alBaraka Bank

ROOTED IN TRUST,
GUIDED BY PURPOSE

ANNUAL REPORT
2025

Al Baraka Bank

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 behavior 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 2025 integrated annual report; a document which provides insights to our 01 January to 31 December 2025 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 2025 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 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 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.

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, materiality is ascertained by our Board of directors, in line with our shareholders and various other strategic stakeholder groups.

We are cognizant 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

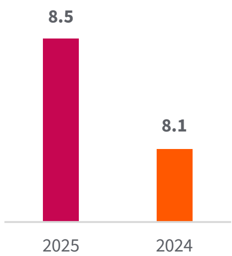
Al Baraka Bank's audit committee is responsible for appraising and submitting our integrated annual report and annual financial statements to the Board of directors for its review and approval. The Board, having given due consideration to the report, is of the opinion that it satisfactorily addresses all relevant material issues and fairly represents the business and financial performance of Al Baraka Bank.

Zahid Fakey
Chairman
16 March 2026

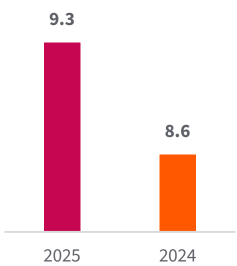
Shabir Chohan
Chief Executive
16 March 2026

Key Performance Indicators

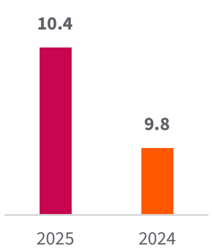
DEPOSITS (R' billions)



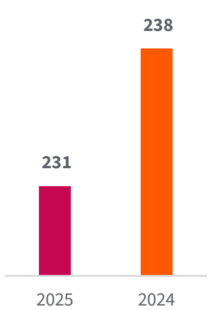
ADVANCES (R 'billions)



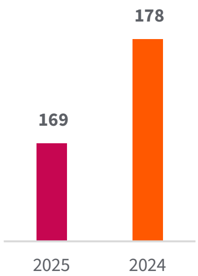
ASSETS (R 'billions)



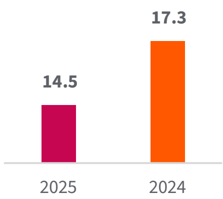
PROFIT BEFORE TAXATION ATTRIBUTABLE TO ORDINARY SHAREHOLDERS (R 'millions)



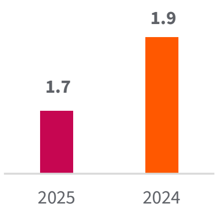
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO ORIDNARY SHAREHOLDERS (R' millions)



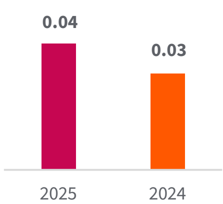
ROE (%)



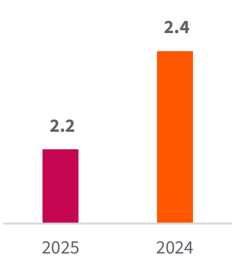
ROA (%)



BAD DEBT RATIO (%)



NON-PERFORMING RATIO (%)



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.

ABG is a leading international Islamic financial Group with a presence in 13 countries as at 31 December 2025. 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 2025, 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 businesspeople 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.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statement of financial position (Rm)										
Share Capital	**322**	322	322	322	322	322	322	322	322	322
Shareholders Interest	**1 222**	1 102	955	891	849	811	771	713	662	627
Total Equity	**1 346**	1 226	1 079	997	849	811	771	713	662	627
Deposits from customers	**8 524**	8 087	7 598	7 061	7 339	7 439	6 180	5 844	5 078	4 634
Advances and other receivables	**9 264**	8 634	8 123	7 636	7 851	7 913	6 522	5 976	5 111	4 646
Total assets	**10 360**	9 783	9 146	8 494	8 595	8 685	7 363	6 834	5 880	5 329
Statement of comprehensive income										
Profit before taxation attributable to ordinary shareholders	**231**	238	144	71	54	51	102	87	74	58
Total comprehensive income attributable to ordinary shareholders	**169**	178	102	51	38	36	75	65	51	41
Share statistics (cents)										
Basic and diluted earnings per share	**523**	553	316	158	118	112	231	203	158	128
Dividend per share	**150**	100	62	30	-	-	55	55	50	50
Net asset value per share	**3 790**	3 417	2 964	2 709	2 634	2 515	2 390	2 201	2 052	1 943
Ratios										
Return on average shareholders' interest	**14.5**	17.3	11.2	5.9	4.6	4.6	10.1	9.5	7.9	9.6
Return on average total assets	**1.7**	1.9	1.2	0.6	0.4	0.4	1.1	1.0	0.9	1.1
Shareholders' Interest in total assets	**11.8**	11.3	10.4	10.5	9.9	9.3	10.5	10.4	11.3	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, 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, expressed as a percentage of the weighted average total assets in a particular year.

BASIC AND DILUTED EARNINGS PER SHARE

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

Our Leadership

As at 31 December 2025, Al Baraka Bank's unitary Board structure comprised:

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

ZH Fakey (51) South African
Chairman of the Board
CA (SA), CISA
Joined the Board in 2019
(Appointed Chairman 01 March 2025)
Board committee membership
DAC REMCO

Adv. JMA Cane SC (59) South African
Lead independent director
Joined the Board in 2018
BA, LLB, LLM
Board committee membership
REMCO DAC AC

SM Nyasulu (43) South African
Independent non-executive director
LLB
Joined the Board in 2020
Board committee membership
SEC RCMC AC

R Lachman (55) South African
Independent non-executive director
CA (SA)
Joined the Board in 2024
Board committee membership
BCC RCMC

A Essack (50) South African
Independent non-executive director
CA (SA)Joined the Board 01 March 2025
Board committee membership
AC

NON - INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr A A Dogar (58) Pakistani
MA (Economics)
Joined the Board in 2024
Board committee membership
BCC RCMC

Dr MM Khemira (62) Canadian
PhD (Engineering)
Joined the Board in 2022
Board committee membership
DAC SEC REMCO

FA Randeree (51) British
BA (Hons), MBA
Joined the Board in 2021
Board committee membership
BCC DAC

EXECUTIVE DIRECTORS

SAE Chohan (60) South African
Chief executive
CA (SA)
Joined the Board in 2004
Board committee membership
BCC SEC

A Ameed (44) 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 Chairperson

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

HEADOFFICE

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

KWA ZULU NATAL

BRANCH | RETAIL | SME | CORPORATE

Durban

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

SERVICE CENTRE

Overport

Shop 12, Gem Towers, 98 Overport Drive Durban, 4001
PO Box 4395, Durban, 4000

GAUTENG

RETAIL | SME | CORPORATE | SERVICE CENTRE

Rosebank

22 Cradock Avenue, Cradock Square, Office 01006 First Floor, Regent Place, Rosebank, Johannesburg, 2196

BRANCH

Lenasia

Shop 20,
Signet Terrace, 82 Gemsbok Street Extension 1,
Lenasia, 1827

SERVICE CENTRE

Laudium

Shop 13,
Cnr 6th Avenue and Tangerine St,
Laudium, Pretoria, 0037

WESTERN CAPE

BRANCH | RETAIL | SME | CORPORATE

Athlone

42 Klipfontein Road,
Athlone,
7764

Customer engagement channels

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

Chairman and Chief Executive's Statement

As Chairman of Al Baraka Bank South Africa, together with the Chief Executive, we are pleased to reflect on the Bank's performance, strategic progress and outlook during the 2025 financial year.

The year under review unfolded within a more demanding operating environment, marked by decreasing profit rates, continued margin pressure and heightened competition across the financial services sector. Notwithstanding these challenges, the Bank remained focused on executing its long-term strategy, recognising that the introduction of new products and strategic initiatives may entail short-term cost implications, but is essential to ensuring long-term sustainability, competitiveness and profitability.

Against this backdrop, the Bank continued to strengthen its foundations, enhance operational efficiency and position itself to respond effectively to an increasingly dynamic banking and payments landscape.

FINANCIAL PERFORMANCE AND CAPITAL MANAGEMENT

While the Bank's financial performance in 2025 did not replicate the exceptional profit growth recorded in the prior year, results remained ahead of budget and reflective of disciplined execution in a challenging operating environment. The moderation in profitability was primarily attributable to decreasing profit rates, together with deliberate investment in strategic initiatives, including digitalisation, product development and people's capabilities, aimed at supporting sustainable long-term growth. Whilst this resulted in the Bank's cost to income ratio increasing for the period under review, the Bank continued to focus on ongoing efficiency measures, cost discipline, and operational optimisation.

Total assets grew by 6% during the year, resulting in the Bank surpassing the R10 billion mark. Customer deposits increased by 5% and customer advances grew by 12%. The decrease in profit rates during 2025 resulted in lower profit yields on customer advances which impacted profitability for the year. The Bank, however, maintained resilient performance with a net profit before taxation of R251 million for the period under review, a marginal decline of 3% from 2024. In 2025, the Bank achieved a return on shareholders' equity of 14.5% against a budget of 14%.

Capital adequacy levels were actively monitored and maintained within appropriate thresholds throughout the year. During the review period, the Board approved the issuance of an additional Sukuk of up to R1 billion, subject to regulatory approval. Sukuk remains a key Shariah compliant instrument for capital optimisation. This initiative is intended to further strengthen the Bank's capital base and support medium- to long-term growth. Sukuk remains a key Shariah compliant instrument for capital optimisation and balance sheet resilience, reflecting the Bank's disciplined and measured approach to growth.

DIGITALISATION, PAYMENTS, ARTIFICIAL INTELLIGENCE AND CYBERSECURITY

Digitalisation remained a core strategic priority during the year under review. The Bank continued to invest in payment technologies, including further enhancements to PayShap and related transactional capabilities, ensuring improved convenience speed and reliability for clients.

In response to the heightened cyber risk environment, the Bank placed significant emphasis on cybersecurity. Meaningful investment was made in staff training and awareness initiatives, reinforcing vigilance and preparedness against evolving cyber threats. In parallel, the Bank continued to inform and educate clients on prevalent fraud risks and preventative measures. Cybersecurity remains an area of focused attention at both Board and Executive level.

The Bank also significantly advanced its adoption of artificial intelligence (AI) tools during the year. Investment was directed towards training staff on the effective and responsible use of AI to create efficiencies at departmental level, reduce time spent on data analysis and enhance decision-making processes. While AI presents meaningful opportunities for improved productivity, the Bank remains mindful of regulatory considerations and continues to ensure appropriate governance, ethical application and human oversight in all AI-enabled processes.

AL BARAKA FINANCIAL SERVICES

A major strategic milestone during the review period was the continued growth and operational maturity of Al Baraka Financial Services (Pty) Ltd, a wholly owned subsidiary of the Bank. Following the receipt of regulatory approval, the subsidiary commenced the issuance of Takaful (Islamic insurance) contracts and has recorded encouraging performance since launch.

The Takaful offering has been well received by clients and demonstrates strong alignment with the Bank's existing Shariah-compliant product suite. The product provides clients with the assurance of a reputable and established underwriting partner, while maintaining full Shariah compliance.

Al Baraka Financial Services represents a high-potential growth area for the Bank and is regarded as a strategically important complement to our participation finance and transactional offerings. The business is expected to contribute meaningfully to the diversification of revenue streams and the expansion of non-funding income, while enhancing the Bank's overall value proposition to clients seeking holistic Shariah-compliant financial solutions.

PRODUCT DEVELOPMENT AND INNOVATION – VIVERE MULTI-CURRENCY CARD

The Bank continued to advance its product development initiatives, focusing on solutions aligned to evolving client needs and Shariah principles. A key achievement during the year was the regulatory approval and national launch of the Vivere multi-currency card.

Market trends have increasingly shifted from cash-based foreign exchange towards secure, card-based solutions. In response, the Bank invested significantly in developing Vivere as a Shariah-compliant alternative that meets modern travel and transactional requirements. Regulatory approval from the South African Reserve Bank was obtained during the third quarter of 2025, following which the Bank undertook an extensive and exclusive national launch in November 2025. Vivere enables clients to load and transact in six currencies, positioning Al Baraka to offer this breadth of currency functionality.

Vivere is expected to contribute meaningfully to the Bank's non-funding income and supports the broader strategy of enhancing transactional engagement with clients. The development of a Shariah-compliant credit card remains under consideration. While the Bank continues to explore this opportunity, it is acknowledged that structuring such a product in a manner that is both Shariah-compliant and financially sustainable remains complex. Accordingly, this initiative continues to be evaluated with appropriate caution.

ECONOMIC LANDSCAPE

The operating environment in South Africa improved as inflation eased and confidence strengthened. Supported by repo rate cuts from the South African Reserve Bank, credit activity increased, while the Bank maintained strong credit quality and financial stability. Refer to the sustainability report for further detail.

Chairman and Chief Executive's Statement (continued)

BRANCH STRATEGY AND CLIENT ENGAGEMENT

In line with evolving client behavior and global banking trends, the Bank continued to review and refine its branch and service centre strategy. Certain service centre initiatives, introduced on a pilot basis, did not meet the objectives established by the Bank and were therefore discontinued. These initiatives were always intended to be temporary and experimental in nature.

The Bank's branch philosophy remains centred on balancing digital convenience with accessible, relationship-driven client service. As a niche Islamic bank, Al Baraka remains agile and responsive to client expectations, ensuring meaningful engagement where physical interaction is required while continuing to strengthen digital channels.

AWARDS AND RECOGNITION

During the year under review, the Bank was honoured with the IFN Award for Best Islamic Bank in South Africa 2025. IFN is a globally recognised authority in Islamic finance, providing independent intelligence, analysis and benchmarking across the international Islamic banking industry.

This recognition affirms the Bank's commitment to delivering high-quality Shariah-compliant financial solutions and reinforces its standing within South Africa's Islamic banking sector.

DIVIDEND

In recognition of the Bank's performance and commitment to shareholder value, a dividend of 150 cents per share was declared and paid during the year under review, representing a 50% increase from the prior year's dividend of 100 cents. This increase was well received by shareholders and reflects the Bank's intention to continue meeting shareholder expectations, subject to statutory and prudential requirements.

PEOPLE, CULTURE AND TRANSFORMATION

The Bank continued to operate within a hybrid work model, recognising the flexibility and productivity benefits achieved since its introduction. At the same time, increased emphasis has been placed on physical presence, particularly for new staff members, to ensure that the Bank's culture, values and service ethos are effectively embedded.

Ongoing investment in staff training remained a priority, with a focus on technology adoption, cybersecurity awareness and professional development. The Bank also continued to prioritise employee wellness, delivering wellness initiatives nationally through a combination of physical and virtual platforms.

Transformation remains a strategic priority for the Bank. During the year under review, Al Baraka Bank South Africa achieved an improvement in its Broad-Based Black Economic Empowerment rating to Level 2 (previously level 3), reflecting the sustained commitment of the Board and management to transformation, inclusivity and meaningful participation in the South African economy.

INDUSTRY ENGAGEMENT AND OUTLOOK

The Bank remains actively engaged in industry initiatives aimed at advancing Islamic banking in South Africa, including participation in banking association sub-committees and collaborative forums. These engagements continue to support the growth and maturity of the Islamic banking sector.

After many engagements, during 2023 the National Treasury successfully issued the first shariah-compliant local sukuk. It was fully subscribed and there has since been no meaningful opportunity for further uptake. The Bank intends to continue to highlight the significant need for a further such Sukuk in the relevant forums and to National Treasury. This would enable the Bank to meet the regulatory requirements relating to liquidity and capital adequacy, earn permissible income and eliminate competitive disadvantages relative to conventional banking alternatives.

Looking ahead, the banking environment is expected to experience further disruption, including increased participation by non-bank entities in the payments and digital wallet space and new market entrants. This reinforces the importance of innovation, cybersecurity resilience and strategic agility. While the Bank remains cautious in light of decreasing profit rates and a demanding operating environment, we are confident that our strategic initiatives, sound governance and disciplined approach position us well for sustainable growth in the years ahead.

CORPORATE SOCIAL INVESTMENT

The Bank recognises that sustainable value creation is intrinsically linked to the well-being of the communities and environments in which it operates. In this regard, the Bank continues to support initiatives that promote social cohesion, environmental stewardship and community welfare.

In support of environmental sustainability, the Bank commemorated Arbor Week by planting trees and vegetable seedlings in collaboration with schools across various regions, reinforcing environmental awareness and sustainable practices. The Bank further demonstrated its commitment to social responsibility through support for animal welfare initiatives, donating food and medical supplies to SPCA branches in Sandton, Durban and Cape Town.

Through these initiatives, the Bank continues to demonstrate its commitment to responsible corporate citizenship, stakeholder inclusivity and sustainable value creation.

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 2025 financial year totaled USD 357 million, whilst total assets for the review period exceeded USD 31 billion.

APPRECIATION

We extend our sincere appreciation to our shareholders and clients for their continued confidence and support. We also acknowledge the dedication and commitment of our management and staff, whose efforts remain central to the Bank's resilience and progress.

We are grateful for the continued guidance and support of the Al Baraka Group, as well as for the diligence of our Board and Shariah Supervisory Board in advancing the principles of Shariah-compliant banking in South Africa.

As we look to the future, we reaffirm our commitment to strengthening client relationships, delivering ethical and innovative financial solutions, and fulfilling our vision of becoming South Africa's leader in innovative participation finance.

We thank Almighty Allah, Most Gracious, and pray for His continued guidance and success in the years ahead.

