our customers on a 'here and now' basis in a fast-changing world.

Trust:

Our customers can experience peace-of-mind and rest assured that their financial interests are being managed by us to the highest ethical standards of participation finance.

Development:

By banking with us, our customers make a positive contribution to a better society – their growth and ours will sustain the greater good of society.

CODE OF BUSINESS CONDUCT

We employ a Code of Business Conduct which gives effect to the Bank's business culture and, more particularly, the actions of its staff members.

The principles contained within 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;
- Always displaying the highest levels of customer confidentiality;
- 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

We work diligently to:

- Increase returns to shareholders;
- Promote customer service excellence;
- Develop innovative products; and
- Utilise enhanced technology.

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ABOUT THIS REPORT

Al Baraka Bank welcomes you, our valued stakeholder, to this, our 2024 integrated annual report; a document which provides insights to our 01 January to 31 December 2024 financial year and offers an oversight of our past performance, achievements and future prospects.

Our integrated annual report details key performance indicators, our business profile and a concise 10-year financial review, together with information pertaining to leadership, business footprint and a 2024 Chairman and Chief Executive's Statement.

We also present details of material matters which the Bank deals with, inclusive of human resources, information technology, corporate governance, sustainability, digitalisation, compliance and Shariah principles.

Al Baraka Bank is a commercial banking institution and is South Africa's only fully-fledged Islamic Bank. In view of this, we regard as our primary concern the need to be a global leader in innovative participation finance, offering an agile ethical financial system developed specifically for the digital age.

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

We are necessarily quick in adapting to the evolving digital age and so are able to successfully meet fast-changing client needs in a dynamic and challenging operating environment.

We recognise that innovation is an imperative if we are to better serve clients and set out to ensure that they may rest assured that their financial interests are being managed to the highest ethical standards of participation finance. We are confident that by banking with us, clients make a positive contribution to a better society – their growth and ours will sustain the greater good of society.

"OUR SHARED BELIEFS CREATE STRONG BONDS THAT FORM THE BASIS OF LONG-TERM RELATIONSHIPS WITH BOTH CUSTOMERS AND STAFF."

In preparing our integrated annual report, we remain mindful of Al Baraka Bank's pre-determined reporting requirements, together with those prescribed by South Africa's financial regulatory bodies. In addition, we stress that materiality is ascertained by our board of directors, in line with the wishes of our shareholders and various other strategic stakeholder groups.

We are cognisant of our Bank's overriding guiding principles, as described by IFRS, the Banks Act, Act No. 94 of 1990, the Companies Act, Act No. 71 of 2008, the King Code of Corporate Governance for South Africa and other applicable legislation. Accordingly, we apply an integrated thinking philosophy to our overall business and this philosophy is reflected in our adopted strategic direction, in the pursuit of business delivery against our Vision.

BANK DECLARATION

Al Baraka Bank's audit committee is responsible for appraising and submitting our integrated annual report and annual financial statements to the board of directors for its 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 Al Baraka Bank.

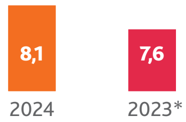
....
Zahid Fakey
Chairman

26 March 2025

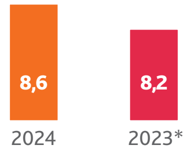
Shabir Chohan
....
Shabir Chohan
Chief executive

KEY PERFORMANCE INDICATORS

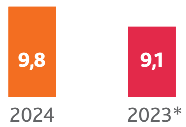
DEPOSITS
IN BILLIONS



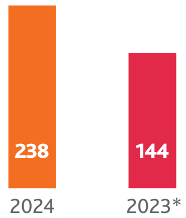
ADVANCES
IN BILLIONS



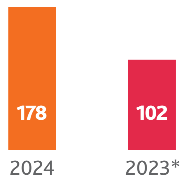
ASSETS
IN BILLIONS



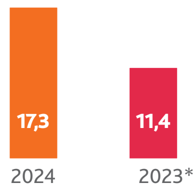
PROFIT BEFORE TAXATION ATTRIBUTABLE TO ORDINARY SHAREHOLDERS
IN MILLIONS



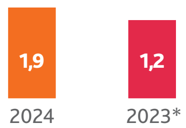
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO ORDINARY SHAREHOLDERS
IN MILLIONS



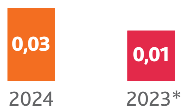
ROE
IN PERCENTAGE



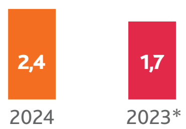
ROA
IN PERCENTAGE



BAD DEBT RATIO
IN PERCENTAGE



NON PERFORMING RATIO
IN PERCENTAGE



*2023 figures have been restated

BUSINESS PROFILE

AL BARAKA GROUP - BAHRAIN
Al Baraka Bank in South Africa is a fully integrated subsidiary of Al Baraka Group B.S.C. (C) ("ABG"/the "Group"), a Bahrain-based financial institution and global leader in Islamic finance. The Group as a leading international Islamic financial group, provides its unique services in countries in which it has a presence.

Formerly Al Baraka Banking Group, the entity received approval to change its licence, becoming an investment business firm – Category (1) (Islamic Principles), effective 22 March 2022 and was renamed Al Baraka Group. In line with this change, the Group also redeveloped its Vision and Mission statements and values.

The licence change and Group name change in no way affects the business operations of its global subsidiaries, inclusive of Al Baraka Bank in South Africa.

ABG is a leading international Islamic financial Group with a presence in 13 countries as at 31 December 2024. Through its banking subsidiaries and associates, the Group provides services in retail, corporate, treasury and investment banking, all strictly in accordance with Shariah principles, through more than 600 branches.

AL BARAKA BANK - SOUTH AFRICA
Established in 1989, Al Baraka Bank is a commercial Bank providing a suite of Shariah-compliant products to communities across the country, as a practical and sustainable alternative to conventional banking.

Our products and services increasingly appeal to both Muslim clients and clients of other faiths and backgrounds. In employing a fair and just system of financial management, Al Baraka Bank's guiding principles are drawn from Shariah, thus upholding the idea of profit and loss-sharing, while prohibiting the payment or receiving of interest in any transaction.

Although embracing the era of digitalisation in a technologically-driven world, the Bank strives to maintain close personal contact with its clients and sets out to actively live the moral value of 'partnership,' while continuously endeavouring to create, develop and sustain long-term relationships with the people we serve.

This enables the Bank to cultivate close and meaningful dealings and exchanges to the benefit of both clients and the business.

With our head office located in Durban, our financial institution enjoys a national business footprint and is ideally positioned to offer clients a comprehensive bouquet of financial products and services.

As at 31 December 2024, Al Baraka Bank's primary shareholders included the Bahrain-based Al Baraka Group B.S.C.(C) (64,51%), Johannesburg-based Timewest Investments (Pty) Ltd (7,67%), DCD London and Mutual plc (6,60%), Dominion (SA) (Pty) Ltd (6,01%), Sedfin (Pty) Ltd (3,33%) and Esanjo Capital Ltd (2,0%). Foreign and local shareholders represent the balance.

Al Baraka Bank's board of directors comprises international and local business people and professionals, all with the requisite business skills, coupled with exceptional collective knowledge, expertise and experience in Islamic banking.

The Bank also has in place both an internal Shariah Department and an independent Shariah Supervisory Board. These bodies play a vital role in ensuring the Bank's full compliance with Shariah in its everyday business activities. In addition, Al Baraka Bank is a member of the authoritative and respected international Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

The Bank's financial products are accordingly reviewed and audited on a regular basis, giving effect to the ongoing maintenance of and adherence to Shariah.

"THE LOCAL BUSINESS UNIT HAS GROWN TO BECOME AN INTEGRAL PART OF THE INTERNATIONAL GROUP"

ABG, through its shareholding in the South African subsidiary, has ensured that the local business unit has grown to become an integral part of the international Group.

In line with this, the Bank has developed and honed an enviable standing in South Africa's financial sector as a financial services provider of high repute; one which demonstrates the professionalism, effectiveness and efficiency necessary to function at the leading-edge of Islamic banking in this country.

TEN-YEAR REVIEW

	2024	2023 (Restated)	2022	2021	2020	2019	2018	2017	2016	2015
Statement of Financial Position (Rm)										
Share capital	322	322	322	322	322	322	322	322	322	322
Shareholders' interest*	1 102	955	891	849	811	771	713	662	627	601
Total Equity*	1 226	1 079	1 015	849	811	771	713	662	627	601
Deposits from customers	8 087	7 598	7 061	7 339	7 439	6 180	5 844	5 078	4 634	4 426
Advances and other receivables*	8 634	8 123	7 659	7 851	7 913	6 522	5 976	5 111	4 646	4 473
Total assets	9 783	9 146	8 496	8 595	8 685	7 363	6 834	5 880	5 329	5 058
Statement of Comprehensive Income (Rm)										
Profit before taxation attributable to ordinary shareholders*	238	144	78	54	51	102	87	74	58	76
Total comprehensive income for the year attributable to ordinary shareholders*	178	102	51	38	36	75	65	51	41	56
Share Statistics (Cents)										
Basic and diluted earnings per share*	553	316	158	118	112	231	203	158	128	171
Dividend per share	100	62	30	-	-	55	55	50	50	45
Net asset value per share*	3 417	2 964	2 763	2 634	2 515	2 390	2 201	2 052	1 943	1 866
Ratios (%)										
Return on average shareholders' interest*	17,3	11,2	5,9	4,6	4,6	10,1	9,5	7,9	6,7	9,6
Return on average total assets*	1,9	1,2	0,6	0,4	0,4	1,1	1,0	0,9	0,8	1,1
Shareholders' interest to total assets*	11,3	10,4	10,5	9,9	9,3	10,5	10,4	11,3	11,8	11,9

SHAREHOLDERS' INTEREST
Ordinary share capital, share premium, non-distributable reserves and distributable reserves.

RETURN ON AVERAGE SHAREHOLDERS' INTEREST
Total comprehensive income for the year attributable to ordinary shareholders, 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.

TOTAL EQUITY
Shareholders' interest and Additional Tier 1 Sukuk Instruments

RETURN ON AVERAGE TOTAL ASSETS
Total comprehensive income for the year attributable to ordinary shareholders, 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 attributable to ordinary shareholders, 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.

*2023 figures have been restated

OUR LEADERSHIP

Al Baraka Bank's unitary board structure comprised:

- Six independent non-executive directors;
- Three non-executive directors; and
- Two executive directors.

INDEPENDENT NON-EXECUTIVE DIRECTORS

YGH Suleman (67) – South African
Chairman of the Board

CA (SA), Chartered Director (SA)

Joined the board in 2016 (retired 28 February 2025)

Board committee memberships

☐ REMCO ■ DAC

Adv. JMA Cane SC (58) – South African
Lead independent director

BA, LLB, LLM

Joined the board in 2018

Board committee memberships

☐ DAC ☐ AC ■ REMCO

MJD Courtiade (71) – French

CA (SA)

Joined the board in 2004

Board committee memberships

☐ RCMC ■ BCC ☐ REMCO

ZH Fakey (50) – South African
Independent non-executive director

CA (SA), CISA

Joined the board in 2019 (Appointed Chairman 01 March 2025)

Board committee memberships

■ AC ■ RCMC ☐ SEC

SM Nyasulu (42) – South African
Independent non-executive director

LLB

Joined the board in 2020

Board committee memberships

■ SEC ☐ RCMC ☐ AC

R Lachman (54) – South African
Independent non-executive director

CA (SA)

Joined the board in 2024

Board committee memberships

☐ BCC

A Essack (49) – South African
Independent non-executive director

CA (SA)

Joined the board 01 March 2025

Board committee memberships

■ AC

NON-INDEPENDENT, NON-EXECUTIVE DIRECTORS

Mr A A Dogar (57) – Pakistani

MA (Economics)

Joined the board in 2024

Board committee memberships

☐ BCC ☐ RCMC

Dr MM Khemira (62) – Canadian

PhD (Engineering)

Joined the board in 2022

Board committee memberships

☐ DAC ☐ SEC ☐ REMCO

FA Randeree (50) – British

BA (Hons), MBA

Joined the board in 2021

Board committee memberships

☐ BCC ☐ DAC

EXECUTIVE DIRECTORS

SAE Chohan (59) – South African
Chief executive

CA (SA)

Joined the board in 2004

Board committee memberships

☐ BCC ☐ SEC

A Ameed (43) – South African
Financial director

CA (SA)

Joined the board in 2014

Board committee memberships

☐ RCMC

BOARD COMMITTEE LEGEND:

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

ADMINISTRATION:

COMPANY SECRETARY
MT Kazi LLB

SHARIAH SUPERVISORY BOARD
Shaykh MS Omar B.Com Law, LLB (Chairman)
Shaykh YH Khalawi
Mufti Z Bayat
Mufti SA Jakhura

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
PricewaterhouseCoopers Inc. (PwC)
Ridgeside Office Park, 34 Richefond Circle,
Umhlanga Rocks, Durban, 4319

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 FOOTPRINT

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 Craddock Avenue, Cradock Square, Office 01006
First Floor, Regent Place, Rosebank, Johannesburg, 2196
PO Box 42897, Fordsburg, 2033

REGIONAL OFFICE: WESTERN CAPE
Cnr. 42 Klipfontein and Belgravia Roads
Athlone, 7764
PO Box 228, Athlone, 7760

CHIEF OPERATING OFFICER
Ismail Yuseph (Acting)

SME & CORPORATE OFFICE
General manager: SME and corporate
Nasir Seedat (Acting)

RETAIL BRANCHES
General manager: retail and wealth
Nasir Seedat

KWAZULU-NATAL

Regional branch administration manager:
Saabera Dockrat

KINGSMEAD (DURBAN)
2 Kingsmead Boulevard, Kingsmead Office Park
Stalwart Simelane Street, Durban, 4001
PO Box 4395, Durban, 4000

OVERPORT (DURBAN)
Shop 12, Gem Towers, 98 Overport Drive
Durban, 4001
PO Box 4395, Durban, 4000

GAUTENG

Regional branch administration manager:
Anisa Suliman

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

LAUDIUM (PRETORIA)
Laudium Plaza, Cnr. 6th Avenue and Tangerine Street
Laudium, 0037
PO Box 13706, Laudium, 0037

ATHLONE (CAPE TOWN)

Regional branch administration manager:
Shaheen Majiet

Cnr. 42 Klipfontein and Belgravia Roads
Athlone, 7764
PO Box 228, Athlone, 7760

RETAIL SALES
KWAZULU-NATAL

Regional Sales manager:
Zaithoon Daniel

KINGSMEAD (DURBAN)
2 Kingsmead Boulevard, Kingsmead Office Park
Stalwart Simelane Street, Durban, 4001
PO Box 4395, Durban, 4000

OVERPORT (DURBAN)
Shop 11, Gem Towers, 98 Overport Drive
Durban, 4001
PO Box 4395, Durban, 4000

GAUTENG

Regional sales manager:
Aadila Soni

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

LAUDIUM (PRETORIA)
Laudium Plaza, Cnr. 6th Avenue and Tangerine Street
Laudium, 0037
PO Box 13706, Laudium, 0037

ATHLONE (CAPE TOWN)

Regional sales manager:
Raghma Carr

Cnr. 42 Klipfontein and Belgravia Roads
Athlone, 7764
PO Box 228, Athlone, 7760

SME
KWAZULU-NATAL

Regional SME manager:
Reyaz Karodia

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

GAUTENG

Regional SME manager:
Zain Patel

22 Craddock Avenue, Cradock Square, Office 01006
First Floor, Regent Place, Rosebank, Johannesburg, 2196
PO Box 42897, Fordsburg, 2033

CAPE TOWN

Regional SME manager:
Imraan Modack (Acting)

Cnr. 42 Klipfontein and Belgravia Roads, Athlone, 7764
PO Box 228, Athlone, 7760

CORPORATE
KWAZULU-NATAL

Corporate manager:
Mohammed Ameen

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

GAUTENG

Corporate manager:
Sayed Abed Ali Mia

22 Craddock Avenue, Cradock Square, Office 01006
First Floor, Regent Place, Rosebank, Johannesburg, 2196
PO Box 42897, Fordsburg, 2033

CAPE TOWN

Corporate manager:
Imraan Modack

Cnr. 42 Klipfontein and Belgravia Roads, Athlone, 7764
PO Box 228, Athlone, 7760

SERVICE CENTRES
OVERPORT (DURBAN)
Shop 12, Gem Towers, 98 Overport Drive
Durban, 4001
PO Box 4395, Durban, 4000

RASLOUW (PRETORIA)
134 Baard St
Golden Point Padel
Raslouw, Centurion, Pretoria 0183

ROSEBANK
22 Craddock Avenue, Cradock Square, Office 01006 First Floor, Regent Place, Rosebank, Johannesburg, 2196
PO Box 42897, Fordsburg, 2033

CUSTOMER SERVICES

Call:	0860 225 786
Email:	customerservices@albaraka.co.za
SMS:	43893
WhatsApp:	+27 84 786 6563 (general banking information only)
Web:	www.albaraka.co.za

Please scan the QR code to visit our Customer Services page

CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT

As recently appointed, and in my first statement, as Chairman of Al Baraka Bank South Africa, I am delighted to join the Chief Executive, to report an exceptional financial performance in the 2024 financial year.

Pleasingly, net profit before taxation reflected a significant 59% increase, from R164 million in 2023 to R260 million in the review period. Equally, return on average equity grew from 11,2% to 17,3%, whilst growth in advances decreased by 4%. We registered 6,4% growth in deposits, to R8 billion, while total assets growth of 7% saw the Bank top the R9,8 billion mark.

This quite remarkable financial performance came in the face of a constrained economy and is the longer-term result of the robust restructuring initiatives we instituted several years ago, necessary then to ensure the ongoing and improved sustainability of our business.

Additionally, our significantly improved financial performance may, in no small measure, be attributed to the recent close alignment of our business objectives and strategic plan to that of the Bahrain-based and internationally-acclaimed Al Baraka Group – of which our business unit is a subsidiary.

Importantly, and stemming from such initiatives, a direct consequence of our 2024 financial performance has been the impact on our cost to income ratio, which reduced from 65,9% in 2023 to an impressive 56,6% by the end of the 2024 financial year.

The review period also saw the Bank focus attention on non-funding income, diversifying revenue sources and contributing towards our overall level of profitability. We have actively managed our Bank's levels of capital adequacy and have very effectively employed Sukuk (Investment Certificates) as a vehicle to boost the Bank's profitability.

We currently have in issuance both a Tier 1 and a Tier 2 Sukuk, which are impacting positively on our capital adequacy. Looking forward, 2025 will see our formulation of a Sukuk issuance plan.

Whilst our exceptional financial performance during the review period has given new impetus to our Bank's overall growth trajectory, we remain cognisant of the fact that South Africa's economic, investment and political dynamics remain fragile. In spite of such fragilities, however, we are optimistic about the future and are projecting further growth and increased profitability in the year ahead and beyond.

ACHIEVEMENTS: 2024

The period under review gave rise to a number of notable achievements, primary amongst which was the finalisation and testing of our foreign exchange card development project. We currently await regulatory approval of the card, following which it will be introduced to our clients.

The implementation and projected uptake of our foreign exchange card, onto which a selection of six currencies – including the Euro, Sterling, US Dollar, Saudi Riyal, Turkish Lira and UAE Dirham – may be loaded for international utilisation.

The advent of this new product will contribute significantly towards our non-funding income endeavours. A further achievement milestone for the Bank was our 2024 distribution of Takaful (insurance). We were delighted to have been in a position to implement this new product for the benefit of our clients and regard this as being an area of meaningful growth for the Bank.

In giving effect to this product, we established a 100% owned subsidiary, Al Baraka Financial Services (Pty) Ltd to commence distribution of the product.

Takaful is set to further boost our non-funding income levels and is regarded as a highly complementary addition to our bouquet of product offerings.

"WE HAVE ACTIVELY MANAGED OUR BANK'S LEVELS OF CAPITAL ADEQUACY AND HAVE VERY EFFECTIVELY EMPLOYED SUKUK (INVESTMENT CERTIFICATES) AS A VEHICLE TO BOOST THE BANK'S PROFITABILITY."

Crucially, we made added inroads and investment in our digitalisation efforts during the 2024 financial year. In line with the banking industry environment, our digitalisation strategies remained a key focus for our board and executive team, giving effect to enhanced transaction solutions for our clients and ensuring our continued relevance and competitiveness in South Africa's financial industry.

In this regard, we have tapped into both local and international resources in an effort to fast-track technological changes in order to better meet client expectations and to bring about improved business efficiencies.

The review period saw our Bank's effective utilisation of Cloud technology options in a sustainable manner for the significantly improved cost-effectiveness of doing business.

We also gave further impetus to our Shariah-compliant credit card project, which was reported in our previous annual report. We have now undertaken a feasibility study and the process continues, given that the development of such a product is proving most challenging if it is to operate on a financially sustainable basis. We are accordingly investigating various alternative options in order to gauge the viability of launching such a product in the future.

Moreover, the branch network rationalisation project continued being a focus for the Bank during this time, in line with globally evolving changes with regard to client-bank interactions. Last year we reported the conversion of our Overport branch into a cashless outlet and this approach has now led to the successful establishment of an Al Baraka Service Centre here, a move which prompted the expansion of the concept to Raslauw, in Gauteng's Midrand area. In addition, we completed the relocation and re-orientation of our previous Fordsburg, Johannesburg branch as an Al Baraka Service Centre in Rosebank.

The philosophy behind the branch network re-modelling is to ensure we adequately meet client demands for the convenience associated with online transactions, whilst simultaneously giving effect to maintaining contact with clients who require physical interactions with the Bank.

In an associated personal contact initiative, first introduced in 2023, we boosted our client visitation programme, with consultants increasingly visiting areas where the Bank does not have a presence, exposing the Bank and its wide range of Shariah-compliant products and services, together with the world of digitalisation and the benefits of online banking transactions to existing and prospective new clients.

Lastly, and as a means of being seen to contribute meaningfully towards the stimulation of South Africa's small business sector and its growth and development, we hosted an entrepreneurial event in December, enabling and empowering small business owners to become better exposed to a wider market.

Gratifyingly, the Bank was presented with two major awards during the course of 2024.

The Bank was named the 'Strongest Islamic Retail Bank in South Africa' during the Islamic Retail Banking Awards 2024, held in Dubai in November 2024, and was the further recipient of the IFN Awards 2024 in three categories, being 'Best Islamic Bank in South Africa,' 'Best Islamic Corporate Bank in South Africa,' and 'Best Islamic Retail Bank in South Africa.'

We are humbled by such prestigious awards and regard them as affirmation that we are, indeed, delivering against our vision for the benefit of our South African client base and our valued stakeholders.

DIVIDEND

The Bank declared a dividend of 100 cents in 2024 (62 cents in 2023) for shareholders.

We anticipate further increasing dividends in the year ahead, subject to all statutory requirements, and thank our shareholders for their continued support of our Bank, especially through the economic difficulties of the global health crisis and associated recovery complications.

HUMAN RESOURCES

The role of human resources is constantly evolving in today's digital world of dynamic solutions.

The world of work has irreversibly changed since the global health crisis which struck in 2020, necessitating radical adaptation by businesses. The Bank was not immune to the need for change and worked tirelessly to manage the transition to a new norm.

Our members of staff have successfully and satisfactorily settled into new working arrangements, with our adoption of a hybrid work model, giving effect to a combination of in-office and remote working, allowing for greater flexibility, improved productivity and reduced costs, without conceding either business efficiency or client service.

Our human resources focus during the review period centred on outputs, the tangible and observable products and services our business generates. They are the direct result of activities or processes performed within the Bank and are increasingly influenced by fast-developing technological advances.

The digitalisation era has changed South Africa's financial industry forever, giving effect to fast-paced technology-driven operations and solutions, with banks utilising technology to meet client demands for a seamless experience, speed, convenience and greater control over their accounts and transactions.

In view of this, our Bank embarked on a comprehensive staff re-training exercise in 2024, equipping members with new skills to replace outdated competences and abilities, ensuring that they are able to thrive in an ever-increasing technology-driven work environment.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT

The Bank has long-recognised the importance of the Broad-Based Black Economic Empowerment (B-BBEE) ideal in South Africa as a means of levelling the economic and business playing fields.

This is an initiative our Board takes most seriously and we work diligently to promote and give effect to its principles. Pleasingly, our endeavours in this regard are paying off and in 2024 we were successful in improving our rating from Level 7 to that of Level 3. We remain committed to improving this rating still further going forward.

CORPORATE SOCIAL INVESTMENT

One of the key values to which we pay close attention is that of making a telling contribution towards addressing South Africa's socio-economic challenges.

We have in place a strategically-focused corporate social investment programme, through which we are able to make a positive impact on the lives and circumstances of, especially, the historically disadvantaged members of South African society.

Our national support efforts are directed towards the needy in the fields of education and welfare.

The 2024 financial year saw our Bank donate R5 million in support of a number of education and welfare-based initiatives. An additional R6,6 million was donated to a charitable trust.

ECONOMIC REVIEW

The South African economy remained somewhat constrained in 2024.

A combination of load-shedding initially, logistical bottlenecks and criminal sabotage were major contributors to this performance. However, during the year, sentiment certainly improved significantly in the wake of the end of load-shedding (end of March onwards) and the formation of a Government of National Unity (GNU) in June. Both these developments provided rate hope for improved growth, driven by an increased propensity on the part of Government to embark upon structural reforms and to engage the private sector, to an increased extent, to help address and solve constraints to growth.

Confidence has also been driven by a bigger-than-expected decline in inflation, resulting from lower fuel prices and a strengthening of the Rand. Currency strength has been derived from a desire by foreigners to increase purchases of South African bonds in the hope of improved growth going forward in the wake of the formation of the GNU.

Potentially higher economic growth will assist greatly in improving the country's fiscal situation and restrict the growth of public debt. Reduced inflation, in turn, has helped by enabling interest rates to start coming down for the first time in more than a year, with the encouraging hope of more reductions to come. The State's debt-servicing costs stand to decline, paving the way now for increased investment in expenditure in more vital areas of economic activity.

Efforts to address structural weaknesses in the economy have the potential to yield positive results, though their full impact will unfold over time. While geopolitical developments present challenges, they also offer opportunities for strategic adaptation and innovation. Although fluctuations in key commodity prices could increase business costs, proactive measures can help mitigate risks and enhance resilience.

Similarly, potential policy shifts in the U.S., including trade tariffs and adjustments to financial aid, may introduce new dynamics in global markets. However, these changes could also drive diversification and strengthen regional economic collaboration. While high public debt levels, particularly in the U.S., may influence interest rates, businesses and policymakers can navigate these conditions with prudent financial strategies. Domestically, the Government of National Unity (GNU) faces a period of transition, but with constructive dialogue and cooperation, it has the opportunity to establish a stable and effective governance framework for the future.

Nonetheless, the rebuild of confidence indicates greater economic growth now than at any stage in the past decade.

THE FUTURE

Looking to 2025 and beyond, prevailing local geopolitical uncertainty, coupled with the sustainability potential of the Government of National Unity and the possible increase in the cost of doing business in South Africa remain causes for concern.

Additionally, the potential threat of tariffs on imports to the USA could impact global – and therefore South African – inflation.

CHAIRMAN AND CHIEF EXECUTIVE'S STATEMENT (CONTINUED)

However and in spite of such negative aspects, the potential for future economic growth in South Africa has never been higher than at any time in the past 10 years. This augers well for the local financial industry and for Al Baraka Bank, specifically, coming on the back – as it does – of our exceptional financial performance of the past two financial years.

Post-election and following Government of National Unity establishment, our client base has displayed renewed and encouraging levels of optimism, which has benefitted the Bank and the wider business environment.

We, therefore, remain cautiously confident about the immediate future, but temper such confidence with the reducing profit rates, given the present economic landscape. The impact of this is being modelled so as to ensure our ability to maintain appropriate financial ratios going forward in the current operating environment, although we do anticipate continued growth in 2025.

AL BARAKA GROUP

Al Baraka Bank in South Africa is a subsidiary of the Al Baraka Group B.S.C. (C).

Based in Bahrain, Al Baraka Group operates business units globally and is widely regarded as a world leader in Shariah-compliant banking. Al Baraka Group B.S.C. (C) is an investment and business firm – Category (1) – and is supervised and regulated by the Central Bank of Bahrain ('CBB').

The Al Baraka Group's total net income for the 2024 financial year totalled US$309 million, whilst total assets for the review period amounted to US$26,19 billion.

In 2023, the Group's South African subsidiary implemented an inter-branch initiative with its Pakistan counterpart as a means of promoting two-way trade. So successful was this endeavour that 2024 witnessed an expansion of the endeavour to include other international units within Al Baraka Group, creating global solutions for the benefit of Bank clients in South Africa, as well as in other countries.

APPRECIATION

We take this opportunity to both acknowledge the immense contribution made to the Bank and its operations by outgoing chairman, Mr Yunus Suleman.

His wise counsel and tremendous business experience, as both a director since 2016 and, recently, as chairman have, in no small measure, contributed significantly in enabling our Bank to scale new business heights in recent years. His incisive contributions to the decision-making process will be sorely missed.

In addition, we are pleased to extend our most gracious thanks to Mr Houssem Ben Haj Amor, Group Chief Executive: Al Baraka Group, after serving on our board since 2022.

We are most grateful to have benefitted from his extensive international business acumen. He steps down in line with Al Baraka Group's rotation policy and has been replaced by Mr Azhar Dogar, currently Chief Risk Officer - Head of Credit and Risk Management of the Al Baraka Group.

We also have great pleasure in welcoming two additional new directors to the board of Al Baraka.

Mr Riaz Lachman, who was previously Head of an Islamic Banking window in South Africa, joins our board as an independent non-executive director. He is joined by Mr Abubakr Essack, previously a partner with one of South Africa's big four professional services firms, also as an independent non-executive director.

Together, they bring tremendous business knowledge and expertise to our board and we look forward to their making a profound contribution to the growth of our business into the future.

We are most thankful to the Al Baraka Group for its ongoing guidance during the 2024 financial year. Its standing in the world of Shariah-compliant banking has stood our subsidiary in good stead and our alignment with the Group has raised our profile appreciably in the South African financial industry.

Equally, we must extend our gratitude to the members of both our board and those of the Shariah Supervisory Board for their diligence, expertise, business prowess and commitment to the furtherance of Shariah-compliant banking ideal in this country.

We are also greatly appreciative of the vital contribution our members of staff and management have made to the continued development and business success of the Bank during the review period.

Without their dedication to the execution of our strategies and delivery on a day-to-day basis, we would not have been in a position to render such an exceptional financial performance in 2024.

Finally, to our esteemed shareholders and clients – thank you for your continued support and validation of Al Baraka Bank's role in the South African banking environment. Your ongoing endorsement of our Bank has played a critical role in our success and continued business endeavours.

As we look to 2025 and beyond, we reaffirm our commitment to further strengthening our personal relationship with you, whilst simultaneously striving to bring you healthy returns and fitting products and services.

Our stakeholders may rest assured that we remain committed to the realisation of our vision; becoming the South African leader in innovative participation finance, offering an agile ethical financial system.

Our intent is simple; it is to continue fulfilling the financial needs of the South African community by conducting business through an ethical customer-centric approach, tailored for the digital age and based on our core beliefs.

We look forward now to sharing the mutual rewards of our business activities with you, our partners, shareholders and stakeholders at large.

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

Zahid Fakey
Chairman
26 March 2025

Shabir Chohan

Shabir Chohan
Chief executive

HUMAN RESOURCES REPORT

INTRODUCTION

Al Baraka Bank's Human Resources function is central to achieving our mission of ethical, innovative and customer-focused banking. We prioritise employee engagement, talent development and workplace culture, ensuring alignment with the Bank's strategic goals and Islamic finance principles.