Zahid Fakey	**Shabir Chohan**
Chairman	Chief Executive
16 March 2026	16 March 2026

Human Resources Report

INTRODUCTION

In 2025, Al Baraka Bank continued to strengthen its commitment to building an empowered, values-driven, and digitally enabled workforce. Our Human Resources function played a pivotal role in supporting the Bank's mission of delivering ethical, customer-centric, and innovative Shariah compliant financial services.

Our focus remained on cultivating a workplace that promotes growth, engagement and inclusivity while leveraging modern HR technologies to enhance employee experience. Through targeted investments in digital platforms, learning solutions and culture-building initiatives, we have laid a strong foundation for sustainable organisational performance and long-term human capital development to take us into 2026 and beyond.

HUMAN RESOURCE STRATEGY

During 2025, our HR strategy evolved to meet the changing needs of the financial sector and to support the Bank's growth trajectory. Emphasis was placed on strengthening talent management, future-fit skills development and workforce engagement.

Digital enablement became a core strategic pillar as we integrated AI-powered tools into key HR processes, enabling more effective workforce planning, enhanced service delivery and improved accessibility of HR services. Our strategy continues to support a people-first culture while aligning closely with organisational priorities and Islamic banking values.

TALENT ACQUISITION AND WORKFORCE PLANNING

Our recruitment and workforce planning approach continued to emphasise the attraction of skilled professionals who align with the Bank's culture and strategic direction. The introduction of a new recruitment system significantly improved recruitment turnaround times and enhanced the quality of engagements with prospective candidates.

We remain committed to fostering a diverse workforce that reflects South Africa's demographic landscape. Our hiring practices actively support gender equity, inclusivity and the fair representation of people living with disabilities.

SUCCESSION PLANNING

The succession planning process was further refined in 2025 to ensure effective leadership continuity across critical areas of the Bank. High-potential employees were supported through structured development pathways, mentorship opportunities and leadership growth initiatives.

Our focus on building a robust internal pipeline continues to reinforce organisational stability, ensuring that future leaders possess the skills and capabilities required to uphold the Bank's values and strategic objectives.

PERFORMANCE MANAGEMENT

The Bank continued to embed its enhanced performance management system through sustained training and ongoing support to managers. The system promotes alignment between individual performance expectations and organisational long-term goals, encouraging accountability and continuous improvement.

In 2025, emphasis was placed on strengthening the quality of performance conversations with our employees and to ensure that performance metrics remain transparent and consistently applied. This has contributed to improved engagement and clearer development pathways for employees.

TRAINING AND DEVELOPMENT

2025 marked a significant shift in how learning is designed, delivered and accessed across the Bank. With improvements made to the learning management system and the introduction of AI-supported learning content creation tools, employees benefit from more dynamic, interactive and tailored development programmes.

Training offerings focused on critical skills such as digital literacy, leadership development, compliance, service excellence and specialist technical knowledge. These initiatives highlight the Bank's commitment to supporting continuous learning and preparing employees for the future demands of the financial services industry.

ORGANISATIONAL RESTRUCTURE DEVELOPMENT

To ensure operational agility and responsiveness to market needs, several structural adjustments were made across business units. These changes supported improved functional alignment, greater collaboration and enhanced clarity of roles and responsibilities.

The HR team worked closely with leadership to implement restructuring processes efficiently, ensuring minimal disruption while strengthening organisational effectiveness.

ENHANCEMENT OF THE ORGANISATIONAL CLIMATE AND CULTURE

Building a positive workplace culture remained a key priority. The 2025 Employee Engagement Survey, conducted using the Employee Net Promoter Score (eNPS) methodology, reflected a notable improvement over 2024 and demonstrated strong levels of employee satisfaction and organisational alignment.

An HR App and Chatbot was introduced to enhance communication channels and improve access to information, thereby contributing to a more connected and informed workforce. Regular HR consultations, open dialogue, and engagement initiatives further supported employee well-being, trust and collaboration throughout the organisation.

CHANGE MANAGEMENT

Given the scale of digital and structural changes introduced in 2025, effective change management was essential. HR led several structured interventions including training sessions, communication campaigns, and stakeholder engagement activities to support employees in adapting to new systems and processes.

CONCLUSION

The progress made in 2025 reflects the HR Department's commitment to creating a digitally enabled, engaged and future-ready workforce. The introduction of new HR technologies, improved learning capabilities and strengthened engagement initiatives has significantly enhanced employee experience and reinforced alignment with the Bank's strategic goals.

As we move forward, we remain dedicated to empowering people, supporting innovation, and fostering a culture of continuous growth—ensuring that Al Baraka Bank remains competitive, agile, and committed to excellence within the financial services sector.

Human Resources Report

(continued)

Workforce profile as at 31 December 2025

	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	34	16	3	2	37	18	55
Skilled technical and academically qualified workers, junior management and supervisors	82	122	2	1	84	123	207
Semi-skilled and discretionary decision-making	14	59	0	0	14	59	73
Unskilled and defined decision-making	0	0	0	0	0	0	0
Total	**133**	**197**	**5**	**3**	**138**	**200**	**338**

AIC* = African, Indian and Coloured.

Information Technology Report

During the review period, the Bank prioritized the implementation of technologies that advance its digitalization agenda while reinforcing system stability, operational resilience and security. The continued rise of AI-driven cyber threats necessitated strengthened cybersecurity measures, enhanced control frameworks and expanded staff awareness initiatives across the organization.

Significant progress was made in modernising the Bank's technology landscape through the replacement of outdated infrastructure with high-performance, resilient systems. Key initiatives included the patching of key system across major environments to improve stability, security and operational efficiency. The Core Banking database version was also upgraded to mitigate risks associated with legacy platforms, maintain vendor support and safeguard service reliability.

In support of growing operational demands and integrated banking services, the Bank invested in additional IT resources, ensuring adequate capacity to sustain service excellence and strategic delivery.

CORE BANKING SYSTEMS

The Core Banking environment remained stable and fully supported integrations across Reporting, Analytics, Mobile Banking and the online application platforms.

Targeted optimisation initiatives continued throughout the period to enhance operational efficiency and improve information security. In addition, systems were successfully enhanced to cater for new products such as Takaful and the Vivere Resident Foreign Currency Account.

The successful upgrade of the Core Banking database ensured continued vendor compliance, enhanced system performance and reduced the risk of service interruptions.

CLOUD ADOPTION

The Bank continued to advance its hybrid, multi-cloud strategy, supporting key platforms such as the Mobile Banking App, Apply-for-Finance portal, IT3B/S submissions and virtual onboarding solutions.

The bank continued with its cloud first approach to IT infrastructure, ensuring a balanced approach to costs, flexibility and security in every assessment conducted.

END-OF-LIFE INFRASTRUCTURE UPGRADES

The Bank continued its structured programme to replace ageing infrastructure with modern, scalable technologies that strengthen reliability and operational efficiency. Key achievements included:

- Upgrades to system patches across major platforms to enhance performance and security.
- Enhancements to the IT Helpdesk ticketing system, improving service management efficiency and response times across the Bank.
- Consolidation of systems and improved load balancing within the virtual environment to reinforce operational resilience.

These upgrades ensure the Bank remains positioned for future scalability and uninterrupted service delivery.

CYBER SECURITY

The cybersecurity landscape evolved significantly, driven by the rapid emergence of AI-enhanced threats such as automated phishing, advanced malware and increasingly sophisticated fraud attempts.

To strengthen cyber resilience, the Bank advanced several initiatives, including:

- Regular cybersecurity awareness programmes
- Staff e-learning and role-based training sessions
- Targeted internal communication campaigns
- Simulated phishing exercises; and
- Independent 24/7 security monitoring and threat advisory services.

These initiatives form a key component of the Bank's Cyber Resilience Framework, ensuring the protection of critical systems and data against emerging threats.

BUSINESS CONTINUITY & DISASTER RECOVERY

The Bank maintained strong business continuity and disaster recovery arrangements to ensure uninterrupted delivery of critical services.

This included:

- A high-availability environment replicated via dual-fibre links to a new off-site Gauteng based Data Centre; and
- Access to multiple cold-recovery Data Centres across strategic regions

Successful disaster recovery testing reaffirmed the Bank's ability to recover critical systems, supporting its commitment to operational continuity.

STRATEGIC OUTLOOK

The Bank's strategic direction continues to emphasise digital transformation, infrastructure modernisation and the adoption of hybrid cloud technologies.

The investment in additional IT resources enhances internal capability, supporting both current operational requirements and future strategic priorities.

Focus areas for the upcoming period include:

- Strengthening cybersecurity measures in response to evolving AI-driven threats.
- Advancing disaster recovery and business continuity capabilities.
- Improving operational resilience through modern, high-availability infrastructure.
- Leveraging advanced technologies to support integrated systems and evolving business needs.

Through a structured, risk-based approach supported by enhanced governance and ongoing capability development, the Bank remains well positioned to deliver secure, reliable and efficient technology services in support of its growth ambitions.

Corporate Governance Report

CORPORATE GOVERNANCE FRAMEWORK

The Board of Directors remains unwavering in its commitment to embedding robust governance practices that support sustainable value creation for all stakeholders. Strong governance lies at the core of the Bank's ability to consistently achieve its strategic objectives, while ensuring compliance with applicable regulatory requirements and upholding the highest ethical standards.

During 2025, the Board continued to align the Bank's governance framework with the principles of the King IV Report on Corporate Governance. By promoting accountability, fairness, transparency and integrity, the Board has set a clear tone from the top and fostered a governance culture that underpins responsible and ethical business practices.

Following the release of the King V Report towards the latter part of 2025, the Board mandated the commencement of the Bank's transition towards alignment with the revised principles, with implementation planned for 2026. This proactive approach is intended to ensure that ethical leadership and sound decision-making continue to guide the Bank towards long-term, sustainable success.

In an increasingly dynamic operating environment, the Board remains cognisant of the rapid evolution of artificial intelligence (AI) and other emerging technologies that are reshaping the financial services landscape. While these developments present meaningful opportunities to enhance decision-making, operational resilience and client experience, they also introduce new and evolving risks that require heightened governance oversight.

Accordingly, the Board continues to enhance the Bank's governance arrangements to support the responsible and ethical adoption of AI, underpinned by clear accountability, appropriate transparency and effective controls that protect stakeholder trust.

The Board further noted the ongoing directives and guidance notes issued by the Prudential Authority which, together with applicable legislation, reinforce the principles of transparency and accountability. The Board will continue to ensure that the Bank's internal policies, processes and procedures remain appropriately aligned with evolving legislative, regulatory and governance developments.

OUR BOARD OF DIRECTORS

The Board of Directors serves as the foundation of embedding corporate governance principles at Al Baraka Bank and is entrusted with providing strategic direction and effective oversight.

The Board ensures that the Bank's short- and long-term strategies remain aligned to its vision, mission and core values, while balancing performance with prudent stewardship. This enables the Board to set an appropriate risk profile that supports sustainable profitability and the creation of long-term stakeholder value.

The Board operates in terms of a comprehensive, regularly reviewed charter aligned to the Companies Act and the Banks Act and guided by the principles of King IV.

During the year under review, the Board initiated the process of aligning its governance frameworks and practices to King V, while continuing to apply the strong foundations established under King IV.

The Board is satisfied that it has discharged its responsibilities effectively and in accordance with its charter throughout the period under review.

During the 2025 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.

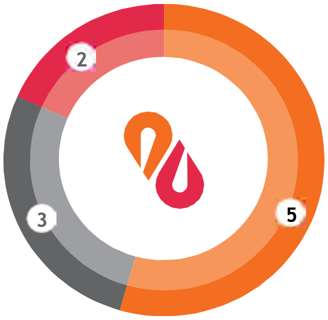
BOARD COMPOSITION AND STRUCTURE

As at 31 December 2025, the Board comprised 10 directors: Five independent non-executive directors, three non-independent non-executive directors and two executive directors, being the chief executive and financial director.

The Board will be reviewing its composition in 2026 to ensure the majority of the Board is independent, meeting the compliance requirements of Directive 4/2018 and the King Reports governance recommendations.

INDEPENDENCE

The independence summary is set out below:



5 Independent
3 non-executives
2 Executive

APPOINTMENTS AND RETIREMENTS

During 2025, the Board confirmed the appointment of Mr. ZH Fakey as Chairman of the Board with effect from 01 March 2025, following approval from the Prudential Authority on 17 December 2024 and the retirement of the former chair, Mr. YGH Suleman on 28 February 2025, having served his maximum term. Mr. ZH Fakey's appointment was subsequently confirmed by shareholders at the Annual General Meeting in June 2025.

In addition, the Board appointed Mr. A Essack with effect from 1 March 2025 which was subsequently confirmed by shareholders at the Annual General Meeting in June 2025.

Mr. A Essack has brought extensive audit, accounting and financial services expertise and currently serves as Chairman of the Audit Committee, strengthening the Board's oversight and assurance capability.

In line with the Board's governance policy, which limits non-executive directors' tenure to a maximum of nine years, Mr. MJD Courtiade, having served his maximum tenure, retired from the Board on 19 June 2025.

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

The Board appointed Mr. Abdullah Ameed as the Bank's Chief Operating Officer, with effect from 1 March 2026, subject to regulatory approval.

Corporate Governance Report (continued)

Mr. A Ameed, who served as the Financial Director, will be stepping off the Board with effect from his date of appointment to assume this new role.

The appointment of the Financial Director position is currently being finalised and will be subject to Regulatory approval.

DIRECTOR SKILLS AND QUALIFICATIONS

Members of the Board of directors comprise individuals who 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 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.

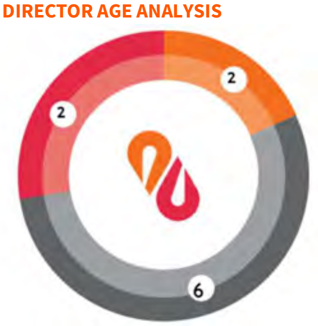
Following his appointment, Mr. A Essack underwent a comprehensive induction programme, which provided an in-depth understanding of the Bank's operations and key management portfolios.

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 2025)

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

DIRECTOR AGE ANALYSIS



2 Between 40 and 49 years
6 Between 50 and 59 years
2 Over 60 years

FUTURE PLANNING

The Board recognises succession planning as a critical enabler of sustained, effective leadership within the Bank.

To support continuity and long-term stability, the Board maintains a structured succession framework that considers both current capability requirements and future strategic needs.

The framework deliberately integrates diversity considerations, including gender and race, reflecting the Bank's transformation and inclusion objectives and aligning with relevant Group policies.

Succession arrangements are reviewed on a regular basis to ensure they remain fit-for-purpose and responsive to an evolving business and regulatory landscape.

INDEPENDENCE ASSESSMENT

The independence of directors is reviewed annually in terms of the requirements of Directive 4/2018.

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 change of pace in the banking environment, the Board continues to emphasise the importance of ongoing director development and education to ensure that directors remain informed of key developments in legislation, regulation, risk and the broader external environment impacting the Bank's operating and business framework. Ongoing director development remains a standing objective of the Board, with training needs formally considered through the Bank's training structures and monitored by the Directors' Affairs Committee.

During the course of the 2025 financial year, the Board was formally briefed on key Anti-Money-Laundering/Financial Intelligence Centre matters as well as the Companies and Intellectual Property Commission (CIPC) Guideline 1 of 2025 regarding directors' duties and consequences of non-compliance. In addition, the Board received an overview of the King V governance principles by a member of the King Committee thus demonstrating the Bank's continued focus on governance excellence and the progressive alignment of our governance practices to evolving best practice.

Given the increasing demands placed on directors, together with heightened legal and fiduciary responsibilities, the identification and completion of relevant and timely director training will remain a key area of focus in the year ahead.

DIRECTOR PERFORMANCE EVALUATIONS

The Board's performance is assessed in terms of a formal evaluation process. In line with best governance practice, the 2024 Performance evaluations completed in early 2025 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.

Corporate Governance Report (continued)

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.

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 2025:

Name of Director/Member	Board	Audit	Risk and capital management	Board credit	Directors' affairs	REMCO[6]	Social and ethics
ZH Fakey	4/4[1]	1/6[1]	-	-	2/3[1]	11/12	-
YGH Suleman	-	-	-	-	1/3[3]	1/12[3]	-
Adv JMA Cane SC	4/4[2]	5/6	-	-	3/3	12/12	-
Dr MM Khemira	4/4	-	-	-	3/3	12/12	2/2
AA Dogar	4/4[4]	-	4/4	4/4	-	-	-
MJD Courtiade	2/4[4]	-	2/4[4]	2/4[4]	-	6/12[4]	-
SM Nyasulu	4/4	6/6	4/4	-	-	-	2/2
FA Randeree	4/4	-	-	4/4	3/3	-	-
R Lachman	4/4	-	4/4	2/4	-	-	-
A Essack	4/4	5/6[5]	-	-		-	-
SAE Chohan	4/4	6/6	4/4	4/4	-	-	2/2
A Ameed	4/4	6/6	4/4	-	-	-	-

1 Chairman of the Board from 1/03/2025
2 Lead Independent Director
3 Resigned - 28/02/2025
4 Resigned – 19/06/2025
5 Appointed - 01/03/2025
6 Included Executive interview

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 2025 and confirms that it has fulfilled its responsibilities, as set out in its charter for the year under review.

A Essack
Chairperson: Audit committee

Corporate Governance Report (continued)

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 four occasions during 2025 and confirms that it has fulfilled its responsibilities, as set out in its charter for the year under review.

R Lachman
Chairperson: Risk and 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 addressing statistics and progress reports on stress testing on the advances portfolio of the Bank.

The Board credit committee met on four occasions during 2025 and confirms that it has fulfilled its responsibilities, as set out in its charter for the year under review.

R Lachman
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 three times during 2025 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;

Corporate Governance Report (continued)

- 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 caliber of executive senior management is attracted, retained, motivated and rewarded.

The committee met 12 times during 2025 and is satisfied that it has fulfilled its responsibilities as set out in its charter for the year under review.

The Committee further 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.

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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 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 met on two occasions during 2025 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 remains the non-negotiable foundation upon which Al Baraka Bank conducts its business operations. All employees and key stakeholders with whom the Bank engages are expected to uphold the highest ethical standards, as set out in the Bank's Code of Conduct.

The Board has established a culture of strong governance and compliance with all applicable laws and regulations. The Bank remains focused on implementing prudent risk management practices.

To give effect to this, the Board regularly monitors the approval and implementation of its policies.

TRANSFORMATION

Al Baraka Bank fully embraces transformation in line with the Broad-Based Black Economic Empowerment (B-BBEE) Codes. In terms of the revised and amended Codes, the Bank has recently been classified as a Level 2 contributor.

PRESCRIBED OFFICERS

The prescribed officers of the bank comprises of the chief executive and the financial director.

COMPANY SECRETARY

The Company Secretary is appointed by the Board of Directors and is responsible for providing support and guidance on Board matters relating to governance, ethical conduct, and the rights and duties of directors. The Company Secretary is also responsible for giving effect to the Board evaluation process, as well as overseeing the induction, ongoing training, and development of directors.

The Board is satisfied that the Company Secretary has maintained an independent arm's-length relationship with the Board.

Digitalisation Report

INTRODUCTION

During the 2025 financial year, Albaraka Bank South Africa continued to advance its digital transformation agenda in line with the Bank's strategic objectives. The focus during the year was on the modernisation of customer-facing infrastructure, enhancement of national payments capabilities, cost optimisation through automation, and the structured adoption of data analytics and artificial intelligence.

These initiatives supported improvements in customer experience, operational resilience, regulatory compliance, and long-term scalability, while maintaining an appropriate balance between innovation, risk management, and cost discipline.

DIGITAL BANKING AND CHANNEL ENABLEMENT

During the year under review, the Bank completed the modernisation of its self-service infrastructure. The legacy ATM fleet was decommissioned and replaced with modern deposit-taking machines operated through a strategic partnership with a fintech service provider. This transition reduced compliance burden, maintenance risk, improved system availability, and enhanced the efficiency of customer cash deposit transactions.

Progress was also made in advancing digital onboarding capabilities. Remote transactional account opening for existing customers was successfully implemented and deployed into a controlled pilot environment. This capability represents an incremental step toward broader digital onboarding and reduced dependency on physical branch interactions.

In support of ongoing regulatory compliance, the Bank implemented a WhatsApp-based channel to facilitate customer due diligence and KYC processes. The solution enables customers to complete regulatory requirements securely using a familiar communication platform and contributes to improved turnaround times and customer convenience.

PAYMENTS AND NATIONAL INFRASTRUCTURE

The Bank successfully implemented PayShap Rapid Payments during the reporting period. These national real-time payments capability enables customers to send and receive funds instantly and represents a material enhancement to the Bank's payments offering.

In recognition of the Bank's participation and contribution to the PayShap ecosystem, the General Manager: Digitalisation was nominated by the PayShap Governance Council to chair a subcommittee focused on customer experience. This role provides the Bank with representation in industry-level discussions relating to payments standards and customer outcomes.

PRODUCT ENABLEMENT AND PLATFORM READINESS

Further progress was made in strengthening the supporting technology components of the Bank's Vivere foreign currency offering. Enhancements implemented during the year included the stabilization of automated exchange rate updates, enablement of digital customer onboarding, and implementation of transaction hedging functionality. These improvements enhanced the operational robustness and scalability of the solution.

In addition, the Board of Directors approved the business case for the digitalisation of the International Banking payments product. The initiative is intended to improve efficiency, transparency, and accessibility for business customers through the Bank's digital banking channels. Development activities are scheduled to commence in the 2026 financial year.

AUTOMATION, COST OPTIMISATION AND PLATFORMS

In line with the Bank's broader focus on cost optimization, the Robotics function delivered efficiency improvements during the year. Through the redesign and consolidation of automated processes, the Bank reduced its robot footprint by approximately 50% while maintaining processing capacity and service levels. This outcome contributed to lower operating costs and improved platform efficiency.

The Bank also piloted the development of internal applications using the Microsoft Power Platform as an alternative to commercially licensed software solutions. The pilot demonstrated the potential to reduce licensing expenditure while enabling faster solution development through low-code technologies.

DATA, ANALYTICS AND ARTIFICIAL INTELLIGENCE

During the year under review, Albaraka Bank South Africa progressed its structured adoption of artificial intelligence capabilities. The Bank was the first within the Albaraka Group to formalise and implement a policy governing the responsible use of Generative Artificial Intelligence, providing guidance on ethical use, data protection, and risk management.

The Bank also became the first within the Group to deploy a Generative AI solution into a production environment. The solution automates the screening of cross-border invoices for AML purposes and applies Generative AI to manage complex interpretive requirements at scale. This implementation improved processing efficiency while maintaining regulatory compliance.

OUTLOOK

The approved digital roadmap for the forthcoming financial year reflects a continued focus on enhancing customer experience, strengthening payments capabilities, expanding automation, and responsibly scaling the use of data and artificial intelligence.

Digitalisation is expected to remain a key enabler of operational efficiency, risk management, and sustainable growth. Through disciplined execution and strong governance, the Bank aims to continue delivering improved digital capabilities that support long-term value creation for customers and shareholders.

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 recognize that stakeholders are placing greater emphasis on how organizations 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 ecosystems 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 organizational culture.

CORE VALUES

Al Baraka Bank strictly adheres to its set of core values.

RISK AND OPPORTUNITY

The Board of directors supports the view expressed in King IV which recognizes that there are potential opportunities inherent in various risks facing an organization.

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 organization 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.

CORPORATE GOVERNANCE AND SUSTAINABILITY

As South Africa's only fully fledged Islamic bank, Al Baraka Bank Limited conducts its business in accordance with Shariah principles and the standards of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). This commitment means the Bank is prohibited from participating in any banking activities that are not Shariah-compliant, and we maintain robust oversight to safeguard this position.

Guided by the governance outcomes of the King IV Report and as we begin transitioning our governance practices to align with the newly issued King V Code, the Directors' Affairs Committee plays a central role in strengthening the Bank's governance architecture. The Committee supports the Board in promoting ethical and effective leadership, reinforcing sound governance practices, and monitoring adherence to applicable frameworks and standards across the organization.

We recognize that our activities have an impact beyond the Bank, and we therefore remain accountable to our stakeholders and the broader society in which we operate.

This ethos is embedded in our culture and reflected in the actions of our employees, who share a strong sense of responsibility for sustainable business success and meaningful societal contribution. We expect this commitment to continue delivering positive outcomes over the years ahead.

SUSTAINABLE DEVELOPMENT DELIVERY SOCIAL ISSUES

The Bank is committed to ethical and responsible corporate citizenship and recognizes its role in contributing meaningfully to South Africa's socio-economic development. Its Corporate Social Investment (CSI) strategy is anchored in sustainable development, shared value creation and the delivery of positive outcomes for key stakeholders, with a particular focus on historically disadvantaged communities.

During the 2025 financial year, the Bank prioritized education and welfare initiatives, recognizing their critical role in addressing inequality and enabling long-term societal advancement. Approximately R3 million was invested in education and welfare-based programmes, with an additional R 3 million contributed to a charitable trust.

Education remains a strategic pillar of the Bank's CSI framework due to its transformative impact on social mobility and economic participation. Through partnerships with schools nationwide, the Bank supported initiatives aimed at improving infrastructure, enhancing financial and social awareness, and promoting learner well-being. The National Shoe Drive resulted in the distribution of new school shoes to underprivileged learners, contributing to improved dignity, confidence and school attendance.

As part of its long-term legacy initiative, the Bank has partnered with Sinevuso Secondary School in Ixopo since 2015. Contributions have been made towards infrastructure development, educational resources and learner support. These interventions have contributed to an improvement in the school's Matric pass rate from 39% in 2014 to 78% in the past year. In 2025, additional support included the Bank's annual Career Day programme, donations of scientific calculators, and the progression of the newly introduced Accelerator Educational Learnership Programme.

Sustainability Report

(continued)

During 2025 we donated R2 825 488.

Geographical distribution

Province	Amount
Western Cape	663 256
Gauteng	204 928
KwaZulu-Natal	1 957 304
Total	**2 825 488**

SECTORAL DISTRIBUTION

Category	Amount
Education	951 886
Health	333 400
Welfare	1 540 202
Total	**2 825 488**

ECONOMIC ISSUES AND CREDIT LANDSCAPE

In 2025, Al Baraka Bank maintained its steady performance in a changing financial landscape, supported by its commitment to Shariah-compliant banking principles, client-focused innovation, and disciplined risk management. The year saw growth across key portfolios and improving navigation of a gradually improving macroeconomic environment.

South Africa's economy gained momentum during 2025, with inflation moderating and GDP growth showing signs of recovery, supported by infrastructure improvements and enhanced investor confidence. The South African Reserve Bank adopted a measured monetary easing stance during the year, reducing the repo rate from 7.50% at the beginning of 2025 to 6.75% by November 2025. The easing cycle provided relief to households and businesses and supported credit activity across the banking sector.

Against this backdrop, Al Baraka Bank achieved growth in Its financial portfolio, supported by effective portfolio monitoring, and strong alignment with regulatory standards.

Notably, credit quality remained robust throughout the year, reflecting the Bank's proactive approach to managing risk and ensuring financial stability. While inflation decreased to its lowest level in four years, economic growth remained slow, with improvements in confidence not yet translating into tangible investment.

CLIMATE RISK

GOVERNANCE

As a financial institution, Albaraka Bank recognizes that climate change presents financial risks and opportunities which, over time, may affect the Bank's business model, risk profile and long-term sustainability. Accordingly, climate-related risks and opportunities are integrated into the Bank's governance structures and oversight processes.

In line with our commitment, the Social and Ethics committee continues to oversee climate risk.

Albaraka Bank has implemented governance structures and controls to oversee sustainability and climate-related risks, in line with the Bank's governance and risk management frameworks and with reference to relevant regulatory guidance. The internal climate risk management committee continues to drive the application of regulatory and industry guidance, ensuring that our response to climate risk is in line with the Regulatory Guidance Notes.

STRATEGY

During the year, an assessment was conducted on the Bank's ten largest exposures to identify key climate-related risk drivers and client-level mitigation measures.

The review highlighted exposure to sectors with higher energy consumption, transport emissions, and water usage, with several clients implementing initiatives such as energy efficiency measures, solar installations, fleet modernization, and operational efficiencies to mitigate the impact on the climate.

Albaraka Bank continues to enhance its approach to managing climate related risks and opportunities. Plans are in progress to develop and implement additional strategies for the identification, assessment and management of climate related risks.

RISK MANAGEMENT

We continue to actively promote green financing solutions, with a particular focus on solar finance as part of sustainable financing strategy.

There was an increase in sales of hybrid/electric vehicles thus reducing the impact of emissions from internal combustion engine vehicles. The Bank is also planning to offer more favorable offerings to promote hybrid /electric vehicles.

METRICS AND TARGETS

Increase in solar-related finance sales reflected progress in financing the transition to low carbon emission and supporting climate mitigation outcomes.

Increase in hybrid/electric vehicle sales supported the transition to lower-emission transport solutions contributing to the reduced emissions relative to internal combustion engine vehicles.

OCCUPATIONAL HEALTH AND SAFETY

The bank remains committed to maintaining a safe, healthy, and compliant working environment for all employees, contractors, and stakeholders.

Occupational Health and Safety is recognized as an integral component of our operational sustainability and financial stewardship. Health and safety considerations continue to be integrated into operational decision-making to support workforce wellbeing, regulatory compliance, and long-term organizational resilience.

Adequate resources have been allocated to support continuous improvement in safety performance, employee wellbeing, and risk mitigation, ensuring that health and safety obligations are effectively integrated into the organization's overall financial and operational management framework.

The bank continues to meet its statutory obligations through ongoing monitoring, reporting, and implementation of preventative measures, supporting employee wellbeing and public sector accountability.

STATUS OF OHS COMMITTEE

In this report, we will provide an overview of our organization's current state of occupational health and safety (OHS) practices within the bank.

Sustainability Report
(continued)

The organization adheres to national OHS legislation and international standards, embracing OHS compliance and ethical workplace practices.

For the year under review, we had two incidents of injury to report. Both incidents related to external service providers' staff being injured whilst onsite. All reporting protocols were followed and learnings adopted.

Throughout the reporting period, Occupational Health and Safety practices were actively managed through established policies, risk management processes, and employee engagement initiatives.

INITIATIVES AND TRAINING
The HR Department has conducted wellbeing and health initiatives to foster better employee wellness. The following presentations were made to staff;

- Anti-Tabacco & Anti-Smoking
- Ergonomics / Lifestyle / Sport

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 selected branches. Notifications for site visits were received prior, with the HR Department forwarding all necessary documentation as requested.

FIRE DRILLS
All required safety emergency response drill exercises for all locations were successfully conducted for the year.

OHS COMMITTEE MEETINGS
Committee meetings are held on a quarterly basis.

Monthly online meetings are held with branches to discuss issues relating to working conditions at branches and head office. Due to movements and changes within the organization, the OHS committee continuously updates the OHS representative's schedules at head office and at branch level.

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

Energy Management
This report provides an overview of the socio-ethical practices within Albaraka Bank, emphasizing the importance of sustainability in our operations as organizations increasingly face scrutiny over their environmental and social impact, and their alignment with ethical standards. The aim is to identify opportunities for improvement and to propose actionable recommendations that integrate sustainability into our core business practices.

WATER STORAGE AND GREY HARVESTING
We have upgraded the current water reticulation system, with an additional bulk break tank installed and commissioned, to provide water supply in instances of disruptions.

Risks relating to council pressure have now been resolved.

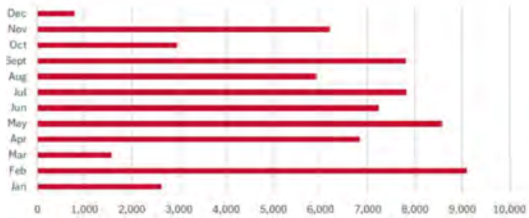
ENERGY MANAGEMENT
Alternate solutions including solar and wind are being pursued with engagement with experienced solutions providers in the industry to achieve the best outcome.

FUEL USAGE
The total cost of fuel used by the Bank's fleet of vehicles for the period 01 January 2025 to 31 December 2025 amounts to R580,321 equating to approximately 27, 838 litres (2024 R 533, 000 and 25, 140 litres).

Power outages resulted in generator diesel consumption from 01 January to 31 December 2025 amounting to R101,641, equating to approximately 5,242 litres (2024: R102,000 and 5,484 litres).

TRAVEL STATS
The Air travel CO_2 Emission Report for local travel for the period January 2025 to end December 2025 is detailed in the graph below:

CO_2 kg Total



STAKEHOLDER ENGAGEMENT
Al Baraka Bank regards its engagement with stakeholders as a journey, which is indicative of the Bank's commitment to a 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 business journey.

In accordance with King IV and the recently introduced King V, the Board continues to promote a stakeholder-inclusive approach, ensuring that the legitimate interests and expectations of material stakeholders are balanced in the best interests of the Bank over time.

CLIENTS
Clients have been engaged across several different platforms, ranging from one-on-one interactions to virtual interactions.
Following the launch of Vivere, a foreign exchange card targeted client campaigns were rolled out across the country, during the 4th quarter. The importance of clients and the need to deliver exceptional client service is a point of emphasis in the Bank's dealings with clients.

Several road shows were undertaken in various parts of the country. Invitations and requests from many of these regions enquiring about when the bank will be in a specific region is testament of the positive impact emanating from these road shows. The Bank continues to partner with industry bodies in hosting thought leadership sessions for clients.

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, health and cyber security given the impact of remote work and feedback from Board and Board committee meetings.

The Bank held its national staff awards function in May 2025, and selected staff were recognized for their achievements and contributions to strategic projects including living the values of the Bank.

A change management program is being undertaken with a view to prepare staff for more regular return to office in 2026.

Sustainability Report

(continued)

SHAREHOLDERS

Shareholder communication has been conducted through email and the postal services, to receive relevant information.

A function was hosted in honour of two former directors, the former Chairman of the Board, Mr. YGH Suleman and Mr. Courtiade during the year. This was attended by several shareholders and Sukuk holders. The Annual General Meeting was attended by several major shareholders.

In addition, a 150c dividend per share was approved for shareholders which was paid on 25 July 2025, this being the highest amount in the Bank's history.

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 social outreach initiatives throughout the year, which is very important within the South African context.

The Bank hosted three successful Women in Business Summits across the three key regions. A women only event which saw prominent community influencers and businesswomen in various facets of women owned businesses shared their experiences and knowledge.

REGULATORY AND OTHER INDUSTRY BODIES

Al Baraka Bank has maintained regular engagement with key regulatory bodies, including the Prudential Authority, Financial Intelligence Centre, Financial Sector Conduct Authority, National Credit Regulator, Companies Intellectual Property Commission (CIPC), and Information Regulator.

The Board and Chief Executive meet annually with the Prudential Authority and FSCA (Financial Sector Conduct Authority). In February 2025, the Prudential Authority's annual banking sector engagement addressed critical topics such as AI, digitalization, Financial Action Task Force (FATF) grey listing, and third-party risk management.