Our strategic focus is to advance our human capital practices to align with the Bank's overarching vision of operational excellence and sustainable growth. We are passionate about fostering an environment which nurtures growth, innovation and inclusivity. By prioritising employee development, leveraging technological advancements and fostering a culture of engagement, we believe that we can lay the foundation for long-term organisational success.

HUMAN RESOURCE STRATEGY

Our HR strategy encompasses a robust talent management framework, synchronised with the bank's long-term business goals. We maintain a targeted approach to attracting, developing and retaining top talent while fostering a culture of innovation and collaboration.

This strategy reflects our commitment to creating a workforce not only equipped to navigate the complexities of the financial services industry, but also deeply aligned with the core values of Al Baraka Bank.

HUMAN RESOURCE TECHNOLOGY

Recognising the transformative potential of technology, we have made considerable progress in enhancing our HR systems. Central to this was the upgrades to our HR management systems, which have significantly improved efficiency across HR functions.

TALENT ACQUISITION AND WORKFORCE PLANNING

Our talent acquisition strategy focuses on aligning recruitment practices with the evolving demands of the financial services industry.

We believe that attracting exceptional talent, which is a culture-fit to our organisation, to be the cornerstone of our success. The Bank's recruitment practices are closely aligned with the Bank's growth strategy, ensuring that we attract top talent with specialist skills in digital banking, financial innovation and customer service.

Al Baraka Bank also remains committed to creating a workforce that reflects South Africa's diverse demographics. Our hiring policies actively promote gender equity, inclusivity and the recruitment of individuals with disabilities across all levels of the organisation.

SUCCESSION PLANNING

Ensuring leadership continuity is one of the primary pillars of our HR practices. The Bank has refined the succession planning framework by identifying critical roles and nurturing a robust internal talent pipeline. Personalised career development plans and mentorship opportunities were provided to high-potential employees, so preparing them for future leadership positions. This initiative has reinforced our ability to sustain operational stability and drive strategic growth, even during periods of transition.

PERFORMANCE MANAGEMENT

A new performance management system has been implemented which is designed to enhance accountability, transparency and employee engagement. This system enables the alignment of individual goals with organisational objectives, ensuring a unified approach to the achievement of strategic priorities. By fostering continuous feedback and a more comprehensive evaluation process, we are able to empower employees to take ownership of their own performance and career development.

TRAINING AND DEVELOPMENT

Significant strides were made towards enhancing training and development delivery channels, equipping employees with the knowledge and skills necessary to excel in an ever-evolving financial landscape. A blend of technical training, leadership development and digital upskilling was introduced to ensure our employees remain competitive and future-ready. E-learning platforms provide employees with access to tailored learning modules, ensuring that developmental opportunities were both accessible and aligned with individual career paths.

ORGANISATIONAL RESTRUCTURE DEVELOPMENT

In response to the evolving demands of the financial sector, we initiated a strategic organisational restructuring process aimed at improving operational agility and efficiency. This involved redefining roles, optimising team structures and fostering cross-functional collaboration. These changes have enabled the Bank to respond more effectively to market challenges, whilst positioning us for sustained growth.

ENHANCEMENT OF THE ORGANISATIONAL CLIMATE AND CULTURE

The enhancement of our organisational climate and culture remains a key focus area. Our annual employee engagement survey recorded high participation rates and encouraging results, highlighting a strong sense of alignment with the Bank's values. One-on-one HR consultations were also introduced, offering employees a platform through which to voice concerns, aspirations and feedback in a personalised setting. These initiatives have strengthened trust, collaboration and morale across the organisation, fostering a workplace culture that celebrates inclusivity and employee well-being.

CHANGE MANAGEMENT

As part of our journey of transformation, we placed significant emphasis on effective change management to ensure seamless adaptation to new structures and processes. Structured communication strategies, training sessions and stakeholder engagement were implemented to foster a culture of collaboration and efficiency. This proactive approach to managing change has assisted the organisation to thrive amidst dynamic industry shifts, while maintaining employee confidence and support.

CONCLUSION

The achievements of the 2024 financial year reflect the HR department's unwavering dedication to fostering a resilient, engaged and high-performing workforce. By integrating strategic initiatives with a deep commitment to employee well-being, we have created a foundation for enduring success.

As we look to the future, our focus remains on empowering our people to drive innovation and excellence, thereby ensuring that Al Baraka Bank remains competitive within the financial services industry.

HUMAN RESOURCES REPORT (CONTINUED)

Workforce profile as at 31 December 2024

	AIC*		White		Total		Total
	Male	**Female**	**Male**	**Female**	**Male**	**Female**	
Top and senior management	3	0	0	0	3	0	3
Professionally qualified and experienced specialists in mid-management	33	16	3	2	36	18	54
Skilled technical and academically-qualified workers, junior management and supervisors	70	107	0	1	70	108	178
Semi-skilled and discretionary decision-making	16	56	0	0	16	56	72
Unskilled and defined decision-making	0	0	0	0	0	0	0
Total	**122**	**179**	**3**	**3**	**125**	**182**	**307**

AIC* = AFRICAN, INDIAN AND COLOURED

INFORMATION TECHNOLOGY REPORT

During the review period, efforts centred on implementing technologies to advance digitalisation objectives aligned with the business strategy, including a foreign currency account project. Additionally, focus was placed on replacing outdated infrastructure to ensure the use of modern, high-performance technologies for existing systems, while assessment of cloud solutions continued on a risk-based approach. The IT department further underwent a restructuring process with re-alignment of roles complemented by additional resourcing requirements geared towards enhancing the pool of skills, fulfilment of operational demands aligned to business needs and building supporting structures for integrated systems and services.

Cybersecurity risks continued to evolve as the threat landscape became increasingly sophisticated, driven by AI-enhanced technologies employed by threat actors. This necessitated regular user awareness initiatives, strengthening security layers and reinforcing business continuity plans through periodic testing. On the regulatory front, efforts were directed toward enhancing operational resilience, improving cybersecurity measures and reviewing joint IT standards to align IT governance and risk management with industry best practices.

CORE BANKING SYSTEMS

The Core Banking environment remained stable, with ongoing operations and support for system integrations across Reporting, Analytics, Mobile App and Apply-for-Finance functionalities. System optimisation efforts focused on Electronic Document Management and Digital Signatures, enhancing processing efficiency through a modernised user interface, improved features and updated security measures.

CLOUD ADOPTION

Al Baraka Bank employs a hybrid, multi-cloud strategy tailored to business needs, leveraging a combination of on-premise infrastructure and cloud services. Key platforms supported by this strategy include the Mobile Banking App, Apply-for-Finance portal, IT3B/S submissions to SARS and, more recently, the Foreign Currency Account for virtual customer onboarding. The use of PowerBI and PowerApps has gained momentum with further exploitation of these capabilities envisaged in the future.

For existing systems potentially eligible for cloud migration, assessments were conducted in collaboration with strategic cloud partners. The prioritisation of migrating these systems to the cloud will be re-evaluated in the upcoming period, considering investments in on-premise infrastructure, budgets and application readiness.

END-OF-LIFE INFRASTRUCTURE UPGRADES

Legacy infrastructure was replaced with modern, best-in-class technologies to enhance the performance and reliability of the Bank's systems, while providing robust support for Al Baraka Bank's existing virtual environment. This upgrade aims to ensure seamless operations, minimise downtime and improve overall efficiency. Additionally, systems were consolidated to optimise performance and facilitate effective load-balancing, enabling a more streamlined and resilient IT infrastructure capable of handling current demands and future scalability.

CYBER SECURITY

The sophistication of cybercrime continues to advance with agile cybercriminals rapidly adopting emerging technologies. AI-driven cyberattacks, including automated phishing, malware deployment and fraud schemes have become increasingly difficult to detect, as they often lack the traditional red flags associated with earlier attacks.

To foster a security-conscious culture, the Bank implements regular cybersecurity awareness initiatives. These include e-learning programmes, staff awareness sessions, targeted communications and simulated phishing exercises. Furthermore, the Bank utilises independent security monitoring services to provide round-the-clock surveillance of critical security end-points, leveraging threat advisory services, cyber liability insurance and other ongoing initiatives as part of our Cyber Resilience Framework to ensure robust protection against evolving threats.

"AL BARAKA BANK'S FUTURE OUTLOOK FOCUSES ON ADVANCING DIGITALISATION OBJECTIVES THROUGH STRATEGIC TECHNOLOGY ADOPTION, INFRASTRUCTURE MODERNISATION AND A HYBRID MULTI-CLOUD STRATEGY. "

Al Baraka Bank is an active member of the South African Banking Risk Information Centre (SABRIC) and contributes to various forums focused on industry-wide initiatives. These initiatives include identifying critical risks affecting the banking sector, analysing cybersecurity incidents, co-ordinating responses to threats, developing strategic frameworks and drafting position papers to guide the industry. SABRIC also engages with local and international threat intelligence agencies, cybersecurity hubs and organisations to enhance collaboration and strengthen defences against emerging threats.

BUSINESS CONTINUITY

To ensure continuity of critical operations during potential business disruptions, the Bank has implemented robust disaster recovery and business continuity plans. These plans include the deployment of High Availability Systems, replicated over dual-fibre data lines to an off-site Data Centre located in Gauteng. Additional provisions ensure access to cold-recovery Data Centres strategically positioned across key locations nation-wide. Disaster recovery tests conducted during the review period confirmed the successful failover of critical systems, reinforcing the organisation's operational resilience. Efforts are ongoing to expand the scope of these plans by incorporating additional systems into the High Availability environment.

While the impact of load-shedding has significantly decreased, with minimal outages experienced, the Bank has sustained initiatives to enhance UPS battery capacities and maintain continuity through integrated power generators. Furthermore, the Bank is closely monitoring financial sector initiatives aimed at establishing central hubs in highly redundant data centres across the country. These hubs would provide alternate infrastructure, including satellite connectivity, to support critical financial services. This strategic approach aims to bolster the sector's preparedness for unforeseen events, such as a national grid failure, and ensure the Bank's ability to sustain essential operations with minimal disruption.

STRATEGIC OUTLOOK

Al Baraka Bank's future outlook focuses on advancing digitalisation objectives through strategic technology adoption, infrastructure modernisation and a hybrid multi-cloud strategy. The Bank aims to expand its integrated systems and services while leveraging modern technologies to enhance operational efficiency and support evolving business needs.

The realigned roles and additional resources within the Information Technology structure will contribute towards strengthening its core capabilities, addressing operational demands and adapting to the changing needs of the business. Emphasis will remain on addressing cybersecurity risks, with continuous enhancements to security measures, staff awareness programmes and independent monitoring to mitigate sophisticated AI-driven threats.

Operational resilience will continue to be strengthened through robust business continuity and disaster recovery plans, including high-availability systems and collaboration on sector-wide initiatives for redundant infrastructure and connectivity. By taking a risk-based approach and aligning IT governance with best practices, prioritising cloud migration initiatives, enhancing resource skills and cultivating a security-focused culture, the Bank will be better positioned to support its growth and deliver seamless services, while achieving its future strategic goals.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FRAMEWORK

Al Baraka Bank's board remains unwavering in its commitment to embedding strong governance practices that drive value creation for all stakeholders. Strong governance lies at the heart of our ability to consistently meet corporate objectives while adhering to both regulatory requirements and the highest ethical standards.

During 2024, the board continued to align its governance practices with the principles of the King IV Report on Corporate Governance, ensuring that ethical leadership and sound decision-making guide the Bank toward sustainable success. By fostering accountability, fairness, transparency and integrity, the board has set the tone for a governance culture that supports responsible business practices.

In a rapidly changing environment, the board recognises the transformative impact of Artificial Intelligence (AI) and emerging technologies on the financial sector. Acknowledging the opportunities and risks that AI presents, the board is committed to implementing robust governance mechanisms to oversee its integration into the Bank's operations.

This includes adopting ethical AI practices, ensuring transparency and safeguarding stakeholder trust as the Bank embraces digital transformation to enhance operational efficiency and client experience.

The board also noted the recent amendments to the Companies Act, which reinforce transparency and accountability within corporate governance frameworks.

The board is committed to ensuring that the Bank complies with these amendments and has taken steps to ensure that internal processes and procedures are aligned with these legislative developments.

Through proactive engagement with evolving governance standards and technological advancements, the board continues to steer the Bank toward achieving its strategic objectives in a responsible, sustainable and forward-looking manner.

OUR BOARD OF DIRECTORS

The board of directors serves as the cornerstone of corporate governance at Al Baraka Bank. It is tasked with providing strategic leadership and oversight to ensure that the Bank's short and long-term strategies align seamlessly with its vision, mission and core values.

This approach enables the Board to establish a well-balanced risk profile that supports sustainable profitability and stakeholder value creation.

The board operates under a comprehensive and regularly-reviewed charter that adheres to the provisions of the Companies Act, the Banks Act and the principles of the King IV Report on Corporate Governance. The Board is satisfied that it has effectively discharged its responsibilities in accordance with its charter during the period under review.

During the 2024 financial year, the board held four scheduled meetings and participated in an additional engagement with the Prudential Authority of the South African Reserve Bank as part of the Bank's annual prudential programme.

These engagements reflect the Board's commitment to regulatory compliance, robust governance and maintaining strong relationships with key stakeholders.

BOARD COMPOSITION AND STRUCTURE

As at 31 December 2024, the board comprised 11 directors: six independent non-executive directors, three non-independent non-executive directors and two executive directors, being the chief executive and financial director.

This composition ensures the majority of the board is independent, meeting the compliance requirements of Directive 4/2018 and King IV governance standards. The independence summary is set out below:

"THE BOARD RECOGNISES THE TRANSFORMATIVE IMPACT OF ARTIFICIAL INTELLIGENCE AND EMERGING TECHNOLOGIES."

INDEPENDENCE

6 Independent
3 Non-Executive
2 Executive

APPOINTMENTS AND RETIREMENTS

Following its review of the composition of the board and its committees, the board of directors supported recommendations from the directors' affairs committee and appointed three non-executive directors during the reporting period: Mr A Dogar and Mr R Lachman, in 2024, and Mr A Essack (with effect from 1 March 2025).

Mr Dogar, the Chief Risk Officer – Head of Credit and Risk Management for Al Baraka Group, brings extensive experience in the banking and financial sector.

His expertise will be instrumental in aligning the board's strategic direction with that of Al Baraka Group. Mr Lachman, a former Islamic banking executive, adds significant insight into the commercial property industry and Mr Essack, a former partner of one of the 'Big Four' professional services firms, offers deep expertise in auditing and accounting. These appointments will be subject to shareholder approval.

In line with the board's governance policy, which limits non-executive directors' tenure to a maximum of nine years, the term of the chairman, Mr YGH Suleman, concluded on 28 February 2025. Consequently, Mr Suleman retired from the board.

Following approval from the Prudential Authority in December 2024, the board confirmed the appointment of Mr ZH Fakey as the chairman of the board, effective 01 March 2025.

The Prudential Authority also noted the resignation of Mr Houssem Ben Haj Amor, Group Chief Executive Officer of the Al Baraka Group, from the board of directors.

Advocate Jenny Cane SC continues to serve as the bank's lead independent director, a role defined within the Board Charter.

DIRECTOR SKILLS AND QUALIFICATIONS

Members of the board of directors comprise individuals who must demonstrate exceptional integrity, hold a deep understanding of corporate governance and extensive expertise in critical areas, such as banking, accounting, commercial, legal, risk, capital management and technology. This breadth of skills ensures the board is well-equipped to provide strategic direction and oversight for the Bank.

Additionally, the board maintains an appropriate balance of power and authority, preventing any individual from wielding unfettered decision-making power. The roles and responsibilities of the chairman and chief executive are clearly defined and distinct.

In line with its terms of reference, the directors' affairs committee conducts an annual review of the composition of the board and its committees.

This review ensures the board retains the skills necessary to navigate future challenges and opportunities.

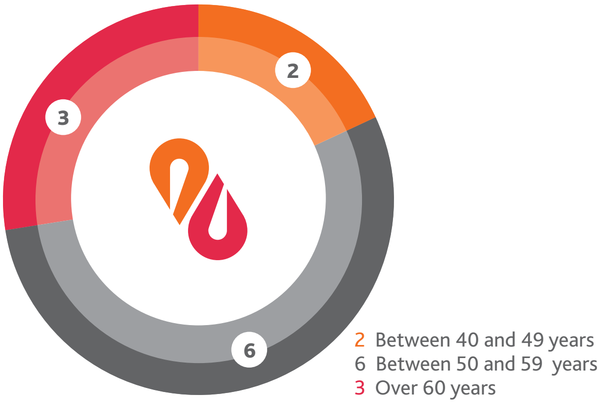
Following their appointments, Mr Dogar and Mr R Lachman underwent a comprehensive induction programme, which provided an in-depth understanding of the Bank's operations and key management portfolios.

Recognising the growing demands and legal responsibilities placed on directors, the ongoing identification and completion of relevant training programmes will remain a priority throughout the year.

DIRECTOR EXPERTISE (as at 31 December 2024)

- 6 CA's;
- 2 Senior Counsel/Attorney;
- 1 PhD (Engineering);
- 1 MBA; and
- 1 MA (Economics).

DIRECTOR AGE ANALYSIS



FUTURE PLANNING
The board recognises the critical importance of succession planning as a key element in maintaining strong and effective leadership within the Bank.

To ensure continuity and stability, the board has adopted a robust succession plan that not only considers the current and future needs of the Bank, but also emphasises the importance of diversity.

This plan is shaped by considerations of gender and race, in alignment with the Bank's commitment to transformation and inclusion, as well as the requirements set out in group policies.

The succession planning process is regularly reviewed to ensure it remains relevant and responsive to the dynamic business and regulatory environment.

INDEPENDENCE ASSESSMENT
The independence of directors is reviewed annually by the directors' affairs committee in terms of the requirements of Directive 4/2018 for approval by the board.

The outcome of the assessment is reflected in the independence summary of the report.

The implementation of the ongoing process of review serves as a strategic tool to ensure that the board consists of an appropriate balance of independent and non-independent directors.

DIRECTOR DEVELOPMENT
Given the continuous changes within the banking environment, the board has confirmed the importance of on-going director development and education, ensuring that the directors are kept abreast of the latest developments pertaining to legislation, regulation, risk and changes in the external environment impacting on the Bank's business framework.

The concept of on-going director development remains a key objective of the board. Director training is formally considered by the Bank's training committee and monitored by the directors' affairs committee.

During the course of the 2024 financial year, the board was formally briefed on Climate Risk-Related Matters, key AML/FICA matters and further noted the General Laws Amendment Act and the reporting requirements relating to the concept of Beneficial Ownership, amongst others. Following Mr Lachman's appointment, he participated in the board leadership programme, offered by the Gordon Institute of Business Science.

Given the onerous demands placed on directors, coupled with their increasing legal responsibilities, the identification and undertaking of relevant director training will assume an even greater focus during the course of the next year.

DIRECTOR PERFORMANCE EVALUATIONS
The board's performance is assessed in terms of a formal evaluation process. In line with King IV recommendations and in-keeping with best governance practice, the 2024 performance evaluations have been facilitated by an external service provider.

It was pleasing to note that the evaluation results confirmed that the board was deemed to be highly effective, displayed the highest standards of ethical behaviour and integrity and, most importantly, possessed a sound understanding of the banking environment.

The board is satisfied that the evaluation process adopted supports the continued improvement of its performance and efficacy.

BOARD COMMITTEES
The board committees support the board in the execution of its duties and responsibilities. Each committee is steered by formally written charters, which set out the terms of reference and functions of each respective committee. It should also be noted that the risk, capital management and compliance committee was renamed to the risk and capital management committee, as indicated below.

There are six standing committees, which are detailed herewith:

- Audit committee;
- Risk and capital management committee;
- Board credit committee;
- Directors' affairs committee;
- Remuneration committee; and
- Social and ethics committee.

Also included in the Bank's governance framework are various management committees, whose objectives are to support the board and board committees in the execution of their mandates. These include the:

- Executive management committee;
- Executive credit committee;
- Management risk committee;
- Assets and liabilities committee;
- IT steering committee;
- Crisis management committee; and
- Anti-Financial Crimes committee.

CORPORATE GOVERNANCE REPORT (CONTINUED)

BOARD AND BOARD COMMITTEE ATTENDANCE

The table below records the attendance of the board and board committee members in respect of the meetings held in 2024:

Name of Director/Member	Board	Audit	Risk and capital management	Board credit	Directors' affairs	REMCO	Social and ethics
YGH Suleman	4/4[1]	-	-	-	4/4[2]	4/4	-
Adv JMA Cane SC	4/4[3]	5/6	-	-	4/4	4/4[2]	-
H Ben Haj Amor	3/4[4]	-	-	-	3/4	2/4	-
Dr MM Khemira	4/4	-	4/5[7]	3/4[7]	-	2/4[8]	1/2[8]
AA Dogar	1/4[5]	-	1/5	1/4	-	-	-
MJD Courtiade	4/4	-	5/5	4/4[2]	-	4/4	-
ZH Fakey	4/4	6/6[2]	5/5[2]	-	-	-	1/2
SM Nyasulu	4/4	6/6	4/5	-	-	-	2/2[2]
FA Randeree	4/4	-	-	4/4	4/4	-	-
R Lachman	1/4[6]	-	-	1/4	-	-	-
SAE Chohan	4/4	-	-	4/4	-	-	2/2
A Ameed	4/4	-	5/5	-	-	-	-

1 Chairman of the Board
2 Chairperson of the Board Committee
3 Lead Independent Director
4 Resigned as Board member on 26/09/2024
5 Appointed 27/09/2024
6 Appointed 01/10/2024
7 Resigned from RCMC and BCC on 26/09/2024
8 Appointed to SEC and REMCO on 26/09/2024

AUDIT COMMITTEE

The purpose of the audit committee is primarily to provide independent oversight of the financial and regulatory reporting processes, the combined assurance process and its effectiveness, the system of internal controls and compliance with laws and regulations. In addition, it is a requirement of the Banks Act that all banks establish an audit committee.

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

- Reviewing the Group's interim and annual financial statements and recommending approval to the board;
- Setting mandatory terms on the length of time that an audit partner may serve, being a maximum period of five consecutive financial years, as prescribed in terms of Section 92 of the Companies Act, 71 of 2008, as amended;
- Overseeing compliance with anti-money laundering control rules and regulations impacting the bank;
- Ensuring that the committee has a comprehensive understanding of International Financial Reporting Standards (IFRS), Global Reporting Initiative Standards and any other reporting framework relevant to Al Baraka Bank;
- Reviewing and approving the internal audit programme for the ensuing year, which is based upon an assessment of the Bank's top risks, identified during the internal audit risk assessment process; and
- In consultation with the board of directors, be responsible for the appointment, performance assessment and/or dismissal of the head of internal audit function.

The audit committee held six meetings during 2024 and confirms that it has fulfilled its responsibilities, as set-out in its charter for the year under review.

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A Essack
Chairperson: Audit committee

RISK AND CAPITAL MANAGEMENT COMMITTEE

The purpose of the risk and capital management committee is to assist the board and management in monitoring the risk, capital and liquidity functions of the Bank. During the year, this committee was restructured, resulting in compliance reporting being removed from its purview. Compliance is now monitored primarily by the board and the audit committee, in alignment with prevailing banking legislation and regulatory requirements.

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

- 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;
- Assisting the board in identifying and regularly monitoring all key risks and key performance indicators to ensure that its decision-making capability and accuracy of its reporting is maintained at a high level;
- Approving the formal risk management functional plan for the ensuing year, which covers all areas of risk management within the Bank using a risk-based methodology;
- Ensuring that the Bank establishes and maintains an internal capital adequacy assessment policy, whereby policies and procedures exist to ensure the Bank identifies, measures and reports all material risks related to capital management;
- Overseeing compliance with material laws and regulations impacting the Bank; and
- Reviewing, monitoring and providing guidance on matters related to the Bank's IT and information management strategies, governance, operations, policies and control.

The risk and capital management committee met on five occasions during 2024 and confirms that it has fulfilled its responsibilities, as set-out in its charter for the year under review.

....
R Lachman
Chairperson: Risk & capital management committee

BOARD CREDIT COMMITTEE

The purpose of the board credit committee is to review, manage and measure Al Baraka Bank's credit risk strategy and to approve advances in terms of the board-approved delegation framework.
A summary of some of the key terms of reference of the board credit committee includes, inter alia:

- Approving of advances in terms of the delegated powers of authority and credit mandates, which includes the monitoring of large exposures and Group connected party lending exposures;
- Overseeing the administration and effectiveness of and compliance with Al Baraka Bank's credit policies through the review of such policies, reports and other information as it deems appropriate;
- Ensuring that the Bank's credit risk management process is aligned with Al Baraka Group's credit risk strategy;
- Monitoring the overall credit review process considering the quantitative and qualitative assessment of the credit worthiness of debtors;
- Monitoring the credit recovery processes, together with progress made on matters handed over for legal action. This includes the approval of write-offs of debtor accounts within its delegated framework;
- Ensuring that the Bank complies with all regulatory returns in respect of credit risk functions; and
- Overseeing the impact of changes in the profit rate on the credit portfolio, which resulted in the addition of key agenda items for 2024 addressing statistics and progress reports on payment deferments, as well as extensive stress testing on the advances portfolio of the Bank.

The board credit committee met on four occasions during 2024 and confirms that it has fulfilled its responsibilities, as set-out in its charter for the year under review.

....
MJD Courtiade
Chairperson: board 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 of the Bank.

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

- Reviewing on a regular basis the composition, skills, experience and other qualities required for the effective functioning of the board;
- Monitoring and maintaining the board-approved directors succession plan and matters relating to the nomination of new directors, according to the board-approved policy, in line with Directive 4 of 2018;
- Monitoring the adequacy and effectiveness of the Bank's corporate governance structures, in line with prevailing legislation and regulations within the banking sector;
- Assisting the board in ensuring that the performance evaluation of the board and board sub-committees, the chairman and individual members support continued improvement in its performance and effectiveness;
- Assisting the board in ensuring that the Bank is, at all times, in compliance with all applicable laws, regulations and codes of conduct and practices and addresses any other governance issues that are not dealt with by other board sub-committees; and
- Reviewing periodically the format and content of the board and other sub-committee mandates.

The committee met four times during 2024 and 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.

....
ZH Fakey
Chairperson: Directors' affairs committee

REMUNERATION COMMITTEE

The purpose 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 the Bank's remuneration policy that articulates and gives effect to fair, responsible and transparent remuneration across the organisation;
- Making recommendations to the board on succession planning, both at senior management and executive management level, general staff policy, benefits, bonuses and incentive schemes;
- Ensuring that a comprehensive employment equity policy exists that addresses a range of key issues, such as discrimination, disputes, affirmative action and disciplinary action;
- Ensuring that the appropriate quality of staff is attracted, retained, motivated and appropriately rewarded by the bank;
- Reviewing various policies impacting on human resources, including that of staff financing; and
- Ensuring that the right calibre of executive senior management is attracted, retained, motivated and rewarded.

The committee met four times during 2024 and is satisfied that it has fulfilled its responsibilities as set-out in its charter for the year under review.

The Committee notes the recent amendments to the Companies Amendment Act, specifically those related to remuneration disclosures and is committed to ensuring alignment with these legislative changes while maintaining accountability and fairness in remuneration practices.

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

....
Adv. JMA Cane SC
Chairperson: Remuneration committee

SOCIAL AND ETHICS COMMITTEE

The purpose of the social and ethics committee is to monitor the Bank's activities with regard to organisational ethics, sustainability and stakeholder management, having concern for relevant legislation, particularly the Companies Amendment Act and industry best practices.
A summary of some of the key terms of reference of the social and ethics committee includes, inter alia:

- Monitoring the application of ethical conduct throughout the Bank in a way that supports the establishment of an ethical culture;
- Monitoring the Bank's commitment to and contributions made in terms of its corporate social responsibility programme;
- Monitoring the impact of the Bank's activities in relation to

CORPORATE GOVERNANCE REPORT (CONTINUED)

the well-being of the environment, health and public safety, thereby ensuring that the Bank is, and is seen to be, a good corporate citizen by conducting itself in an environmentally-friendly and sustainable manner;

- Overseeing the Bank's commitment towards its Broad-Based Black Economic Empowerment objectives;
- Approval of the Bank's stakeholder engagement policy and monitoring the Bank's approach towards effective stakeholder management; 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 had met on two occasions during 2024 and is satisfied that it has fulfilled its responsibilities as set-out in its charter for the year under review.

In accordance with the requirements of the Companies Act and its amendments, the appointment of members to the social and ethics committee is now subject to ordinary resolution by shareholders at the Annual General Meeting.

This change reinforces the Bank's focus on transparency and accountability by ensuring shareholder involvement in the appointment process.

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S Nyasulu
Chairperson: Social & ethics committee

GOVERNANCE INDICATORS

ETHICAL CULTURE

Ethical conduct forms the uncompromising foundation of Al Baraka Bank's business operations. All employees and key stakeholders are committed to upholding the highest ethical standards, as outlined in the Bank's Code of Conduct.

DIGITALISATION REPORT

INTRODUCTION

In 2024, Al Baraka Bank advanced its digital transformation journey, delivering innovative solutions that enhance efficiency, security and customer experience.

Our commitment to digital excellence has driven substantial progress in digital banking, process automation, business intelligence and the integration of generative AI, reinforcing our position as a forward-thinking financial institution.

Enhancing Digital Banking

During the review period, we launched Real-Time Account Verification Services (AVS) with Bankserv Africa, fortifying transaction security and alleviating the need for our customers to conduct manual account verification with organisations such as the South African Revenue Service.

To enhance customer protection, we introduced Step-Up Authentication featuring our new Digital App PIN (DAP).

We also revolutionised our onboarding processes with AI-enabled identity verification and straight-through processing for an upcoming foreign currency product.

Additionally, our upgraded mobile banking app now delivers an improved user experience, and we have laid the groundwork for integrating PayShap, South Africa's national rapid payments system.

Driving Process Automation

Automation, particularly through Robotic Process Automation, has been at the core of our efficiency drive. We streamlined foreign exchange transactions through Automation and reduced Swift payment processing times.

Our automation of regression testing strengthened digital banking reliability, while the implementation of automated arrears letters and Sukuk statement distribution enhanced compliance and operational effectiveness.

Moreover, our Microsoft Power Platform expansion resulted in 24/7 automated workflows and the deployment of eight PowerApps, optimising operational efficiency.

Leveraging Business Intelligence

Data-driven decision-making took center stage, with the development of over 140 Power BI reports and dashboards across credit, finance and transactional banking. We automated key risk and credit reporting processes, aligning with ABG's requirements, and launched a Proof of Concept for a Data Warehouse to scale our cloud-based analytics capabilities.

"WE ALSO REVOLUTIONISED OUR ONBOARDING PROCESSES WITH AI-ENABLED IDENTITY VERIFICATION AND STRAIGHT-THROUGH PROCESSING FOR AN UPCOMING FOREIGN CURRENCY PRODUCT."

Expanding AI

Generative AI adoption was an emerging strategic priority. We established a responsible AI framework with the approval of our Generative AI Policy and piloted ChatGPT Teams for enhanced productivity, securing widespread Exco endorsement. AI-powered solutions for FICA KYC, Credit vetting and HR support are now in testing.

Looking Ahead

As we enter 2025, our focus remains on enriching digital customer experiences, scaling AI-driven automation, integrating PayShap and advancing cloud-based analytics.

Al Baraka Bank is committed to leading digital banking innovation, ensuring superior service delivery and operational excellence.

SUSTAINABILITY REPORT

"Achieving sustainability means balancing the needs of the present without compromising the ability of future generations to meet their own needs, fostering both economic prosperity and environmental protection."
– United Nations Brundtland Commission

PREFACE
As part of our commitment to sustainability, we recognise that stakeholders are placing greater emphasis on how organisations contribute to the advancement of society and the environment, in addition to achieving growth and profitability. We are dedicated to supporting these efforts by integrating sustainable practices into our operations, thus ensuring that our impact extends beyond business success to positively influence the communities and eco-systems we serve.