The Chief Executive also attended a stakeholder session with the FSCA Commissioner and Deputy Commissioner in June 2025.

MEDIA

The Bank remains committed to maintaining a presence within the media landscape through the execution of a comprehensive media relations strategy.

Management recognizes the critical role that media plays in advancing business objectives. Consistent engagement with media stakeholders not only strengthens relationships but also opens doors to diverse promotional opportunities and platforms.

SUPPLIERS AND CONTRACTORS

The Bank has actively promoted local procurement, and it remains the Bank's policy to settle supplier invoices promptly to ensure that suppliers are not adversely affected by cash flow constraints.

This approach reflects the Bank's commitment to ethical business practices in its dealings with suppliers and contractors. Furthermore, the strategic selection of certain suppliers is undertaken with prudence, as it directly influences the Bank's B-BBEE score.

INDUSTRY BODIES

Management has actively engaged with several key industry bodies throughout the year, including the Banking Association of South Africa (BASA), the South African Banking Risk Information Centre (SABRIC), and the Payments Association of South Africa (PASA) and BankServ (now known as PayInc). Dedicated meetings were held with BASA to further strengthen collaboration and enhance the working relationship between our organizations.

In addition, the BASA Islamic Banking Sub-Committee convenes quarterly, where discussions focused on hosting a workshop for potential Shariah scholars. The committee also provided feedback on a recent presentation delivered to National Parliament on Islamic Banking, reinforcing our commitment to advancing this important segment of the industry.

Building on these strong partnerships, we are confident that our engagement objectives have been successfully achieved.

ISLAMIC SCHOLARS AND ORGANISATIONS

As South Africa's only fully-fledged Islamic commercial bank, Al Baraka Bank continues to foster strong relationships with respected Islamic scholars and recognized organizations.

Our Shariah Supervisory Board comprises highly qualified and influential scholars who hold significant standing within the South African community and enjoy global recognition.

CONCLUSION

The Bank has actively engaged with key stakeholders to create meaningful value and positively impact those we serve, consistently living out our core values in practice.

Stakeholder engagement remains a cornerstone of our governance and ethical culture, supported by digital tools, data-driven processes, and King V principles to position it as a strategic enabler for long-term value creation.

Looking ahead, Al Baraka Bank views sustainability reporting not as compliance, but as a vital reflection of our holistic business approach and unwavering commitment to ethical, responsible, and sustainable growth.

Compliance Report

The compliance function plays a key role in protecting Al Baraka Bank's integrity and supporting sustainable growth. It helps reinforce compliance across the Bank and supports the Board in overseeing regulatory adherence, while maintaining the trust of regulators, customers and other stakeholders.

The Bank remains firmly committed to conducting its business in accordance with applicable laws, regulatory standards and ethical principles. This commitment is embedded across the organization through clear governance structures, strong leadership accountability and a culture that promotes responsible decision-making at all levels.

The compliance function operates independently and provides objective oversight and guidance to management. It maintains direct access to senior management, ensuring that emerging regulatory developments, conduct risks and compliance matters receive appropriate attention and escalation.

IMPORTANT REGULATORY REQUIREMENTS IN 2025

During 2025, regulatory developments placed increased emphasis on effective governance, clear accountability and sound risk management practices, particularly in areas such as Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT), transparency, data privacy and socio-economic transformation.

Key developments included enhancements to the AML/CFT framework through the revised Financial Intelligence Centre Guidance Notice 7A, which aligned regulatory expectations with recent legislative amendments and reinforced Board-approved Risk Management and Compliance Programme (RMCP) obligations, personal accountability, expanded politically exposed persons definitions, enhanced sanctions guidance and beneficial ownership requirements.

The Financial Intelligence Centre also introduced other directives and guidance notes, including Directive 03A and Public Compliance Communication 50A. These directives focused on strengthening the regulatory response to reporting failures, expanded coverage to international funds transfers and reinforced the importance of accurate, timely and complete regulatory reporting.

Corporate governance and supervisory oversight were further enhanced through amendments to the Banks Act Regulations, which streamlined prudential and risk-based reporting to the South African Reserve Bank. Amended Protection of Personal Information Act (POPIA) Regulations were also issued, which strengthened the data subject rights and direct marketing requirements and reinforced expectations around privacy, transparency and responsible data governance.

In addition, revised Employment Equity Regulations introduced stricter enforcement mechanisms, including sector specific targets and mandatory compliance certification, strengthening accountability and supporting broader transformation objectives.

These regulatory advancements underscore South Africa's ongoing commitment to international compliance expectations, robust governance and socio-economic progress, highlighted by its successful exit from the Financial Action Task Force (FATF) grey list.

TRAINING AND DEVELOPMENT

The Bank recognizes that an effective compliance framework is underpinned by knowledgeable and empowered people. As regulatory requirements continue to evolve, targeted investment in learning and capability development remains a key focus area.
A structured, role appropriate learning approach is applied across the organization, ensuring that employees, management and directors remain informed of regulatory expectations relevant to their responsibilities. Training initiatives are designed to move beyond theoretical awareness, placing emphasis on practical application, decision-making and real-world scenarios.

The compliance function works closely with the Human Resources team to ensure that learning interventions remain current, relevant and responsive to regulatory change. This collaborative approach enables the Bank to embed compliance considerations into daily operations and supports employees in confidently navigating regulatory obligations within their respective roles.

Ongoing capability development strengthens the Bank's resilience, enhances risk awareness and contributes to consistent, compliant service delivery.

INTER-DEPARTMENTAL RELATIONSHIPS

Compliance is embedded across the Bank through active engagement with business units, risk management, internal audit and other assurance functions. This collaborative approach supports the consistent application of controls and promotes alignment with applicable laws, supervisory guidance and recognized governance standards.

The compliance function contributes to key management committees and governance forums, providing independent advice on regulatory developments, conduct risk and emerging compliance themes. Through this engagement, compliance considerations are integrated into strategic decision-making and operational planning.

COMPLIANCE MONITORING

Ongoing oversight and monitoring form a core component of the Bank's compliance framework. A structured monitoring approach enables the Bank to assess adherence to regulatory requirements, identify areas for enhancement and to track remediation efforts.

During the year, the compliance monitoring approach continued to mature through the increased use of technology enabled tools and data driven insights. These enhancements support more timely identification of potential issues, improved reporting quality and a forward-looking view of compliance risk.

Monitoring activities focus on key regulatory areas relevant to the Bank's operating environment, including financial crime prevention, consumer protection, data privacy and conduct-related legislation. Findings are escalated through appropriate governance channels, with management accountability for timely and effective remediation.

The Bank maintains a strict zero-tolerance approach to compliance breaches. The compliance function is instrumental in identifying compliance failures, ensuring timely escalation to executive management and the Board and overseeing the effective implementation of remedial actions to address and prevent recurrence.

The Bank maintains a strict zero-tolerance approach to compliance breaches. The compliance function is instrumental in identifying compliance failures, ensuring timely escalation to executive management and the Board and overseeing the effective implementation of remedial actions to address and prevent recurrence.

INDUSTRY REPRESENTATION

The Compliance Department maintains a strategic presence within influential industry bodies, notably the Banking Association of South Africa (BASA) and the South African Banking Risk Information Centre (SABRIC). By participating in specialized committees established by these industry bodies, the Bank remains alert to regulatory changes and actively supports initiatives that strengthen the financial sector and the wider economy.

Compliance Report (continued)

Our affiliation with BASA remains a vital channel for high-level advocacy. It allows the Bank to offer constructive feedback and technical recommendations on emerging policies, ensuring that future regulatory frameworks are both robust and practically executable.

To further embed a culture of excellence, the Bank participates in a dedicated industry Compliance Forum. This forum serves as a central hub for compliance professionals. The forum is designed to foster collaboration and facilitate knowledge sharing.

In addition, the Compliance Department has strengthened its relationship with the Compliance Institute of Southern Africa (CISA), including hosting the CISA Regional Networking Breakfast during 2024 and 2025. This collaboration has further enhanced professional engagement and knowledge exchange within the compliance community.

During 2025, the Bank expanded its engagement with the Financial Sector Conduct Authority (FSCA), including collaborating with the regulator to deliver a Market Conduct presentation to employees at the Bank.
These initiatives collectively underscore the Compliance function's role in influencing the regulatory landscape, fostering co-operation across the financial sector and enhancing the Bank's overall compliance culture.

SHARIAH AND COMPLIANCE CULTURE

The Bank conducts its activities in accordance with Shariah requirements, ensuring that ethical standards are consistently applied across all operations. This approach supports confidence among customers and reflects the Bank's commitment to managing financial relationships with integrity and responsibility.

Shariah compliance remains foundational to the Bank's operating model and informs both strategic direction and day-to-day decision making. Ethical considerations are embedded across products, services and customer interactions, reinforcing transparency, accountability and responsible financial conduct.

The Bank continues to operate within a highly regulated environment, while remaining responsive to customer expectations and market developments. During the year, increased attention was given to encouraging individual accountability for compliance across the organization. This approach ensures that regulatory requirements are applied consistently and practically within the Bank's activities.

To support long term sustainability, the Bank continues to invest in modern systems and digital capabilities that enhance efficiency and improve customer experience. Technology adoption is guided by compliance considerations, ensuring innovation supports both regulatory integrity and service excellence.

Shariah Report

FOR THE YEAR ENDED 31 DECEMBER 2025

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

To the shareholders of Al Baraka Bank Limited

We, the SSB 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 2025.

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 Organization 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 and Commodity Murabaha Transactions
5. ABL Tier 1 and Tier 2 Capital Mudaraba Sukuk
6. Mudaraba Investment Accounts
7. National Treasury Sukuk Investment
8. Islamic Wills and Administration of Estates
9. Profit Distribution
10. Management Accounts
11. Disposal of Impermissible Income
12. Calculation of Zakah due on Net Shareholders Equity
13. Calculation of Zakah on Profit Equalization Reserve
14. Foreign Exchange Transactions
15. Forward Cover Transactions
16. 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 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 **77 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

Shariah Supervisory Board

The Shariah Supervisory Board is an independent body composed of expert jurists specializing in Islamic commercial jurisprudence. It is entrusted with guiding, reviewing and overseeing Al Baraka Bank's activities to ensure compliance with Shariah law. The Board is responsible for addressing all Shariah-related matters professionally and in strict compliance with the Shariah standards set by the Accounting and Auditing Organization 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 Bachelor of Commerce 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, specializing 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 organizations, including:

- Al Baraka Group's Unified Shariah Supervisory Board;
- Islamic Chamber of Commerce and Development and Organization 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 civilization and critical thinking in renowned academic journals. He has participated in numerous international conferences as a panelist and has delivered lectures on various topics within his expertise.

MUFTI ZUBAIR BAYAT (MEMBER)

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 organizations. 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 (MEMBER)

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 specialization in Islamic jurisprudence (Fiqh and Fatwa) at Jamia Darul Uloom Karachi under Mufti Taqi Usmani.
He holds a range of academic and professional 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 compliance with Shariah principles. These funds offer investors access to socially responsible investment opportunities on the Johannesburg Securities Exchange (JSE) and in global markets, as well as to Shariah-compliant non-equity investments. The following Shariah 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 Customized Solutions.

MEMBERS OF THE SHARIAH SUPERVISORY BOARD

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

The Shariah Supervisory Board convenes at least four times a year to ensure that all investments made by Al Baraka Bank and Old Mutual Al Baraka Shariah funds comply with its directives, which are issued in accordance with AAOIFI Shariah standards. 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.

Consolidated and Separate Annual Financial Statements for the year ended 31 December 2025

CONTENTS

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
POSTAL ADDRESS	P O Box 4395 Durban 4000
PARENT COMPANY	Al Baraka Group B.S.C.(C)
ULTIMATE HOLDING COMPANY	Dallah Al Baraka Holding Company B.S.C.(C)
REGISTERED AUDITOR	PricewaterhouseCoopers Inc.

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

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

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 2025 and the statements of profit or loss and other comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended, and a summary of material 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 report of the audit committee, certificate of the company secretary 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 IFRS® Accounting 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 39 to 89 were approved and authorised for issue by the Board of Directors on 16 March 2026 and signed on their behalf by:

Zahid Hassan Fakey
Chairman

Shabir Chohan

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 2025 and that the returns are true, correct and up to date.

Muhammed Talha Kazi
Company Secretary
16 March 2026

Report of the Audit Committee

During the financial year ended 31 December 2025, 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 IFRS Accounting Standards. 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 25 June 2026.

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 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 second 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.

Compliance

The Committee has overseen the Bank's compliance function in accordance with prevailing banking legislation and regulatory requirements.

In line with the approved Audit Committee Charter, the Committee reviewed reports from the Compliance and AML functions, monitored regulatory developments and the Bank's adherence to applicable laws and supervisory requirements, and satisfied itself that the Compliance function is appropriately structured, resourced and independent to effectively discharge its responsibilities.

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
16 March 2026

Directors' report

The directors present their report for the year ended 31 December 2025.

The directors have pleasure in presenting their report for the year ended 31 December 2025.

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

The bank's parent 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. The bank's ultimate holding company is Dallah Al Baraka Holding Company B.S.C.(C), incorporated in the Kingdom of Saudi Arabia with its registered address being Saleh Kamel Business Center, Ash Shati Dist. Building No. 2860.

Share capital

The authorised share capital of the company comprises 100 million (2024: 100 million) ordinary shares of R10 each, amounting to R1 billion (2024: R1 billion). The issued share capital of the company comprises 32,2 million (2024: 32,2 million) ordinary shares of R10 each, amounting to R322,4 million (2024: R322,4 million).

Financial results

The results of the group and the company for the year ended 31 December 2025 are set out on pages 39 to 89.

Dividends

On 26 March 2025, the Board declared a dividend of R 48,36 million (150 cents per share) (2024: R32.24 million or 100 cents per share) payable on 25 July 2025 to shareholders registered on the books of the bank at the close of business on 04 July 2025.

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 banks Takaful (Islamic insurance) service offering.

Capital management

The bank continues to work towards strong management of its capital reserves. The Bank has R 431.7 million sukuk instruments issued via the Albaraka Sukuk Trust, comprising R124 million additional Tier 1 and R307.7 million Tier 2 sukuk instruments. Qualifying capital and reserves was positively impacted during 2025 as a result of increased profitability.

Group results

The Group delivered overall pleasing results for the 2025 financial year.

The Bank experienced growth in term deposits, alongside an increase in demand for customer advances during the second half of the 2025 financial year. The Bank's deposit-taking activities improved by R 437 million, reflecting a 5% increase for 2025. (2024: R 489 million or 6%) with customer advances growing by R 844 million or 12% over this period (2024: R 289 million or 4%)

As growth in customer advances exceeded deposit growth, liquidity was redeployed to support the increase in customer advances. As a result, interbank placements reduced by R 164 million or 16% (2024: R 425 million or 74% increase) for the year.

Credit loss expense amounted to R 15 million (2024: R 16 million) for the 2025 financial year.

Income earned from advances to customers decreased by R 18 million or 2% (2024: R 134 million or 19% increase) owing mainly to the decrease in market rates over the 2025 financial year, which led to lower profit yields earned on customer advances. Notwithstanding the reduction in interbank placements over the year, driven by the higher opening balance, income from advances to banks increased by R 16 million, or 26% (2024: R 34 million or 118%). Income earned from sovereign sukuk investments increased by R 17 million, or 24% (2024: R 64 million) due to the full year returns on 2024 investments earned in 2025, compared with the partial recognition of income on these investments in 2024.

After accounting for profit-sharing with depositors and sukuk holders, the Bank's net income from financing activities increased by R 17 million or 3% for the year (2024: R 119 million or 29%). Financing activities include income earned from customer advances, banks and sovereign sukuk net of credit provisions.

Income from non-funding activities being foreign exchange, unit trust sales, electronic banking fees, advances fees and other fee income, improved by R 16 million or 32% (2024: R 7 million or 16%). This was largely due to increased service fees earned on advances transactions and recovery of fee income on unit trust balances.

Total operating expenditure increased by R 42 million or 13% for the year (2024: R 31 million or 10%), primarily due to higher employment and technology-related costs.

The Group achieved a net profit after tax of R 189 million, representing a decrease of R 10 million or 5% compared to the R 199 million achieved in 2024. After considering profits attributed to additional tier 1 sukuk holders, net profit attributable to ordinary shareholders is R 169 million, lower by R 10 million or 5% (2024: R 76 million or 75% increase). This resulted in a decrease in both basic and diluted earnings per share of 30.08 cents (2024: 236.86 cents increase) from 552.94 cents to 522.86 cents for the period.

Events after the reporting period

Since the start of 2026, geopolitical tensions arising from the ongoing conflict in the Middle East have contributed to increased volatility in global financial markets and heightened uncertainty in global domestic and foreign policy environments. These developments may have direct and indirect implications for global trade, economic outlooks and market expectations.

While the Bank has no material direct exposure to the affected regions at the reporting date, management continues to monitor the evolving situation and assess the potential impact on the Bank's operations, financial position and risk profile. At the date of approval of these financial statements, the impact of these developments cannot be reliably estimated, and no adjustments have been made to the financial statements. Other than the aforementioned, the directors are not aware of any material events that occurred after the reporting date of 31 December 2025 and the date of authorisation of these annual financial statements.

Directors' report (continued)

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)
Dr MM Khemira	(Canadian)
A Dogar	(Pakistani)

Independent non-executive

Z H Fakey CA(SA)	Appointed Chairman of the Board from 01 March 2025
YGH Suleman CA(SA)	Retired on 28 February 2025
MJD Courtiade CA(SA)	(French) Retired 19 June 2025
Adv JMA Cane SC	
SM Nyasulu	
R Lachman CA(SA)	
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

2 Kingsmead Boulevard
Kingsmead Office Park
Stalwart Simelane Street
Durban
4001

Postal Address

PO Box 4395
Durban
4001

Independent Auditor's Report

To the shareholders of Albaraka 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 2025, and its consolidated and separate financial performance and its 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 39 to 89 comprise:

- the consolidated and separate statement of financial position as at 31 December 2025;
- the consolidated and separate statement of profit or loss and other comprehensive income for the 31 December 2025 then ended;
- the consolidated and separate statement of changes in equity for the 31 December 2025 then ended;
- the consolidated and separate statement of cash flows for the 31 December 2025 then ended; and
- the notes to the consolidated and separate financial statements excluding the sections marked as “unaudited” in note 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), as applicable to audits of financial statements of public interest entities, 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

R12,559,400 for the consolidated financial statements and R12,365,350 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 matters

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 559 400	R12 365 350
How we determined it	5% of consolidated profit before taxation	5% of profit before taxation, However, as this calculated materiality exceeds overall group materiality it was limited to R11,500,000 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 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 the Expected Credit Loss (ECL) on gross advances to customers and gross advances to banks and sovereigns 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 Material 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 2025, the Group and Company recognised gross advances to customers of R 8.1 billion and gross advances to banks and sovereign of R 1.2 billion, against which an ECL provision of R74.8 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	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 gross advances to 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

Given Default (LGDs) including collateral recovery rates and Exposure at Default (EADs); ▪ The criteria for assessing if there has been 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. 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.	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. ▪ We evaluated cure rates and default risk per segment by considering historic data and trends. We assessed management's 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 mode ▪ 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.

Independent Auditors Report (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the document(s) titled "Albaraka Bank Limited Consolidated and Separate Annual Financial Statements for the year ended 31 December 2025", which include(s) the Directors' Report, the Report of the Audit Committee and the Certificate by the Company Secretary 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.

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, 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 Bank'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 Bank 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 skepticism 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 Bank'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 Bank'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 Bank 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 2 year(s).

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: D Stonebridge
Registered Auditor
Johannesburg, South Africa
16 March 2026

Statements of Financial Position

AS AT 31 DECEMBER 2025

		GROUP		COMPANY	
		2025	2024	2025	2024
	Notes	R'000	R'000	R'000	R'000
Assets					
Deferred tax asset	8	44 676	30 119	45 141	30 293
Property and equipment	3	99 323	102 688	23 265	26 663
Right of use asset	4.1	2 300	3 664	34 149	42 136
Investment properties	5	10 339	10 339	-	-
Intangible assets	6	48 652	54 543	48 652	54 543
Investment in and amount due by subsidiaries	7	-	-	62 548	60 588
Investment securities	9	17 858	17 680	17 858	17 680
Advances and other receivables	10	9 263 858	8 634 284	9 263 464	8 633 889
Regulatory balances	11	633 270	618 507	633 270	618 507
Cash and cash equivalents	12	239 804	311 542	237 445	303 050
South African Revenue Services	16	47	-	-	-
Total assets		**10 360 127**	**9 783 366**	**10 365 792**	**9 787 349**
Equity and liabilities					
Equity					
Share capital	13	322 403	322 403	322 403	322 403
Share premium	13	82 196	82 196	82 196	82 196
Other reserves		2 674	2 529	2 674	2 529
Retained income		814 683	694 472	805 966	686 776
Shareholders' interests		**1 221 956**	**1 101 600**	**1 213 239**	**1 093 904**
Additional Tier 1 Sukuk Instrument Holders	19.2	124 000	124 000	124 000	124 000
Total equity		**1 345 956**	**1 225 600**	**1 337 239**	**1 217 904**
Liabilities					
Deferred tax liability	8	18 197	18 174	-	-
Welfare and charitable funds	14	63 046	59 389	63 046	59 389
Sukuk Holders/Albaraka Sukuk Trust	19.1	311 248	311 248	307 700	307 700
Provision for leave pay	17	10 956	7 330	10 956	7 330
Lease liabilities	4.2	2 794	4 103	38 481	43 222
Trade and other payables	15	81 559	69 277	81 726	63 710
South African Revenue Service	16	2 206	1 311	2 429	1 160
Deposits from customers	18	8 524 165	8 086 934	8 524 215	8 086 934
Total liabilities		**9 014 171**	**8 557 766**	**9 028 553**	**8 569 445**
Total equity and liabilities		**10 360 127**	**9 783 366**	**10 365 792**	**9 787 349**

Statements of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2025

		GROUP		COMPANY	
		2025	2024	2025	2024
	Notes	R'000	R'000	R'000	R'000
Revenue					
Income earned from advances - calculated using effective profit rates		835 606	853 928	835 606	853 928
Income earned from interbank placements - Mudaraba deposits		52 343	48 780	52 343	48 780
Income earned from interbank placements - Murabaha deposits		26 039	13 357	26 039	13 357
Income earned from Sovereign Sukuk		84 968	68 276	84 968	68 276
		998 956	**984 341**	**998 956**	**984 341**
Credit loss expense	10.4	(14 892)	(16 104)	(14 892)	(16 104)
Gross income after credit loss expense		**984 064**	**968 237**	**984 064**	**968 237**
Income paid to depositors	20	(399 469)	(399 407)	(399 469)	(399 407)
Income paid to Tier 2 Sukuk holders/Albaraka Sukuk Trust	21	(29 476)	(30 449)	(29 809)	(30 705)
Net income earned		**555 119**	**538 381**	**554 786**	**538 125**
Net non-Islamic income	22	-	-	-	-
Fee and commission income	23	65 905	50 014	66 315	50 293
Other operating income	24	3 807	3 392	10 713	17 387
Net income from operations		**624 831**	**591 787**	**631 814**	**605 805**
Operating expenditure	25	(373 276)	(331 738)	(378 758)	(335 525)
Finance costs	4.2	(367)	(543)	(5 749)	(2 449)
Profit before taxation		**251 188**	**259 506**	**247 307**	**267 831**
Taxation	26	(62 159)	(60 128)	(59 184)	(58 537)
Profit for the year attributable to equity shareholders		**189 029**	**199 378**	**188 123**	**209 294**
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Other comprehensive income net of tax	27	145	89	145	89
Total comprehensive income		**189 174**	**199 467**	**188 268**	**209 383**
Comprehensive income, attributable to ordinary shareholders		168 716	178 359	167 676	188 172
Comprehensive income, attributable to Tier 1 Sukuk Instrument Holders		20 458	21 108	20 592	21 211
		189 174	**199 467**	**188 268**	**209 383**
Weighted average number of shares in issue ('000)		32 240	32 240		
Basic earnings per share					
Basic and diluted earnings per share (cents)	28	522.86	552.94		

Statements Of Changes in Shareholders' Equity

FOR THE YEAR ENDED 31 DECEMBER 2025

	Share Capital	Share Premium	Other Reserves	Retained Income	Shareholders' Interest	AT 1 Sukuk Instrument Holders	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
GROUP							
Balance as at 01 January 2024	**322 403**	**82 196**	**2 440**	**548 442**	**955 481**	**124 000**	**1 079 481**
Changes in equity							
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 as at 31 December 2024	**322 403**	**82 196**	**2 529**	**694 472**	**1 101 600**	**124 000**	**1 225 600**
Balance as at 01 January 2025	**322 403**	**82 196**	**2 529**	**694 472**	**1 101 600**	**124 000**	**1 225 600**
Changes in equity							
Profit for the year	-	-	-	168 571	168 571	20 458	189 029
Other comprehensive income	-	-	145	-	145	-	145
Total comprehensive income for the year	-	-	145	168 571	168 716	20 458	189 174
Dividend recognised as distributions to shareholders	-	-	-	(48 360)	(48 360)	-	(48 360)
Profit paid to Additional Tier 1 Sukuk	-	-	-	-	-	(20 458)	(20 458)
Balance at 31 December 2025	**322 403**	**82 196**	**2 674**	**814 683**	**1 221 956**	**124 000**	**1 345 956**
Note	13	13				19.2	

Statements of Changes in Shareholders’ Equity (continued)

	Share Capital	Share Premium	Other Reserves	Retained Income	Shareholders’ Interest	AT 1 Sukuk Instrument Holders	Total
	R’000	R’000	R’000	R’000	R’000	R’000	R’000
COMPANY							
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**
Balance at 1 January 2025	**322 403**	**82 196**	**2 529**	**686 776**	**1 093 904**	**124 000**	**1 217 904**
Changes in Equity							
Profit for the year	-	-	-	167 531	167 531	20 592	188 123
Other comprehensive income			145		145		145
Total comprehensive income	-	-	145	167 531	167 676	20 592	188 268
Dividend recognised as distributions to shareholders	-	-	-	(48 360)	(48 360)	-	(48 360)
Profit paid to Additional Tier 1 Sukuk Instrument Holders	-	-	-	-	-	(20 592)	(20 592)
Other	-	-	-	19	19	-	19
Balance at 31 December 2025	**322 403**	**82 196**	**2 674**	**805 966**	**1 213 239**	**124 000**	**1 337 239**
Note	13	13				19.2	

Statements of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2025

		GROUP		Company	
		2025	2024	2025	2024
	Notes	R'000	R'000	R'000	R'000
Cash flow from operating activities					
Cash generated from operations	30.1	278 827	274 499	287 537	284 120
Changes in working capital	30.2	(189 720)	(9 097)	(183 662)	(10 452)
Taxation paid	30.3	(76 384)	(73 854)	(73 635)	(69 312)
Dividends paid	30.4	(47 804)	(31 812)	(47 804)	(31 812)
Profits paid to additional Tier 1 Sukuk holders	30.5	(20 458)	(21 108)	(20 592)	(21 211)
Net cash flows (used in)/ from operating activities		**(55 539)**	**138 628**	**(38 156)**	**151 333**
Cash flows from investing activities					
Purchase of property and equipment	30.6	(6 587)	(18 717)	(6 587)	(18 672)
Purchase of intangible assets	30.7	(8 429)	(7 025)	(8 429)	(7 025)
Proceeds from disposal of property and equipment		334	-	334	-
Dividend received	24	1 717	1 798	1 717	1 798
Increase in investment in and amount due by subsidiaries	7	-	-	(11 250)	(14 472)
Net cash flows (used in)/from investing activities		**(12 965)**	**(23 944)**	**(24 215)**	**(38 371)**
Cash flows from financing activities					
Settlement of lease liabilities – capital	4	(1 524)	(2 957)	(1 524)	(2 957)
Settlement of lease liabilities – lease charges	4	(367)	(543)	(367)	(543)
Net cash flows (used in)/ from financing activities		**(1 891)**	**(3 500)**	**(1 891)**	**(3 500)**
Net (decrease)/increase for the year		**(70 395)**	**111 184**	**(64 262)**	**109 462**
Net forex exchange difference on cash on hand		(1 343)	562	(1 343)	562
Cash and cash equivalents at beginning of year		311 542	199 796	303 050	193 026
Cash and cash equivalents at end of year	12	**239 804**	**311 542**	**237 445**	**303 050**

Included in group and company cash flows from operating activities is profit received of R 990.0 million (2024: R 961.1million) and profit paid of R 434.2 million (2024: R 430.9 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 2025 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 have 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 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
- 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.

Material Accounting Policy Information

(continued)

New and amended standards and interpretations

effective 01 January 2025 (unless stated otherwise)

The following amendments and interpretations apply for the first time in 2025 but did not have an impact on the Bank's consolidated financial statements.

Lack of exchangeability – Amendments to IAS 21

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.

Standards and amendments not yet effective

At the date of authorisation of the annual financial statements for the year ended 31 December 2025, 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 only the Bank are included below. An assessment of the impact on the business is still being conducted.

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

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 2025 including controlled structured entities.

Investment in subsidiaries

The group reassesses 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 subsidiaries 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 upon 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.

Material Accounting Policy Information

(continued)

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 financing 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.

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 results 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 shortfalls 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% (2024:45%).

Probability of Default (PD) are derived by obtaining the Moodys credit rating as at the date of the ECL calculation and mapping that to the 1-year (12 month) PD provided by Moodys, 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.

Material Accounting Policy Information

(continued)

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 immovable 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.

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. 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 are recognised 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 effectively. 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 for assessing low credit risk, as allowed under IFRS 9, has not been utilized.

Material Accounting Policy Information

(continued)

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 macroeconomic conditions. These scenarios are applied to the Banks 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	2025	2024
Optimistic (Positive)	6%	6%
Expected (Baseline)	80%	79%
Downturn (Negative)	14%	15%

The macro-economic scenario data above is sourced quarterly from Econometrix (Pty) Ltd. For each scenario, the forward-looking projections extend forward through to 2028. The 2025 disclosures represent the average forecast for the next three years. The forecasts are used to adjust the PD used 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:

	2025			2024*		
Macro-economic variables	**Positive**	**Base**	**Negative**	Positive	Base	Negative
Household debt to disposable income (%)	63.3	63.2	62.4	63.6	62.6	61.8
Unemployment rate (%)	32.6	33.0	33.4	33.0	33.2	33.3
Prime overdraft rate (%)	10.6	10.7	10.7	11.6	11.7	11.7
Insolvencies	748.4	824.0	887.5	510.3	666.7	722.0
Insolvencies - (% change)	5.3	14.3	21.8	-19.5	5.7	14.4

*The disclosure of the prior year numbers have been updated to more closely align to the inputs used in the prior year rather than a point in time variable. The methodology in the incorporation of the macroeconomic variables into the model were not changed.

A sensitivity analysis based on macroeconomic scenarios was conducted using data as of 31 December 2025 and 31 December 2024. The results are shown in the table below:

	2025 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)	80%	74 794	0%	61 625	0%	79 481
Downturn (Negative)	14%		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 Optimistic (positive) macroeconomic scenario, compared to the actual year-end ECL results, in contrast to applying a 100% probability to the downturn (negative) macroeconomic scenario. When applying a full 100% probability to the Expected (Baseline) macroeconomic scenario, the resultant ECL impact is R 68.4 million.

	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

Material Accounting Policy Information

(continued)

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 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

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 stage 3 and non-performing in line with the banks IFRS 9 policy.

Restructured advances are classified as non-performing for the first twelve months (if distressed) / six months (if non- distressed) after a restructure has occurred and are thereafter classified according to the Bank's normal classification policies.

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

Amounts due by subsidiaries

Amounts due by subsidiaries represent non-interest-bearing financial assets arising from intercompany balances owed to the Bank by its subsidiary entities in the ordinary course of business. These balances are unsecured and repayable on demand.

Amounts due by subsidiaries are classified as financial assets measured at amortised cost in accordance with IFRS 9, as they are held within a business model whose objective is to collect contractual cash flows, and the contractual terms give rise to cash flows that represent solely payments of principal.

A financial asset is recognised when the Bank becomes a party to the contractual provisions of the arrangement.

On initial recognition, amounts due by subsidiaries are measured at fair value, which is generally equal to the transaction price, being the amount of cash receivable.

Subsequent to initial recognition, amounts due by subsidiaries are measured at amortised cost using the effective profit rate method. As the balances are non-interest-bearing and repayable on demand, amortised cost approximates the amount receivable, and no unwinding of discount is recognised.

The Bank assesses amounts due by subsidiaries for expected credit losses using the general model approach. Given the nature of the balances, relationship between the Bank and its subsidiaries and the absence of historical credit losses, the expected credit loss, which are considered to be stage 1 financial instruments, is assessed to be immaterial.

Amounts due by subsidiaries are derecognised when the contractual rights to the cash flows expire, or when the amounts are settled, cancelled, or otherwise extinguished.

Amounts due to and from group entities are disclosed as related party balances in accordance with IAS 24, as set out in note 35.

Fair value disclosures relating to these balances are provided in accordance with IFRS 7, as included in note 33.3.

Mudaraba Deposits and Profit Equalisation Fund

Mudaraba investment account holders place funds with the Bank under Mudaraba contracts, whereby profits generated from Shari'ah-compliant assets are shared between the Bank and the investment account holders in accordance with pre-agreed profit-sharing ratios. Profits attributable to Mudaraba investment account holders are recognised in profit or loss as an expense in the period in which the underlying income is earned, based on the contractual profit-sharing arrangements.

To mitigate fluctuations in profit distributions resulting from variability in the performance of the underlying assets, the Bank may appropriate a portion of profits attributable to Mudaraba investment account holders to a Profit Equalisation Fund.

Appropriations to the Profit Equalisation Fund do not give rise to a separate liability of the Bank, as these amounts remain attributable to Mudaraba investment account holders. Accordingly, the balance of the Profit Equalisation Fund is included within Mudaraba deposits which is included in Deposits from Customers in the statement of financial position.

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.

Material Accounting Policy Information

(continued)

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 and letters of guarantees (such as financial and performance guarantees). 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.

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.

Material Accounting Policy Information

(continued)

11. REVENUE RECOGNITION

Income from Islamic activities comprises:

Revenue is recognised in accordance with IFRS 9 and IFRS 15, as applicable.

Income earned from advances to customers is derived from transactions relating to the purchase and sale of moveable and immovable property, manufacturing materials and finished products in terms of Musharaka or Murabaha arrangements and leasing of moveable property in terms of Ijarah arrangements. The profit is recognised over the period of each transaction using the effective profit rate method or, where appropriate on the straight line or reducing balance basis, depending on the nature of the transaction in line with the contractual cash flow profile.

Income earned from interbank placements is recognised over the period of each transaction on a straight-line basis. Advances origination fees are recognized in terms of IFRS 9.