This approach is central to our values and long-term vision for creating shared value for all stakeholders.

AL BARAKA BANK'S SUSTAINABILITY FRAMEWORK
At the heart of our sustainability strategy are strong and ethical economic principles, a philosophy that includes all stakeholders, and a firm commitment to effective environmental stewardship. We are confident that a fully engaged workforce, alongside the development of robust relationships with our diverse stakeholder groups, is crucial for long-term business growth and value creation.

This sustainability report aims to effectively communicate and promote a deeper understanding of our triple-bottom-line management goals, which include financial performance, social impact, environmental stewardship and the nurturing of an ethical organisational culture.

CORE VALUES
Al Baraka Bank strictly adheres to its set of core values, as contained at the beginning of this document.

RISK AND OPPORTUNITY
The board of directors supports the view expressed in King IV which recognises that there are potential opportunities inherent in various risks facing an organisation.

For this reason, the Bank's risk management framework, which serves to identify and evaluate the risks that may impact the Bank is monitored by the risk and capital management committee, in consultation with the board of directors on a quarterly basis. The board, which approves the Bank's risk appetite, seeks to govern risk in a manner that supports the Bank in setting and implementing our strategic objectives.

The Bank has also embraced technology, using the platform to actively promote greater efficiencies through digitalisation and the application of robotics development, whilst also drawing on technological advances for an effective defence against the multitude of technological threats, such as money laundering and cybercrime.

This, coupled with our membership of the South African Banking Risk Information Centre (SABRIC) - an industry-wide organisation committed to identifying banking scams and fraudulent activities - has ensured that our Bank remains strategically placed to effectively implement decisive counter- measures in ongoing endeavours to mitigate the devastating dangers of cyber risk.

CORPPORATE GOVERNANCE AND SUSTAINABILITY
As the only fully-fledged Islamic Bank in South Africa, we adhere strictly to the standards established by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

As part of our commitment, it is important to note that Al Baraka Bank is prohibited from engaging in banking practices deemed non-Shariah-compliant. In alignment with the governance principles outlined in King IV, our directors' affairs committee is responsible for overseeing and ensuring adherence to the highest standards of governance across the organisation.

"WE ACKNOWLEDGE THAT SAFETY IS A JOURNEY, NOT A DESTINATION, AND WE REMAIN DEDICATED TO CONTINUOUS IMPROVEMENT. "

We acknowledge the impact our business has on the surrounding environment and, as a result, have developed a strong sense of accountability to our key stakeholders and the broader society.

This commitment is reflected in our staff, who embrace a deep sense of responsibility for both the success of the business and the well-being of society, with continued positive outcomes expected to unfold in the years to come.

SUSTAINABLE DEVELOPMENT DELIVERY SOCIAL ISSUES SOCIAL ISSUES
In today's era, stakeholders are increasingly focused on how organisations contribute to the betterment and development of both society and the environment, alongside the enterprise's own growth and profitability.

Education:
Education is a cornerstone of societal progress, playing a pivotal role in eradicating poverty and hunger, and providing individuals with opportunities for improved lives. Education remains a top priority for the Bank, driving numerous impactful initiatives throughout the year.

In recognising the transformative power of education, the Bank has partnered with schools across the country to collaborate on initiatives that improve school infrastructure and enhance students' financial and social awareness. One such initiative, the National Shoe Drive, provided nearly 800 brand-new pairs of shoes to underprivileged children.

Additionally, Arbour Week was celebrated nationally, with 300 trees planted in collaboration with schools, fostering awareness among students and teachers about the importance of environmental sustainability.

As part of the Bank's legacy project, which began in 2014, Sinevuso Secondary School in Ixopo, located on the South Coast, was adopted.

The Bank has since contributed more than R700 000 towards infrastructure improvements, tuition fees, stationery and the hiring of consultants to support the school's growth. These efforts have significantly improved the school's Matric results, increasing from 39% in 2014 to 78% in 2024.

In 2024, the Bank further supported students by launching a Career Day programme in collaboration with the Durban Institute of Technology, providing guidance on career paths and resources for advancing tertiary education.

Additionally, an Accelerator Educational Learnership Programme was introduced to equip learners with strategies and techniques to improve academic performance.

The Bank is also actively engaged in initiatives guided by the Banking Association South Africa (BASA), which encourages member banks to participate in community upliftment programmes.

One of the key focus areas is Consumer Finance Education, with structured programmes held throughout the year, in which the Bank has actively participated. In 2024, the Bank also hosted an Empowerment Programme for female-owned small businesses, further supporting economic empowerment within local communities. Through these efforts, the Bank continues to demonstrate its commitment to fostering educational and social development, ensuring that future generations have the tools and opportunities to succeed.

Welfare:
Al Baraka Bank recognises the vital role of social responsibility in addressing the socio-economic needs of the communities we serve. Each year, on 11 November, we observe International Al Baraka Day – an initiative that unites the Group's global units in collective action to make a meaningful impact. In 2024, our focus was on education, with particular attention paid to infrastructure development.

In response to the growing demand for Coding and Robotics as a compulsory school subject, Al Baraka Bank South Africa supported three schools across our major regions by donating Smart Boards and upgrading computer laboratories. In addition, our teams contributed to food preparation initiatives, providing meals to under-privileged communities and helping to alleviate immediate daily hardships. In addition, we continue to honour the legacy of former President Nelson Mandela by participating in Mandela Day on 18 July each year. During the review period, we contributed over R75 000 towards improving the lives of elderly members of our community, assisting in bringing comfort and support to this often-neglected group.

As part of our ongoing efforts to support vulnerable individuals, we also distribute blankets annually to those in need during South Africa's harsh winter months. These actions demonstrate our shared commitment to making a meaningful difference in the lives of those who are most disadvantaged. The continued dedication and support of stakeholders in these initiatives helps us create a stronger, more caring organisation that strives to make a positive impact, both locally and globally.

During 2024 we donated R5 028 318 to support education, health and welfare initiatives. In addition, we made a further donation of R6 619 379 to a charitable trust.

Geographical distribution

Province	Amount R'000
Western Cape	213 234
Gauteng	3 242 192
KwaZulu-Natal	1 572 892
Total	**5 028 318**

Sectoral Distribution

Category	Amount R'000
Education	3 362 326
Health	508 297
Welfare	1 157 695
Total	**5 028 318**

ECONOMIC ISSUES

Al Baraka Bank, a financial institution dedicated to Islamic principles, has continued to experience strong growth within South Africa's financial sector. Our mission is to offer tailored Shariah compliant products and services that align with clients' needs, ensuring they meet financial obligations while maximising returns, compliance with the National Credit Act and relevant regulations.

During the 2024 financial year, Al Baraka Bank advanced its digital transformation, enhancing client service through innovative technology. This included the launch of virtual branches in the KwaZulu-Natal and Gauteng regions. The initiative underscores our commitment to providing secure, accessible and efficient banking services. The Bank has seen steady growth in its total advance's portfolio, modest increases in deposits and a notable rise in transactional banking activities. In a year marked by significant economic shifts, including the suspension of loadshedding and a reduction in profit rates, the Bank continued to demonstrate resilience.

The South African Reserve Bank lowered the repo rate from 8,25% to 7,75%, reducing financial pressure on businesses and households, while inflation decreased to its lowest level in four years. However, economic growth remained slow, with improvements in confidence not yet translating into tangible investment.

Looking ahead to 2025, South Africa's economic growth is projected to rise, supported by gradual recovery in consumption and investment. Despite persistent challenges, such as high debt-to-GDP ratios and slow job creation, advancements in infrastructure, especially in water management and logistics, are essential for maintaining economic growth.

The Bank's solar financing initiatives continue to support sustainable energy solutions, enhancing resilience against potential disruptions.

Despite the economic challenges, Al Baraka Bank has maintained a low bad debt ratio, demonstrating effective credit risk management. With the continued growth of Islamic banking locally and internationally, the Bank remains well-positioned to drive long-term economic sustainability and strengthen its footprint in the financial sector.

CLIMATE RISK

Addressing climate change remains one of the most pressing global and national challenges. As a financial institution, we acknowledge our critical role in contributing to the reduction of domestic greenhouse gas (GHG) emissions and in fostering environmental sustainability. Over the past year, we have strengthened our efforts in integrating climate risk management into our governance and operational frameworks.

In line with our enhanced commitment, the social and ethics committee continues to oversee climate risk, maintaining direct reporting lines with the risk and capital management committee. During the year, the Board approved our Climate Risk Management Framework, which now provides robust governance over the implementation and integration of climate considerations across the Bank's activities.

This framework aligns with best practices and regulatory expectations, including the South African Reserve Bank (SARB) Guidance Notes on Climate-related Governance and Risk Practices and Climate-Related disclosures.

An internal climate risk management committee was established to drive the application of regulatory and industry guidance, ensuring that our response to climate risk aligns with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

This committee facilitates cross-functional collaboration and supports embedding climate risk into our enterprise-wide risk management practices.

As part of our strategy to address climate risks and opportunities, the Bank actively participates in climate risk stakeholder engagements through the Banking Association South Africa (BASA) and other forums. These engagements enable us to exchange valuable insights, benchmark our practices and contribute to collective solutions for the banking sector.

We assess climate risk by evaluating both the financial impacts of climate change on our operations and the environmental and social impacts of our activities.

This approach ensures we address risks to our business while contributing to sustainable development and aligning with stakeholder expectations.

We are preparing to align our climate risk disclosures with the new IFRS S1 and IFRS S2 standards, effective from January 2024. These standards set a global baseline for consistent and comparable climate-related financial reporting, focusing on the impact of climate risks on financial performance and the organisation's sustainability practices. We will begin disclosures against these standards in 2025.

Our initiatives underscore our commitment to South Africa's sustainable transition, balancing risk management with the identification of opportunities in a low-carbon economy. By embedding these principles within our core operations, we aim to positively contribute to environmental resilience and ensure that our activities support the global effort to combat climate change.

OCCUPATIONAL HEALTH AND SAFETY

As we reflect on the past year, we are reminded of the critical importance of sustainability in shaping a resilient and responsible future. This report highlights our ongoing commitment to environmental stewardship, social equity, and economic resilience, underscoring the steps we have taken, and the progress we continue to make toward creating lasting positive impact.

Through innovation and collaboration, we strive to not only meet the needs of today but also protect the resources and opportunities for generations to come. Together with our stakeholders, we are driving meaningful change and setting the foundation for a sustainable world.

This year has been a time of continued progress and reflection as we strive to create a safer and healthier work environment for all our employees. The health and well-being of our workforce remain at the core of our values, and we are proud of the strides we have made in strengthening safety protocols, enhancing training programmes, and fostering a culture of proactive risk management into our safety performance.

Key initiatives we've undertaken, and the outcomes we've achieved. We are committed to not only meeting compliance standards but also going above and beyond to ensure that every employee returns home safely at the end of each day.

We acknowledge that safety is a journey, not a destination, and we remain dedicated to continuous improvement. Together, we will continue to build on our achievements, learn from our experiences, and set new goals and ongoing commitments to creating a safer, healthier workplace to ensure the well-being of every team member.

Status of OHS Committee

In this report, we provide an overview of our organisation's current state of occupational health and safety (OHS) practices within the bank. It highlights ethical considerations surrounding workplace health, safety standards, and employee well-being, extending beyond fair wages and working conditions to encompass their health and safety.

The responsibility of organisations to provide a safe working environment is not only a legal obligation but also an ethical imperative. This report examines our organisation's OHS practices, evaluates their effectiveness, and recommends improvements to enhance OHS compliance and ethical workplace practices.

The reporting period is from January 2024 to December 2024.

The Bank has embraced digital banking with the introduction of cashless branches, significantly changing the banking landscape. This change has affected the current OHS committee structure at branch level due to the lower staffing requirements at the digital branch.

Initiatives and Training

We have for the year implemented a comprehensive safety training programme for all employees.

We have partnered with a service provider, to assist with training of staff. The company undertakes both online and onsite training.

The HR Department has concluded an agreement with the service provider to provide training nationally. Committee members who have accepted new positions within the committee are enrolled for training.

At Head Office an Occupational Health and Safety Compliance Audit was undertaken with the service provider to review the current OHS Committee and related policies and procedures. The following areas were covered:

1. Assessment of the current occupational health and safety practices.
2. Identification of ethical implications related to employee health and safety.
3. Recommendations for improvements to ensure compliance with OHS regulations and ethical standards.

The report was completed, and a certificate of compliance was issued with the Bank attaining a 89% pass rate.

For the new year 2025, we will continue fostering a Safety Culture by:

1. Promoting a culture of safety through leadership commitment, employee involvement, and recognition programmes for safe practices.
2. Conducting regular safety audits and feedback sessions to continuously improve safety measures.

Legal Compliance and Regulations

The Bank maintained full compliance with South African Occupational Health and Safety regulations throughout the reporting period.

Department of Labour visits

The Department of Labour has visited our branches at Head Office, Fordsburg and Rosebank. Notifications for site visits were received prior to the Inspector visiting, with the HR Department forwarding all necessary documentation as requested. The Inspectors visit to Head Office included a sample of the staff being questioned by the Inspector.

Fire Drills

Conducted all required safety emergency response drill exercises for all locations for the year.

Enhancing Occupational Health & Safety (OHS) Policies

For the 2025 year, we will be updating and expanding on the current OHS policy to reflect best practices and legal requirements.

We will be concentrating on the following:

1. Strengthening training programmes by implementing more frequent and comprehensive training sessions on health and safety practices and introducing interactive training modules to engage employees effectively.
2. We will in 2025 be engaging external companies to provide further onsite training for Fire Marshalls to ensure committee members and staff are suitably equipped to manage any disaster situation faced.

The Monthly online meetings are held with branches to discuss issues relating to working conditions at branches and head office. The OHS committee has updated the OHS representative schedules at head office and at branch level due to staff movements across the Bank.

Training for newly appointed representatives is currently managed by the Human Resources Department.

Improving Incident Reporting

As part of the independent audit conducted, it was found that the Incident Investigator appointed must be trained and certified in terms of the new updated legislation.

Training of incident investigators will be done in 2025. New appointments will be considered based on staff movements expected during the year.

We will in the 2025-year look into the development of a user-friendly reporting system that encourages employees to report safety concerns and establish a transparent process for investigating and addressing reported incidents.

OHS Committee Meetings
Committee meetings are held on a quarterly basis and Minutes are recorded.

Energy Management
Solar initiatives were investigated in the year and discounted due to practical implementation issues based on the two owned properties in Cape Town and Durban.

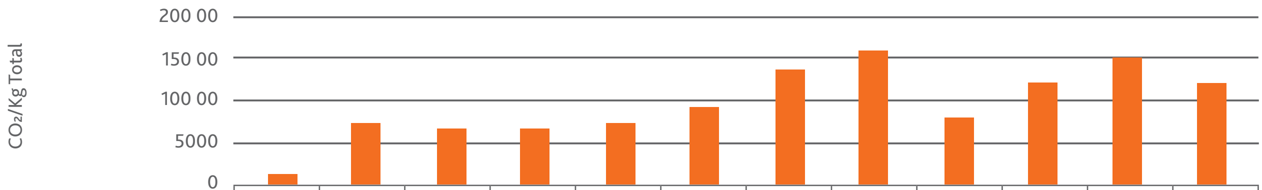
Wind generated electricity will be pursued in the 2025 year and initial indications show more promise in terms of practical implementation.

Water Storage and Grey Harvesting
We are in the process of upgrading the current water reticulation system and will be installing additional capacity tanks with pumps to provide water supply in instances of disruptions.

Fuel Usage
The total cost of fuel used by the Bank's fleet of vehicles for the period 01 January 2024 to 31 December 2024 amounts to R533 000 equating to approximately 25 140 litres.

With a sustained suspension of load shedding experienced for the year, generator diesel consumption from 01 January to 31 December 2024 was to the value of R102 000 equating to approximately 5 484 litres.

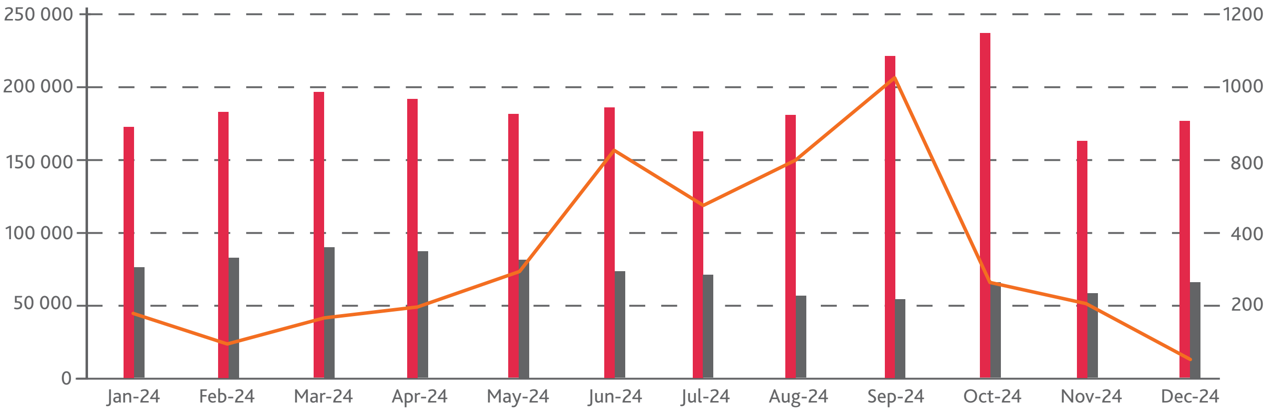
Travel Stats
The Airtravel CO_2 Emission Report for local travel for the period January 2024 to end December 2024 is detailed in the graph below:



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
CO_2/Kg Total for 2024	1 109	7 318	6 519	6 712	7 329	9 214	13 678	15 801	7 816	11 983	14 759	11 859

Monthly Electrical Consumption: The graph below indicates usage of electricity in Kilowatts as well as Rand Value for the current financial period for all locations.

KINGSMEAD INCLUDING RAND VALUE, KW & KL CONSUMPTION

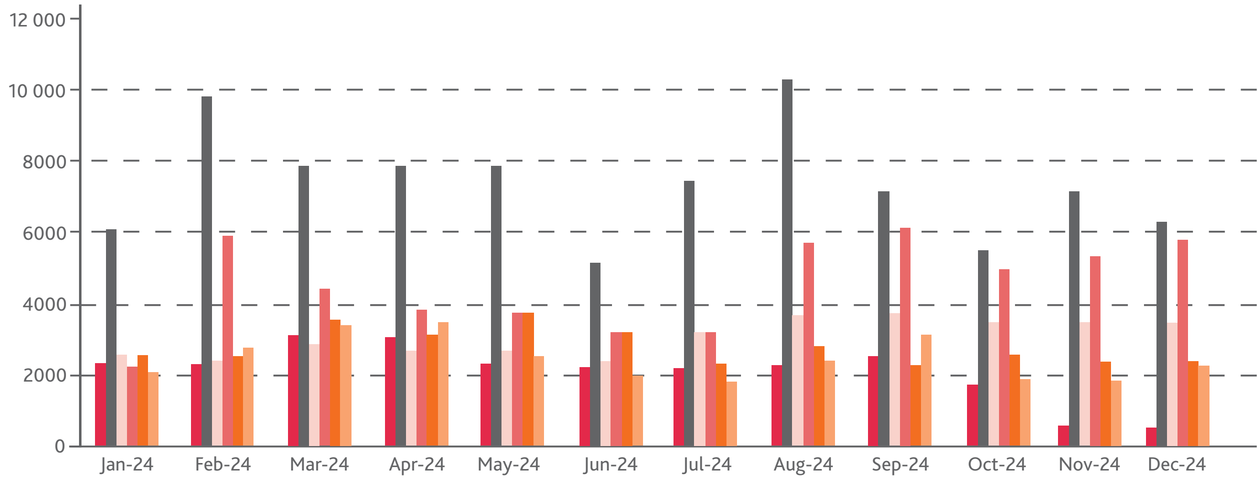


	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
	172 433	177 433	195 638	187 429	171 496	177 214	164 836	169 836	221 081	234 731	167 750	171 013
	71 211	76 135	85 355	80 539	73 525	66 522	65 887	54 416	59 490	63 881	65 413	70 196
	226	125	214	230	313	750	544	725	973	327	240	72

E & W Rand Value Incl Vat   Kw-Kingsmead   Kl-Kingsmead

We witnessed a spike in usage for the months of September and October. Additionally, our water meters were found to be defective by the Kingsmead Office Park and replaced in October 2024.

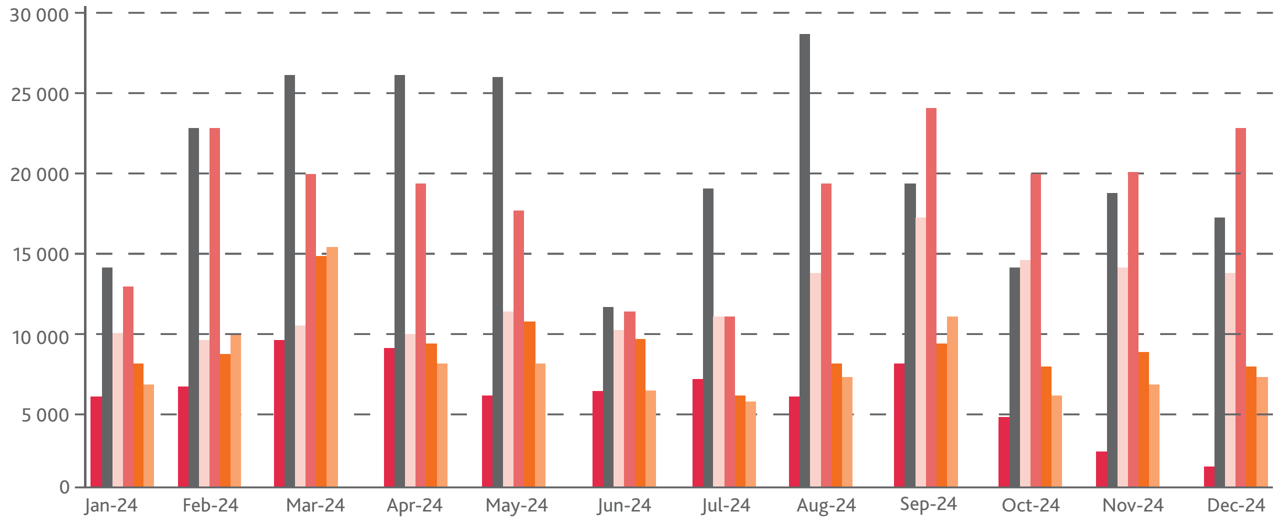
KW CONSUMPTION FOR BRANCHES



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
	2 452	2 558	3 280	3 076	2439	2 167	2 179	2 263	2 549	1 720	690	470
	6 112	9 702	7 907	7 907	7 907	5 356	7 564	10 202	6 965	5 563	7 173	6 368
	2 919	2 605	3 013	2 833	3 164	2 889	3 319	3 708	3 950	3 950	3 348	3 375
	2 333	5 743	4 264	3 833	3 871	3 338	3 338	5 560	6 104	4 979	5 221	5 919
	2 930	2 840	3 433	3 171	3 857	3 366	2 346	2 939	2 346	2 722	2 722	2 603
	2 263	3 343	3 426	3 426	2 860	2 049	1 796	2 383	3 142	1 888	1 929	2 497

Overport Athlone Fordsburg GRO Laudium Lenasia

RAND VALUE FOR BRANCHES



	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
	7 147	7 456	9 560	8 965	7 109	6 351	6 351	6 596	8 047	5 013	2 5 89	1 729
	14 339	22 760	25 719	25 719	25 719	12 564	19 100	26 627	18 178	14 519	18 722	16 621
	10 412	9 367	10 726	10 126	11 244	10 312	11 775	13 487	16 209	14 775	13 812	13 919
	12 977	22 676	20 160	19 008	17 682	112 226	11 857	18 692	24 280	19 906	20 092	22 790
	8 380	8 076	9 648	9 088	11 016	9 519	6 701	8 504	9 222	8 863	8 089	8 959
	6 960	10 314	10 565	10 743	8 823	6 151	5 374	7 570	11 322	6 629	6 543	8 554

Overport Athlone Fordsburg GRO Laudium Lenasia

Comments:
Electricity consumption in kilowatts spiked due to seasonal usage of air conditioning and maintenance work. Athlone specifically reduced consumption in Rand value, based on a consolidation of the account by the council after a period of high charges. This will normalise going forward.

SUSTAINABILITY REPORT (CONTINUED)

STAKEHOLDER ENGAGEMENT
Al Baraka Bank regards its engagement with stakeholders as a journey, which is indicative of the Bank's commitment to a long and dedicated interaction with identified stakeholders. The Bank is committed to fostering sustainable relationships with key stakeholder groups and has continued to regularly engage with them as part of our long-term business journey.

CLIENTS
Clients have been engaged across various platforms, ranging from one-on-one interactions to the use of virtual platforms. The importance of clients to the Bank and the need to deliver exceptional client service is a point of emphasis in the Bank's dealings with clients.

Several roadshows were undertaken in various parts of the country and cross-border with a first in Gabarone, Botswana. Invitations and requests from various regions enquiring when the bank will be in a specific region is testament of the positive impact emanating from these roadshows.

STAFF
Staff are regarded as a critical resource, essential to the success of the Bank. There has been continued engagement with staff throughout the year, including numerous dedicated staff sessions dealing with, inter-alia, issues of wellness and health given the impact of remote working and feedback from board and board committee meetings.

An addition to creating more social interactions amongst employees, the Bank introduced monthly Coffee-Connection allowing staff to engage and interact at a social level.

SHAREHOLDERS
Shareholder communication has been conducted through the means of email and the postal services, in terms of which shareholders have received copies of relevant information pertaining to the Bank and which has an impact on them as shareholders.

Shareholder Functions were held in Durban and Gauteng during the year, as well as the Annual General Meeting, which was attended by a number of major shareholders. In addition, a 100c dividend was distributed to shareholders, which was paid on 26 July 2024.

COMMUNITY
Al Baraka Bank has a dedicated Sustainability and Social Responsibility programme, which spans the disciplines of education, health and welfare. Staff are required to participate in some form of social outreach throughout the year, which is so important within the South African context.

The Bank hosted three successful Women in Business Summits across the three regions with more than 400 guests attending each event.

A females only event which saw prominent community influencers and businesswomen in various facets of female owned business share their experiences and knowledge.

REGULATORY AND OTHER INDUSTRY BODIES
Al Baraka Bank has consistently engaged with its set of regulatory and key industry bodies, including the Prudential Authority of the South African Reserve Bank, the Financial Intelligence Centre, the Financial Sector Conduct Authority, the National Credit Regulator, the CIPC and the Information Regulator.

The Bank acknowledges that said Regulatory Bodies represent vital role-players within the financial sector and such interactions have been characterised by transparency, mutual respect and the utmost good faith in all our dealings.

The board, together with the chief executive, meet with the Prudential Authority on an annual basis, which serves to reinforce the professional working relationship between Al Baraka Bank and the Prudential Authority.

MEDIA
The Bank continues to ensure that it is reflected positively in the media landscape through the implementation of a broad media relations roll-out plan and maintenance of an updated media contacts database.

Management is acutely aware of the key role that media plays in the promotion of business. Ongoing engagement with the media allows not only forging stronger relationships but also creates access to various promotion platforms.

SUPPLIERS AND CONTRACTORS
The Bank has, throughout the year, promoted local procurement wherever possible. It is the Bank's policy to settle suppliers' invoices in a timely manner, such that the suppliers are not adversely impacted through cash flow constraints.

The Bank views this as being core to its ethical approach towards doing business with suppliers and contractors. The sourcing of specific suppliers is prudent as this has an impact on the Banks B-BBEE scoring.

INDUSTRY BODIES
Management has worked closely with several industry bodies throughout the course of the year and with the Banking Association South Africa (BASA), the South African Banking Risk Information Centre (SABRIC) and the Payments Association of South Africa (PASA).

Separate meetings have been held with BASA, with the objective of strengthening the working relationship between our respective organisations.

Based on the sound working relationships that currently exist with key industry bodies, we believe that our engagement has met its objectives.

ISLAMIC SCHOLARS AND ORGANISATIONS
Being the only fully-fledged Islamic, commercial Bank in South Africa, Al Baraka Bank continues to maintain sound relationships with recognised Islamic Scholars and Organisations.

The Bank's Shariah Supervisory Board comprises respected and highly qualified Islamic scholars who enjoy significant influence across the South African Muslim Community and globally.

CONCLUSION
As seen above the Bank has sought to engage in meaningful interactions with its key stakeholders, with a view to add value to the business of Al Baraka Bank and have a real impact on the lives of stakeholders. Through this journey with our stakeholders, we live out the core values of the Bank in a practical manner.

Looking to the future, Al Baraka Bank recognises the immense importance of sustainability reporting within the context of our strategic vision, viewing it as a substantial representation of our comprehensive business presence.

COMPLIANCE REPORT

Compliance remained a top priority for organisations in 2024, with an increasing emphasis on the role and significance of compliance functions, particularly within the banking sector.

The regulatory landscape continues to evolve, requiring financial institutions to uphold a robust culture of compliance and corporate governance. Al Baraka Bank remains committed to maintaining the highest ethical standards and consistently ensures adherence to all regulatory and supervisory requirements.

IMPORTANT REGULATORY REQUIREMENTS IN 2024
The central theme for regulatory updates in 2024 focused on strengthening governance, transparency and compliance, with a significant emphasis on anti-corruption measures, data privacy and the combating of financial crimes.

The review period saw critical strides in anti-corruption efforts, driven by the Judicial Matters Amendment Act 15 of 2023, which introduced amendments to the Prevention and Combating of Corrupt Activities Act 12 of 2004 (PRECCA).

These amendments impose new penalties for failing to prevent corruption, extend liability to private-sector organisations and state entities, and align with international anti-corruption standards, thus significantly strengthening enforcement mechanisms. These developments mark a pivotal step toward greater accountability and transparency in both public and private sectors.

In the realm of financial crime, the Public Compliance Communication 44A published by the Financial Intelligence Centre, provided guidance on implementing targeted financial sanctions, reinforcing measures to counter terrorist financing and proliferation financing. Further, the Financial Action Task Force (FATF) also released a Horizontal Review on gatekeeper compliance, stressing the need for enhanced customer due diligence and risk-based supervision.

Efforts to promote corporate transparency were evident in amendments to the Trust Property Control Act, 1988 which expanded access to beneficial ownership information for enforcement authorities. The Companies Amendment Act 2024 further enhanced governance through mandatory disclosures of director remuneration and improved access to financial statements for stakeholders.

The proposed amendments to the Consumer Protection Act introduced an opt-out registry for direct marketing, empowering consumers to protect their information and reducing unwanted communications. The Final National Data and Cloud Policy established a strategic framework for harnessing cloud technologies to enhance public services and drive innovation, with a strong focus on data security and infrastructure development.

Collectively, these regulatory updates reflect South Africa's commitment to international compliance standards, institutional integrity and to addressing socio-economic challenges in a rapidly evolving environment.

TRAINING AND DEVELOPMENT
As regulations evolve, the Bank recognises the importance of equipping staff, management, executives and the board with the knowledge and skills necessary to stay ahead of these shifts. This involves continuously refining policies and processes to effectively meet new compliance demands.

The Bank ensures that every level of the organisation is prepared to navigate the complexities of an increasingly regulated environment.

To support this, the Bank promotes a proactive approach to training, ensuring staff are well-prepared before interacting with stakeholders. The compliance department leads these efforts, tailoring training programmes to the unique needs of different roles and functions. Additionally, the Bank places great emphasis on practical scenarios to enhance staff understanding and the application of regulatory requirements.