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

Income earned from unit trusts relate to fees and commission earned for arranging shariah compliant unit trust investments on behalf of customers. Income earned from takaful relate to fees and commission earned for arranging shariah compliant insurance on behalf of customers. Management have applied judgement in assessing the Bank's role in these arrangements as agent rather than principal, considering that the Bank does not assume primary responsibility for fulfilling the underlying service, does not bear pricing risk, and does not control the specified services prior to transfer to the customer. Accordingly, in terms of IFRS 15, revenue is recognised on a net basis, representing the fee and commission to which the Bank is entitled and is recognised at a point in time when the performance obligation is satisfied i.e. the underlying transaction is concluded and the Bank's right to consideration becomes unconditional.

Profits from foreign currency trading and service fees levied on customer transactional accounts are recognized at a point in time when the transaction occurs.

Other operating income relating mainly to dividend income is recognised when the right to receive payment is established. Other operating income includes profit earned on CODI loans.

Non-Islamic income

A provision is a liability of uncertain timing or amount in terms of IAS 37. As non-Islamic income is earned, a corresponding provision of equal amount is recognised in terms of IAS 37 as the group has a present obligation which arises out of the operation of Shariah law to donate all income earned from non-Islamic activities.

Based on the above, the non-Islamic income is offset against the equal corresponding expense recognised for raising the provision in the statement of 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 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 recognize 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 recognizes 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 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.

Material Accounting Policy Information

(continued)

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.

On initial recognition, cash and cash equivalents are measured at fair value, which generally equals the transaction price, being the amount of cash placed or deposited.

Cash and cash equivalents are classified as financial assets measured at amortised cost in accordance with IFRS 9, as they are held within a business model whose objective is to collect contractual cash flows and the contractual terms give rise to cash flows that represent solely payments of principal and, where applicable, profits. Due to the short-term nature of these balances, their carrying amount approximates their fair value. These balances are not held for trading and are not designated at fair value through profit or loss.

16.REGULATORY BALANCES

Regulatory balances comprise holdings in the sovereign sukuk, and regulatory balances held with the central bank.

On initial recognition, regulatory balances are measured at fair value, which generally equals the transaction price, being the amount of cash placed or deposited.

Regulatory balances are classified and subsequently measured at amortised cost in accordance with IFRS 9, as they are held within a business model whose objective is to collect contractual cash flows and the contractual terms give rise to cash flows that represent solely payments of principal and, where applicable, profits.

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 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 assets are 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.

Material Accounting Policy Information

(continued)

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 to 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.

22. DIVIDENDS

Dividends represent distributions of profits to shareholders in accordance with the Companies Act, 2008 and the bank's Memorandum of Incorporation.

Dividends are recognised as a liability in the statement of financial position when they are declared and approved by the directors and the entity has a present legal or constructive obligation to make the distribution. Where dividends are declared after the reporting date, no liability is recognised at the reporting date, and such dividends are disclosed as a non-adjusting event after the reporting period.

Dividends are measured at the amount approved for distribution to shareholders. No discounting is applied as dividends are generally payable within a short period after declaration.

Dividends paid during the reporting period are recognised as a direct deduction from retained earnings within equity and are not recognised as an expense in profit or loss, in accordance with IAS 1.

The dividend liability is derecognised when the dividend is paid to shareholders.

Related party disclosures are provided where dividends are paid to the holding company, in accordance with IAS 24.

Notes to the Consolidated and Separate Financial Statements

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)

	2025	2024
Tier 1	**R'000**	**R'000**
Share capital	322 403	322 403
Share premium	82 196	82 196
Retained income	807 408	711 831
Less: unappropriated profits	(64 846)	(56 885)
Unrealised gains and losses on fair value through other comprehensive income items net of tax	2 674	2 529
Total capital and reserves	**1 149 835**	**1 062 074**
Less: prescribed deductions against capital and reserve funds	(45 306)	(48 596)
Total common equity Tier 1 capital	**1 104 529**	**1 013 478**
Additional Tier 1 Sukuk	124 000	124 000
Total Tier 1 capital	**1 228 529**	**1 137 478**
Tier 2		
Provision for credit loss expense (Stage 1 and stage 2)	35 841	30 217
Sukuk	129 460	191 000
Total eligible capital	**1 393 830**	**1 358 695**
Capital adequacy ratios (Tier 1 %)	15.03%	14.39%
Capital adequacy ratios (Total %)	17.05%	17.18%
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 R 307.7 million exceeded 5 years as at 31 December 2025. In line with Regulation 38(12) R 178.2 million (2024: R 116.7 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 active capital management is to:

- Enable growth in shareholder value; and
- Protect the capital base.

Notes to the Consolidated and Separate Financial Statements (continued)

1.CAPITAL ADEQUACY (continued)

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

The Bank is committed to maintaining sound capital and strong liquidity ratios. The overall capital needs are continually reviewed to ensure that its capital base appropriately supports current and planned business and regulatory capital requirements.

In assessing the adequacy of the Bank's capital to support current and future activities, the group considers a number of factors, including:

- An assessment of growth prospects;
- Current and potential risk exposures across all the major risk types; Sensitivity analysis of growth assumptions;
- The ability of the Bank to raise capital; and
- Peer group analysis.

At 31 December 2025, 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:

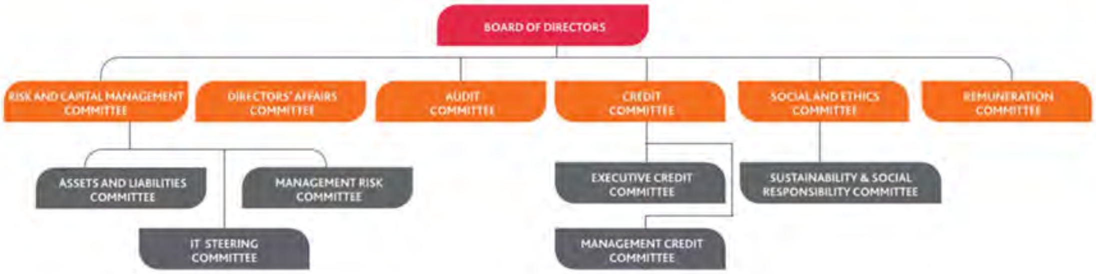
	CAPITAL REQUIREMENTS (Unaudited)		RISK-WEIGHTED ASSETS (Unaudited)	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000
Credit risk	614 133	605 273	6 823 696	6 725 255
Operational risk	96 430	80 370	1 071 441	893 003
Equity risk	1 607	1 591	17 857	17 680
Market risk	1 583	1 643	17 588	18 254
Other risk	22 004	22 788	244 487	253 205
	735 757	**711 665**	**8 175 069**	**7 907 397**

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 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 ad-hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Notes to the Consolidated and Separate Financial Statements (continued)

2. RISK MANAGEMENT AND ASSESSMENT (continued)

Major risks

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

- Credit risk;
- Market risk;
- Equity risk;
- Liquidity risk;
- Profit rate risk;
- Shariah risk;
- 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
- The Bank develops and maintains risk gradings to categorise credit exposures according to the level of credit risk and potential financial loss. These risk gradings are used to support the measurement of expected credit losses on a collective basis. Impairment provisions are determined using portfolio-level risk assessments, where exposures with similar risk characteristics are grouped together and evaluated collectively. The risk grading framework applied forms part of the Bank’s overall approach to credit risk management and impairment measurement.

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 in the Loss category represent exposures that are credit impaired and subject to ongoing recovery actions, including the realisation of collateral and the institution of legal proceedings. Although recovery prospects are uncertain, recovery is still being pursued, and some value is expected to be realised. Accordingly, such exposures remain recognised in the statement of financial position until there is no reasonable expectation of further recovery, at which point they are written off in accordance with the Bank’s accounting policy and IFRS 9.
- Exposures that are classified under the Sub-standard, Doubtful and Loss categories are regarded as non-performing.
- Exposures that have not met their individual repayment terms are classified as past due exposures.

Notes to the Consolidated and Separate Financial Statements (continued)

2. RISK MANAGEMENT AND ASSESSMENT (continued)

Maximum exposure to credit risk – Financial assets subject to impairments

The table alongside 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			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
2025	**R'000**	**R'000**	**R'000**	**R'000**
Advances to Customers: Credit Grade				
Standard	6 499 413	373 812	-	6 873 225
Special Mention	1 031 083	53 517	-	1 084 600
Sub-standard	-	-	78 507	78 507
Doubtful	-	-	43 806	43 806
Loss	-	-	52 589	52 589
Gross advances to customers	**7 530 496**	**427 329**	**174 902**	**8 132 727**
Letters of credit and guarantees	365 741	-	-	365 741
Total advances to customers	**7 896 237**	**427 329**	**174 902**	**8 498 468**
Provision for credit loss expense	(12 593)	(21 535)	(38 953)	(73 081)
Net exposure to customers after provisions	**7 883 644**	**405 794**	**135 949**	**8 425 387**
Advances to Banks				
Advances and balances with banks	950 832	-	-	950 832
Sovereign Sukuk and balances with the central bank	1 113 046	-	-	1 113 046
Total advances to banks	**2 063 878**	**-**	**-**	**2 063 878**
Provision for credit loss expense	(1 713)	-	-	(1 713)
Net advances to banks after provisions	**2 062 165**	**-**	**-**	**2 062 165**
Net advances	**9 945 809**	**405 794**	**135 949**	**10 487 552**
2024				
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
Sovereign Sukuk and balances with the central bank	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 43.0 million (2024: R 71.7 million) and the CODI loan is in Stage 1. There is no collateral over these balances

Notes to the Consolidated and Separate Financial Statements (continued)

2. RISK MANAGEMENT AND ASSESSMENT (continued)

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.

	GROUP AND COMPANY	
	2025	2024
	R'000	R'000
Advances to customers	8 132 727	7 288 407
Advances and balances with banks	950 832	1 047 835
Sovereign sukuk and balances with the Central bank	1 113 046	1 239 361
Letters of credit and guarantees	365 741	305 573
Total exposure	**10 562 346**	**9 881 176**
Provision for credit loss expense on advances to customers	(73 081)	(61 047)
Provision for credit loss expense on interbank and sovereign exposures	(1 713)	(1 811)
Total provision for credit loss expense	**(74 794)**	**(62 858)**
Net exposure	**10 487 552**	**9 818 318**
The group monitors concentrations of credit risk by geographical location, industry and product distribution.		
Geographical distribution of exposures		
Customer exposure		
KwaZulu-Natal	4 209 827	3 676 435
Gauteng	2 600 599	2 407 419
Western Cape	1 688 042	1 510 126
Total customer exposure	**8 498 468**	**7 593 980**
Bank exposure		
KwaZulu-Natal	13 801	9 212
Gauteng	2 011 595	2 263 006
United States of America	38 390	14 978
Other	92	-
Total bank exposure	**2 063 878**	**2 287 196**
Total exposure	**10 562 346**	**9 881 176**
Industry distribution of exposures		
Banks and financial institutions	2 063 878	2 287 196
Individuals	1 399 046	1 326 841
Entities	7 099 422	6 267 139
Total exposure	**10 562 346**	**9 881 176**
Product distribution analysis		
Property (Musharaka and Murabaha)	5 575 219	5 077 963
Interbank placements	836 334	1 000 730
Instalment sales (Murabaha motor vehicle and Murabaha equipment)	1 466 255	1 279 816
Ijarah (Motor vehicle and equipment)	153 906	69 310
Murabaha trade	929 389	855 691
Balances with local and central banks	433 085	491 286
Sovereign sukuk	794 459	795 180
Letters of credit	1 668	2 628
Guarantees	364 073	302 945
Other	7 958	5 627
Total exposure	**10 562 346**	**9 881 176**

Notes to the Consolidated and Separate Financial Statements (continued)

2. RISK MANAGEMENT AND ASSESSMENT (continued)

		GROUP AND COMPANY 2025 R'000	2024 R'000
Residual contractual maturity of book			
Within 1 month	- interbank placements	368 025	264 500
	- other	980 869	955 172
From 1 to 3 months	- interbank placements	255 997	485 381
	- other	527 611	482 902
From 3 months to 1 year	- interbank placements	212 312	250 849
	- other	1 292 744	1 147 995
From 1 year to 5 years	- interbank placements	-	-
	- other	3 173 247	2 812 718
More than 5 years	- other	3 751 541	3 481 659
Total exposure		**10 562 346**	**9 881 176**

Collateral is held specifically in respect of advances, and these predominantly comprise of 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 2025 R'000	Collateral cover 2025 R'000	Credit exposure 2024 R'000	Collateral cover 2024 R'000
Standard asset	6 873 225	5 337 886	6 142 021	4 883 802
Special mention asset	1 084 600	948 284	974 994	859 633
Sub-standard asset	78 507	63 507	90 757	75 960
Doubtful asset	43 806	26 662	40 345	36 190
Loss asset	52 589	37 988	40 290	29 868
	8 132 727	**6 414 327**	**7 288 407**	**5 885 453**

The disclosure provided is in line with the information as submitted to the Regulator.
Credit impaired assets are represented by substandard, 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 advances which are past due and not impaired for which no ECL has been raised, is disclosed below:

Past due but not impaired*

	GROUP AND COMPANY 2025 R'000	2024 R'000
Individuals	56 825	79 668
Entities	537 266	455 070
	594 091	**534 738**

*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 stage 3 and non-performing in line with the bank's IFRS 9 policy.

Restructured advances are classified as non-performing for the first twelve months (if 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 four restructured and rescheduled advances at year end is R 31.5 million (2024: value of twenty restructured and rescheduled advances is R 15 million) for which no material modification gain or loss was recognised in the current or prior year.

Notes to the Consolidated and Separate Financial Statements (continued)

2. RISK MANAGEMENT AND ASSESSMENT (continued)

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	
	2025	**2024**
	R'000	**R'000**
Assets held under profit rate risk - Advances to customers*	8 132 727	7 288 407
Assets held under profit rate risk - Sovereign Sukuk**	794 459	795 180
Assets held under exchange rate risk - Foreign currency held	42 337	18 254
	8 969 523	**8 101 841**

*Assets held under profit rate risk - Advances to customers have been included in the current and prior year disclosure.

**Sovereign sukuk include R 432.6 million (2024: R 424.5 million) held in regulatory balances and R 361.9 million (2024: R 370.7 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. The Bank is exposed to the risk of changes in market rates relating primarily to advances with customers with variable profit rates.

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 Kilimanjaro 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 a private hospital being situated in Durban. Independent valuations of the underlying properties are obtained on a periodic basis and compared to the cost of these investments to identify their fair value and the need for any impairment. These investments are classified as fair-value through- other- comprehensive- income.

2.4 Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its payment obligations as they fall due or will only be able to do so at an excessive cost. Liquidity risk arises from mismatches in the timing of cash flows relating to assets, liabilities and off- balance sheet commitments based on maturity profiles.

Assets and liabilities are therefore managed to ensure that the Bank has sufficient liquid resources at its disposal to meet approved and anticipated advances, repayments of maturing liabilities, withdrawals and any other commitments whether anticipated or extraordinary which become due in the ordinary course of its business.

The Bank's liquidity risk management framework is aligned with the requirements of Basel Committee on Banking Supervision and local regulatory guidance issued by the South African Reserve Bank. In terms of Regulation 43, the bank has made available, via its website, the disclosure on the liquidity coverage ratio and net stable funding ratio.

Liquidity risk is managed centrally by the Treasury Division, under policies approved by the Board of Directors. Oversight is exercised through the Asset and Liability Committee (ALCO), which monitors liquidity positions, funding concentrations, and compliance with internal and regulatory limits, on a regular basis, to ensure that appropriate liquidity levels are maintained to meet future commitments.
The Bank manages its liquidity risk through:

- Daily monitoring of liquidity inflows and outflows to ensure day-to-day anticipated and unforeseen payment obligations can be met.
- Maintaining sufficient high-quality liquid assets and minimum liquidity buffers (in the form of Sovereign Sukuk holdings and cash surpluses) comfortably in excess of regulatory requirements.
- Implementation and monitoring of deposit limits. The Bank mitigates funding concentration risk by maintaining a diversified funding base across current accounts and Mudaraba deposits which are split between retail, corporate and interbank funding (where applicable). Concentration limits are established for large depositors and exposure to large deposits is strictly controlled.
- Monitoring the stability of demand deposits and Mudaraba investment accounts including re-investment rates.
- Implementation of portfolio limits for customer advances with active management of concentration risk between long- and short-term exposures.
- Contingency funding and recovery plans which set out the proposed measures to be taken if the Bank faces liquidity stress.
- Stress testing on the liquidity mismatch of the bank's assets and liabilities on a contractual basis, a business as usual basis and on a stress basis.

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

Notes to the Consolidated and Separate Financial Statements (continued)

2. RISK MANAGEMENT AND ASSESSMENT (continued)

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			
	2025		2024	
	R'000		R'000	
	1% Increase	1% Decrease	1% Increase	1% Decrease
Impact on profit before tax	4 007	(4 007)	3 861	(3 861)

2.6 Shariah risk

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

- Reputational risk.
- Profit rate risk.
- Liquidity risk; and
- Market risk.

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

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

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

2.7 Operational risk

Operational risk refers to those risks that do not have a direct financial impact as opposed to the pure financial risks such as credit risk, liquidity risk and profit rate risk. Operational risk is the risk of loss that could arise as a result of breakdowns in internal controls and processes, system inefficiencies, theft and fraud.

The bank seeks to minimise its exposure to operational risk by various means, including the following:

- The establishment of an independent compliance function to monitor compliance with relevant laws and regulations and to facilitate compliance awareness within the bank.
- The establishment of Board and management risk committees.
- The establishment of an independent internal audit function.
- The compilation of Board-approved delegated powers of authority.
- The compilation of 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.