By collaborating closely with the HR department, the Compliance department ensures that training remains dynamic, engaging and aligned with the latest regulatory developments, empowering staff to navigate the ever-changing compliance landscape with confidence.

> **"THE CENTRAL THEME FOR REGULATORY UPDATES IN 2024 FOCUSED ON STRENGTHENING GOVERNANCE, TRANSPARENCY AND COMPLIANCE, WITH A SIGNIFICANT EMPHASIS ON ANTI-CORRUPTION MEASURES, DATA PRIVACY AND THE COMBATING OF FINANCIAL CRIMES."**

This ongoing investment in professional development strengthens the organisation's ability to maintain high standards of compliance and deliver exceptional service to customers.

INTER-DEPARTMENTAL RELATIONSHIPS
The compliance function plays a pivotal role in liaising with multiple departments to ensure the implementation of effective controls that uphold compliance with laws, regulations, supervisory guidelines and international standards.

Additionally, the compliance team partners with other assurance functions to uphold corporate governance practices within the Bank. This approach supports a unified assurance framework, consistent with the principles of King IV.

Compliance representatives also participate in strategic forums and committees, providing insights and advice to the board and management on regulatory and reputational risk matters.

COMPLIANCE MONITORING
Compliance monitoring remains a critical tool to uphold ethical standards and ensure that compliance processes are effective and continuously improving.

The Bank adheres to a comprehensive monitoring programme, enabling the organisation to maintain oversight of compliance levels across various lines of management.

In 2024, compliance monitoring embraced automation, integrating advanced tools and systems to streamline processes and enhance efficiency. This automated approach allows for proactive analysis and reporting, increasing accuracy and responsiveness. Automation ensures that potential issues are identified and addressed more swiftly, supporting a proactive compliance environment.

Key areas of focus included the Financial Advisory and Intermediary Services Act, Anti-Money Laundering and Counter-Terrorist Financing, the National Credit Act and the Protection of Personal Information Act, among other regulations. These efforts underpin a sophisticated banking system, grounded in a strong regulatory and legal framework, promoting systemic stability, institutional integrity and robust consumer protection.

The Bank maintains a zero-tolerance policy for non-compliance. The compliance function plays an essential role in detecting instances of non-compliance, facilitating prompt reporting to relevant management and the board and ensuring that corrective actions are implemented effectively.

INDUSTRY REPRESENTATION
To strengthen compliance practices, the Bank established a Compliance Forum, overseen by the compliance department, which brings together compliance professionals from various institutions. This forum promotes collaboration, facilitates knowledge-sharing and provides a platform for exchanging insights on regulatory compliance, risk management and best practices.

The compliance department also maintains a strong presence in several industry bodies, including the Banking Association South Africa (BASA), the South African Banking Risk Information Centre (SABRIC) and other specialised committees. This involvement ensures the Bank remains informed and actively contributes to regulatory reforms that affect the financial industry and the country.

Our affiliation with BASA has provided valuable opportunities for engagement, allowing us to offer recommendations and feedback on issues discussed during committee meetings. This active participation helps shape industry regulations and supports the advancement of sound banking practices.

Through these initiatives, the compliance function plays a key role in influencing the regulatory landscape, enhancing co-operation amongst financial institutions and strengthening overall compliance standards.

SHARIAH COMPLIANCE

Al Baraka Bank is committed to following Shariah principles and upholds a strong stance on ethical banking. This dedication ensures that our clients' financial matters are managed to the highest level of integrity, providing them with confidence and reassurance.

COMPLIANCE CULTURE

Al Baraka Bank strictly adheres to Shariah principles and maintains a firm commitment to ethical banking practices. Such dedication provides our clients with confidence, knowing that their financial matters are managed to the highest standards.

The Bank effectively balances regulatory compliance with the evolving demands of its clients, ensuring customer satisfaction remains at the forefront of our strategic goals. In 2024, the Compliance department strengthened its focus on building a robust compliance culture, led by the board and deeply ingrained in the Bank's core values and daily operations.

In addition to regulatory compliance, Al Baraka Bank is dedicated to continuous innovation and to adopting new technologies to better serve our clients. This forward-thinking approach ensures that we remain competitive in the rapidly changing financial landscape.

Guided by unwavering ethical principles, Al Baraka Bank is committed to fostering long-term relationship with all stakeholders and to delivering exceptional customer service.

SHARIAH REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

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

To the shareholders of Al Baraka Bank Limited

We, the Shariah Supervisory Board members of Albaraka Bank Limited, South Africa, have reviewed the principles and the contracts relating to the transactions and products introduced by Albaraka Bank Limited, South Africa, during the year ended 31 December 2024. Our review was conducted to form an opinion as to whether Al Baraka Bank has complied with applicable Shariah Rules and Principles in terms of the Shariah standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and the resolutions issued by the Shariah Supervisory Board of the Bank.

Al Baraka Bank's management is responsible for ensuring that the Bank complies with 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 on a test basis, which included examining, directly or indirectly through the Internal Shariah Audit Function, each type of transaction, the relevant documentation and internal controls adopted by the Bank to ensure Shariah compliance, and interviewing members of management.

The scope of the audit included:
1. Murabaha Financing;
2. Musharaka Financing;
3. Ijarah Financing;
4. Equity Murabaha Transactions;
5. ABL Sukuk;
6. National Treasury Sukuk Investment;
7. Islamic Wills and Administration of Estates;
8. Profit Distribution;
9. Management Accounts;
10. Disposal of Impermissible Income;
11. Calculation of Zakah due on Shareholders Equity;
12. Foreign Exchange Transactions;
13. Forward Cover Transactions; and
14. Banking Fees.

We planned our review and obtained all relevant information and explanations that we considered necessary to provide sufficient evidence and reasonable assurance that Al Baraka Bank has not violated Shariah Rules and Principles.

In addition, an Independent Shariah Compliance Audit is conducted periodically by the Shariah Audit Department of the Al Baraka Group (ABG), which assesses the effectiveness of the Bank's Shariah Governance Framework and related controls.

In our opinion:
1. The contracts, transactions and dealings concluded 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 incidental impermissible income has been designated to be paid to charity (refer to the relevant note to the "Welfare and Charitable Funds" in the annual financial statements of the Bank).
4. The Zakah on shareholders' equity was calculated at 69 cents per share. Shareholders are advised to discharge this Zakah individually, as the Bank does not have the mandate to discharge the Zakah on their behalf.
5. The Bank has in place an effective Shariah governance framework that comprises Shariah Advisory, Internal Shariah Audit, ABG Independent Shariah Audit, and the Shariah Supervisory Board, which is designed to ensure that the Bank complies with Shariah.

WE BEG THE ALMIGHTY TO GRANT US ALL SUCCESS IN THIS WORLD AND THE HEREAFTER.

Shaykh Mahomed Shoaib Omar
Chairman

Shaykh Yousef Khalawi
Deputy Chairman

Mufti Zubair Bayat
Member

Mufti Shafique Jakhura
Member

27 January 2025

SHARIAH SUPERVISORY BOARD

The Shariah Supervisory Board is an independent body composed of expert jurists specialising in Islamic commercial jurisprudence.

It is entrusted with guiding, reviewing and overseeing Al Baraka Bank's activities to ensure full compliance with Shariah law.

The board is responsible for addressing all Shariah-related matters professionally and in strict accordance with the Shariah standards set by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

It is the responsibility of the Shariah Supervisory Board to conduct 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

SHAYKH MAHOMED SHOAIB OMAR (CHAIRMAN)

Shaykh Mahomed Shoaib Omar serves as chairman of the Shariah Supervisory Board of the Bank.

He completed his B. Com Law degree and LLB at the University of KwaZulu-Natal and studied Arabic and Islamic Law under the renowned contemporary jurist, Mufti Taqi Usmani, at Darul Uloom Karachi. 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.

He has extensive experience in the application of Shariah Law to contemporary situations, including Islamic finance and has worked closely with the late Shariah expert, Shaykh Abdus Sattar Abu Ghuddah.

Currently, he practices as an attorney, specialising in Shariah and Corporate Law. He has written several books and numerous articles on Islamic Law and its contemporary applications, including Islamic finance, in English and Arabic. He is regarded as an expert in comparative jurisprudence (Fiqh Al Muqaarin).

SHAYKH YOUSEF HASSAN KHALAWI (DEPUTY CHAIRMAN)

Shaykh Yousef Hassan Khalawi, a distinguished Saudi Arabian Shariah scholar, serves as the Deputy Chairman of the Shariah Supervisory Board.

He has extensive expertise in Shariah law, Islamic finance, and business development. He earned a bachelor's degree in Shariah Law (cum laude) from Imam Muhammad bin Saud Islamic University and completed advanced studies in comparative law, international commercial law, arbitration and dispute resolution. Additionally, he underwent practical legal training with prestigious international legal and consulting firms in Frankfurt, Geneva and London.

He has served on the boards of directors of various global corporations, including roles as Chairman of Audit and Governance Committees. He currently holds leadership positions in multiple Islamic finance and multilateral organisations, including:

- Al Baraka Group's Unified Shariah Supervisory Board;
- Islamic Chamber of Commerce, Industry and Agriculture of the Organisation of Islamic Cooperation (OIC);
- International Advisory Board of the World Islamic Economic Forum;
- OIC Arbitration Centre in Istanbul AAOIFI; and
- Waqf Board of the Islamic Fiqh Academy.

Shaykh Yousef Khalawi has played a key role in regulatory frameworks and corporate governance, particularly in Shariah governance. He has also been a faculty member at various Saudi universities, teaching major classical literary works. His academic contributions include publications in Islamic sciences, Islamic civilisation and critical thinking in renowned academic journals.

He has participated in numerous international conferences as a panellist and has delivered lectures on various topics within his expertise.

"IT IS ENTRUSTED WITH GUIDING, REVIEWING AND OVERSEEING AL BARAKA BANK'S ACTIVITIES TO ENSURE FULL COMPLIANCE WITH SHARIAH LAW."

MUFTI ZUBAIR BAYAT

Mufti Zubair Bayat is the founder and Ameer of Darul Ihsan Humanitarian Centre and serves on the boards of Islamic schools and financial institutions, advising various organisations. He completed his Aalim Fadhil and Ifta courses at the renowned Darul Uloom Deoband and later earned a Master of Arts in Islamic Studies (cum laude) from the University of Johannesburg. He obtained a Certificate in Muslim Personal Law from the University of Islamabad. He has lectured at Darul Uloom Azaadville and later moved to Kwa-Dukuza (Stanger), where he established the Zakariyya Muslim School and served as its first Principal and Ameer. He also chaired the Association of Muslim Schools in KwaZulu-Natal. Mufti Zubair Bayat has travelled extensively, delivering lectures and workshops on various topics. He has authored numerous books, translated key Islamic texts, and published several academic articles.

MUFTI SHAFIQUE AHMED JAKHURA

Mufti Shafique Ahmed Jakhura is part of the Fatwa Department at Darul Ihsan Humanitarian Centre and is the founder and head of the Centre for Islamic Economics and Finance SA (CIEFSA). He completed his Aalimiyah Course at Madrasah Taleemuddeen in Durban, South Africa, and pursued advanced specialisation in Islamic jurisprudence (Fiqh and Fatwa) at Jamia Darul Uloom Karachi under Mufti Taqi Usmani. He holds multiple qualifications, including:

- Certified Shariah Advisor and Auditor (CSAA-AAOIFI); and
- Advanced Diploma in Islamic Banking and Finance from the Centre for Islamic Economics (Karachi).

Mufti Jakhura serves on several Shariah Supervisory Boards and has actively participated and contributed to global forums on Islamic finance.

SHARIAH SUPERVISION OF THE OLD MUTUAL AL BARAKA UNIT TRUST FUNDS

The Old Mutual Al Baraka Shariah funds are managed in strict accordance with Shariah principles. These funds provide investors with the opportunity to engage in socially responsible investments on the Johannesburg Securities Exchange (JSE) and global markets, as well as Shariah-compliant non-equity investments. The following funds and portfolios are managed by the Old Mutual Investment Group in partnership with Al Baraka Bank:

- Old Mutual Albaraka Equity Fund;
- Old Mutual Albaraka Balanced Fund;
- Old Mutual Albaraka Income Fund;
- Old Mutual Global Islamic Equity Fund;
- Old Mutual Global Islamic Equity Feeder Fund; and
- Old Mutual Customised Solutions.

MEMBERS OF THE SHARIAH SUPERVISORY BOARD

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

The Shariah Supervisory Board convenes four times a year to ensure that all investments made by the Bank and Old Mutual Al Baraka Shariah funds comply with its directives, which are issued in line with the applicable Shariah rules and principles as set out by AAOIFI. The establishment of an independent Shariah Supervisory Board to oversee the Bank and Old Mutual Al Baraka Shariah funds underscores Al Baraka Bank's unwavering commitment to Islamic economic principles, as derived from Shariah law.

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE
Republic of South Africa

NATURE OF BUSINESS
Financial Services

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

PARENT AND ULTIMATE HOLDING COMPANY

Al Baraka Group B.S.C. (C)

AUDITOR

PricewaterhouseCoopers Inc.

The financial statements of Albaraka Bank Limited have been audited in compliance with S30 of the Companies Act no.71 of South Africa.

Rishaad Bismilla CA (SA), General Manager: Finance and Zaakirah Nabee CA (SA) of Albaraka Bank Limited were responsible for the preparation of the financial statements.

CONTENTS

DIRECTORS' RESPONSIBILITIES AND APPROVAL

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 statements of financial position as at 31 December 2024 and the statements of profit or loss and other comprehensive income, the statements of changes in shareholders' equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, in accordance with IFRS® Accounting Standards and in the manner required by the Companies Act no. 71 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 and company's ability to continue as going concerns 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 40 to 102 were approved by the board of directors on 26 March 2025 and signed on their behalf by:

....

Zahid Hassan Fakey
Chairman

....

Shabir Ahmed Essop Chohan
Chief executive

CERTIFICATE BY THE COMPANY SECRETARY

In terms of the provisions of the Companies Act, 71 of 2008 of South Africa, I certify that to the best of my knowledge and belief, Albaraka Bank Limited has lodged all returns required in terms of the Companies Act, 71 of 2008, with the Registrar of Companies for the financial year ended 31 December 2024 and that the returns are true, correct and up to date.

....

Muhammed Talha Kazi
Company secretary
26 March 2025

REPORT OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2024, the audit committee convened six times to discharge both its statutory and board responsibilities. As an overview only, and not to be regarded as an exhaustive list, the committee carried out the following duties:

Annual financial statements
The committee has evaluated the group and company annual financial statements. Amongst others, the committee:

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

The group and company annual financial statements complied, in all material aspects, with the principles, policies and accounting practices and standards adopted in preparation of the group and company annual financial statements and with the appropriate International Financial Reporting Standards. Furthermore, 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. Accordingly, the committee has approved and recommended the group and company 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 19 June 2025.

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:

- approved the internal audit mandate as set out in the board approved internal audit charter and ensured that internal audit is an effective risk-based function that adheres to the IIA Standards and Code of Ethics;
- ensured that the internal audit plan was risk-based and addressed specific and critical risks of the company;
- approved the internal audit plan;
- regularly met separately with internal audit management;
- considered the quality assurance review of the company's internal audit function conducted by the Al Baraka Group and was satisfied that no material items were identified; and
- did not receive any complaints relating to the internal audit of the company.

External audit and related matters
PricewaterhouseCoopers Inc (PwC) is the company's appointed external auditor. The committee has played an oversight role in respect of the external audit process to ensure its effectiveness. Amongst others, the committee:

- approved PwC's terms of engagement;
- reviewed the quality and effectiveness of the external audit process;
- reviewed the external auditor's report to the committee and management's responses thereto;
- reviewed significant judgements and/or unadjusted differences resulting from the audit, as well as any reporting decisions made;
- maintained a non-audit services policy which determines the nature and extent of any non-audit services that PwC may provide to the company/group;
- regularly met separately in confidence with PwC;
- at the invitation of the Prudential Authority, attended the trilateral meeting together with the external auditors;
- through enquiry, ascertained that PwC has not identified any irregularity that required reporting thereof to IRBA;
- evaluated and were satisfied with the independence of PwC; and
- assessed and noted the tenure of the current auditor as being the first year of audit.

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.

Finance function
The committee has satisfied itself that the financial director and the finance department have the appropriate expertise and experience required for the finance function.

Abubakr Essack
Chairman of the audit committee
26 March 2025

DIRECTORS' REPORT

THE DIRECTORS PRESENT THEIR REPORT FOR THE YEAR ENDED 31 DECEMBER 2024.

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 Retail and SME branches in Athlone (Cape Town), Laudium (Pretoria), Lenasia (Johannesburg) and Kingsmead (Durban), with corporate offices in Western Cape, Gauteng, and KwaZulu-Natal and service centres in Rosebank (Johannesburg), Raslouw (Pretoria) and Overport (Durban).

The bank's parent and ultimate holding company is Al Baraka Group B.S.C.(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 million (2023: 100 million) ordinary shares of R10 each, amounting to R1 billion (2023: R1 billion).

The issued share capital of the company comprises 32,2 million (2023: 32,2 million) ordinary shares of R10 each, amounting to R322,4 million (2023: R322,4 million).

Financial results
The results of the group and the company for the year ended 31 December 2024 are set out on pages 40 to 102.

Dividends
On the 2nd of April 2024 the directors declared a dividend of 100 cents (2023: 62 cents) per share amounting to R32,2 million (2023: R19,9 million) paid to shareholders registered as at close of business on the 5th of July 2024.

Group structure
Albaraka Properties Proprietary Limited is a wholly-owned subsidiary of Albaraka Bank Limited.

Albaraka Sukuk Trust is also consolidated as part of the group reporting as the Albaraka Sukuk Trust was created specifically to administer the issuance and management of the Albaraka sukuk product.

The Albaraka 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.

During 2024, Albaraka Financial Services Proprietary Limited, which is a wholly-owned subsidiary of Albaraka Bank Limited was formed for the administration of the Bank's Takaful (Islamic insurance) service offering.

Capital management
The Bank continues to work towards strong management of its capital reserves. In 2022, the Bank issued an Additional Tier 1 sukuk instrument of R124 million via the Albaraka Sukuk Trust.

With the Tier 2 sukuk instruments of R307,7 million in issue, the Bank has a total sukuk issuance of R431,7 million. Qualifying capital and reserves was positively impacted during 2024 as a result of increased profitability.

Group results
The 2024 financial year marked a period of continued economic recovery and notable improvement in the Bank's overall performance.

During the year, the Bank experienced an increase in liquidity from term deposits and transactional banking services with reduced growth in customer advances. As a result, the Bank's deposit-taking activities improved by R489 million, reflecting a 6% increase for the 2024 financial year with customer advances decreasing by R289 million or 4% over the same period.

This resulted in additional liquidity being available which facilitated an increase in Shariah-compliant Mudaraba and Murabaha placements of R425 million or 74% (2023: R96 million or 20%) for the year.

Additionally, the Bank furthered its investment in the sovereign sukuk, growing from R425 million in 2023 to R795 million by the end of 2024 (R42 million of which relate to Charitable and Welfare funds (2023: nil)).

Credit provisions increased by R16,1 million or 30% (2023: R12 million or 34%) during the 2024 financial year.

Income earned from advances to customers increased by R134 million or 19% (2023: R244 million or 51%) largely due to the repricing effects of increased profit rates over the past two years, with the recent reduction in market rates only coming through in the last quarter of 2024.

Income from advances to banks grew by R34 million or 118% (2023: -R26 million or -48%) due to higher interbank placements.

Income earned from sovereign sukuk investments increased by R63,5 million (2024: R68 million, 2023: R4,5 million) largely due to the 2023 returns being earned for two months as opposed to 12 months in 2024, coupled with an increase in the underlying investments in 2024.

After accounting for profit-sharing with depositors and sukuk holders, the Bank's net income from financing activities increased by R119 million or 29% for the year. Financing activities include income earned from customer advances, banks and sovereign sukuk net off credit provisions.

Income from non-funding activities being foreign exchange, unit trust sales, electronic banking fees and other fee income, improved by R7 million or 16% (2023: R12 million or 36%). This was largely due to the change in accounting treatment of deferred fee income.

Total operating expenditure increased by R31 million or 10% for the year, primarily due to higher employment, advertising and technology-related costs.

The group achieved a net profit after tax of R199 million, representing an increase of R78 million or 64% compared to the R122 million achieved in 2023.

After considering profits attributed to additional tier 1 sukuk holders, net profit attributable to ordinary shareholders is R178 million, reflecting growth of R76 million or 75% (2023: R51 million or 99%).

This resulted in an increase in both basic and diluted earnings per share to increase by 236,86 cents (2023: 156,88 cents) from 316,08 cents to 552,94 cents for the period.

Included in the financial statements is a correction of error relating to the accounting treatment of advances deal origination fees and the related recognition of fee income in terms of IFRS 9: Financial Instruments. Accordingly the comparative two financial years information has been restated to this effect.

Events after the reporting period
On 26 March 2025, the board declared a dividend of R48 360 390 (150 cents per share) payable on 25 July 2025 to shareholders registered on the books of the Bank at the close of business on 4 July 2025.

There are no other material adjusting events after the financial period that requires reporting.

Directors
All directors are South African in nationality unless otherwise stated. The directors of the company are as follows:

Non-independent non-executive

FA Randeree	(British)
H Ben Haj Amor	(Tunisian) Resigned on 26 September 2024
Dr MM Khemira	(Canadian)
A Dogar	(Pakistani) Appointed on 27 September 2024

Independent non-executive

YGH Suleman CA (SA)	Retired on 28 February 2025
MJD Courtiade CA (SA)	(French)
Adv. JMA Cane SC	
ZH Fakey CA (SA)	Appointed Chairman of board on 01 March 2025
SM Nyasulu	
R Lachman CA (SA)	Appointed on 01 October 2024
A Essack CA (SA)	Appointed on 01 March 2025

Executive

SAE Chohan CA (SA)	Chief Executive
A Ameed CA (SA)	Financial Director

Secretary
The secretary of the company is MT Kazi whose business, postal and registered address is as follows:

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

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

TO THE SHAREHOLDERS OF AL BARAKA BANK LIMITED

Report on the audit of the consolidated and separate financial statements

Our 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 (the Company) and its subsidiaries (together the Group) as at 31 December 2024, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Albaraka Bank Limited's consolidated and separate financial statements set out on pages 40 to 102 comprise:

- the consolidated and separate statements of financial position as at 31 December 2024;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements excluding the sections marked as "unaudited" in notes 1.1, but including material accounting policy information.

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

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa.

We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).

Our audit approach

Overview

Final materiality

R12,975,300 for the consolidated financial statements and R12,975,249 for the separate financial statements, which is calculated as 5% of consolidated profit before taxation.

Group audit scope

The group consists of the Company and three subsidiaries, all considered to be separate components. A full scope audit was performed on the Company, the audit of one or more financial statement line items was performed on two subsidiaries, whilst one subsidiary was classified as inconsequential.

Key audit matter

Provision for Expected Credit Losses (ECL) on gross advances to customers and gross advances to banks and sovereign.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements.

In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette Number 49309 dated 15 September 2023 (EAR Rule), we report final materiality and group audit scope below.

Final materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated and separate financial statements are free from material misstatement.

Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated and separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the final materiality for the consolidated and separate financial statements as a whole as set out in the table below.

These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated and separate financial statements as a whole.

	Consolidated financial statements	Separate financial statements
Final materiality	R12,975,300	R12,975,249
How we determined it	5% of consolidated profit before taxation	5% of profit before taxation. However as this calculated exceeds overall group materiality, it was limited to R12,975,249 to ensure a materiality lower than that of group was used.
Rationale for the materiality benchmark applied	We chose consolidated profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We considered the Group's organisational, legal, consolidation structures and its financial reporting processes when identifying components for purposes of planning and performing audit procedures. For purposes of our Group audit scope, we considered a component to be a legal entity within the Group being consolidated.

The Group consists of the Company and its three subsidiaries (each considered to be a component for purposes of our group audit scope). The results are primarily impacted by the results of the Company, which is considered to be the only significant component due to size and/or risk and as such, a full scope audit was performed on the Company. In addition the audit of one or more financial statement line items was performed for two of the subsidiaries, whilst one subsidiary was classified as inconsequential.

In establishing the overall approach to the group audit, we determined the extent of the work that needed to be performed by us in order to issue our audit opinion on the consolidated financial statements of the Group.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period.

These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In terms of ISA 701 Communicating key audit matters in the independent auditor's report/the EAR Rule (as applicable), we are required to report key audit matters and the outcome of audit procedures or key observations with respect to the key audit matters, and these are included below.

Key audit matter	How our audit addressed the key audit matter
Provision for Expected Credit Losses (ECL) on gross advances to customers and gross advances to banks and sovereign Refer to the following notes in the consolidated and separate financial statements as it relates to this key audit matter: • Accounting policy 2 – Basis of preparation - Impairment losses on financial assets; • Accounting policy 4 – Significant Accounting Policies - IFRS 9 Financial Instruments; • Note 2 - Risk management and assessment – 2.1 Credit risk; and • Note 10 – Advances and other receivables. As at 31 December 2024, the Group and Company recognised gross advances to customers of R 7.29 billion and gross advances to banks and sovereign of R 1.37 billion, against which an ECL provision of R62,9 million was recognised. The ECL provision is calculated in terms of International Financial Reporting Standards (IFRS) 9 - Financial Instruments (IFRS 9). The key areas of significant management judgement and estimation in relation to the determination of the ECL provision include: • The development and periodic recalibration of the various ECL components including Probability of Default (PDs), cure rates, Loss Given Default (LGDs) including collateral recovery rates and Exposure at Default (EADs); • The criteria for assessing if there has been a Significant Increase in Credit Risk (SICR); • The grouping of financial assets into credit risk segments with common risk characteristics that need to be reflected in the credit loss estimates; and	We obtained an understanding and considered the operating effectiveness of the relevant controls (using a combination of techniques such as enquiry, inspection, observation and reperformance) relating to the origination and approval of credit facilities. Making use of our actuarial and economics expertise, our audit procedures addressed the key areas of significant judgement and estimation in determining the ECL provision on gross advances to customers and banks and sovereign. We also assessed the associated impairment methodologies and practices applied by management against the requirements of IFRS 9, as detailed below: *Development and periodic recalibration of ECL statistical model components (PDs, cure rates, LGDs including collateral recovery rates and EADs)* • Through discussion with management and inspection of documentation, we obtained an understanding of the methodologies and assumptions used by management in the various ECL model components and how these were calibrated to use historical information to estimate future cash flows • Through our independent reperformance and back testing of the ECL model, we assessed the model components and how these were calibrated to use historical information to estimate future cash flows. • On a sample basis, we compared inputs into the impairment models to source systems for critical input data fields.

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

Key audit matter	How our audit addressed the key audit matter
• The selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models and the related impact of forward looking information on credit losses. We considered the provision of ECL on gross advances to customers and gross advances to banks and sovereign to be a matter of most significance to the current year audit due to: • the magnitude of the advances and related ECL provision in relation to the consolidated and separate financial statements; and • the degree of subjective judgements and estimation applied by management in determining the ECL provision.	• We evaluated cure rates and redefault risk per segment by considering historic data and trends. We assessed managements LGD estimates which included collateral recoveries based on assumed haircuts and unsecured recovery rates. Collateral valuations were also tested on a sample basis. The criteria for assessing if there has been a Significant Increase in Credit Risk (SICR) • We assessed the appropriateness of the SICR methodology and tested the resultant transfer rate of SICR accounts into stage 2. This included benchmarking the transfer rate against the volume of up-to-date accounts that went into arrears based on historical trends as well as increases in risk determined by management's forward-looking macroeconomic model. • We evaluated managements estimate of default rates for credit score bands by considering the appropriateness of the methodology and comparing estimated default rates to actual default rates. *Grouping of financial assets into credit risk segments with common risk characteristics* • We evaluated management's grouping of financial assets into segments with common risk characteristics in accordance with the product categorisation as noted in Note 10.6 of the financial statements *Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models and the related impact of forward-looking information on credit losses* • We considered the assumptions used in the forward-looking macroeconomic model, specifically around the forward-looking scenarios used, the macroeconomic variables and outlook considered for each scenario as well as the probability weighting of each scenario for reasonableness. We discussed these with management and compared these to our own and benchmarked economic forecasts and independent market data. • We assessed the impact of macroeconomic variables on expected default rates through an independent assessment of the impact of macroeconomic factors on expected credit losses. • We assessed the reasonability of the selection of the macroeconomic variables through independent reperformance of the statistical model, assessment of the reasonability of the variables. The forecast default rates were also considered in the context of recent and historical actual default rates of each segment to ensure that forecasts were aligned to the macroeconomic outlook in the scenarios. Based on the procedures performed above in respect of the ECL provision on gross advances to customers and gross advances to banks and sovereign, we did not identify any material matters requiring further consideration.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the information included in the document titled "Albaraka Bank Limited Consolidated and Separate Annual Financial Statements for the year ended 31 December 2024", which includes the Directors' Report and the Report of the Audit Committee and the certificate by the Company Secretary Statement as required by the Companies Act of South Africa.

The other information does not include the consolidated or the separate financial statements and our auditor's report thereon (but includes the sections marked as "unaudited" in note 1.1 to the consolidated and separate financial statements).

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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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 and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting 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 and the Company'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 and/or the Company 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 and the Company'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 and the Company'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 and/or Company 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence, regarding the financial information of the entities or business units within the Group, as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Audit tenure

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of Albaraka Bank Limited for 1 year.

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PricewaterhouseCoopers Inc.
Director: Z Murray
Registered Auditor
Johannesburg, South Africa

27 March 2025

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

		GROUP			COMPANY		
		2024	2023 (Restated)*	01 Jan 2023 (Restated)*	2024	2023 (Restated)*	01 Jan 2023 (Restated)*
	Notes	R'000	R'000	R'000	R'000	R'000	R'000
Assets							
Deferred tax asset*	8	**30 119**	21 900	22 383	**30 293**	25 235	28 776
Property and equipment	3	**102 688**	90 050	89 284	**26 663**	13 952	12 637
Right of use asset	4.1	**3 664**	6 003	3 563	**42 136**	9 527	11 318
Investment properties	5	**10 339**	10 339	10 339	**-**	-	-
Intangible assets	6	**54 543**	61 798	73 390	**54 543**	61 798	73 390
Investment in and amount due by subsidiaries*	7	**-**	-	-	**60 588**	59 236	72 811
Investment securities	9	**17 680**	17 567	17 438	**17 680**	17 567	17 438
Advances and other receivables**	10	**8 634 284**	8 123 481	7 635 781	**8 633 889**	8 123 308	7 635 611
Regulatory balances	11	**618 507**	615 432	517 716	**618 507**	615 432	517 716
Cash and cash equivalents	12	**311 542**	199 796	124 382	**303 050**	193 026	122 751
Total assets		**9 783 366**	9 146 366	8 494 276	**9 787 349**	9 119 081	8 492 448
Equity and liabilities							
Equity							
Share capital	13	**322 403**	322 403	322 403	**322 403**	322 403	322 403
Share premium	13	**82 196**	82 196	82 196	**82 196**	82 196	82 196
Other reserves		**2 529**	2 440	2 313	**2 529**	2 440	2 313
Retained income*		**694 472**	548 442	466 528	**686 776**	530 933	453 395
Shareholders' interests		**1 101 600**	955 481	873 440	**1 093 904**	937 972	860 307
Additional Tier 1 Sukuk Instrument Holders	19.2	**124 000**	124 000	124 000	**124 000**	124 000	124 000
Total equity		**1 225 600**	1 079 481	997 440	**1 217 904**	1 061 972	984 307
Liabilities							
Deferred tax liability*	8	**18 174**	18 045	17 719	**-**	-	-
Welfare and charitable funds	14	**59 389**	60 562	43 382	**59 389**	60 562	43 382
Sukuk Holders/Albaraka Sukuk Trust	19.1	**311 248**	311 247	310 605	**307 700**	307 700	307 700
Provision for leave pay	17	**7 330**	6 968	6 290	**7 330**	6 968	6 290
Lease liabilities*	4.2	**4 103**	6 234	4 052	**43 222**	22 112	35 487
Trade and other payables	15	**69 277**	59 275	51 172	**63 710**	55 414	51 868
South African Revenue Service	16	**1 311**	6 650	2 599	**1 160**	6 449	2 396
Deposits from customers	18	**8 086 934**	7 597 904	7 061 017	**8 086 934**	7 597 904	7 061 017
Total liabilities		**8 557 766**	8 066 885	7 496 836	**8 569 445**	8 057 109	7 508 141
Total equity and liabilities		**9 783 366**	9 146 366	8 494 276	**9 787 349**	9 119 081	8 492 448

*Comparative amounts have been restated. Refer to note 36 and 37 for detailed disclosure on the restatement.

**Advances and other receivables include customer advances, interbank placements and Sovereign Sukuk placements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

		GROUP		COMPANY	
		2024	2023 (Restated)*	**2024**	2023 (Restated)*
	Notes	**R'000**	**R'000**	**R'000**	**R'000**
Revenue					
Income earned from advances		**853 928**	720 140	**853 928**	720 140
Income earned from interbank placements - Mudaraba deposits		**48 780**	14 340	**48 780**	14 340
Income earned from interbank placements - Murabaha deposits		**13 357**	14 147	**13 357**	14 147
Income from Sovereign Sukuk		**68 276**	4 506	**68 276**	4 506
		984 341	753 133	**984 341**	753 133
Credit loss expense	10	**(16 104)**	(12 441)	**(16 104)**	(12 441)
Gross income after credit loss expense		**968 237**	740 692	**968 237**	740 692
Income paid to depositors	20	**(399 407)**	(293 050)	**(399 407)**	(293 050)
Income paid to Tier 2 Sukuk holders/Albaraka Sukuk Trust	21	**(30 449)**	(28 621)	**(30 705)**	(28 621)
Net income earned		**538 381**	419 021	**538 125**	419 021
Net non-Islamic income	22	**-**	-	**-**	-
Fee and commission income*	23	**50 014**	43 674	**50 293**	43 942
Other operating income	24	**3 392**	2 339	**17 387**	2 339
Net income from operations		**591 787**	465 034	**605 805**	465 302
Operating expenditure	25	**(331 738)**	(301 080)	**(335 525)**	(304 213)
Finance costs	4.2	**(543)**	(386)	**(2 449)**	(3 674)
Profit before taxation*		**259 506**	163 568	**267 831**	157 415
Taxation*	26	**(60 128)**	(41 832)	**(58 537)**	(40 055)
Profit for the year attributable to equity shareholders		**199 378**	121 736	**209 294**	117 360
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Other comprehensive income net of tax	27	**89**	127	**89**	127
Total comprehensive income*		**199 467**	121 863	**209 383**	117 487
Comprehensive income, attributable to ordinary shareholders*		**178 359**	102 030	**188 172**	97 654
Comprehensive income, attributable to Tier 1 Sukuk Instrument Holders		**21 108**	19 833	**21 211**	19 833
		199 467	121 863	**209 383**	117 487
Weighted average number of shares in issue ('000)		**32 240**	32 240		
Basic earnings per share					
Basic and diluted earnings per share (cents)	28	**552.94**	316.08		

*Comparative amounts have been restated. Refer to note 36 and 37 for detailed disclosure on the restatement.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital	Share premium	Other reserves	Retained income (Restated)	Shareholders' interest (Restated)	AT 1 Sukuk Instrument Holders	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Group							
Balance at 1 January 2023 as previously stated	322 403	82 196	2 313	483 820	890 732	124 000	1 014 732
Decrease due to corrections of prior period errors*	-	-	-	(17 292)	(17 292)	-	(17 292)
Balance as at 01 January 2023 (Restated)	322 403	82 196	2 313	466 528	873 440	124 000	997 440
Profit for the year	-	-	-	101 903	101 903	19 833	121 736
Other comprehensive income	-	-	127	-	127	-	127
Total comprehensive income for the year	-	-	127	101 903	102 030	19 833	121 863
Dividend recognised as distributions to shareholders	-	-	-	(19 989)	(19 989)	-	(19 989)
Profit paid to Additional Tier 1 Sukuk Instrument Holders	-	-	-	-	-	(19 833)	(19 833)
Balance as at 31 December 2023 (Restated)	322 403	82 196	2 440	548 442	955 481	124 000	1 079 481
Balance as at 01 January 2024 (Restated)	**322 403**	**82 196**	**2 440**	**548 442**	**955 481**	**124 000**	**1 079 481**
Profit for the year	-	-	-	**178 270**	**178 270**	**21 108**	**199 378**
Other comprehensive income	-	-	**89**	-	**89**	-	**89**
Total comprehensive income for the year	-	-	**89**	**178 270**	**178 359**	**21 108**	**199 467**
Dividend recognised as distributions to shareholders	-	-	-	**(32 240)**	**(32 240)**	-	**(32 240)**
Profit paid to Additional Tier 1 Sukuk Instrument Holders	-	-	-	-	-	**(21 108)**	**(21 108)**
Balance at 31 December 2024	**322 403**	**82 196**	**2 529**	**694 472**	**1 101 600**	**124 000**	**1 225 600**
Company							
Balance at 1 January 2023	322 403	82 196	2 313	453 395	860 307	124 000	1 001 307
Decrease due to corrections of prior period errors*	-	-	-	(17 292)	(17 292)	-	(17 292)
Balance as at 01 January 2023 (Restated)	322 403	82 196	2 313	453 395	860 307	124 000	984 307
Profit for the year	-	-	-	97 527	97 527	19 833	117 360
Other comprehensive income	-	-	127	-	127	-	127
Total comprehensive income	-	-	127	97 527	97 654	19 833	117 487
Dividend recognised as distributions to shareholders	-	-	-	(19 989)	(19 989)	-	(19 989)
Profit paid to Additional Tier 1 Sukuk Instrument Holders	-	-	-	-	-	(19 833)	(19 833)
Balance at 31 December 2023	322 403	82 196	2 440	530 933	937 972	124 000	1 061 972
Balance at 1 January 2024	322 403	82 196	2 440	530 933	937 972	124 000	1 061 972
Changes in equity							
Profit for the year	-	-	-	**188 083**	**188 083**	**21 211**	**209 294**
Other comprehensive income	-	-	**89**	-	**89**	-	**89**
Total comprehensive income	-	-	**89**	**188 083**	**188 172**	**21 211**	**209 383**
Dividend recognised as distributions to shareholders	-	-	-	**(32 240)**	**(32 240)**	-	**(32 240)**
Profit paid to Additional Tier 1 Sukuk Instrument Holders	-	-	-	-	-	**(21 211)**	**(21 211)**
Balance at 31 December 2024	**322 403**	**82 196**	**2 529**	**686 776**	**1 093 904**	**124 000**	**1 217 904**

*Comparative amounts have been restated. Refer to note 36 and 37 for detailed disclosure on the restatement.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

		GROUP		COMPANY	
		2024	2023 (Restated)*	**2024**	2023 (Restated)*
	Notes	**R'000**	R'000	**R'000**	R'000
Cash flow from operating activities					
Cash generated from operations*	30.1	**274 499**	189 276	**284 120**	197 743
Changes in working capital*	30.2	**(9 097)**	(20 535)	**(10 452)**	(25 100)
Taxation paid	30.3	**(73 854)**	(43 571)	**(69 312)**	(39 048)
Dividends paid	30.4	**(31 812)**	(19 763)	**(31 812)**	(19 763)
Profits paid to additional Tier 1 Sukuk holders*	30.5	**(21 108)**	(19 575)	**(21 211)**	(19 833)
Net cash flow from/(used in) operating activities		**138 628**	85 832	**151 333**	93 999
Cash flows from investing activities					
Purchase of property and equipment*	30.6	**(18 717)**	(6 440)	**(18 672)**	(6 440)
Purchase of intangible assets*	30.7	**(7 025)**	(1 955)	**(7 025)**	(1 955)
Purchase of investment securities	9	**-**	-	**-**	-
Proceeds from disposal of property and equipment		**-**	101	**-**	101
Dividend income	24	**1 798**	1 656	**1 798**	1 656
Increase in investment in and amount due by subsidiary	7	**-**	-	**(14 472)**	(13 306)
Net cash flows (used in)/from investing activities*		**(23 944)**	(6 638)	**(38 371)**	(19 944)
Cash flows from financing activities					
Settlement of lease liabilities – capital	4	**(2 957)**	(4 283)	**(2 957)**	(4 283)
Settlement of lease liabilities – lease charges	4	**(543)**	(386)	**(543)**	(386)
Net cash flows from/(used in) financing activities*		**(3 500)**	(4 669)	**(3 500)**	(4 669)
Net increase/(decrease) for the year		**111 184**	74 525	**109 462**	69 386
Net forex exchange difference on cash on hand		**562**	889	**562**	889
Cash and cash equivalents at beginning of year		**199 796**	124 382	**193 026**	122 751
Cash and cash equivalents at end of year	12	**311 542**	199 796	**303 050**	193 026

*Comparative amounts have been restated. Refer to note 36 and 37 for detailed disclosure on the restatement.

Included in group and company cash flows from operating activities is profit received of R 977 million (2023: R 746 million) and profit paid of R 431 million (2023: R 318 million).

MATERIAL ACCOUNTING POLICY INFORMATION

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, Durban, 4001. The consolidated and separate annual financial statements of the group for the year ended 31 December 2024 comprise the company, its subsidiaries 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 group's consolidated and company's separate financial statements were prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IASB) (IFRS Accounting Standards) and IFRIC Interpretations as issued by the IFRS Interpretations Committee, and comply with the Financial Pronouncements as issued by the Financial Reporting Standards Council and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, the Banks Act and the requirements of the Companies Act no. 71 of South Africa. Al Baraka Bank is a member of the international Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and voluntarily subscribes to the AAOIFI to establish and maintain Shari'ah standards and practices.

Basis of measurement

The consolidated and separate annual financial statements have been prepared on the historical cost basis except for certain financial assets measured at fair value.

Functional and presentation currency

The consolidated and separate financial statements have been 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:

Leases
- In determining the rate in the intercompany lease, 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 (refer note 4).
- In determining the lease liability under IFRS 16 the Bank applies an incremental borrowing rate for all leases excluding the intercompany lease, which is linked to the prime rate applicable at inception, as management has assessed that this would be the best estimate as a borrowing rate based on enquiries made from other banks related to medium to long-term borrowing rates that could be afforded to the bank. (Refer note 4).
- In determining of the lease term for lease contracts with renewal and termination options the Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Bank has lease contracts that include extension and termination options. Judgement is applied to evaluate whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. The Bank considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.
  After the commencement date, the Bank reassesses the lease term for any significant event or change in circumstance that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate. (refer note 4).

Deferred Tax
- 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 taxable profits based on the applicable legislation as well as future tax planning strategies. (Refer note 8).

Property, Plant and Equipment
- In determining the useful lives of property and equipment, management have exercised judgement as further detailed in accounting policy note 5, property and equipment.

Intangible Assets
- In determining the useful lives of intangible assets, management has exercised judgement as further detailed in accounting policy note 18, intangible assets.

Impairment losses on financial assets

The measurement of impairment losses under IFRS 9 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk.

These estimates are driven by a number of factors, changes in which can result in different levels of allowances.
The Bank's expected credit losses (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates

MATERIAL ACCOUNTING POLICY INFORMATION

Impairment losses on financial assets (cont)

include:
- The development and and periodic recalibration of the various ECL components, including Probability of Default (PDs), cure rates, Loss Given Default (LGDs) including collateral recovdery rates and Exposure at Default (EADs);
- The criteria for assessing if there has been a Significant Increase in Credit Risk (SICR);
- The grouping of financial assets into credit risk segments with common risk characteristics that need to be reflected in the credit loss estimates; and
- The selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models and the related impact of forward-looking information on credit losses.

Critical judgements in determining ECL are those that are embedded in the calibration of the ECL models and include the definition of default and the levels at which the significant increase in credit risk (SICR) thresholds were established.

New and amended standards and interpretations effective 01 January 2024 (unless stated otherwise)

The following amendments and interpretations apply for the first time in 2024, but did not have an impact on the Bank's consolidated financial statements.

Amendments to Supplier Finance Arrangements (IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosure')
These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effect on an entity's liabilities, cash flows and exposure to to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

Amendment to IFRS 16, 'Leases' - sale and leaseback.
These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.

Standards and amendments not yet effective

At the date of authorisation of the annual financial statements for the year ended 31 December 2024, the Bank has considered the list of accounting standards, interpretations and amendments that were in issue but not yet effective. These standards will be adopted at their effective dates, with no early adoption intended. New standards and amendments which are expected to have an impact on the Bank only are included below. An assessment of the impact on the business is still being conducted.

Lack of exchangeability – Amendments to IAS 21 (effective 01 January 2025)

The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.

A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange
mechanism that creates enforceable rights and obligations.

Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments (effective 01 January 2026)

These amendments:
- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

IFRS 18, 'Presentation and Disclosure in Financial Statements' (effective 01 January 2027)

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

IFRS 19, 'Subsidiaries without Public Accountability' (effective 01 January 2027)

The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its consolidated financial statements. IFRS 19 is a voluntary Accounting Standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.

MATERIAL ACCOUNTING POLICY INFORMATION

3. BASIS OF CONSOLIDATION

The consolidated and separate annual financial statements comprise the financial statements of the Bank and its subsidiaries as at 31 December 2024 including controlled structured entities.

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 profit or loss and other comprehensive income from the date the group gains control until the date the group ceases to control the subsidiary. The Parent and its subsidiary's assets, liabilities, equity, income, expenses and cash flows are presented as those of a single economic entity. Investment in subsidiary is carried at cost less accumulated impairment in the separate company financial statements. Albaraka Sukuk Trust was created specifically as a structured entity to administer the issuance and management of the Albaraka Sukuk product. Albaraka 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 profit or loss and other 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. MATERIAL ACCOUNTING POLICIES

Recognition of profit:

The effective profit rate method

Profit is recorded using the effective profit rate (EPR) method for all financial instruments measured at amortised cost. The EPR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

Profit and similar income
The Bank calculates profit by applying the EPR to the gross carrying amount of financial assets other than credit-impaired assets. When a financial asset becomes credit-impaired and is, therefore, regarded as 'Stage 3', the Bank calculates profit by applying the effective profit rate to the net amortised cost of the financial asset.

IFRS 9 Financial instruments:

Classification and measurement

To determine their classification and measurement category, IFRS 9 requires all financial assets, to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. These are then classified as follows:
- Debt instruments at amortised cost.
- Equity instruments at fair value through other comprehensive income, no subsequent recycling to profit and loss.
- Financial assets fair value through profit and loss.

Impairment calculation
IFRS 9 accounts for advances loss impairments with a forward-looking expected credit losses (ECL) approach. Equity instruments are not subject to impairment under IFRS 9. IFRS 9 requires the Bank to record an allowance for ECL for advances to customers, interbank and sovereign placements, together with advance commitments and financial guarantee contracts.

The allowance is based on the ECL associated with the probability of default in the next twelve months unless there has been a significant increase in credit risk since origination in which case the loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

IFRS 9 is an expected credit loss model which broadens the information that an entity is required to consider when determining its expectations of impairment. Expectations of future events are taken into account.

There are two main approaches to applying the ECL model. The general approach involves a three-stage approach and contain concepts such as 'significant increase in credit risk', '12-month expected credit losses' and 'lifetime expected credit losses'. The standard requires the application of the simplified approach to trade receivables that do not contain a significant financing component. The Bank's primary activity is that of lending and thus majority of its business contains a significant financing component and has thus applied the general approach, where applicable.

Impairment of financial assets:

The calculation of expected credit losses

The Bank calculates expected credit losses based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EPR. A cash short fall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive. The mechanics of the ECL calculations are outlined below and the key elements are, as follows:
- **Probability of default (PD)**
  The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period if the facility has not been previously derecognised and is still in the portfolio.

Impairment of financial assets (cont)

- **Exposure at default (EAD)**
  The exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and profit, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued profit from missed payments.
- **Loss given default (LGD)**
  The loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the exposure at default.

When estimating the expected credit losses, the Bank considers three scenarios: a base case, an optimistic case and a downturn case. Each of these is associated with different PD, EAD and LGD. When relevant, the assessment of multiple scenarios also incorporates how defaulted advances are expected to be recovered, including the probability that the advances will cure and the value of collateral or the amount that might be received for selling the asset.

The mechanics of the ECL method are summarised below:

Stage 1:
The 12-month ECL is calculated as the portion of Lifetime ECL that represent the ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12-month ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EPR. This calculation is made for each of the scenarios, as explained above.

Stage 2:
When an advance has shown a significant increase in credit risk since origination, the Bank records an allowance for the Lifetime ECL. The mechanics are similar to those explained above, including the use of multiple scenarios, but PD and LGD are estimated over the lifetime of the instrument. The expected cash short falls are discounted by an approximation to the original EPR.

Stage 3:
For advances considered credit -impaired, the Bank recognises the lifetime expected credit losses for these advances.

Expected Credit Losses (ECLs) for interbank placements and sovereign exposure is derived by using the following methodology:

Exposure at default (EAD) is the total amount owing to the Bank as at the ECL calculation date, including any accrued profits.

Loss given default (LGD) is based on the requirement of the Basel foundational approach of 45% (2023:45%).

Probability of Default (PD) are derived by obtaining the Standard & Poor's (S&P) credit rating as at the date of the ECL calculation and mapping that to the 1-year (12 month) PD as provided by S&P as these exposures are regarded as having a low default risk.

Commitments and letters of credit:

Undrawn loan commitments

When estimating lifetime ECL for undrawn loan commitments, the Bank estimates the expected portion of the commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the facility is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EPR on the advance. For trade facilities that include both an advance and an undrawn commitment, ECL are calculated and presented together with the advance. For advance commitments and letters of credit, the ECL is recognised within provisions.

Financial guarantee contracts

The Bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the Bank estimates ECL based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted profit rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios.

The ECL related to financial guarantee contracts are recognised within ECL provisions. Performance guarantee contracts are guarantees issued to ensure the applicant's performance in favour of the beneficiary, covering obligations, such as rental payments, tenders, the supply of goods and services, or the transfer of unmovable property. The Bank commits to repaying any outstanding debt on behalf of the counterparty if they default on obligations owed to a third party. These guarantees are fully cash-backed by deposits held at the Bank. As a result, for IFRS 9 impairment calculations, the model assigns a zero Expected Credit Loss for all performance guarantees.

Trade facilities

The Bank's product offering includes a variety of corporate trade facilities, in which the Bank has the right to cancel and/ or reduce the facilities. The Bank calculates ECL over a period that reflects the Bank's expectations of the customer behaviour, its likelihood of default and the Bank's future risk mitigation procedures, which could include reducing or cancelling the facilities. Based on past experience and the Bank's expectations, the period over which the Bank calculates ECL for these products, is 2 years.

The ongoing assessment of whether a significant increase in credit risk has occurred for trade facilities is similar to other products. This is based on shifts in the customer's external credit grade and arrears days. The profit rate used to discount the ECL is based on the average profit rate that is expected to be charged over the expected period of exposure to the facilities. The calculation of ECL, including the estimation of the expected period of exposure and discount rate is made on an individual basis.

MATERIAL ACCOUNTING POLICY INFORMATION

Trade facilities (cont)

In its ECL models, the Bank relies on a range of forward-looking information as economic inputs, such as:
- Household debt to disposable income
- Unemployment rate
- Prime overdraft rate
- Insolvencies

The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

Collateral valuation

To mitigate its credit risks on financial assets, the Bank seeks to use collateral, where possible. The collateral comes in various forms, such as cash, securities, guarantees, fixed property, receivables, etc. Collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECL. To the extent possible, the Bank uses active market data for valuing financial assets held as collateral. Non-financial collateral, such as fixed property is valued based on data provided by third parties such as mortgage brokers or based on housing price indices.

Collateral repossessed

In its normal course of business, the Bank does not physically repossess properties or other assets in its retail portfolio, but engages external agents to recover funds, generally at auction, to settle outstanding debt. Any surplus funds are returned to the customers/obligors. Where the Bank does repossess property, the Bank takes possession of this collateral as full or part settlement of amounts due by the counterparty. Such repossessed properties are reported in "other receivables". The repossessed properties are recognised when the risks and rewards of ownership have transferred to the Bank. The properties are initially measured at cost and are subsequently measured at the lower of carrying amount or net realisable value. No depreciation is charged in respect of such properties. The Bank seeks to dispose of such property as soon as the market for the relevant asset permits.

Write-offs

Financial assets are written-off either partially or in their entirety only when the Bank has no prospects of recovery, or financial assets that have some prospects of recovery are written-off but are still subject to enforcement activity. If the amount to be written-off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries arerecognised as income when recovered. Some of the common indicators, where the Bank would consider no prospects of recovery include:
- Deteriorating financial condition of the borrower: This could include consistent losses, insufficient cash flow, or significant declines in assets or revenues.
- Bankruptcy or Insolvency: If a borrower has filed for bankruptcy or is legally insolvent, it may be an indicator that there are no prospects of recovery.
- Default or Delinquency: Prolonged periods of non-payment, missed payments, or default on terms of the financial agreement.
- Legal or Regulatory Actions: If the borrower is facing significant legal or regulatory actions that threaten the viability of their business.
- Poor recovery prospects in the event of default: If recovery through collateral or other means appears unfeasible or limited.

Significant Increase in Credit Risk

The accounting treatment of accounts that have transitioned from 0 to 30 days in arrears, to greater than 30 days in arrears are deemed to have a significant increase in credit risk, except where there are technical arrears, that is arrears that arise due to technical issues with the Bank's system rather than the client not paying on due date. Credit score bands have been established to assess credit risk more effective. This assessment applies to the Bank's entire advances portfolio, which includes Corporate, SME and Retail exposures. Credit scores are updated monthly for the Retail portfolio and quarterly for the Corporate/SME portfolio, specifically for impairment model processing. A deterioration in the credit score band (i.e., a shift to a lower band) signals a significant increase in credit risk leading to a transition from Stage 1 to Stage 2 under the IFRS 9 impairment model. The practical expedient or assessing low credit risk as allowed under IFRS 9 has not been utilised.

Definition of default

Default occurs when a material obligation of an obligor is overdue for more than 90 days.

Credit risk segmentation

The following elements have been considered in segmenting the portfolio so as to identify common credit risk characteristics:
- Customer type
- Product type
- External bureau scores

Segmentation between the products of the Bank formed a critical part of segmentation in order to ensure the use of homogenous groups in credit risk experience.

Forward looking/Macro-economic information

Three macro-economic scenarios (base, optimistic and downturn) have been defined based on the expectation of future macro-economic conditions. These scenarios are applied to the Bank's overall advances portfolio, which include Corporate, SME and Retail exposures. The probability (%) for each of the macro-economic scenarios (optimistic, base and downturn) are as follows:

Macro-economic scenarios	2024	2023
Optimistic (Positive)	6%	5%
Expected (Baseline)	79%	77%
Downturn (Negative)	15%	18%

Forward looking/Macro-economic information (cont)

The macro-economic scenario data above is sourced quarterly from Econometrix (Pty) Ltd. For each scenario, the forward-looking projections extend forward through to 2027. The 2024 disclosures represent the average forecast for the next three years. The forecasts are used to adjust the PD Vused in the IFRS 9 model to ensure these components are reflective of expected future macroeconomic conditions. A comparative analysis on the macroeconomic variables based on the probability scenarios (positive, base and negative) are as follows:

	2024			2023		
Macro-economic variables	**Positive**	**Base**	**Negative**	**Positive**	**Base**	**Negative**
Household debt to disposable income (%)	65	63	61	64	62	61
Unemployment rate (%)	33	33	34	31	32	33
Prime overdraft rate (%)	11	11	12	12	12	12
Insolvencies	404	737	826	260	585	800
Insolvencies - (% change)	-30	29	44	-59	-7	28

A sensitivity analysis based on macroeconomic scenarios was conducted using data as of 31 December 2024. The results are shown in the table below:

	2024 Actual		Scenario 1		Scenario 2	
Macro-economic scenarios	**Probability (%)**	**ECL Impact R `000**	**Probability (%)**	**ECL Impact R `000**	**Probability (%)**	**ECL Impact R `000**
Optimistic (Positive)	6%		100%		0%	
Expected (Baseline)	79%	62 858	0%	62 238	0%	66 406
Downturn (Negative)	15%		0%		100%	

Scenario 1 – a full 100% probability was applied to Optimistic (Positive) macro-economic scenario.
Scenario 2 – a full 100% probability was applied to Downturn (Negative) macro-economic scenario.

The IFRS 9 impairment model showed greater sensitivity when a 100% probability was applied to the downturn (negative) macroeconomic scenario, compared to the actual year-end ECL results, in contrast to applying a 100% probability to the optimistic (positive) macroeconomic scenario. When applying a full 100% probability to the Expected (Baseline) macroeconomic scenario, the resultant ECL impact is R 62.2 million.

Probability of cure

An allowance for the probability of cure out of the stage 2 or 3 is required in the LGD model as such an allowance is not included in the probability of default used in the calculation of the expected credit loss.

The different outcomes experienced by an account in the defaulted state can be summarised as follows:
- Accounts can cure and settle the full outstanding balance.
- Accounts can cure and subsequently re-default.
- Accounts can be written-off with recoveries from both collateral on security pledged on the loan, as well as recoveries on the unsecured exposure on the facility.

Curing out of default

- Distressed restructures, a 12-month stage 3 cure rule is applied by the model, to cure out of stage 3. Once cured out of stage 3, the exposure will remain and will cure in stage 2 for a further 6-months before being reclassified into stage 1.
- Non-Distressed restructures, a 6-month stage 3 cure rule is applied by the model, once cured out of stage 3, the exposure will remain and will cure in stage 2 for a further 6-months before being reclassified into stage 1.

Probability of relapse

For accounts in Stage 2 or Stage 3, an allowance is made for the re-default of a cured account and the losses expected to be incurred under such an occurrence. The difference between the exposure at default and expected recoveries (i.e. the loss in the event of write-off) is applied to the proportion of accounts expected to re-default after experiencing a cure event.

Credit impaired assets

Deal/Facilities with objective evidence of impairment at the reporting date represent specific credit impaired assets.

These include 90 days and above in arrears or those where legal proceedings have been instituted as well as any account that based on information that comes to the attention of the Bank and which indicates that the account needs to be credit impaired, together with those under debt review, restructure accounts within the last 6 months and payment arrangements.

These Include:
a) Significant financial difficulty of the issuer or the borrower.
b) A breach of contract, such as a default or past due event.
c) The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the

Credit impaired assets (cont)

borrower a concession(s) that the lender(s) would not otherwise consider.
d) It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
e) The disappearance of an active market for that financial asset because of financial difficulties.

Restructured assets

An approved restructured transaction allows for an extended term only. This would be in the situation where there is a modification due to the client being in distress. In this situation there may not be compensation for lost profit during the extended term (i.e. the total profit per the original contract will remain the same). If there is a modification of the profit that is not as a result of a credit event (i.e. not as a result of the client being in financial distress), this could be as a result of a renegotiation between the Bank and the client. Then the Bank would need to consider if the terms of the renegotiation would change the classification of the asset, and if it would, this would be considered substantial (for e.g. including any exposure to equity or changing the currency or counterparty). Otherwise all other modifications would not be seen as substantial modifications giving rise to de-recognition.

5. PROPERTY AND EQUIPMENT

Items of equipment are stated at cost excluding the costs of day–to–day servicing less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 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, furniture and fittings, motor vehicles, buildings, computer hardware, and leasehold improvements are depreciated on a straight-line basis over the estimated useful lives of the asset. Land is not depreciated. The estimated useful lives are as follows:

Buildings - owned	50 years
Equipment	4 - 10 years
Vehicles	5 - 8 years
Computer hardware	3 - 10 years
Furniture and fittings	5 - 10 years
Leasehold improvements	2 - 10 years

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

Changes in the expected useful life are accounted for by changing the depreciation period or methodology, as appropriate, and is treated as changes in accounting estimates. 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 profit or loss and other comprehensive income in the year that the asset is derecognised. Where residual value of buildings exceeds cost, no depreciation will be provided.

6. 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 profit or loss and other 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.

7. 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 profit or loss and other comprehensive income net of any reimbursement.

8. 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.

9. FINANCIAL INSTRUMENTS

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, advances and other receivables, deposits from customers, cash and cash equivalents, regulatory balances with central bank, 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.

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 profit or loss and other comprehensive income.

Advances and other receivables

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 profit or loss and other comprehensive income. Loans to the Corporation of Deposit Insurance (CODI) form part of advances & other receivables whilst the annual levy and monthly premiums are included as part of operating expenses.

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.

Investment securities

Investment securities, which are not listed on an active market, are elected at initial recognition to be measured at fair value through other comprehensive income. 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 are 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 33.5: 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 (such as financial and performance guarantees) and confirmations. These guarantees are recognised as off-balance sheet items.

The Bank's liability under each guarantee is initially measured at fair value and subsequently measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision.

MATERIAL ACCOUNTING POLICY INFORMATION

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.
- 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.
- 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.

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

11. REVENUE RECOGNITION

Income from Islamic activities comprises:

Income earned from advances being profits attributable to the purchase and sale of moveable and immovable property, manufacturing materials and finished products in terms of Musharaka or Murabaha arrangements;

Income earned from advances being profits attributable to the purchase and leasing of moveable property in terms of Ijarah 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 interbank placements is recognised over the period of each transaction on a straight-line basis;

Fee and commission income for services rendered to customers is recognised when earned; and

Fee and commission income is recognised in a manner that reflects the transfer of promised services to customers, at an amount that represents the consideration the bank expects to be entitled to for those services. Commission earned on sale of unit trust, profits from foreign currency trading and service fees levied on customer transactional accounts are recognised at a point in time.

Advances origination fees are recognised in terms of IFRS 9. Other operating income relating mainly to rental income earned on properties. Rental income is recognised in profit or loss on a straight-line basis over the lease term for properties. The effective profit rate is applied to amortised cost and profit is recognised on this basis.

Non-Islamic income

The group does not, as a policy, engage in any activities that involve interest. However, any non-Islamic income earned by the company, due to circumstances beyond its control, is transferred to the welfare and charitable fund. Non-Islamic income is reported net of these transfers on the face of the statement of profit or loss and other comprehensive income.

Dividend income

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

12. SHARE CAPITAL

Ordinary shares are recognised at nominal value and classified as share capital within equity. Any amount received from the issue of shares in excess of the nominal value is classified as share premium within equity. Directly attributable costs associated with the issuing of new shares are accounted for as a deduction from equity. Dividends to ordinary shareholders are recognised directly in equity.

13. ADDITIONAL TIER 1 CAPITAL

Additional tier 1 capital represents perpetual, subordinated sukuk instruments, with no redemption date. These instruments are redeemable

MATERIAL ACCOUNTING POLICY INFORMATION

Additional tier 1 capital (cont)

subject to regulatory approval at the sole discretion of the Bank from the applicable call date and following a regulatory or a tax event. The monthly payment of profit on a mudaraba basis is at the discretion of the Bank and such profit payments are non-cumulative in nature. If certain conditions are reached, the regulator may prohibit Albaraka Bank Limited from making profit payments. Accordingly, the instruments are classified as equity instruments and disclosed as a separate category of equity.