Notes to the Consolidated and Separate Financial Statements (continued)

2. RISK MANAGEMENT AND ASSESSMENT (continued)

- 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 internal audit and external audit reports.

3. PROPERTY AND EQUIPMENT

	GROUP		COMPANY	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000
Cost				
Land and buildings	76 507	76 507	-	-
Leasehold improvements	14 131	19 475	13 423	18 767
Vehicles	10 401	10 327	10 401	10 327
Fittings, equipment and computers	71 822	70 028	62 567	60 862
Capital work in progress	57	57	-	-
Total	**172 918**	**176 394**	**86 391**	**89 956**
Accumulated depreciation and impairment				
Leasehold improvements	(11 752)	(17 598)	(10 505)	(16 351)
Vehicles	(7 690)	(7 484)	(7 690)	(7 484)
Fittings, equipment and computers	(54 153)	(48 624)	(44 931)	(39 458)
Total	**(73 595)**	**(73 706)**	**(63 126)**	**(63 293)**
Carrying amount	**99 323**	**102 688**	**23 265**	**26 663**

Land buildings comprise the following commercial properties presented at their carrying amount as described below:

	GROUP	
	2025	2024
	R'000	R'000
1. Commercial property in Cape Town described as Erf 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-cancelable period of ten years, starting from 2009, extendable by 5 year increments thereafter. The property was independently valued at R130.1 million in 2023. Commercial property comprises land at a cost of R3,5 million (2024: R3,5 million) and buildings thereon at a cost of R69,1million (2024: R69,1 million).	72 582	72 582
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 basis exceeds their cost and hence no depreciation has been provided on buildings.
The Bank does not have any encumbered assets.

Notes to the Consolidated and Separate Financial Statements (continued)

3. PROPERTY AND EQUIPMENT (continued)

	GROUP					
	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 2025						
Balance at 1 January 2025						
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**
Movements for the year ended 31 December 2025						
Additions from acquisitions	-	1 111	623	2 484	573	4 791
Transfers	-	32	-	541	(573)	-
Depreciation	-	(641)	(755)	(6 746)	-	(8 142)
Disposals	-	-	-	(14)	-	(14)
Property, plant and equipment at end of the year	**76 507**	**2 379**	**2 711**	**17 669**	**57**	**99 323**
Closing balance at 31 December 2025						
At cost	76 507	14 131	10 401	71 822	57	172 918
Accumulated depreciation	-	(11 752)	(7 690)	(54 153)	-	(73 595)
Carrying amount	**76 507**	**2 379**	**2 711**	**17 669**	**57**	**99 323**
Reconciliation for the year ended 31 December 2024						
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	-	73	(91)	-
Depreciation	-	(778)	(723)	(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	76 705	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**

Notes to the Consolidated and Separate Financial Statements (continued)

3. PROPERTY AND EQUIPMENT (continued)

COMPANY

	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 2025						
Balance at 1 January 2025						
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**
Movements for the year ended 31 December 2025						
Additions from acquisitions	-	1 111	623	2 484	573	4 791
Transfers	-	32	-	541	(573)	-
Depreciation	-	(641)	(755)	(6 726)	-	(8 122)
Disposal	-	-	-	(67)	-	(67)
Property, plant and equipment at end of the year		**2 918**	**2 711**	**17 636**	**-**	**23 265**
Closing balance at 31 December 2025						
At cost	-	13 423	10 401	62 567	-	86 391
Accumulated depreciation	-	(10 505)	(7 690)	(44 931)	-	(63 126)
Carrying amount	**-**	**2 918**	**2 711**	**17 636**	**-**	**23 265**
Reconciliation for the year ended 31 December 2024						
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**

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 branches, corporate offices, service centres and ATM sites.

Albaraka Bank Limited entered 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 2024, the Bank exercised its option to renew the lease for a second and final renewal period of 5 years 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 service centres in Raslouw and Laudium. The short-term lease relating to the Raslouw service center expired in October 2025.

Notes to the Consolidated and Separate Financial Statements (continued)

4. LEASES (continued)

4.1 Right of use assets

	GROUP		
	Office building	ATM sites	Total
	R'000	R'000	R'000
2025			
Cost at the beginning of year	30 178	325	30 503
Accumulated depreciation at the beginning of year	(26 514)	(325)	(26 839)
Net carrying amount at the beginning of year	**3 664**	**-**	**3 664**
Additions	214	-	214
Depreciation for the year	(1 578)	-	(1 578)
Net carrying amount at the end of year	**2 300**	**-**	**2 300**
Cost at the end of year	30 392	325	30 717
Accumulated depreciation at the end of year	(28 092)	(325)	(28 417)
	2 300	**-**	**2 300**
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 end of year	30 178	325	30 503
Accumulated depreciation at the end of year	(26 514)	(325)	(26 839)
	3 664	**-**	**3 664**

	COMPANY		
	Office building	ATM sites	Total
	R'000	R'000	R'000
2025			
Cost at the beginning of year	133 420	325	133 745
Accumulated depreciation at the beginning of year	(91 284)	(325)	(91 609)
Net carrying amount at the beginning of year	**42 136**	**-**	**42 136**
Additions	214	-	214
Lease modifications	1 685	-	1 685
Depreciation for the year	(9 886)	-	(9 886)
Net carrying amount at the end of year	**34 149**	**-**	**34 149**
Cost at the end of year	135 319	325	135 644
Accumulated depreciation at the end of year	(101 170)	(325)	(101 495)
	34 149	**-**	**34 149**

Notes to the Consolidated and Separate Financial Statements (continued)

4. LEASES (continued)

	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**

4.2 Lease Liabilities

	GROUP		COMPANY	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000
Long-term portion of lease liabilities	**1 382**	**2 671**	**30 500**	**37 189**
Office building	1 382	2 671	30 500	37 189
Short-term portion of lease liabilities	**1 412**	**1 432**	**7 981**	**6 033**
Office building	1 412	1 432	7 981	6 033
Carrying amount of lease liabilities	**2 794**	**4 103**	**38 481**	**43 222**
Carrying amount at the beginning of the year	**4 103**	**6 234**	**43 222**	**22 112**
Additions	215	826	215	40 626
Lease Modifications	-	-	1 661	-
Deemed interest	367	543	5 749	2 449
Payments*	(1 891)	(3 500)	(12 366)	(21 965)
Carrying amount at the end of the year	**2 794**	**4 103**	**38 481**	**43 222**

*Payments included under Company for intercompany leases which relate to non-cash payments amounted to R 10.5 million (2024: R 18.5 million) Payments reflected under Group relate to third party leases and are cash payments.

4.3 Maturity analysis - contractual undiscounted cash flow of lease liability				
Less than one year	1 616	1 789	12 739	12 262
One to five years	1 504	2 993	36 848	49 460
	3 120	**4 782**	**49 587**	**61 722**

4.4 Amounts recognised in the statements of profit or loss and in other comprehensive income				
Depreciation expense of right of use asset	1 578	3 165	9 886	8 016
Deemed Interest expense on lease liabilities	367	543	5 749	2 449
Expense relating to short-term leases*	351	205	2 035	1 153
Total amount recognised in profit or loss	**2 296**	**3 913**	**17 670**	**11 618**

*These leases are for periods of one year or less 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 leases for the service centre sites situated in Raslouw and Laudium. 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 R 1.9 million (2024: R3.5million) and R 1.9 million (2024: R 3.5 million) respectively. There are no cash flow movements for intercompany leases. There are no future cash outflows relating to leases that have not yet commenced.

Notes to the Consolidated and Separate Financial Statements (continued)

5. INVESTMENT PROPERTY

	GROUP	
	2025	2024
	R'000	R'000
5.1 Balances at year end and movements for the year		
Balance at the beginning of the year		
At cost	10 644	10 644
Accumulated Depreciation	(305)	(305)
Carrying amount at the beginning of the year	**10 339**	**10 339**
Movement for the year	-	-
Balance at the end of the year		
At cost	10 644	10 644
Accumulated Depreciation	(305)	(305)
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 R 13.10 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.

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 2025 financial year relating to investment properties amounted to R 1.3 million (2024: R 1.1 million).

6.INTANGIBLE ASSETS

	GROUP AND COMPANY	
	2025	2024
	R'000	R'000
Cost		
Computer Software	6 801	6 839
Capitalised project costs	116 919	105 780
Capital work in progress	803	3 959
	124 523	**116 578**
Accumulated amortisation and impairment		
Computer Software	(6 251)	(6 004)
Capitalised project costs s	(69 620)	(56 031)
	(75 871)	**(62 035)**
Net carrying amount	**48 652**	**54 543**

Notes to the Consolidated and Separate Financial Statements (continued)

6. INTANGIBLE ASSETS (continued)

	GROUP AND COMPANY			
	Computer software	Capitalised project costs	Capital work in progress	Total
	R'000	R'000	R'000	R'000
6.1 Reconciliation of changes in intangible assets				
2025				
Cost at beginning of year	6 839	105 780	3 959	116 578
Accumulated amortisation at beginning of year	(6 004)	(56 031)	-	(62 035)
Net carrying amount at beginning of year	**835**	**49 749**	**3 959**	**54 543**
Movements for the year ended 31 December 2025				
Additions	-	2 554	5 429	7 983
Amortisation for the year	(285)	(13 589)	-	(13 874)
Transfers	-	8 585	(8 585)	-
Disposals	-	-	-	-
Net carrying amount at end of year	**550**	**47 299**	**803**	**48 652**
Cost at end of year	6 801	116 919	803	124 523
Accumulated amortisation at end of year	(6 251)	(69 620)	-	(75 871)
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)

Significant items contained within capitalised project costs include the core banking system with carrying amount of R 24.7 million (2024: R 31.3 million), mobile banking application with a carrying amount of R 4.4 million (2024: R 7.5 million), Vivere product with a carrying amount of R 3.5 million (2024: nil), Payshap functionality with a carrying amount of R 2.3 million (2024: nil), Corporate Banking system with a carrying amount of R 1.8 million (2024: R 2.7 million) and apply for finance portal with a carrying amount of R 1.9 million (2024: R 1.6 million) .

7. INVESTMENT IN AND AMOUNT DUE BY SUBSIDIARY COMPANY

Albaraka Properties Proprietary Limited is 100% (2024: 100%) owned by Albaraka Bank Limited. The issued share capital of Albaraka Properties Proprietary Limited comprises 1000 shares of R1 each (2024: 1000 shares of R1 each).

Albaraka Financial Services Proprietary Limited is 100% (2024: 100%) owned by Albaraka Bank Limited. The issued share capital of Albaraka Financial Services Proprietary Limited comprises 1 share of R1000 each (2024: 1 share of R1000 each).

Notes to the Consolidated and Separate Financial Statements (continued)

7. INVESTMENT IN AND AMOUNT DUE BY SUBSIDIARY COMPANY (continued)

	GROUP		COMPANY	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000
Investment in subsidiaries - *shares at cost*	**-**	**-**	**2**	**2**
- Albaraka Properties Proprietary Limited	-	-	1	1
- Albaraka Financial Services Proprietary Limited	-	-	1	1
Amounts due by subsidiaries	**-**	**-**	**62 546**	**60 586**
Albaraka Properties Proprietary Limited	-	-	59 996	60 261
Albaraka Financial Services	-	-	2 523	-
Albaraka Sukuk Trust	-	-	27	325
Investment in subsidiaries, joint ventures and associates	**-**	**-**	**62 548**	**60 588**

The amount due by the subsidiaries 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 R 62,5 million (2024: R 60,6 million) which are considered to be stage 1 financial instruments and the ECL on amounts due is considered immaterial.

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		COMPANY	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000
The deferred tax balance comprises the following:				
Balance at the beginning of year	11 945	3 855	30 293	25 235
Intercompany lease modification	-	-	(7)	-
Tax income/(expense) recognised in profit or loss	13 627	8 111	13 948	5 079
Tax attributable to income from non-Islamic activities	782	-	782	-
Tax (expensed) recognised in other comprehensive income	(33)	(24)	(33)	(24)
Deferred tax prior year over-provision recognised in profit or loss	158	3	158	3
Balance at end of year	**26 479**	**11 945**	**45 141**	**30 293**

Notes to the Consolidated and Separate Financial Statements (continued)

8. DEFERRED TAX (continued)

	GROUP		COMPANY	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000
The deferred tax asset comprises the following:				
Lease liabilities	-	-	1 036	174
Provision for credit loss expense*	7 996	7 106	7 996	7 106
Leave pay provision	2 958	1 979	2 958	1 979
Profit not paid to depositors	11 313	9 732	11 313	9 732
Other	5 381	4 373	5 367	4 373
Ijarah receivables	15 342	7 362	15 342	7 362
Prepaid expenses	(1 517)	(1 336)	(1 517)	(1 336)
Intangible assets, property and equipment	(10 984)	(12 754)	(10 983)	(12 754)
Fair value on investments	(585)	(551)	(585)	(551)
Deferred income	9 532	9 267	9 532	9 267
Non-Islamic Income**	4 682	4 941	4 682	4 941
Assessed Loss	558	-	-	-
	44 676	**30 119**	**45 141**	**30 293**
The deferred tax liability comprises the following:				
Prepaid expenses	(16)	(15)	-	-
Intangible assets, property and equipment	(18 216)	(18 183)	-	-
Other	35	24	-	-
	(18 197)	**(18 174)**	**-**	**-**
Net deferred tax asset	**26 479**	**11 945**	**45 141**	**30 293**

*In the current year, impairment for doubtful advances of -R 1.7 million (2024: -R1.1 million) and portfolio impairment of R 9.7 million (2024: R 8.2 million) relating to the provision for credit loss expense were reclassified and aggregated based on the nature of the underlying temporary differences. The comparative amounts have been reclassified accordingly to ensure consistency and comparability with the current year presentation.

**In the current year, prescribed income of R 938k (2024: R1.7 million) and impermissible income of R 3.7 million (2024: R 3.3 million) relating non-Islamic Income were reclassified and aggregated based on the nature of the underlying temporary differences. The comparative amounts have been reclassified accordingly to ensure consistency and comparability with the current year presentation.

9. INVESTMENT SECURITIES

	GROUP 2025	GROUP 2024	COMPANY 2025	COMPANY 2024
Investment securities comprise the following unlisted investments				
Investment in Kilimanjaro Investments (Pty) Ltd (9,4% holding)	5 369	5 445	5 369	5 445
Investment in Earthstone Investments (Pty) Ltd (14% holding)	10 943	10 913	10 943	10 913
Investment in Ahmed Al Kadi Private Hospital (1% holding)	1 546	1 322	1 546	1 322
	17 858	**17 680**	**17 858**	**17 680**

The above equity investments are designated at fair value through other comprehensive income. Dividends of R 1.7 million was received for the year (2024: R 1.8 million). Refer to Note 33.4 and 33.5 for further disclosure.

Notes to the Consolidated and Separate Financial Statements (continued)

10. ADVANCES AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2025	2024	2025	2024
10.1 Product analysis	R'000	R'000	R'000	R'000
Advances to customers				
Musharaka property	5 575 219	5 077 963	5 575 219	5 077 963
Murabaha motor vehicle and equipment	1 466 255	1 279 816	1 466 255	1 279 816
Ijarah motor vehicle and equipment	153 906	69 310	153 906	69 310
Murabaha Trade	929 389	855 691	929 389	855 691
Other	7 958	5 627	7 958	5 627
Gross advances to customers	**8 132 727**	**7 288 407**	**8 132 727**	**7 288 407**
Deferred income*	(35 305)	(34 322)	(35 305)	(34 322)
Net advances to customers after provisions	**8 097 422**	**7 254 085**	**8 097 422**	**7 254 085**
Provision for credit loss expense	(73 081)	(61 047)	(73 081)	(61 047)
Net advances to customers after provisions	**8 024 341**	**7 193 038**	**8 024 341**	**7 193 038**
Advances to banks and sovereign				
Gross Sovereign Sukuk placements	361 896	370 674	361 896	370 674
Gross interbank placements	836 334	1 000 730	836 334	1 000 730
Gross advances to banks and sovereign	**1 198 230**	**1 371 404**	**1 198 230**	**1 371 404**
Provision for credit loss expense	(1 713)	(1 811)	(1 713)	(1 811)
Net advances to banks and sovereign after provisions	**1 196 517**	**1 369 593**	**1 196 517**	**1 369 593**
Net advances	**9 220 858**	**8 562 631**	**9 220 858**	**8 562 631**
CODI receivables	12 886	16 993	12 886	16 993
Other receivables	30 114	54 660	29 720	54 265
Total advances and other receivables	**9 263 858**	**8 634 284**	**9 263 464**	**8 633 889**

- Included in other receivables are suspense and clearing accounts of R 10.3 million (2024: R 41.1 million) for both the Group and the Company, prepaid expenses and other sundry debtors of R 15.2 million (2024: R 12.4 million) for the Group and R 14.8 million (2024: R 12 million) for the Company , and repossessed properties of R 1.1 million (2024: R 1.1 million) for both the Group and the Company.
- Deferred Income relates to administration and documentation fees received for origination of customer advances and is accounted for in line with IFRS 9 requirements.

*In the prior year, Deferred Income was reclassified from other receivables to Advances to customers in line with IFRS 9 requirements.