14. LEASES

The group is party to lease contracts solely for retail branch, corporate office and ATM sites. Leases are recognised, measured and presented in line with IFRS 16.
Group and company as a lessee

The group implements a single accounting model, requiring lessees to recognise assets and liabilities for all leases excluding exceptions listed in the standard. The group elected to apply the exemption for short-term leases in relation to its Athlone, Laudium, Cape Town Corporate and Ahmed Al-Kadi Private Hospital ATM leases due to the leases being 12-month leases. Based on the accounting policy applied the Group recognises a right-of-use asset and a lease liability at the commencement date of the contract for all leases conveying the right to control the use of an identified assets for a period of time. The commencement date is the date on which a lessor makes an underlying asset available for use by a lessee. The Bank is not reasonably certain that any of the leases will be extended due to various reasons. Operationally, the Bank may not continue to lease the current premises and may look for new premises to lease or to purchase. Due to advanced technology and digitalisation, many banks are now moving to a virtual branch network. With the new core banking system, the Bank may consider this as a future option. Therefore, only the initial contractual period has been included in the calculation for the right of use asset and lease liability. The same economic life is applied to determine the depreciation rate of the right of use assets.

Right of use assets and lease liabilities

Right-of-use assets are initially measured at cost. The cost of the right-of-use asset shall comprise the initial measurement of the lease liability adjusted by the amount of any lease payments made relating to that lease at or before the commencement date less any lease incentives, any initial direct costs incurred as well as an estimate of dismantling costs to be incurred. After the commencement date, the right-of-use assets are measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability.

Depreciation is calculated using the straight-line method over the contracted lease period.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The Bank used a weighted average incremental borrowing rate of 9,25%, which is the prime rate applicable at implementation of 10,25% less 1%, as this is the borrowing rate obtainable from external lenders. For intercompany leases, the rate used to discount is the rate implicit in the lease.

After the commencement date the group measures the lease liability by:
- Increasing the carrying amount to reflect interest on the lease liability.
- Reducing the carrying amount to reflect lease payments made.
- Re-measuring the carrying amount to reflect any reassessment or lease modifications.

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, cash held with the central Bank as well as cash held with other banks and financial institutions which are not subject to significant risk of changes in value.

16. REGULATORY BALANCES

Regulatory balances comprise holdings in the sovereign sukuk, and regulatory balances held with the central bank.
The Bank measures this category at amortised cost as both of the following conditions are met:
- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit (SPPP) on the principal amount outstanding.

17. 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, the Bank has elected to measure investment properties at cost less accumulated depreciation and accumulated impairment losses. The investment property consists of land, therefore not depreciated.

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 Bank assessed the usage of investment property with no immediate intention to change.

18. 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

MATERIAL ACCOUNTING POLICY INFORMATION

Intangible assets (cont)

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 profit or loss and other comprehensive income in the expense category consistent with the function of the intangible assets. An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. 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.
- 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	2 - 10 years
Capitalised project costs	5 - 10 years

Computer software comprises acquired third party software and capitalised project costs represent internally-managed projects, which comprise, in majority, 3rd party consulting costs. Any internal costs are strictly monitored to ensure they meet the requirements of development expenditure referred above. Capital work in progress refers to items still in the process of development and not currently available for use.

19. EMPLOYEE BENEFITS

Defined contribution plan

Obligations for contribution to defined contribution pension plans are recognised as an expense in the statement of profit or loss and other 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.

20. 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 in issue 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.

21. 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.
- 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 applies:
- The entity and the group are members of the same company.
- 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.
- 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 joint ventures simply because they share joint control of 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).
- 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 two wholly-owned subsidiaries and one structured entity. The subsidiaries and structured entity are consolidated for accounting purposes and group annual financial statements are prepared annually. The subsidiaries 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.

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 commitments and guarantee exposures as determined by the provisions of Basel III. The capital structure of the Bank is as follows:

1.1 Regulatory capital (Unaudited)

	2024	2023
	R'000	R'000
Tier 1		
Share capital	**322 403**	322 403
Share premium	**82 196**	82 196
Retained income	**711 831**	554 106
Less: unappropriated profits	**(56 885)**	(26 006)
Unrealised gains and losses on fair value through other comprehensive income items net of tax	**2 529**	2 441
Total capital and reserves	**1 062 074**	935 140
Less: prescribed deductions against capital and reserve funds	**(48 596)**	(52 897)
Total common equity Tier 1 capital	**1 013 478**	882 243
Additional Tier 1 Sukuk	**124 000**	124 000
Total Tier 1 capital	**1 137 478**	1 006 243
Tier 2		
Stage 1 and stage 2	**30 217**	29 187
Sukuk	**191 000**	252 540
Total eligible capital	**1 358 695**	1 287 970
Capital adequacy ratios (Tier 1 %)	**14,39%**	13,79%
Capital adequacy ratios (Total %)	**17,18%**	17,65
Base minimum regulatory ratios (Total %)	**9,00%**	9,00%

Two sukuk instruments have been approved by the South African Reserve Bank as Additional Tier 1 and qualifying Tier 2 capital instruments.

The ten tranches of the Tier 2 Sukuk issued between 2016 and 2019 totalling R307,7 million exceeded 5 years as at 31 December 2024. In line with Regulation 38(12) R116,7 million (2023: R55,16 million) is accordingly excluded from the qualifying amount of Tier 2 capital. 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 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Capital adequacy (cont)

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.

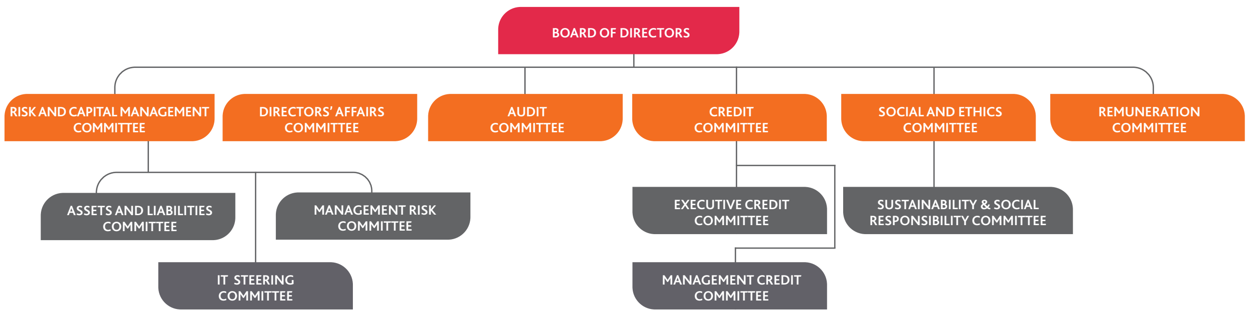
At 31 December 2024, the minimum capital requirements and risk-weighted assets of the Bank for credit risk, equity risk, market risk and other risks as calculated under the standardised approach and for operational risk as calculated under the basic indicator approach in terms of the Banks Act and Regulations were as follows:

	CAPITAL REQUIREMENTS (Unaudited)		RISK-WEIGHTED ASSETS (Unaudited)	
	2024	2023	**2024**	2023
	R'000	**R'000**	**R'000**	**R'000**
Credit risk	**605 273**	574 714	**6 725 255**	6 385 706
Operational risk	**80 370**	61 900	**893 003**	687 773
Equity risk	**1 591**	1 581	**17 680**	17 567
Market risk	**1 643**	2 872	**18 254**	31 912
Other risk	**22 788**	15 848	**253 205**	176 091
	711 665	656 915	**7 907 397**	7 299 049

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 six board committees, namely, the risk, capital management and compliance committee, the audit committee, the credit committee, the directors' affairs committee, the social and ethics committee and remuneration 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 and the IT steering 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 Limited, 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 adhoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Risk management and assessment (cont)

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;
- Operational risk;
- Reputational risk; and
- Compliance 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 regulatory 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.

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 counterparty 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 counterparties and the exposure to them. Detailed risk reports are submitted to the aforementioned committees and to the management credit committee on a regular basis.

Portfolio measures of credit risk

Credit exposures are assessed in accordance with IFRS 9 on a stage credit risk allocation basis, which are Stages 1, 2 and 3.

- 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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Risk management and assessment (cont)

Maximum exposure to credit risk – Financial assets subject to impairments

The table below provides an analysis of the credit risk exposure of financial assets (advances to customers and banks), for which an ECL allowance is recognised:

GROUP AND COMPANY

	2024			
	Stage 1	Stage 2	Stage 3	Total
	R'000	R'000	R'000	R'000
Advances to Customers: Credit Grade				
Standard	5 787 551	354 470	-	6 142 021
Special Mention	944 813	30 181	-	974 994
Sub-standard	-	-	90 757	90 757
Doubtful	-	-	40 345	40 345
Loss	-	-	40 290	40 290
Gross advances to customers	6 732 364	384 651	171 392	7 288 407
Letters of credit and guarantees	305 573	-	-	305 573
Total advances to customers	7 037 937	384 651	171 392	7 593 980
Provision for credit loss expense	(20 091)	(8 314)	(32 642)	(61 047)
Net exposure to customers after provisions	7 017 846	376 337	138 750	7 532 933
Advances to Banks				
Advances and balances with banks	1 047 835	-	-	1 047 835
Advances, sovereign sukuk and regulatory balances	1 239 361	-	-	1 239 361
Total advances to banks	2 287 196	-	-	2 287 196
Provision for credit loss expense	(1 811)	-	-	(1 811)
Net advances to banks after provisions	2 285 385	-	-	2 285 385
Net advances	9 303 231	376 337	138 750	9 818 318

The maximum exposure to credit risk on CODI and other receivables is R 71.7 million (2023: R 50.1 million) and the CODI loan is in Stage 1. There is no collateral over these balances.

Risk management and assessment (cont)

GROUP AND COMPANY

	2023			
	Stage 1	Stage 2	Stage 3	Total
	R'000	R'000	R'000	R'000
Advances to Customers: Credit Grade				
Standard	5 941 281	597 374	-	6 538 655
Special Mention	860 790	49 369	-	910 160
Sub-standard	-	-	76 711	76 711
Doubtful	-	-	6 635	6 635
Loss	-	-	45 945	45 945
Gross advances to customers	6 802 071	646 743	129 291	7 578 106
Letters of credit and guarantees	326 199	-	-	326 199
Total advances to customers	7 128 270	646 743	129 291	7 904 305
Provision for credit loss expense	(15 942)	(11 905)	(19 448)	(47 296)
Net exposure to customers after provisions	7 112 328	634 838	109 843	7 857 009
Advances to Banks				
Advances and balances with banks	670 022	-	-	670 022
Advances, sovereign sukuk and regulatory balances	708 650	-	-	708 650
Total advances to banks	1 378 672	-	-	1 378 672
Provision for credit loss expense	(1 339)	-	-	(1 339)
Net advances to banks after provisions	1 377 333	-	-	1 377 333
Net advances	8 489 661	634 838	109 843	9 234 342

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Risk management and assessment (cont)

GROUP AND COMPANY

	2024	2023
	R'000	**R'000**
Maximum credit risk exposure		

The below table represents the Group's maximum exposure to credit risk before the consideration of collateral. Credit risk exposure does not include intercompany loans applicable to company (refer to note 7) as the probability of default is regarded as low.

	2024	2023
Advances to customers	**7 288 407**	7 578 110
Advances and balances with banks	**1 047 835**	670 022
Advances, sovereign sukuk and regulatory balances	**1 239 361**	708 650
Letters of credit and guarantees	**305 573**	326 199
Total exposure	**9 881 176**	9 282 981
Provision for credit loss expense on advances to customers	**(61 047)**	(47 296)
Provision for credit loss expense on interbank and sovereign exposures	**(1 811)**	(1 339)
Total provision for credit loss expense	**(62 858)**	(48 635)
Net exposure	**9 818 318**	9 234 346

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

Geographical distribution of exposures

	2024	2023
Customer exposure		
KwaZulu-Natal	**3 676 435**	3 921 318
Gauteng	**2 407 419**	2 533 688
Western Cape	**1 510 126**	1 449 303
Total customer exposure	**7 593 980**	7 904 309
Bank exposure		
KwaZulu-Natal	**9 212**	14 844
Gauteng	**2 263 006**	1 354 265
United States of America	**14 978**	9 563
Total bank exposure	**2 287 196**	1 378 672
Total exposure	**9 881 176**	9 282 981

Industry distribution of exposures

	2024	2023
Banks and financial institutions	**2 287 196**	1 378 672
Individuals	**1 326 841**	1 431 235
Entities	**6 267 139**	6 473 074
Total exposure	**9 881 176**	9 282 981

Risk management and assessment (cont)

GROUP AND COMPANY

	2024 R'000	2023 R'000
Product distribution analysis		
Property (Musharaka and Murabaha)	**5 077 963**	5 566 908
Interbank placements	**1 000 730**	575 838
Instalment sales (Murabaha motor vehicle and Murabaha equipment)	**1 279 816**	1 288 527
Ijarah motor vehicle	**69 310**	67 640
Murabaha trade	**855 691**	650 240
Balances with local and central banks	**491 286**	378 329
Sovereign sukuk	**795 180**	424 506
Letters of credit	**2 628**	1 668
Guarantees	**302 945**	324 531
Other	**5 627**	4 794
Total exposure	**9 881 176**	9 282 981

Residual contractual maturity of book

		2024 R'000	2023 R'000
Within 1 month	- interbank placements	**264 500**	19 506
	- other	**955 172**	847 691
From 1 to 3 months	- interbank placements	**485 381**	384 331
	- other	**482 902**	422 716
From 3 months to 1 year	- interbank placements	**250 849**	-
	- other	**1 147 995**	1 005 046
From 1 year to 5 years	- interbank placements	**-**	-
	- other	**2 812 718**	2 982 545
More than 5 years	- other	**3 481 659**	3 449 146
Total exposure		**9 881 176**	9 282 981

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Risk management and assessment (cont)

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. For advances where there is sufficient collateral coverage over the exposure value, where a trigger in SICR or a default event has not occurred, no credit loss allowance is recognised. The below table sets out information about credit exposure and collateral held.

GROUP AND COMPANY

	Credit exposure	Collateral cover	Credit exposure	Collateral cover
	2024		2023	
	R'000	R'000	R'000	R'000
Standard asset	**6 142 021**	**4 883 802**	6 538 655	5 124 456
Special mention asset	**974 994**	**859 633**	910 160	756 746
Sub-standard asset	**90 757**	**75 960**	76 711	63 452
Doubtful asset	**40 345**	**36 190**	6 635	6 288
Loss asset	**40 290**	**29 868**	45 945	32 774
	7 288 407	**5 885 453**	7 578 106	5 983 716

The disclosure provided is in line with the information as submitted to the Regulator. Credit impaired assets are represented by sub-standard, doubtful and loss asset categories. The corresponding collateral cover held against these assets is displayed above. Collateral cover represents the expected value of collateral that will be recovered in the event of default.

A distribution analysis of past due advances which are past due and not impaired, is disclosed below:

GROUP AND COMPANY

	2024	2023
	R'000	R'000
Past due but not impaired*		
- Individuals	**79 668**	206 169
- Entities	**455 070**	950 725
	534 738	1 156 894

*Past due but not impaired advances are advances that are in arrears and for which no ECL has been raised due to the advance being sufficiently collateralised. In addition, there are exposures which are not past due for which sufficient collateral has been provided and therefore no ECL has been raised.

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 in line with the Bank's IFRS 9 policy.

Restructured advances are classified as non-performing for the first twelve months (is distressed)/six months (if non-distressed) 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 R15 million (2023: R17 million) for which no material modification gain or loss was recognised in the current or prior year.

Risk management and assessment (cont)

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

	Less than 30 days		30 to 60 days		60 to 180 days		Greater than 180 days		Total	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	R'000	R'000	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000
Individuals	**60 963**	175 308	**6 268**	17 932	**5 553**	5 162	**6 885**	9 188	**79 669**	207 590
Entities	**276 499**	757 962	**40 782**	53 313	**30 877**	71 885	**106 912**	66 143	**455 070**	949 303
	337 462	933 270	**47 050**	71 245	**36 430**	77 047	**113 797**	75 331	**534 739**	1 156 893

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. The 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. As a result, fluctuations in market prices of securities held for liquid asset purposes, do not affect the value of these holdings.

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

	GROUP AND COMPANY	
	2024	2023
	R'000	R'000
Assets held under profit rate risk - Sovereign Sukuk*	**795 180**	424 506
Assets held under exchange rate risk - Foreign currency held	**18 255**	12 996
	813 435	437 502

*Sovereign sukuk include R424,5 million held in regulatory balances and R370,7 million under advances and other receivables.

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.

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.

The Bank owns 52 000 shares, or 9,4% shareholding, in Kiliminjaro Investments Proprietary Limited, a property holding company, as well as 1 000 shares, or 14% shareholding, in Earthstone Investments (Pty) Ltd, also a property holding company and 160 000 shares, or 1% shareholding, in Ahmed Al Kadi Private Hospital Limited, a hospital that provides 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. These investments are classified as fair-value through-other-comprehensive income.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Risk management and assessment (cont)

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 when they become due.

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 Sovereign Sukuk holdings and cash surpluses) comfortably in excess of regulatory requirements.

Refer to note 33.3 for details relating to liquidity risk management.

2.5 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market profit rates resulting in a fluctuation in the Al Baraka Profit Mark-up.

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 or leasing 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. Similarly, the Bank's depositors do not earn interest on deposits placed with the Bank, but instead earn income on a pre-determined basis 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 such the Bank is not at risk of earning less from advances than it would be required to pay to its depositors.

The Bank is however exposed to the risk of changes in market rates relating primarily to advances with variable profit rates. This risk is managed by aiming to achieve a balanced portfolio of fixed and variable rate advances and deposits. A major portion of the advances book relates to property finance which is subject to re-pricing on an annual basis.

The sovereign sukuk earns profit at a fixed rate and hence is not subject to profit rate risk as the return is unaffected by changes in the market profit rates. The following table demonstrates the sensitivity of the Bank's profit before tax to possible changes in market rates. All other variables remaining constant, the impact based on all existing assets being fully repriced over 12 months will result in the following change to net profit before tax per month:

	GROUP AND COMPANY			
	2024		2023	
	R'000		R'000	
	1% increase	1% decrease	1% increase	1% decrease
Impact on profit before tax	3 861	(3 861)	3 563	(3 563)

2.6 Shariah risk

Shariah risk relates to the possibility that the Bank may enter into or conclude transactions that may not be compliant with Islamic banking principles. It also relates to the risk of non-compliance with the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) Standards, to which the Bank subscribes. In this regard, Shariah risk is closely linked to and embraces the following risks:
- Reputational risk;
- Profit rate risk;
- Liquidity risk; and
- Market risk.

Shariah risk is managed by monitoring, reviewing and supervising the activities of the Bank to ensure that Shariah procedures, as prescribed by the Shariah Supervisory Board, are implemented and adhered to. The Bank seeks to manage and minimise its exposure to Shariah risk by ensuring that the following measures are effectively implemented:

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

Risk management and assessment (cont)

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 or 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.

2.9 Compliance risk

Compliance risk covers regulatory and legal compliance risk. Compliance risk is the risk that the Bank incurs financial or reputational risk through penalties or fines as a result of not adhering to applicable laws, rules and regulations as well as good market practice (including ethical standards). The Bank’s compliance function proactively seeks to enhance compliance risk management and the supporting control framework.

The Bank operates in a market where there is a significant level of regulatory changes, hence compliance risk is a key focus area of senior management.

The compliance function monitors this risk through reference to metrics relevant to the Bank, review of incident reports and assessments, results of regulatory assessments, and review of results of internal audit and external audit reports.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	GROUP		COMPANY	
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
3. PROPERTY AND EQUIPMENT				
Cost				
Land and buildings	**76 507**	76 507	**-**	-
Leasehold improvements	**19 475**	20 567	**18 767**	19 859
Vehicles	**10 327**	7 240	**10 327**	7 240
Fittings, equipment and computers	**70 028**	77 536	**60 862**	68 371
Capital work in progress	**57**	12	**-**	-
	176 394	181 862	**89 956**	95 470
Accumulated depreciation and impairment				
Leasehold improvements	**(17 598)**	(19 325)	**(16 351)**	(18 196)
Vehicles	**(7 484)**	(6 898)	**(7 484)**	(6 898)
Fittings, equipment and computers	**(48 624)**	(65 589)	**(39 458)**	(56 424)
Total	**(73 706)**	(91 812)	**(63 293)**	(81 518)
Carrying amount	**102 688**	90 050	**26 663**	13 952

	GROUP 2024	GROUP 2023
Land and buildings comprise the following commercial properties presented at their carrying amount as described below:		
1. Commercial property in Cape Town described asErf no. 178610 (being a consolidation of Erf no. 178609 and Erf no. 33983) Cape Town in extent 610 square metres independently valued at R18,25 million in 2023. The property was leased entirely to the Bank. Commercial property comprises land and buildings at carrying amount.	**3 925**	3 925
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, extendable by 5 years thereafter. The property was independently valued at R130,1 million in 2023. Commercial property comprises land at a cost of R3,5 million (2023: R3,5 million) and buildings thereon at a cost of R69,4 million (2023: R69,4 million).	**72 552**	72 552
Carrying amount at the beginning of year	**76 507**	76 507
Additions	**-**	-
Depreciation	**-**	-
Carrying amount at the end of year	**76 507**	76 507

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.

Property and equipment (cont)

	Land and buildings	Leasehold improvements	Vehicles	Fittings, equipment and computers	Capital work in progress	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Movement in property and equipment: Carrying Amount						
Reconciliation for the year ended 31 December 2024 - Group						
Balance at 1 January 2024						
At cost	76 507	20 567	7 240	77 537	12	181 863
Accumulated depreciation	-	(19 325)	(6 898)	(65 590)	-	(91 813)
Carrying amount	76 507	1 242	342	11 947	12	90 050
Movements for the year ended 31 December 2024						
Additions from acquisitions	-	1 395	3 224	15 417	136	20 172
Transfers	-	18	(723)	73	(91)	-
Depreciation	-	(778)	-	(5 318)	-	(6 819)
Disposals	-	-	-	(715)	-	(715)
Property, plant and equipment at end of the year	76 507	1 877	2 843	21 404	57	102 688
Closing balance at 31 December 2024						
At cost	76 507	19 475	10 327	70 028	57	176 394
Accumulated depreciation	-	(17 598)	(7 484)	(48 624)	-	(73 706)
Carrying amount	76 507	1 877	2 843	21 404	57	102 688
Reconciliation for the year ended 31 December 2023 - Group						
Balance at 1 January 2023						
At cost	76 507	19 396	7 251	72 550	12	175 716
Accumulated depreciation	-	(18 514)	(6 670)	(61 248)	-	(86 432)
Carrying amount	76 507	882	581	11 302	12	89 284
Movements for the year ended 31 December 2023						
Additions from acquisitions	-	1 171	270	4 999	-	6 440
Depreciation	-	(811)	(509)	(4 354)	-	(5 674)
Property, plant and equipment at end of the year	76 507	1 242	342	11 947	12	90 050
Closing balance at 31 December 2023						
At cost	76 507	20 567	7 240	77 537	12	181 863
Accumulated depreciation	-	(19 325)	(6 898)	(65 590)	-	(91 813)
Carrying amount	76 507	1 242	342	11 947	12	90 050

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Property and equipment (cont)

	Land and buildings	Leasehold improvements	Vehicles	Fittings, equipment and computers	Capital work in progress	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Reconciliation for the year ended 31 December 2024 - Company						
Balance at 1 January 2024						
At cost	-	19 859	7 240	68 371	-	95 470
Accumulated depreciation	-	(18 196)	6 898)	(56 424)	-	(81 518)
Carrying amount	-	1 663	342	11 947	-	13 952
Movements for the year ended 31 December 2024						
Additions from acquisitions	-	1 395	3 224	15 417	91	20 127
Transfers	-	18	-	73	(91)	-
Depreciation	-	(660)	(723)	(5 318)	-	(6 701)
Disposals	-	-	-	(715)	-	(715)
Property, plant and equipment at end of the year	-	2 416	2 843	21 404	-	26 663
Closing balance at 31 December 2024						
At cost	-	18 767	10 327	60 862	-	89 956
Accumulated depreciation	-	(16 351)	(7 484)	(39 458)	-	(63 293)
Carrying amount	-	2 416	2 843	21 404	-	26 663
Balance at 1 January 2023						
At cost	-	18 688	7 251	63 385	-	89 324
Accumulated depreciation	-	(17 503)	(6 670)	(52 514)	-	(76 687)
Carrying amount	-	1 185	581	10 871	-	12 637
Movements for the year ended 31 December 2023						
Additions from acquisitions	-	1 171	270	4 999	-	6 440
Depreciation	-	(693)	(509)	(3 923)	-	(5 125)
Property, plant and equipment at end of the year	-	1 663	342	11 947	-	13 952
Closing balance at 31 December 2023						
At cost	-	19 859	7 240	68 371	-	95 470
Accumulated depreciation	-	(18 196)	(6 898)	(56 424)	-	(81 518)
Carrying amount	-	1 663	342	11 947	-	13 952

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

Refer to note 32 for Property, Plant and Equipment capital commitments.

4. LEASES

The group is party to lease contracts solely for retail branch, corporate office and ATM sites. Albaraka Bank Limited entered into a 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 was for an initial period of ten years commencing 01 November 2009 with the option to renew the lease for successive further periods of five-years each. No purchase option exists. Renewals were at the option of the Bank.

During the year, the Bank exercised its option to renew the lease for a second renewal period commencing 01 November 2024. Rentals are escalated annually at 6,2%. Future minimum lease payments under leases together with the present value of the net minimum lease payments are stated below. The rate intrinsic in the lease is 14,3%. Albaraka Bank Limited has entered into two short-term leases with Albaraka Properties Proprietary Limited for the use of its property as the Bank's Cape Town corporate office and Athlone retail branch. The Bank has also entered into short-term leases for its ATM site situated at Ahmed Al Kadi Private Hospital and Branch in Laudium.

4.1 Right of use assets

	GROUP		
	Office building	ATM sites	Total
	R'000	R'000	R'000
2024			
Cost at the beginning of year	**29 352**	**325**	**29 677**
Accumulated depreciation at the beginning of year	**(23 349)**	**(325)**	**(23 674)**
Net carrying amount at the beginning of year	**6 003**	**-**	**6 003**
Additions	**826**	**-**	**826**
Depreciation for the year	**(3 165)**	**-**	**(3 165)**
Net carrying amount at the end of year	**3 664**	**-**	**3 664**
Cost at the end of year	**30 718**	**325**	**30 503**
Accumulated depreciation at the end of year	**(26 514)**	**(325)**	**(26 839)**
	3 664	**-**	**3 664**
2023			
Cost at the beginning of year	22 849	325	23 174
Accumulated depreciation at the beginning of year	(19 286)	(325)	(19 611)
Net carrying amount at the beginning of year	3 563	-	3 563
Additions	6 860	-	6 860
Terminations	(357)	-	(357)
Depreciation for the year	(4 063)	-	(4 063)
Net carrying amount at the end of year	6 003	-	6 003
Cost at end of year	29 352	325	29 677
Accumulated depreciation at the end of year	(23 349)	(325)	(23 674)
	6 003	-	6 003

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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Leases (cont)

COMPANY

	Office building	ATM sites	Total
	R'000	R'000	R'000
2024			
Cost at the beginning of year	92 795	325	93 120
Accumulated depreciation at the beginning of year	(83 268)	(325)	(83 593)
Net carrying amount at the beginning of year	9 527	-	9 527
Additions	40 625	-	40 625
Depreciation for the year	(8 016)	-	(8 016)
Net carrying amount at the end of year	42 136	-	42 136
Cost at the end of year	133 420	325	133 745
Accumulated depreciation at the end of year	(91 284)	(325)	(91 609)
	42 136	-	42 136
2023			
Cost at the beginning of year	86 293	325	86 618
Accumulated depreciation at the beginning of year	(74 975)	(325)	(75 300)
Net carrying amount at the beginning of year	11 318	-	11 318
Additions	6 860	-	6 860
Terminations	(358)	-	(358)
Depreciation for the year	(8 293)	-	(8 293)
Net carrying amount at the end of year	9 527	-	9 527
Cost at the end of year	92 795	325	93 120
Accumulated depreciation at the end of year	(83 268)	(325)	(83 593)
	9 527	-	9 527

Leases (cont)

	2024		
	Group and Company	Company	Company Total
	R'000	R'000	R'000
4.2 Lease liabilities			
Long-term portion of lease liabilities	2 671	34 518	37 189
Office building	2 671	34 518	37 189
Short-term portion of lease liabilities	1 432	4 601	6 033
Office building	1 432	4 601	6 033
Carrying amount of lease liabilities	4 103	39 119	43 222
As at 1 January 2024	6 234	15 878	22 112
Additions	826	39 800	40 626
Deemed interest	543	1 906	2 449
Payments*	(3 500)	(18 465)	(21 965)
As at 31 December 2024	4 103	39 119	43 222

* Payments reflected under Company only is for the intercompany lease and are non-cash payments. Payments reflected under Group and Company relate to 3rd party leases and are cash payments.

	2023		
Long-term portion of lease liabilities	4 056	-	4 056
Office building	4 056	-	4 056
Short-term portion of lease liabilities	2 178	15 878	18 056
Office building	2 178	15 878	18 056
Carrying amount of lease liabilities	6 234	15 878	22 112
As at 1 January 2023	4 052	31 435	35 487
Additions	6 859	-	6 859
Terminations	(394)	-	(394)
Deemed interest	386	3 288	3 674
Payments*	(4 669)	(18 845)	(23 514)
As at 31 December 2023	6 234	15 878	22 112

* Payments reflected under Company only is for the intercompany lease and are non-cash payments. Payments reflected under Group and Company relate to 3rd party leases and are cash payments.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Leases (cont)

Maturity analysis - contractual undiscounted cash flow of lease liability

	GROUP	
	Office building	Total
	R'000	R'000
2024		
Less than one year	1 789	1 789
One to five years	2 993	2 993
	4 782	4 782

	COMPANY	
	Office building	Total
	R'000	R'000
Less than one year	12 262	12 262
One to five years	49 460	49 460
	61 722	61 722

	GROUP	
	Office building	Total
	R'000	R'000
2023		
Less than one year	2 688	2 688
One to five years	4 733	4 733
	7 421	7 421

	COMPANY	
	Office building	Total
	R'000	R'000
Less than one year	19 426	19 426
One to five years	4 733	4 733
	24 159	24 159

Leases (cont)

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	R'000	**R'000**	**R'000**	**R'000**
4.2.1 Amounts recognised in the statements of profit or loss and other comprehensive income				
Depreciation expense of right-of-use assets	**3 165**	4 063	**8 016**	8 293
Deemed interest expense on lease liabilities	**543**	386	**2 449**	3 674
Early settlement of lease gain	-	(36)	-	(36)
*Expense relating to short-term leases	205	-	**1 153**	1 706
Total amount recognised in profit or loss	**3 913**	4 413	**11 618**	13 637

4.2.2 Additional disclosures

*These leases are for periods less than one year and have been treated as short-term leases. They represent two intercompany leases for the Cape Town corporate office and Athlone retail branch as well as a lease for the ATM site situated at Ahmed Al Kadi Private Hospital and the Bank's Laudium branch. As the intercompany leases eliminate on consolidation, these are only applicable at the company level. The Bank and Group had total cash outflows for leases of R3,5 million (2023: R4,7 million) and R3,5 million (2023: R4,7 million) respectively. There are no future cash flow movements for intercompany leases. There are no future cash outflows relating to leases that have not yet commenced.

5. INVESTMENT PROPERTIES

	GROUP	
	2024	2023
	R'000	**R'000**
5.1 Balances at year end and movements for the year		
Carrying amount at the beginning of the year	**10 339**	10 339
Movements for the year		
Carrying amount at the end of the year	**10 339**	10 339

5.2 Detail of properties

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 investment property is held by the owner for capital appreciation. The group carries investment properties at historic cost less accumulated depreciation and impairment. The cost of the properties was considered to be equal to their fair value at the time of acquisition. The investment property was independently valued at R13,07 million as at 01 November 2023 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. Furthermore, the valuations are carried out by an independent valuator who holds suitable qualifications, has relevant experience and is a member of the Institute of Valuers of South Africa.

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Investment properties (cont)

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 value based on the independent valuation referred to above. Total direct expenditure for the 2024 financial year relating to investment properties amounted to R1,1 million (2023: R1,3 million).

GROUP AND COMPANY

	2024 R'000	2023 R'000
6. INTANGIBLE ASSETS		
Cost		
Computer software	**6 839**	7 532
Capitalised project costs	**105 780**	100 812
Capital work in progress	**3 959**	3 341
	116 578	111 685
Accumulated amortisation and impairment		
Computer software	**(6 004)**	(5 611)
Capitalised project costs	**(56 031)**	(44 276)
	(62 035)	(49 887)
Net carrying amount	**54 543**	61 798

	Computer software R'000	Capitalised project costs* R'000	Capital work in progress R'000	Total R'000
6.1 Reconciliation of changes in intangible assets				
Group and Company				
2024				
Cost at beginning of year	7 532	100 812	3 341	111 685
Accumulated amortisation at beginning of year	(5 611)	(44 276)	-	(49 887)
Net carrying amount at beginning of year	1 921	56 536	3 341	61 798
Movements for the year ended 31 December 2024				
Additions	-	1 914	4 655	6 569
Amortisation for the year	(1 043)	(12 571)	-	(13 614)
Transfers	-	4 037	(4 037)	-
Disposals	(43)	(167)	-	(210)
Net carrying amount at end of year	835	49 749	3 959	54 543
Cost at end of year	6 839	105 780	3 959	116 578
Accumulated amortisation at end of year	(6 004)	(56 031)	-	(62 035)

Intangible assets (cont)

	Computer software	Capitalised project costs	Capital work in progress	Total
	R'000	R'000	R'000	R'000
Reconciliation of changes in intangible assets (cont)				
Group and Company				
2023				
Cost at beginning of year	7 532	98 795	3 403	109 730
Accumulated amortisation at beginning of year	(4 517)	(31 823)	-	(36 340)
Net carrying amount at beginning of year	3 015	66 972	3 403	73 390
Movements for the year ended 31 December 2023				
Additions	-	1 211	744	1 955
Amortisation for the year	(1 094)	(12 453)	-	(13 547)
Transfers	-	806	(806)	-
Net carrying amount at end of year	1 921	56 536	3 341	61 798
Cost at end of year	7 532	100 812	3 341	111 685
Accumulated amortisation at end of year	(5 611)	(44 276)	-	(49 887)

*Significant items contained within capitalised project costs include the core banking system with carrying amount of R31, 3 million (2023: R36, 8 million), mobile banking application with a carrying amount of R7,5 million (2023: R10,3 million), corporate banking system with a carrying amount of R2,7 million (2023: R3,2 million) and apply for finance portal with a carrying amount of R1,6 million (2023: R2,3 million).

7. INVESTMENT IN AND AMOUNT DUE BY SUBSIDIARY COMPANY

Albaraka Properties Proprietary Limited is 100% (2023: 100%) owned by Albaraka Bank Limited. The issued share capital of Albaraka Properties Proprietary Limited comprises 1 000 shares of R1 each (2023: 1 000 shares of R1 each).
Albaraka Financial Services Proprietary Limited is 100% (2023: 0%) owned by Albaraka Bank Limited.
The issued share capital of Albaraka Financial Services Proprietary Limited comprises 1 000 shares of R1 each (2023: nil).

	Group 2024	Group 2023	Company 2024	Company 2023 (Restated)*
	R'000	R'000	R'000	R'000
Investment in subsidiaries - shares at cost	-	-	2	1
- Albaraka Properties Proprietary Limited	-	-	1	1
- Albaraka Financial Services Proprietary Limited	-	-	1	-
Amounts due by subsidiaries				
	-	-	60 586	59 235
Albaraka Properties Proprietary Limited	-	-	60 261	58 955
Albaraka Sukuk Trust	-	-	325	280
Investment in subsidiaries, joint ventures and associates	-	-	60 588	59 236

*Comparative amounts have been restated. Refer to note 36 and 37 for detailed disclosure on the restatement.

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Investment in and amount due by subsidiary company (cont)

The amount due by the subsidiary is profit-free and repayable on demand. For the purposes of classification of financial instruments, this is considered to be advances and receivables. The maximum exposure to credit risk is R60 586 (2023: R59 235) which are considered to be stage 1 financial instruments and the ECL on amounts due is considered immaterial.

7.1 Details of the group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Principal activity	Place of incorporation and business
Albaraka Properties Proprietary Limited	Property Investment	South Africa
Albaraka Sukuk Trust	Administration of sukuk	South Africa
Albaraka Financial Services Proprietary Limited	Takaful (Islamic insurance) Services	South Africa

8. DEFERRED TAX

	Group 2024	Group 2023 (Restated)*	**Company 2024**	Company 2023 (Restated)*
	R'000	**R'000**	**R'000**	**R'000**
The deferred tax balance comprises the following:				
Balance at the beginning of year*	**3 855**	4 663	**25 235**	28 776
Tax income/(expense) recognised in profit or loss*	**8 111**	(808)	**5 079**	(3 541)
Tax (expensed) recognised in other comprehensive income	**(24)**	(21)	**(24)**	(21)
Deferred tax prior year (under-provision)/over-provision recognised in profit or loss	**3**	21	**3**	21
Balance at end of year	**11 945**	3 855	**30 293**	25 235
The deferred tax asset comprises the following:				
Lease liabilities	**-**	-	**174**	3 335
Impairment for doubtful advances	**(1 052)**	(1 663)	**(1 052)**	(1 663)
Leave pay provision	**1 979**	1 881	**1 979**	1 881
Portfolio impairment	**8 158**	7 880	**8 158**	7 880
Profit not paid to depositors	**9 732**	4 646	**9 732**	4 646
Other**	**4 373**	3 633	**4 373**	3 633
Ijarah receivables	**7 362**	9 253	**7 362**	9 253
Prepaid expenses	**(1 336)**	(762)	**(1 336)**	(762)
Intangible assets, property and equipment	**(12 754)**	(15 273)	**(12 754)**	(15 273)
Fair value on investments	**(551)**	(528)	**(551)**	(528)
Deferred income*	**9 267**	8 796	**9 267**	8 796
Prescribed income**	**1 636**	1 040	**1 636**	1 040
Impermissible income**	**3 305**	2 997	**3 305**	2 997
	30 119	21 900	**30 293**	25 235
The deferred tax liability comprises the following:				
Prepaid expenses	(15)	(14)	-	-
Intangible assets, property and equipment	(18 183)	(18 044)	-	-
Other	24	13	-	-
	(18 174)	(18 045)	-	-
Net deferred tax asset	11 945	3 855	30 293	25 235

*Comparative amounts have been restated. Refer to note 36 and 37 for detailed disclosure on the restatement.

**The Other heading has been further disaggregated into prescribed income and impermissible income in the current and prior year to provide the users of the financial statements with more useful information. The total notional amount remains unchanged.

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	R'000	**R'000**	**R'000**	**R'000**
9. INVESTMENT SECURITIES				
Investment securities comprise the following unlisted investments				
Investment in Kilimanjaro Investments (Pty) Ltd (9,4% holding)	**5 445**	5 435	**5 445**	5 435
Investment in Earthstone Investments (Pty) Ltd (14% holding)	**10 913**	10 800	**10 913**	10 800
Investment in Ahmed Al Kadi Private Hospital (1% holding)	**1 322**	1 332	**1 322**	1 332
	17 680	17 567	**17 680**	17 567

The above equity investments are designated at fair value through other comprehensive income. Dividends of R1,798 million was received for the year (2023: R1,656 million). Refer to Note 33.4 and 33.5 for further disclosure.

	2024	2023 (Restated)*	**2024**	2023 (Restated)*
	R'000	**R'000**	**R'000**	**R'000**
10. ADVANCES AND OTHER RECEIVABLES				
10.1 Product analysis				
Advances to customers				
Property (Musharaka and Murabaha)	**5 077 963**	5 566 907	**5 077 963**	5 566 907
Instalment sale	**1 279 816**	1 288 527	**1 279 816**	1 288 527
Ijarah	**69 310**	67 640	**69 310**	67 640
Trade	**855 691**	650 239	**855 691**	650 239
Other	**5 627**	4 793	**5 627**	4 793
Gross advances to customers	**7 288 407**	7 578 106	**7 288 407**	7 578 106
Provision for credit loss expense	**(61 047)**	(47 296)	**(61 047)**	(47 296)
Net advances to customers after provisions	**7 227 360**	7 530 810	**7 227 360**	7 530 810
Advances to banks and sovereign				
Gross Sovereign Sukuk placements	**370 674**	-	**370 674**	-
Gross interbank placements	**1 000 730**	575 838	**1 000 730**	575 838
Gross advances to banks and sovereign	**1 371 404**	575 838	**1 371 404**	575 838
Provision for credit loss expense	**(1 811)**	(1 339)	**(1 811)**	(1 339)
Net advances to banks and sovereign after provisions	**1 369 593**	574 499	**1 369 593**	574 499
Net advances	**8 596 953**	8 105 309	**8 596 953**	8 105 309
Deferred income*	**(34 322)**	(32 578)	**(34 322)**	(32 578)
CODI receivables	**16 993**	-	**16 993**	-
Other receivables	**54 660**	50 750	**54 265**	50 577
Total advances and other receivables	**8 634 284**	8 123 481	**8 633 889**	8 123 308

- Included in other receivables is R41,1 million for suspense and clearing accounts (2023: R42,4 million), R12,4 million for prepaid expenses and other sundry debtors (2023: R7,1 million) and R1,1 million for repossessed properties (2023: R1,23 million).
- Deferred Income relates to administration and documentation fees received for origination of customer advances and is accounted for in line with IFRS 9 requirements.

*Comparative amounts have been restated. Refer to note 36 and 37 for detailed disclosure on the restatement.

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Advances and other receivables (cont)

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	R'000	R'000	**R'000**	R'000
10.2 Maturity analysis - gross advances to customers				
Within 1 month	**352 314**	334 090	**352 314**	334 090
From 1 month to 3 months	**482 902**	422 716	**482 902**	422 716
From 3 months to 1 year	**1 148 447**	1 005 046	**1 148 447**	1 005 046
From 1 year to 5 years	**2 812 658**	2 982 545	**2 812 658**	2 982 545
More than 5 years	**2 492 086**	2 833 713	**2 492 086**	2 833 713
	7 288 407	7 578 110	**7 288 407**	7 578 110
Maturity analysis - gross advances to banks and sovereigns				
Within 1 month	**264 500**	191 506	**264 500**	191 506
From 1 month to 3 months	**485 381**	384 331	**485 381**	384 331
From 3 months to 1 year	**250 849**	-	**250 849**	-
From 1 year to 5 years	**-**	-	**-**	-
More than 5 years	**370 674**	-	**370 674**	-
	1 371 404	575 837	**1 371 404**	575 837
10.3 Expected credit loss				
Advances to customers				
Stage 1	**20 091**	15 942	**20 091**	15 942
Stage 2	**8 314**	11 906	**8 314**	11 906
Stage 3	**32 642**	19 448	**32 642**	19 448
	61 047	47 296	**61 047**	47 296
Interbank and sovereign exposures				
Stage 1	**1 811**	1 339	**1 811**	1 339
	62 858	48 635	**62 858**	48 635
10.4 Credit loss expense				
Charge to impairment relating to Stage 3	**13 193**	3 701	**13 193**	3 701
Write-offs	**2 067**	844	**2 067**	844
Charge to impairment relating to Stage 1 & 2	**1 030**	8 338	**1 030**	8 338
Bad debts recovered	**(186)**	(442)	**(186)**	(442)
	16 104	12 441	**16 104**	12 441

The charge of impairment relating to Stage 3 of R13,2 million is mainly due to the increase of arrears and/or exposures for deals residing in this category.

Advances and other receivables (cont)

10.5 Gross carrying amount and ECL

An analysis of changes in the gross carrying amount and the corresponding ECL allowances is, as follows:

GROUP AND COMPANY

	Stage 1	Stage 2	Stage 3	Total
	R'000	R'000	R'000	R'000
2024				
Expected credit loss				
Customers				
Opening balance	15 943	11 905	19 448	47 296
Impact on stage classification	(1 306)	(516)	13 653	11 831
Transfer (out)/in of Stage 1	(5 441)	695	4 746	-
Transfer in/(out) of Stage 2	63	(3 391)	3 328	-
Transfer in/(out) of Stage 3	4	-	(4)	-
Impact of stage transfers*	4 068	2 180	5 583	11 831
Settlements	(11 744)	(9 999)	(3 752)	(25 495)
Write-offs	-	-	(2 067)	(2 067)
New advances	17 198	6 924	5 360	29 482
Closing ECL	20 091	8 314	32 642	61 047
Banks and Sovereign				
Opening Balance	1 339	-	-	1 339
New advances	472	-	-	472
Closing ECL	1 811	-	-	1 811
Total Closing ECL	21 902	8 314	32 642	62 858

* The impact of stage transfers includes changes in the ECL, driven by adjustments in model parameters and staging, forward looking information (FLI), and other relevant factors.

	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount				
Customers				
Gross carrying amount as at 01 January 2024	6 802 075	646 743	129 292	7 578 110
New financial assets	1 864 950	331 273	13 892	2 7 210 115
Transfers (out)/in of Stage 1	(202 765)	95 795	106 970	-
Transfers in/(out) of Stage 2	106 970	(125 265)	18 295	-
Transfers in/(out) of Stage 3	23 626	5 312	(28 938)	-
Settlements	(1 862 492)	(569 207)	(66 052)	(2 497 751)
Written-off	-	-	(2 067)	(2 067)
Gross carrying amount as at 31 December 2024	6 732 364	384 651	171 392	7 288 407

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Advances and other receivables (cont)

	GROUP AND COMPANY			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	R'000	**R'000**	**R'000**	**R'000**
Banks and Sovereign				
Gross carrying amount as at 01 January 2024	575 837	-	-	575 837
New financial assets	795 567	-	-	795 567
Gross carrying amount as at 31 December 2024	1 371 404	-	-	1 371 404
Gross carrying amount as at 31 December 2024	8 103 768	384 651	171 392	8 659 811

Transfers out of stages 1, 2 and 3 represent the ECL of deals that have moved to a different stage from the prior year, at their original ECL value (this excludes the impact of a change in PD, LGD and EAD).

The increase in the ECL is mainly due to the increase of R13,1 million for stage 3 impairments to R32,6 million (2023: R19,4 million) as a result of new accounts in non-performing. The total contractual amount outstanding on amortised cost advances that were written off during the period and are still subject to enforcement activity is R2.067 million (31 December 2023: R0.843 million).

*The comparative year has been disaggregated to present the gross carrying amount and ECL reconciliations separately for customers and banks and sovereign.

2023
Expected credit loss

	Stage 1	Stage 2	Stage 3	Total
Opening balance	12 987	6 998	15 747	35 732
Impact on stage classification	(146)	1 037	4 037	4 928
Transfer (out)/in of Stage 1	(2 167)	1 254	914	-
Transfer in/(out) of Stage 2	98	(195)	96	-
Transfer in/(out) of Stage 3	153	27	(180)	-
Impact of stage transfers*	1 770	(49)	3 207	4 928
Settlements	(8 811)	(6 138)	(2 729)	(17 678)
Write-offs	(75)	-	(769)	(844)
New advances	11 988	10 008	3 162	25 158
Closing ECL	15 943	11 905	19 448	47 296
Banks and Sovereign				
Opening Balance	864	-	-	864
New advances	475	-	-	475
Closing ECL	1 339	-	-	1 339
Total Closing ECL	17 282	11 905	19 448	48 635

* The impact of stage transfers includes changes in the ECL, driven by adjustments in model parameters and staging, forward-looking information (FLI), and other relevant factors.

Advances and other receivables (cont)

GROUP AND COMPANY

	Stage 1	Stage 2	Stage 3	Total
	R'000	R'000	R'000	R'000
Gross carrying amount				
Gross carrying amount as at 01 January 2023	6 583 405	424 482	151 924	7 159 811
New financial assets	2 606 371	415 177	13 651	3 035 199
Transfers (out)/in of Stage 1	(163 402)	130 752	32 650	-
Transfers in/(out) of Stage 2	117 727	(120 930)	3 203	-
Transfers in/(out) of Stage 3	27 599	9 740	(37 339)	-
Settlements	(2 369 551)	(212 478)	(34 028)	(2 616 057)
Written-off	(74)	-	(769)	(843)
Gross carrying amount as at 31 December 2023	6 802 075	646 743	129 292	7 578 110
Banks and Sovereign				
Gross carrying amount as at 01 January 2023	480 237	-	-	480 237
New financial assets	95 600	-	-	95 600
Gross carrying amount as at 31 December 2023	575 837	-	-	575 837
Gross carrying amount as at 31 December 2023	7 377 912	646 743	129 292	8 153 947

Transfers out of stages 1, 2 and 3 represent the ECL of deals that have moved to a different stage from the prior year, at their original ECL value (this excludes the impact of a change in PD, LGD and EAD). Impact of stage transfers represent the changes in PD, LGD and EAD, as a result of new curing rules and transfers between stages.

The increase in the ECL is due to the increase in the gross advances to customers at R7,6 billion (2022: R7,2 billion). The overall gross carrying amount increased to R8,1 billion (2022: R7,6 billion) due to an increase in the gross advances to banks at R576 million (2022: R480 million).

10.6 Product exposure by stage

2024

Exposure				
Ijarah motor vehicle	**68 995**	**152**	**163**	**69 310**
Musharaka commercial*	**2 614 251**	**21 076**	**81 945**	**2 717 272**
Murabaha equipment	**521 355**	**16 540**	**5 925**	**543 820**
Murabaha motor vehicle	**677 102**	**57 902**	**992**	**735 996**
Musharaka residential	**2 202 040**	**89 231**	**69 420**	**2 360 691**
Murabaha trade	**645 435**	**199 751**	**10 505**	**855 691**
Interbank placements	**1 000 730**	**-**	**-**	**1 000 730**
Sovereign sukuk	**370 674**	**-**	**-**	**370 674**
Other*	**3 185**	**-**	**2 442**	**5 627**
	8 103 767	**384 652**	**171 392**	**8 659 811**

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FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Advances and other receivables (cont)

GROUP AND COMPANY

	Stage 1	Stage 2	Stage 3	Total
	R'000	R'000	R'000	R'000
2023				
Ijarah motor vehicle	67 541	99	-	67 640
Musharaka commercial*	3 041 540	49 287	60 732	3 151 559
Murabaha equipment	445 893	68 753	1 400	516 046
Murabaha property	144	-	-	144
Murabaha motor vehicle	546 872	223 699	1 911	772 482
Musharaka residential	2 248 501	112 570	54 135	2 415 206
Murabaha trade	449 139	192 335	8 765	650 239
Interbank placements	575 838	-	-	575 838
Other*	2 443	-	2 350	4 793
	7 377 911	646 743	129 293	8 153 947

The amounts included above include current outstanding principal and profit receivable.
*In the prior year R2,4 million was reclassified out of Musharaka commercial into other because it is more reflective in the other category.

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	R'000	R'000	R'000	R'000
11. REGULATORY BALANCES				
Government and other stock - Sovereign Sukuk	**424 506**	424 506	**424 506**	424 506
Balances with Central Bank	**194 001**	190 926	**194 001**	190 926
	618 507	615 432	**618 507**	615 432

These balances represent mandatory reserve deposits for liquidity requirements and are therefore not available for use in the Bank's daily operations. Refer to Note 10.3 for related ECL disclosure.

12. CASH AND CASH EQUIVALENTS

	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Cash on hand	**14 257**	12 394	**5 765**	5 624
Balances with Central Bank	**250 180**	93 218	**250 180**	93 218
Placements with other banks	**47 105**	94 184	**47 105**	94 184
	311 542	199 796	**303 050**	193 026

Facilities
The group and company has the following facilities with ABSA:

ZAR:

	GROUP 2024	GROUP 2023
Credit card facility	950	950
Funds transfer (ACB DEB)	2 000	2 000
	2 950	2 950

Cash and cash equivalents (cont)

	GROUP AND COMPANY			
	2024	2023	**2024**	2023
	R'000	**R'000**	**R'000**	**R'000**
USD:				
OTC derivatives (USD)	375	375		
OTC derivatives settlement (USD)	5 000	5 000		
	5 375	5 375		

The credit quality of cash and cash equivalents, excluding cash on hand and cash in internal bank accounts, can be assessed by reference to external credit ratings. ECL for cash on hand is zero. ECL for Balances with Central banks and placements with other banks is calculated using the general model approach and is immaterial.

Credit ratings (Moody's):

Ba2	South African Reserve Bank
Baa3	ABSA
Baa3	Standard Bank
Baa3	FNB
A1	Standard Chartered
Aa1	Bank of NY Mellon

13. SHARE CAPITAL AND SHARE PREMIUM

Authorised share capital				
100 000 000 (2023: 100 000 000) ordinary shares of R10 each	**1 000 000**	1 000 000	**1 000 000**	1 000 000
Issued and fully paid share capital				
32 240 260 (2023: 32 240 260) ordinary shares of R10 each	**322 403**	322 403	**322 403**	322 403
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

14. WELFARE AND CHARITABLE FUNDS

Balance at beginning of year	**60 562**	43 382	**60 562**	43 382
Gross income from non-Islamic activities	**10 763**	30 829	**10 763**	30 829
Normal tax thereon	**(977)**	(5 968)	**(977)**	(5 968)
Net income from non-Islamic activities	**9 786**	24 861	**9 786**	24 861
Donations	**(10 959)**	(7 681)	**(10 959)**	(7 681)
Balance at end of year	**59 389**	60 562	**59 389**	60 562

Included in the balance for the current year are placements of R 41.6 million in sovereign sukuk (2023: nil) as part of Welfare and Charity liquidity requirements. The welfare and charitable funds are distributed after the appropriate governance process approves the distribution, therefore, there is no known timing of when these amounts will be distributed.

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	GROUP 2024 R'000	GROUP 2023 R'000	COMPANY 2024 R'000	COMPANY 2023 R'000

15. ACCOUNTS PAYABLE

Accounts payable comprise:

	GROUP 2024 R'000	GROUP 2023 R'000	COMPANY 2024 R'000	COMPANY 2023 R'000
Accruals	**39 518**	40 523	**34 013**	36 693
Sundry creditors	**29 759**	18 752	**29 697**	18 721
	69 277	59 275	**63 710**	55 414

Terms and conditions of the above financial liabilities:
- Sundry creditors are non-interest bearing and are normally settled on 30-day terms.
- Sundry creditors includes amounts related to legal proceedings
- Accruals are non-interest bearing and have an average term of six months.

16. SOUTH AFRICAN REVENUE SERVICE PAYABLE

	GROUP 2024 R'000	GROUP 2023 R'000	COMPANY 2024 R'000	COMPANY 2023 R'000
Income tax	**1 033**	5 668	**1 015**	5 731
Value Added Taxation	**278**	982	**145**	718
	1 311	6 650	**1 160**	6 449

Payables 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 2024 R'000	GROUP 2023 R'000	COMPANY 2024 R'000	COMPANY 2023 R'000
Balance at beginning of year	**6 968**	6 290	**6 968**	6 290
Accrued during the year	**12 085**	12 112	**12 085**	12 112
Utilised during the year	**(11 723)**	(11 434)	**(11 723)**	(11 434)
Balance at 31 December 2024	**7 330**	6 968	**7 330**	6 968

18. DEPOSITS FROM CUSTOMERS

18.1 Deposits from customers comprise:

	GROUP 2024 R'000	GROUP 2023 R'000	COMPANY 2024 R'000	COMPANY 2023 R'000
Mudarabah deposits	**6 522 705**	6 249 970	**6 522 705**	6 249 970
Current accounts	**1 564 229**	1 347 934	**1 564 229**	1 347 934
	8 086 934	7 597 904	**8 086 934**	7 597 904

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.

	GROUP		COMPANY	
	2024	2023 (Restated)*	**2024**	2023 (Restated)*
	R'000	R'000	**R'000**	R'000

19. SUKUK HOLDERS/ALBARAKA SUKUK TRUST

19.1 Sukuk holders/Albaraka Sukuk Trust comprise:

	GROUP 2024 R'000	GROUP 2023 (Restated)* R'000	COMPANY 2024 R'000	COMPANY 2023 (Restated)* R'000
Sukuk capital - Tier 2	**307 700**	307 700	**307 700**	307 700
Sukuk profit payable - Tier 2	**2 308**	2 307	**-**	-
Sukuk profit payable - Additional Tier 1	**1 240**	1 240	**-**	-
	311 248	311 247	**307 700**	307 700

The sukuk investment product qualifies as a Tier 2 capital instrument in terms of Basel III with a 10-year maturing period. 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 R2,3 million (2023: R2,3 million) profit payable balance represents the December profit accrual which was paid in January 2024 (2023: January 2023). The Tier 2 sukuk has been issued in tranches with the latest tranche issued in December 2019 of R107,7 million.

19.2 Sukuk Holders/Albaraka Sukuk Trust – Additional Tier 1 Instruments

The Bank received approval from the Prudential Authority to issue R500 million of additional Tier 1 sukuk by March 2023. To this effect, the Bank issued R124 million worth of Basel III-compliant additional Tier 1 sukuk Instruments effective on 01 August 2022.

The AT1 capital represents perpetual, subordinated sukuk instruments, with no redemption date. The instruments are redeemable subject to regulatory approval at the sole discretion of the issuer from the applicable call date and following a regulatory or a tax event. The monthly payment of profit on a Mudarabah basis is at the discretion of the issuer and such profit payments are non-cumulative in nature. If certain conditions are reached, the regulator may prohibit Albaraka Bank Limited from making profit payments. Accordingly, the instruments are classified as equity instruments and disclosed as a separate category of equity.

	GROUP 2024 R'000	GROUP 2023 (Restated)* R'000	COMPANY 2024 R'000	COMPANY 2023 (Restated)* R'000
Sukuk Capital - Additional Tier 1	**124 000**	124 000	**124 000**	124 000
	124 000	124 000	**124 000**	124 000

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

Commencing September 2023, the Bank paid Hiba (a voluntary payment) to a category of deposit holders. For the 2024 financial year a total of R6,77 million (2023: R1,07 million) was paid to depositors in this regard.

21. INCOME PAID TO TIER 2 SUKUK HOLDERS

	GROUP 2024 R'000	GROUP 2023 (Restated)* R'000	COMPANY 2024 R'000	COMPANY 2023 (Restated)* R'000
Income paid from deposit pool – Tier 2	**30 449**	28 621	**30 705**	28 621
	30 449	28 621	**30 705**	28 621

Income paid to sukuk holders is based on the profit-sharing ratio agreed upon between the investor and the Bank at the time of the initial investment.

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	GROUP		COMPANY	
	2024	2023 (Restated)*	2024	2023 (Restated)*
	R'000	R'000	R'000	R'000
22. NET NON-ISLAMIC INCOME				
Non-Islamic income	**10,763**	30,829	**10,763**	30,829
Amount transferred to welfare and charitable funds (note 14)	**(10,763)**	(30,829)	**(10,763)**	(30,829)
	-	-	**-**	-
23. FEE AND COMMISSION INCOME				
Service fees*	**30 480**	24 924	**30 480**	24 924
Commission received on sale of unit trusts	**11 768**	10 941	**11 768**	10 941
Profit from foreign currency trading	**7 766**	7 809	**7 766**	7 809
Management fee from subsidiary	**-**	-	**279**	268
	50 014	43 674	**50 293**	43 942

*Comparative amounts have been restated. Refer to note 36 and 37 for detailed disclosure on the restatement.

	GROUP 2024 R'000	GROUP 2023 (Restated)* R'000	COMPANY 2024 R'000	COMPANY 2023 (Restated)* R'000
24. OTHER OPERATING INCOME				
Other operating income comprises:				
Dividend income	**1 798**	1 656	**15 798**	1 656
Other	**1 594**	683	**1 589**	683
Total other income	**3 392**	2 339	**17 387**	2 339
25. OPERATING EXPENDITURE				
25.1 Operating expenditure includes:				
Auditor's remuneration				
Audit fees				
- Ernst & Young	**730**	5 182	**676**	5 126
- PricewaterhouseCoopers Inc.	**5 672**	-	**5 504**	-
Fees for other services				
- Other	**158**	785	**158**	785
	6 560	5 967	**6 338**	5 911

Operating expenditure (cont)

	GROUP		COMPANY	
	2024	2023 (Restated)*	**2024**	2023 (Restated)*
	R'000	**R'000**	**R'000**	**R'000**
Administration costs*	18 491	12 643	18 083	12 429
CODI levy	63	-	63	-
CODI premium	850	-	850	-
Consultancy fees	2 645	7 932	2 610	7 890
Depreciation of property and equipment	6 819	5 674	6 701	5 125
Amortisation of intangible assets	13 614	13 547	13 614	13 547
Depreciation of right of use assets	3 165	4 063	8 016	8 293
IT costs*	34 838	14 145	34 838	14 145
Premises costs*	16 131	15 422	16 105	15 523
Service fees*	24 785	22 813	24 777	22 794
Short term lease expense	205	-	1 153	1 706
Staff costs	**170 863**	**145 191**	**170 841**	**145 151**
Staff costs - Other	148 166	124 192	148 144	124 152
Staff costs - Medical aid	7 383	7 134	7 383	7 134
Staff costs - Provident fund	15 314	13 865	15 314	13 865
Shariah Board Members fees	1 913	2 113	1 913	2 113
Directors' emoluments	**12 943**	**12 997**	**12 943**	**12 997**
Executive services	8 832	9 226	8 832	9 226
Non-executive directors' fees	4 111	3 771	4 111	3 771

*In the prior year operating expenditure has been further disaggregated to include administration costs, IT costs, premises costs and service fees to provide the users of the financial statements with more useful information.

	2024				2023			
	Salary	**Other benefits**	**Management incentive**	**Total**	**Salary**	Other benefits	**Management incentive**	Total
	R'000	**R'000**		**R'000**		R'000	R'000	R'000
25.2 Executive services								
SAE Chohan – Chief executive	**3 484**	**-**	**671**	**4 155**	**3 289**	14	709	4 012
A Ameed – Financial director	**2 104**	**10**	**507**	**2 621**	**1 939**	13	418	2 370
M Kaka – Chief operating officer (resigned on 31 October 2024)	**2 044**	**12**	**-**	**2 056**	**2 327**	15	502	2 844
	7 632	**22**	**1 178**	**8 832**	**7 555**	42	1 629	9 226

Salary, other benefits and management incentives are short-term benefits as classified per IAS 19. Albaraka Bank Limited defines its prescribed officers as the group's executive directors. These officers are members of the executive committee and attend board meetings.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
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Operating expenditure (cont)

	COMPANY	
	2024	2023
	R'000	**R'000**
25.3 Non-executive directors' fees		
AA Dogar	**78**	-
FA Randaree	**405**	392
HBH Amor	**284**	382
JMA Cane	**563**	478
MJD Courtiade	**469**	449
MM Khemira	**433**	403
R Lachman	**93**	-
SM Nyasulu	**486**	466
YGH Suleman	**755**	687
ZH Fakey	**545**	514
	4 111	3 771

	GROUP		COMPANY	
	2024	2023 (Restated)*	**2024**	2023 (Restated)*
	R'000	**R'000**	**R'000**	**R'000**
26. INCOME TAX EXPENSE				
Normal tax				
- current year*	**70 800**	47 076	**66 177**	42 556
- prior year over provision	**(1 581)**	(92)	**(1 581)**	(94)
Attributable to income from non-Islamic activities (refer to accounting policy 11 and note 14)				
- current year	**(1 008)**	(5 777)	**(1 008)**	(5 777)
- prior year under/(over) provision	**31**	(191)	**31**	(191)
Deferred tax				
- current year*	**(8 111)**	810	**(5 079)**	3 541
- prior year under/(over) provision	**(3)**	6	**(3)**	21
Taxation attributable to Islamic activities	**60 128**	41 832	**58 537**	40 055

Income tax expense (cont)

	GROUP		COMPANY	
	2024	2023 As Restated	**2024**	2023 As Restated
	%	%	%	%
Effective tax rate	**25,2%**	29,0%	**23,8%**	29,0%
Adjustable items:				
Non-taxable income	**1,2%**	0,1%	**2,7%**	0,2%
Non-deductible expenditure	**(0,1%)**	(2,3%)	**(0,1%)**	(2,4%)
Current tax adjustment - prior year	**0,7%**	0,2%	**0,6%**	0,2%
Change in tax rate adjustment	**-**	-	**-**	-
South African Companies tax rate	**27,0%**	27,0%	**27,0%**	27,0%

Non-taxable income is exempt income from dividends and non-deductible expense items that are capital in nature and where the depreciation is not allowed for tax purposes. Non-deductible expenditure includes depreciation on leasehold improvements, SARS interest, share issue expense and donations.

*Comparative amounts have been restated. Refer to note 36 and 37 for detailed disclosure on the restatement.

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	R'000	R'000	R'000	R'000
27. FAIR VALUE GAIN/(LOSS)				
Fair value gain/(loss) on FVOCI	**113**	129	**113**	129
Deferred tax on FVOCI	**(24)**	(2)	**(24)**	(2)
	89	127	**89**	127

	2024	2023 (Restated)*
	R'000	R'000
28. EARNINGS PER SHARE		
Basic and diluted earnings per share are calculated on after tax income attributable to ordinary shareholders and a weighted average number of 32 240 260 (2023: 32 240 260) ordinary shares in issue during the year (cents)	**552.94**	316.08
Basic and diluted earnings per share are derived from:		
Profit for the year	**178 270**	101 903
	178 270	101 903

*Comparative amounts have been restated. Refer to note 36 and 37 for detailed disclosure on the restatement.

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FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	R'000	**R'000**	**R'000**	**R'000**
29. DIVIDENDS				
Dividend paid is calculated as follows:				
Dividend of 100 cents per share declared in the 2024 financial year (2023: 62 cents)	**32 240**	19 989	**32 240**	19 989

	2024	2023 (Restated)*	**2024**	2023 (Restated)*
	R'000	**R'000**	**R'000**	**R'000**
30. STATEMENT OF CASH FLOWS				
30.1 Cash generated from operations				
Profit before taxation*	**259 506**	163 568	**267 831**	157 415
Adjustment for non-cash items:				
Income earned but not received	**(7 577)**	(7 596)	**(7 577)**	(7 596)
Profits payable to depositors	**(1 067)**	3 318	**(1 067)**	3 318
Profits payable to Tier 2 sukuk holders	**-**	385	**-**	-
Depreciation of property and equipment	**6 819**	5 674	**6 701**	5 125
Dividend income	**(1 798)**	(1 656)	**(15 798)**	(1 656)
Unrealised forex gains	**(562)**	(889)	**(562)**	(889)
Amortisation of intangible assets	**13 614**	13 547	**13 614**	13 547
Depreciation on right of use assets	**3 165**	4 063	**8 016**	8 293
Deemed finance costs on leases	**543**	386	**2 449**	3 674
Net (profit)/loss arising on disposal of property and equipment	**933**	(100)	**933**	(100)
Provision for leave pay	**362**	678	**362**	678
Credit loss expense	**14 223**	12 039	**14 223**	12 039
Assets written-off/gain on lease termination	**-**	(36)	**-**	(36)
Reversals and write-offs	**2 067**	401	**2 067**	401
Sovereign sukuk profit accrual	**(15 619)**	(4 506)	**(15 619)**	(4 506)
Transactions with group companies	**-**	-	**8 657**	8 036
CODI profit accrual	**(110)**	-	**(110)**	-
	274 499	189 276	**284 120**	197 743

*Comparative amounts have been restated. Refer to note 36 and 37 for detailed disclosure on the restatement.

Statement of cash flows (cont)

	GROUP		COMPANY	
	2024	2023 (Restated)*	**2024**	2023 (Restated)*
	R'000	R'000	**R'000**	R'000
30.2 Changes in working capital				
Increase/(decrease) in deposits from customers	**490 098**	533 572	**490 099**	533 572
Increase/(decrease) in VAT	**(704)**	638	**(573)**	617
Increase in accounts payable	**8 568**	7 462	**6 858**	2 915
Increase/(decrease) in welfare and charitable funds	**(199)**	23 149	**(199)**	23 149
(Increase)/decrease in advances and other receivables*	**(519 404)**	(492 146)	**(519 182)**	(492 143)
(Increase)/decrease in regulatory balances and sukuk placements	**12 544**	(93 210)	**12 544**	(93 210)
	(9 097)	(20 535)	**(10 452)**	(25 100)

*Comparative amounts have been restated. Refer to note 36 and 37 for detailed disclosure on the restatement.

30.3 Taxation paid				
Amount outstanding at beginning of year	**(5 667)**	(2 255)	**(5 731)**	(2 294)
Amount charged to profit for the year	**(68 242)**	(41 015)	**(63 619)**	(36 517)
Amount charged to welfare and charitable funds	**(977)**	(5 968)	**(977)**	(5 968)
Amount outstanding at end of year	**1 033**	5 667	**1 015**	5 731
	(73 853)	(43 571)	**(69 312)**	(39 048)
30.4 Dividends paid				
Amount outstanding at beginning of year	**(1 667)**	(1 667)	**(1 667)**	(1 667)
Dividends declared	**(32 240)**	(19 763)	**(32 240)**	(19 763)
Amount outstanding at end of year	**2 095**	1 667	**2 095**	1 667
	(31 812)	(19 763)	**(31 812)**	(19 763)
30.5 Profit paid to Additional Tier 1 Sukuk Instrument Holders				
Amount outstanding at beginning of year	**(1 240)**	(982)	**-**	-
Profit after tax	**(21 108)**	(19 833)	**(21 211)**	(19 833)
Amount outstanding at end of year	**1 240**	1 240	**-**	-
	(21 108)	(19 575)	**(21 211)**	(19 833)
30.6 Purchase of property and equipment				
Vehicles	**(3 224)**	(270)	**(3 224)**	(270)
Equipment and computers	**(13 699)**	(4 999)	**(13 699)**	(4 999)
Leasehold improvements	**(1 658)**	(1 171)	**(1 658)**	(1 171)
Land and buildings	**-**	-	**-**	-
Work in progress	**(136)**	-	**(91)**	-
	(18 717)	(6 440)	**(18 672)**	(6 440)
30.7 Purchase of intangible assets				
Capitalised project costs	**(1 914)**	(1 211)	**(1 914)**	(1 211)
Work in progress	**(5 111)**	(744)	**(5 111)**	(744)
	(7 025)	(1 955)	**(7 025)**	(1 955)

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	GROUP		COMPANY	
	2024	2023	**2024**	2023
	R'000	**R'000**	**R'000**	**R'000**
31. LETTERS OF CREDIT, GUARANTEES AND CONFIRMATIONS				
Guarantees and confirmations	**302 944**	324 531	**302 944**	324 531
Letters of credit	**2 629**	1 668	**2 629**	1 668
	305 573	326 199	**305 573**	326 199

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.

32. CAPITAL COMMITMENTS

Authorised and contracted for				
- Property and equipment	**1 797**	101	**1 797**	101
	1 797	101	**1 797**	101

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

33. FINANCIAL INSTRUMENTS

33.1 Credit risk - maximum exposure to credit risk				
Advances to customers	**7 288 407**	7 578 110	**7 288 407**	7 578 110
Advances and balances with banks	**1 047 835**	670 022	**1 047 835**	670 022
Advances, Sovereign Sukuk and regulatory balances	**1 239 361**	708 650	**1 239 361**	708 650
Letters of credit, guarantees and confirmations	**305 573**	326 199	**305 573**	326 199
	9 881 176	9 282 981	**9 881 176**	9 282 981
33.2 Currency risk				
Cash and cash equivalents				
- EUR	**979**	239	**979**	239
- GBP	**819**	1 104	**819**	1 104
- SAR	**166**	58	**166**	58
- USD	**16 214**	11 370	**16 214**	11 370
- AED	**11**	61	**11**	61
- AUD	**47**	142	**47**	142
- Other	**18**	21	**18**	21
	18 254	12 995	**18 254**	12 995

Based on the Bank's year end foreign currency holdings a 1% fluctuation in the exchange rate will result in a R183 000 (2023: R130 000) foreign exchange gain or loss. The bank does not speculate in currency fluctuations and therefore does not hold any stock for this purpose.

Financial instruments (cont)

33.3 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. Significant items for company relate to amounts due by subsidiaries totalling R60,59 million (2023: R59,24 million) within the 1 month bucket and finance lease liabilities of R12,3 million (2023: R19,4 million) within one year and R49.5m (R4,7 million) within 1 to 5 years. This results in the net liquidity gap moving by the same amount for the respective periods. Refer to note 7 for details of balances of amounts owing between the company and the subsidiary and note 4 for details of the finance lease liability.

The table below is presented on a discounted basis as majority of assets relate to the advances book which is largely represented by musharaka property that is subject to annual re-pricing, making it impractical to accurately estimate an appropriate discount rate for the remainder of the term per musharaka deal.

	Carrying amount	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 Years	More than 5 years
	R'000	R'000	R'000	R'000	R'000	R'000
Group						
2024						
Assets						
Advances and other receivables	8 634 284	625 438	986 320	1 418 535	2 772 107	2 831 884
Investment securities	17 680	-	-	-	-	17 680
Cash and cash equivalents	311 542	311 542	-	-	-	-
Regulatory balances	618 507	-	-	-	-	618 507
	9 582 013	936 980	986 320	1 418 535	2 772 107	3 468 071
Group						
2024						
Liabilities						
Deposits from customers	8 086 934	2 931 702	1 448 873	3 423 332	1 268	281 759
Sukuk	311 248	3 548	-	-	307 700	-
Accounts payable	69 277	64 312	3 310	1 655	-	-
Letters of credit, guarantees and confirmations	305 573	305 573	-	-	-	-
	8 773 032	3 305 135	1 452 183	3 424 987	308 968	281 759
Net liquidity gap	808 981	(2 368 155)	(465 863)	(2 006 452)	2 463 139	3 186 312
Group						
2023 (Restated)*						
Assets						
Advances and other receivables*	8 123 481	531 107	819 643	1 017 965	2 948 330	2 806 436
Investment securities	17 567	-	-	-	-	17 567
Cash and cash equivalents	199 796	199 796	-	-	-	-
Regulatory balances	615 432	-	-	-	-	615 432
	8 956 276	730 903	819 643	1 017 965	2 948 330	3 439 435

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Financial instruments (cont)

	Carrying amount	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 Years	More than 5 years
	R'000	R'000	R'000	R'000	R'000	R'000
Group						
2023						
Liabilities						
Deposits from customers	7 597 904	2 800 599	1 144 688	3 383 082	3 383	266 152
Sukuk	311 247	3 547	-	-	307 700	-
Accounts payable	59 275	57 614	1 107	554	-	-
Letters of credit, guarantees and confirmations	326 199	326 199	-	-	-	-
	8 294 625	3 187 959	1 145 795	3 383 636	311 083	266 152
Net liquidity gap	661 651	(2 457 056)	(326 152)	(2 365 671)	2 637 247	3 173 283

The liquidity disclosure of the sukuk is based on the terms and conditions which were approved by the SARB.
*Comparative amounts have been restated. Refer to note 36 and 37 for detailed disclosure on the restatement.
The cash and cash equivalents and regulatory balances were previously aggregated. This is now disaggregated and presented separately.
Guarantees and confirmations were reclassified in the current year to the within 1 month bucket as this is the earliest at which the guarantee and confirmation can be called.

33.4 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 7 for information regarding details of balances of amounts owing between the company and the subsidiary.

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.

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 below is a comparison, by class, of the carrying amounts and fair values of the Bank's financial instruments in the financial statements.

The carrying amount of these classes of financial instruments approximate its fair value.

Financial instruments (cont)

	Fair value through other comprehensive income	Amortised cost	Fair value through profit and loss	Carrying amount
	R'000	R'000	R'000	R'000
Group				
2024				
Assets				
Advances and other receivables	-	8 634 284	-	8 634 284
Investment securities	17 680	-	-	17 680
Cash and cash equivalents	-	311 542	-	311 542
Regulatory balances	-	618 507	-	618 507
	17 680	9 564 333	-	9 582 013
Group				
2024				
Liabilities				
Deposits from customers	-	8 086 934	-	8 086 934
Sukuk	-	311 248	-	311 248
Accounts payable	-	69 277	-	69 277
	-	8 467 459	-	8 467 459
Group				
2023 (Restated)*				
Assets				
Advances and other receivables*	-	8 123 481	-	8 123 481
Investment securities	17 567	-	-	17 567
Cash and cash equivalents	-	199 796	-	199 796
Regulatory balances	-	615 432	-	615 432
	17 567	8 938 709	-	8 956 276
Group				
2023 (Restated)*				
Liabilities				
Deposits from customers	-	7 597 904	-	7 597 904
Sukuk	-	311 247	-	311 247
Other liabilities	-	59 275	-	59 275
	-	7 968 426	-	7 968 426

*Comparative amounts have been restated. Refer to note 36 and 37 for detailed disclosure on the restatement. The 2023 advances amount has been represented to include other receivables which were previously not included.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Financial instruments (cont)

33.5 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 was determined in accordance with the replacement cost method.

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

	GROUP		COMPANY	
	2024	2023	**2024**	2023
	R'000	**R'000**	**R'000**	**R'000**
	Level 1	**Level 2**	**Level 3**	**Total**
Group				
2024				
Financial assets				
- Fair value through other comprehensive income*	-	-	**17 680**	**17 680**
- Fair value through profit and loss	-	-	-	-
	-	-	**17 680**	**17 680**
Financial liabilities				
- Fair value through profit and loss	-	-	-	-
	-	-	-	-
2023				
Financial assets				
- Fair value through other comprehensive income*	-	-	17 567	17 567
- Fair value through profit and loss	-	-	-	-
	-	-	17 567	17 567
Financial liabilities				
- Fair value through profit and loss	-	-	-	-
	-	-	-	-

* In the prior year this instrument was classified as level 2 , however this has been corrected in the current year to level 3.

Financial instruments (cont)

Reconciliation of financial instruments recorded at fair value at level 3 of the fair value hierarchy:

Group
2024

	Kilimanjaro Investments (Pty) Ltd	Earthstone Investments (Pty) Ltd	Ahmed Al Kadi Private Hospital	Total
Fair value at the beginning of year	**5 435**	**10 800**	**1 332**	**17 567**
Fair value increase/(decrease)	**10**	**113**	**(10)**	**113**
Fair value at the end of year	**5 445**	**10 913**	**1 322**	**17 680**

Group
2023

	Kilimanjaro Investments (Pty) Ltd	Earthstone Investments (Pty) Ltd	Ahmed Al Kadi Private Hospital	Total
Fair value at the beginning of year	5 339	10 664	1 435	17 438
Fair value increase/(decrease)	96	136	(103)	129
Fair value at the end of year	5 435	10 800	1 332	17 567

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 R15,4 million (2023: R13,9 million). Executives' portion of the contribution amounted to R945 000 for the year (2023: R1,1 million).

35. RELATED PARTY INFORMATION

The ultimate holding company of Albaraka Bank Limited at 31 December 2024 is Al Baraka Group B.S.C. (C) which is a company registered in the Kingdom of Bahrain and which holds 64,5% (2023: 64,5%) of the company's ordinary shares. Dominion (South Africa) Proprietary Limited previously named DCD Holdings (SA) Proprietary Limited together with DCD London & Mutual Plc, a company incorporated in England and Wales, jointly hold 12,6% (2023: 12,6%) of the company's ordinary shares.

Timewest Investments Proprietary Limited, a company incorporated in South Africa, holds 7,7% (2023: 7,7%) of the company's ordinary shares.

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 exposure between the Albaraka Sukuk Trust and the Bank relating to the sukuk investment is disclosed under note 19 and the intercompany balance of R325 323 (2023: 280 197) is identified in note 7.

The subsidiary of the bank, Albaraka Properties (Proprietary) Limited, and the related intercompany balances of R60 260 461 (2023: R58 956 010) are identified in note 7. The Bank also made lease repayments amounting to R18 464 773 (2023: R18 844 733) 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 of R278 746 (2023: R268 025) to the subsidiary is disclosed in note 23. A dividend of R14 million (2023: R Nil) was declared during the year.

During 2024, Albaraka Financial Services Proprietary Limited, which is a wholly owned subsidiary of Albaraka Bank Limited was formed for the administration of the Bank's Takaful (Islamic insurance) service offering. The executives are considered the key management personnel and the remuneration paid to the executives is disclosed in note 25.

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.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Related party information (cont)

	COMPANY	
	2024	2023
	R'000	R'000
Balances owing by/(to) related parties, including advances to executive and non-executive directors, are disclosed below:		
Property finance - Musharaka and Murabaha		
Balance outstanding at beginning of year	**9 869**	13 877
Advances granted during the year	**-**	-
Repayments during the year	**(4 155)**	(5 051)
Profit earned	**908**	1 042
	6 621	9 868
Profit mark-up range for the year	**5% to 12,25%**	5% to 12,25%

The profit mark-up of 5% is in respect of advances to executive directors at subsidised rates which, at year end was R182 000 (2023: R415 000).

Instalment sale		
Balance outstanding at beginning of year	**2 559**	3 305
Advances granted during the year	**2 230**	-
Repayments during the year	**(2 141)**	(970)
Profit earned	**214**	224
	2 862	2 559
Profit mark-up range for the year	**7,74% to 13,13%**	5,75% to 10,75%

These advances are on normal trade terms.

Trade finance		
Balance outstanding at beginning of year	**636**	1 191
Advances granted during the year	**4 236**	1 818
Repayments during the year	**(3 287)**	(2 437)
Profit earned	**30**	64
	1 615	636
Profit mark-up range for the year	**11,00%**	11,25%

These advances are on normal trade terms.

Related party information (cont)

	COMPANY	
	2024	2023
	R'000	**R'000**
Albaraka Sukuk Trust		
Sukuk capital – Tier 2	**307 700**	307 700
Sukuk capital – Additional Tier 1	**124 000**	124 000
	431 700	431 700
Total exposure to related parties	**442 798**	**444 763**
Staff		
Staff advances are conducted at subsidised profit rates.		
The total staff advances outstanding at the end of the period amounted to:	**88 011**	89 044

Allowance for credit losses related to related party balances (inclusive of staff) amounted to R200 000 (2023: R116 000).

Unconsolidated structured entities

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. One of the Bank's directors is also a trustee of the trust. The Iqraa Trust is not consolidated. During the year, the bank donated an amount of R6 619 379 (2023:R3 000 000) to the trust. As at 31 December 2024 funds deposited by the trust with the bank amounted to R14 444 403 (2023: R13 362 874).

Giving for Hope Foundation Trust is a registered trust, established in 2020 as a Covid-19 disaster relief fund. The sole intention of the Trust is to carry-on relief activities to assist qualifying Small, Medium and Micro Enterprises (SMMEs) negatively impacted by the pandemic. The Trust appointed Albaraka Bank Limited as agent and administrator to manage and administrate the Trust Funds on a Shariah compliant basis. Albaraka Bank Limited renders such services without charge as part of its social contribution in supporting SMMEs. One of the Bank's directors is also a trustee of the trust. The Giving for Hope Foundation Trust is not consolidated. As at 31 December 2024 funds deposited by the trust with the bank amounted to R 3 720 106 (2023: R1 636 878).

36. RESTATEMENTS

The following restatements were made in the current year. The effects of the restatements are disclosed below.

36.1 Deferred Tax

During the year, management updated the group disclosures relating to deferred tax assets and liabilities. Historically, the deferred tax liability of the subsidiary was set-off against the deferred tax asset of the company. This has been corrected in the current year to reflect the deferred tax asset and deferred tax liability separately, as these balances do not meet the offsetting criteria in IAS 12. The group and company deferred tax asset was previously presented as being more liquid than property plant and equipment, investment properties, intangible assets and investment in and amount due by subsidiary company. This has now been reordered to correctly reflect the deferred tax asset as the least liquid line item in the order of liquidity. The impact on each line item of the financial statements is disclosed in note 37.

36.2 Investment in and amounts due by subsidiaries

During the year, management updated the company disclosures relating to the intercompany lease between Albaraka Bank Limited and Albaraka Properties Proprietary Limited. Historically, the finance lease liability of Albaraka Bank Limited was offset against the amounts due by the subsidiary, Albaraka Properties Proprietary Limited. Based on offsetting principles in terms of IAS 32, this has been corrected in the current year to separately reflect the finance lease liability and amounts owed by subsidiaries, as these balances do not qualify for offset in IAS 32. The impact on each line item of the financial statements is disclosed in note 37.

36.3 Deferred Income

Fee income relating to deal origination were previously recorded in full in the year fees were billed. During the year, management corrected the revenue recognition for such fees to align with the requirements of IFRS 9, whereby the fee income is recognised over the term of the advance with deferred revenue recognised on the statement of financial position for the portion not recognised as income as at reporting date. The impact on each line item of the financial statements is disclosed in note 37.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Restatements (cont)

36.4 Profit paid to additional tier 1 sukuk holders

During the year, management updated the group and company cash flow disclosures relating to profit paid to additional tier 1 sukuk holders to correctly reflect under cash outflows from operating activities in line with the Group's accounting policy to present dividends paid in operating activities. The dividends paid were previously included in financing activities. The impact on each line item of the financial statements is disclosed in note 37.

	As previously reported	Restatement note 36.1	Restated
	R'000	R'000	R'000
37. IMPACT OF THE RESTATEMENTS			
37.1 Impact on profit or loss			
2023 - Group			
Fee and commission income	52 565	(8 891)	43 674
Net income from operations	473 925	(8 891)	465 034
Profit before taxation	172 459	(8 891)	163 568
Taxation	(44 232)	2 400	(41 832)
Profit for the year attributable to equity shareholders	128 227	(6 491)	121 736
Total comprehensive income	128 354	(6 491)	121 863
Comprehensive income attributable to ordinary holders	108 521	(6 491)	102 030
2023 - Company			
Fee and commission income	52 833	(8 891)	43 942
Net income from operations	474 193	(8 891)	465 302
Profit before taxation	166 306	(8 891)	157 415
Taxation	(42 455)	2 400	(40 055)
Profit for the year attributable to equity shareholders	123 851	(6 491)	117 360
Total comprehensive income	123 978	(6 491)	117 487
Comprehensive income attributable to ordinary holders	104 145	(6 491)	97 654

	As previously reported	Restatement note 36.1	Restatement note 36.2	Restatement note 36.3	Restated
		R'000	R'000	R'000	R'000
37.2 Impact on assets, liabilities and equity					
2023 - Group					
Deferred tax assets	-	13 104	-	8 796	21 900
Advances and other receivables	8 156 059	-	-	(32 578)	8 123 481
Total assets	9 157 044	13 104	-	(23 782)	9 146 366
Deferred tax liabilities	4 941	13 104	-	-	18 045
Lease liabilities	6 234	-	-	-	6 234
Total liabilities	8 053 781	13 104	-	-	8 066 885
Retained income	572 224	-	-	(23 782)	548 442
Shareholders interest	979 263	-	-	(23 782)	955 481
Total equity	1 103 263	-	-	(23 782)	1 079 481

Impact of the restatements (cont)

	As previously reported	Restatement note 36.1	Restatement note 36.2	Restatement note 36.3	Restated
		R'000	R'000	R'000	R'000
2022 - Group					
Deferred tax assets	-	15 988	-	6 395	22 383
Advances and other receivables	7 659 468	-	-	(23 687)	7 635 781
Total assets	8 495 580	15 988	-	(17 292)	8 494 276
Deferred tax liabilities	1 731	15 988	-	-	17 719
Lease liabilities	4 052	-	-	-	4 052
Total liabilities	7 480 848	15 988	-	-	7 496 836
Retained income	483 820	-	-	(17 292)	466 528
Shareholders interest	890 732	-	-	(17 292)	873 440
Total equity	1 014 732	-	-	(17 292)	997 440
2023 - Company					
Deferred tax assets	16 439	-	-	8 796	25 235
Investment in and amount due by subsidiaries	43 358	-	15 878	-	59 236
Advances and other receivables	8 155 886	-	-	(32 578)	8 123 308
Total assets	9 126 985	-	15 878	(23 782)	9 119 081
Deferred tax liabilities	-	-	-	-	-
Lease liabilities	6 234	-	15 878	-	22 112
Total liabilities	8 041 231	-	15 878	-	8 057 109
Retained income	554 715	-	-	(23 782)	530 933
Shareholders interest	961 754	-	-	(23 782)	937 972
Total equity	1 085 754	-	-	(23 782)	1 061 972
2022 - Company					
Deferred tax assets	22 381	-	-	6 395	28 776
Investment in and amount due by subsidiaries	41 376	-	31 435	-	72 811
Advances and other receivables	7 659 298	-	-	(23 687)	7 635 611
Total assets	8 478 305	-	31 435	(17 292)	8 492 448
Deferred tax liabilities	-	-	-	-	-
Lease liabilities	4 052	-	31 435	-	35 487
Total liabilities	7 476 706	-	31 435	-	7 508 141
Retained income	470 687	-	-	(17 292)	453 395
Shareholders interest	877 599	-	-	(17 292)	860 307
Total equity	1 001 599	-	-	(17 292)	984 307

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024 (CONTINUED)

Impact of the restatements (cont)

	As previously reported	Restatement note 36.3	Restatement note 36.4	Restated
		R'000	R'000	R'000
37.3 Impact on cash flows				
2023 - Group				
Cash generated from operations	198 167	(8 891)	-	189 276
Changes in working capital	(29 426)	8 891	-	(20 535)
Profit paid to AT1 Sukuk holders	-	-	(19 575)	(19 575)
Net cash flows from (used in) operating activities	105 407	-	(19 575)	85 832
Profit paid to AT1 Sukuk holders	(19 575)	-	19 575	-
Net cash flows from (used in) financing activities	(24 244)	-	19 575	(4 669)
Net increase/(decrease) for the year	74 525	-	-	74 525
2023 - Company				
Cash generated from operations	206 634	(8 891)	-	197 743
Changes in working capital	(33 991)	8 891	-	(25 100)
Profit paid to AT1 Sukuk holders	-	-	(19 833)	(19 833)
Net cash flows from (used in) operating activities	113 832	-	(19 833)	93 999
Profit paid to AT1 Sukuk holders	(19 833)	-	19 833	-
Net cash flows from (used in) financing activities	(24 502)	-	19 833	(4 669)
Net increase/(decrease) for the year	69 386	-	-	69 386

	As previously reported	Restatement note 36.3	Restated
	R'000	R'000	R'000
37.4 Impact on earnings per share			
Increase/(decrease) in basic earnings per share	336.21	(20.13)	316.08

38. EVENTS AFTER THE REPORTING PERIOD

On 26 March 2025, the board declared a dividend of R48 360 390 (150 cents per share) payable on 25 July 2025 to shareholders registered on the books of the company at the close of business on 4 July 2025.

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

AAOIFI STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	GROUP		COMPANY	
	2024	2023 (Restated)*	**2024**	2023 (Restated)*
	R'000	**R'000**	**R'000**	**R'000**
Assets				
Cash and cash equivalents	**930 050**	815 230	**921 557**	808 459
Sales receivables	**3 474 096**	2 487 588	**3 474 096**	2 487 588
Musharaka financing	**5 053 578**	5 550 110	**5 053 578**	5 550 110
Ijarah financing	**65 386**	63 905	**65 386**	63 905
Investment securities	**17 680**	17 567	**17 680**	17 567
Investment in subsidiary company	**-**	-	**60 588**	59 236
Total investments	**9 540 790**	8 934 400	**9 592 885**	8 986 866
Other assets	**71 113**	46 074	**109 366**	52 762
Property and equipment	**102 689**	90 050	**26 663**	13 951
Investment properties	**10 339**	10 339	**-**	-
Intangible assets	**54 544**	61 798	**54 544**	61 798
Total assets	**9 779 475**	9 142 661	**9 783 459**	9 115 377
Liabilities, unrestricted investment accounts and owners' equity				
Liabilities				
Customer current accounts and other	**1 623 379**	1 458 146	**1 623 380**	1 458 146
Payables	**100 193**	97 169	**115 419**	90 941
Other liabilities	**59 388**	60 563	**59 388**	60 563
Total liabilities	**1 782 960**	1 615 878	**1 798 187**	1 609 650
Equity of unrestricted investment account holders	**6 427 515**	6 122 553	**6 427 515**	6 122 553
Sukuk	**311 248**	311 248	**307 700**	307 700
Profits distributable to depositors	**36 043**	17 206	**36 043**	17 206
Total liabilities and unrestricted investment accounts	**8 557 765**	8 066 885	**8 569 445**	8 057 110
Owners' equity	**1 221 709**	1 075 775	**1 214 014**	1 058 267
Share capital	**322 403**	322 403	**322 403**	322 403
Share premium	**82 196**	82 196	**82 196**	82 196
Other reserve	**2 529**	2 441	**2 529**	2 441
Retained income	**690 581**	544 736	**682 886**	527 228
Additional Tier 1 Sukuk Instruments	**124 000**	124 000	**124 000**	124 000
Total liabilities, unrestricted investment accounts and owners' equity	**9 779 475**	9 142 661	**9 783 459**	9 115 377

AAOIFI STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	GROUP		COMPANY	
	2024	2023 (Restated)	2024	2023 (Restated)
	R'000	R'000	R'000	R'000
Income from sales receivables	**346 881**	202 281	346 881	202 281
Income from Musharaka financing	**630 453**	544 053	630 453	544 053
Income from Ijarah financing	**41 839**	42 248	41 839	42 248
Return on unrestricted investment accounts before the Bank's share as mudarib	**1 019 173**	788 583	**1 019 173**	788 583
Less: Bank's share as mudarib	**(568 210)**	(447 079)	**(567 851)**	(447 079)
Return on unrestricted accounts	**450 963**	341 504	**451 322**	341 504
Bank's share in income from investment (as a mudarib and as a fund owner)	**568 210**	447 079	**567 851**	447 079
Bank's income from its own investments	**1 798**	1 656	**15 798**	1 656
Revenue from banking services	**30 486**	24 924	**30 486**	24 924
Other revenue	**21 129**	19 434	**21 402**	19 702
Total Bank revenue	**621 623**	493 092	**635 538**	493 360
Administrative and general expenditure	**(327 960)**	(294 685)	**(333 771)**	(301 653)
Depreciation of property and equipment	**(6 819)**	(5 674)	**(6 701)**	(5 125)
Amortisation of intangible assets	**(13 614)**	(13 547)	**(13 614)**	(13 547)
Depreciation of Ijarah	**(35 017)**	(35 844)	**(35 017)**	(35 844)
Profit before taxation	**238 214**	143 343	**246 435**	137 191
Taxation	**(60 128)**	(41 832)	**(58 537)**	(40 056)
Profit for the period	**178 086**	101 511	**187 898**	97 136

AL BARAKA GROUP GLOBAL NETWORK

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Al Baraka Group has operations through its subsidiaries and associates in:

Jordan;	South Africa;	**Al Baraka Group also has:** Two branches in Iraq and a representative office in Libya
Egypt;	Algeria;	
Tunisia;	Lebanon;	
Bahrain;	Syria;	
Sudan;	Pakistan;	
Turkey;		

Contact details for the subsidiary units of Al Baraka Group are available on our website. Should you wish to access individual subsidiary contact information, please visit: www.albaraka.co.za and select ‘Countries’.

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