	GROUP		COMPANY	
	2025	2024	2025	2024
10.2 Maturity analysis	R'000	R'000	R'000	R'000
Gross advances to customers				
Within 1 month	382 750	352 314	382 750	352 314
From 1 month to 3 months	527 611	482 902	527 611	482 902
From 3 months to 1 year	1 292 744	1 148 447	1 292 744	1 148 447
From 1 year to 5 years	3 149 586	2 812 658	3 149 586	2 812 658
More than 5 years	2 780 036	2 492 086	2 780 036	2 492 086
	8 132 727	**7 288 407**	**8 132 727**	**7 288 407**

Notes to the Consolidated and Separate Financial Statements (continued)

10. ADVANCES AND OTHER RECEIVABLES (continued)

	GROUP		COMPANY	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000
Gross advances to banks and sovereigns				
Within 1 month	368 024	264 500	368 024	264 500
From 1 month to 3 months	255 997	485 381	255 997	485 381
From 3 months to 1 year	212 313	250 849	212 313	250 849
From 1 year to 5 years	23 661	-	23 661	-
More than 5 years	338 235	370 674	338 235	370 674
	1 198 230	**1 371 404**	**1 198 230**	**1371 404**
10.3 Expected credit loss				
Advances to customers				
Stage 1	12 593	20 091	12 593	20 091
Stage 2	21 535	8 314	21 535	8 314
Stage 3	38 953	32 642	38 953	32 642
	73 081	**61 047**	**73 081**	**61 047**
Interbank and sovereign exposures				
Stage 1	1 713	1 811	1 713	1 811
	74 794	**62 858**	**74 794**	**62 858**
10.4 Credit loss expense				
Charge to impairment relating to Stage 3	6 311	13 193	6 311	13 193
Write-offs	3 024	2 067	3 024	2 067
Charge to impairment relating to Stage 1 & 2	5 624	1 030	5 624	1 030
Bad debts recovered	(67)	(186)	(67)	(186)
	14 892	**16 104**	**14 892**	**16 104**

The charge of impairment relating to Stage 3 of R 6.3 million (2024: R13,2 million) is mainly due to a decrease of arrears and /or exposures for deals residing in this category. The increase in Stage 2 provisions in 2025 is attributable to the increase in credit risk for a counterparty experiencing cashflow constraints. All the related exposures have been migrated to Stage 2 with a lifetime ECL recognised.

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			
2025	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Expected credit loss	**R'000**	**R'000**	**R'000**	R'000
Customers				
Opening balance	20 091	8 314	32 642	61 047
Impact on stage classification	**(10 058)**	**9 346**	**4 416**	**3 704**
Transfer (out)/in of Stage 1	(17 474)	14 766	2 708	-
Transfer in/(out) of Stage 2	154	(930)	776	-
Transfer in/(out) of Stage 3	5	227	(232)	-
Impact of stage transfers*	7 257	(4 717)	1 164	3 704
Settlements	(6 184)	(2 123)	(1 388)	(9 695)
Write-offs	-	-	(3 024)	(3 024)
New advances	8 744	5 998	6 307	21 049
Closing ECL	**12 593**	**21 535**	**38 953**	**73 081**

*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.

Notes to the Consolidated and Separate Financial Statements (continued)

10. ADVANCES AND OTHER RECEIVABLES (continued)

	GROUP AND COMPANY			
	Stage 1	Stage 2	Stage 3	Total
	R'000	R'000	R'000	R'000
2025				
Banks and Sovereign				
Opening Balance	1 811	-	-	1 811
Existing advances	(5)	-	-	(5)
New advances	258	-	-	258
Settlements	(351)	-	-	(351)
Closing ECL	**1 713**	**-**	**-**	**1 713**
Total Closing ECL	**14 306**	**21 535**	**38 953**	**74 794**
Gross carrying amount				
Customers				
Gross carrying amount as at 01 January 2025	**6 732 364**	**384 651**	**171 392**	**7 288 407**
New financial assets	3 210 470	236 038	36 186	3 482 694
Transfers (out)/in of Stage 1	(185 028)	161 003	24 025	-
Transfers in/(out) of Stage 2	124 692	(132 177)	7 485	-
Transfers in/(out) of Stage 3	10 810	15 960	(26 770)	-
Settlements	(2 362 812)	(238 146)	(34 392)	(2 635 350)
Written off	-	-	(3 024)	(3 024)
Gross carrying amount as at 31 December 2025	**7 530 496**	**427 329**	**174 902**	**8 132 727**
Banks and Sovereign				
Gross carrying amount as at 01 January 2025	1 371 404	-	-	1 371 404
New financial assets	836 334	-	-	836 334
Settlements	(1 009 508)	-	-	(1 009 508)
Gross carrying amount as at 31 December 2025	**1 198 230**	**-**	**-**	**1 198 230**
Gross carrying amount as at 31 December 2025	**8 728 726**	**427 329**	**174 902**	**9 330 957**

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 R 13.2 million (2024: R 13.1 million) for stage 2 impairments to R 21.5 million (2024: R 8.3million) as a result SICR, which contributed to accounts moving into stage 2. The total contractual amount outstanding on amortised cost advances that were written off during the period and are still subject to enforcement activity is R3.024 million (2024: R2.067 million).

New financial assets in Stage 3 include restructured advances amounting to R26.6 million (2024: R 8.4 million) at year end. These advances resulted from the settlement of previously distressed exposures for the same value, which are included in Stage 3 settlements. The resulting ECL amounting to R2.6 million (2024: R1.2 million) is included in stage 3 new advances ECL. This does not include rescheduled advances.

Notes to the Consolidated and Separate Financial Statements (continued)

10. ADVANCES AND OTHER RECEIVABLES (continued)

	GROUP AND COMPANY			
	Stage 1	Stage 2	Stage 3	Total
2024				
Expected credit loss				
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
Existing advances**	(15)	-	-	(15)
New advances **	1 811	-	-	1 811
Settlements**	(1 324)	-	-	(1 324)
Closing ECL	**1 811**	**-**	**-**	**1 811**
Total Closing ECL	**21 902**	**8 314**	**32 642**	**62 858**
Gross carrying amount				
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	2 210 115
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**
Banks and Sovereign				
Gross carrying amount as at 01 January 2024	575 837	-	-	575 837
New financial assets**	1 371 404	-	-	1 371 404
Settlements**	(575 837)	-	-	(575 837)
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). Impact of stage transfers represent the changes in PD, LGD and EAD, as a result of new curing rules and transfers between stages.

*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.

**The prior year movement was disaggregated between new advances, settlements and stage transfers to provide users of the financial statements with more relevant and useful information. The total movement amount remains the same.

Notes to the Consolidated and Separate Financial Statements (continued)

10. Advances and other receivables (continued)

	GROUP AND COMPANY			
	Stage 1	Stage 2	Stage 3	Total
	R'000	R'000	R'000	R'000
10.6 Product exposure by stage				
2025				
Exposure				
Ijarah motor vehicle	139 783	4 112	108	144 003
Ijarah equipment	9 903	-	-	9 903
Musharaka commercial	2 913 793	31 209	112 735	3 057 737
Murabaha equipment	542 867	61 985	7 569	612 421
Murabaha motor vehicle	753 462	99 045	1 327	853 834
Musharaka residential	2 356 793	119 213	41 476	2 517 482
Murabaha trade	808 746	111 765	8 878	929 389
Interbank placements	836 334	-	-	836 334
Sovereign sukuk	361 896	-	-	361 896
Other	5 149	-	2 809	7 958
	8 728 726	**427 329**	**174 902**	**9 330 957**
2024				
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	2202 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**

The amounts included above include current outstanding principle and profit receivable.

	GROUP		COMPANY	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000
11. REGULATORY BALANCES				
Government and other stock - Sovereign Sukuk	432 563	424 506	432 563	424 506
Balances with Central Bank	200 707	194 001	200 707	194 001
	633 270	**618 507**	**633 270**	**618 507**

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.

	GROUP		COMPANY	
12. CASH AND CASH EQUIVALENTS				
Cash on hand	7 426	14 257	5 068	5 765
Balances with Central Bank	117 880	250 180	117 880	250 180
Placements with other banks	114 498	47 105	114 497	47 105
	239 804	**311 542**	**237 445**	**303 050**

Notes to the Consolidated and Separate Financial Statements (continued)

12. CASH AND CASH EQUIVALENTS (continued)

Facilities

The group and company have the following facilities with ABSA:	GROUP AND COMPANY 2025 R'000	2024 R'000
Credit card facility (ZAR)	950	950
Funds transfer (ACB DEB) (ZAR)	2 000	2 000
	2 950	**2 950**
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 nil (2024: nil). 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):

	2025	2024
South African Reserve Bank	Ba2	Ba2
ABSA	Baa3	Baa3
Standard Bank	Baa3	Baa3
FNB	Baa3	Baa3
Standard Chartered	A1	A1
Bank of NY Mellon	Aa2	Aa1
Investec	Baa3	Baa3

	GROUP 2025 R'000	GROUP 2024 R'000	COMPANY 2025 R'000	COMPANY 2024 R'000
13. SHARE CAPITAL AND SHARE PREMIUM				
Authorised share capital				
100 000 000 (2024: 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 (2024: 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	**59 389**	**60 562**	**59 389**	**60 562**
Gross income from non-Islamic activities	11 848	10 763	11 848	10 763
Normal tax thereon	(831)	(977)	(831)	(977)
Net income from non-Islamic activities	**11 017**	**9 786**	**11 017**	**9 786**
Donations	(7 360)	(10 959)	(7 360)	(10 959)
Balance at end of year	**63 046**	**59 389**	**63 046**	**59 389**

Included in the balance for the current year are placements of R nil in sovereign sukuk (2024: R 41.6 million) 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.

	GROUP		COMPANY	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000
15. ACCOUNTS PAYABLE				
Accounts payable comprise:				
Accruals	34 601	39 518	35 003	34 013
Sundry creditors	46 958	29 759	46 723	29 697
	81 559	**69 277**	**81 726**	**63 710**

Terms and conditions of the above financial liabilities:

- Sundry creditors are non-interest bearing and are normally settled on 30-day terms.
- Sundry creditors include amounts related to legal proceedings, vendor payable accounts and suspense and clearing accounts. There are no individually significant legal proceedings that warrant further disclosure in the financial statements.
- Accruals are non-interest bearing and have an average term of six months.

16. SOUTH AFRICAN REVENUE SERVICE

16.1 SOUTH AFRICAN REVENUE SERVICE RECEIVABLE

	2025	2024	2025	2024
Value Added Taxation	47	-	-	-
	47	**-**	**-**	**-**

16.2 SOUTH AFRICAN REVENUE SERVICE PAYABLE

	2025	2024	2025	2024
Income tax	2 206	1 033	2 283	1 015
Value Added Taxation	-	278	146	145
	2 206	**1 311**	**2 429**	**1 160**

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

17. PROVISION FOR LEAVE PAY

	2025	2024	2025	2024
Balance at beginning of year	**7 330**	**6 968**	**7 330**	**6 968**
Accrued during the year	16 598	12 085	16 598	12 085
Utilised during the year	(12 972)	(11 723)	(12 972)	(11 723)
Balance at 31 December 2025	**10 956**	**7 330**	**10 956**	**7 330**

18. DEPOSITS FROM CUSTOMERS

18.1 Deposits from customers comprise:

	2025	2024	2025	2024
Mudarabah deposits*	6 911 168	6 463 555	6 911 218	6 463 555
Current accounts	1 544 644	1 564 229	1 544 644	1 564 229
Other Deposits*	68 353	59 150	68 353	59 150
	8 524 165	**8 086 934**	**8 524 215**	**8 086 934**

*The Mudarabah deposits line item has been disaggregated into Mudarabah deposits and other deposits in the current and prior year to align better to the nature of the deposit. This reclassification has no impact on the total amount previously reported.

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.

Refer to note 33.3 for maturity profile of deposits.

19. SUKUK HOLDERS/ALBARAKA SUKUK TRUST

19.1 Sukuk holders/Albaraka Sukuk Trust comprise:

	2025	2024	2025	2024
Sukuk capital - Tier 2	307 700	307 700	307 700	307 700
Sukuk profit payable - Tier 2	2 308	2 308	-	-
Sukuk profit payable - Additional Tier 1	1 240	1 240	-	-
	311 248	**311 248**	**307 700**	**307 700**

Notes to the Consolidated and Separate Financial Statements (continued)

19. SUKUK HOLDERS/ALBARAKA SUKUK TRUST (continued)

The sukuk investment product qualifies as a Tier 2 capital instrument in terms of Basel III with a 10-year maturity 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 R 2.3 million for Tier 2 and R 1.2 million for Additional Tier 1 profit payable balance (2024: R 2.3 m and R1.2m represents the December profit accrual which was paid in January 2026 (2024: January 2025). The Tier 2 sukuk has been issued in tranches with the latest tranche issued in December 2019 of R 107.7 million.

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

The bank received approval from the Prudential Authority to issue R 500 million of additional tier 1 sukuk by March 2023.

To this effect, the bank issued R 124 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		COMPANY	
	2025	**2024**	2024	2025
	R'000	**R'000**	R'000	R'000
Sukuk Capital - Additional Tier 1	124000	124000	124000	124000
	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 2025 financial year a total of R 6.1 million (2024: R 6.8 million) was paid to depositors in this regard.

21. INCOME PAID TO TIER 2 SUKUK HOLDERS

Income paid from deposit pool – Tier 2	29 476	30 449	29 809	30 705
	29 476	**30 449**	**29 809**	**30 705**

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.

22. NET NON-ISLAMIC INCOME

Non-Islamic income	11 848	10 763	11 848	10 763
Amount transferred to welfare and charitable funds (note 14)	(11 848)	(10 763)	(11 848)	(10 763)
	-	-	-	-

23. FEE AND COMMISSION INCOME

Service fees	39 899	30 480	39 899	30 480
Commission received on sale of unit trusts	20 300	11 768	20 300	11 768
Net gain from foreign currency trading*	**5706**	**7 766**	**5706**	**7 766**
Gains from foreign currency trading*	11 893	8 553	11 893	8 553
Losses from foreign currency trading*	(6 187)	(786)	(6 187)	(786)
Management fee from subsidiaries	-	-	410	279
	65 905	**50 014**	**66 315**	**50 293**

*In the current year income from foreign currency transactions were disaggregated into gains and losses. The prior year disclosure has been updated accordingly. This disaggregation has no impact on the total amount previously reported.

24. OTHER OPERATING INCOME

Other operating income comprises:				
Dividend income	1 717	1 798	8 717	15 798
Surplus on disposal of property and equipment	334	-	334	-
Other	1 756	1 594	1 662	1 589
Total other income	**3 807**	**3 392**	**10 713**	**17 387**

	GROUP 2025 R'000	GROUP 2024 R'000	COMPANY 2025 R'000	COMPANY 2024 R'000
25. OPERATING EXPENDITURE				
25.1 Operating expenditure includes:				
Auditor's remuneration				
Audit fees				
▪ Ernst & Young	-	730	-	676
▪ PricewaterhouseCoopers Inc.	6 761	5 672	6 526	5 504
Fees for other services				
▪ Other	826	158	826	158
	7 587	**6 560**	**7 352**	**6 338**
Administration costs	18 981	18 491	18 698	18 083
CODI levy	87	63	87	63
CODI premium	1 077	850	1 077	850
Consultancy fees	3 622	2 645	3 429	2 610
Depreciation of property and equipment	8 142	6 819	8 122	6 701
Amortisation of intangible assets	13 874	13 614	13 874	13 614
Depreciation of right of use assets	1 578	3 165	9 886	8 016
IT costs	40 843	34 838	40 843	34 838
Premises costs	14 418	16 131	14 543	16 105
Service fees	28 778	24 785	28 778	24 777
Short term lease expense	351	205	2 035	1 153
Staff costs	**189 651**	**170 863**	**187 685**	**170 841**
Staff costs - Other	165 211	148 166	163 397	148 144
Staff costs - Medical aid	6 852	7 383	6 837	7 383
Staff costs - Provident fund	17 588	15 314	17 451	15 314
Shariah Board Members fees	1 303	1 913	1 303	1 913
Directors' emoluments	**12 448**	**12 943**	**12 448**	**12 943**
Executive services	7 609	8 832	7 609	8 832
Non-executive directors' fees	4 839	4 111	4 839	4 111

	2025				2024			
	Salary	Other benefits	Management incentive	Total	Salary	Other benefits	Management incentive	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
25.2 Executive services								
SAE Chohan – Chief executive	3 697	-	634	**4 331**	3 484	-	671	**4 155**
A Ameed – Financial director	2795	4	479	**3 278**	2 104	10	507	**2 621**
M Kaka – Chief operating officer (resigned on 31 October 2024)	-	-	-	**-**	2 044	12	-	**2 056**
	6 492	**4**	**1 113**	**7 609**	**7 632**	**22**	**1 178**	**8 832**

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 (continued)

25. OPERATING EXPENDITURE (continued)

	GROUP	
	2025	2024
	R'000	R'000
25.3 Non-Executive directors' fees		
A Dogar	501	78
A Essack	436	-
FA Randaree	461	405
HBH Amor	-	284
J Cane (Including VAT)	717	563
MJD Courtiade	278	469
MM Khemira	526	433
R Lachman	502	93
SM Nyasulu	516	486
YGH Suleman (Including VAT)	120	755
ZH Fakey	782	545
	4 839	**4 111**

	GROUP		COMPANY	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000
26. INCOME TAX EXPENSE				
Normal tax				
▪ current year	78 456	70 800	75 802	66 177
▪ prior year over provision	(899)	(1 581)	(899)	(1 581)
Attributable to income from non-Islamic activities (refer to accounting policy 11 and note 14)				
▪ current year	(2 127)	(1 008)	(2 127)	(1 008)
▪ prior year under/(over) provision	514	31	514	31
Deferred tax				
▪ current year	(14 409)	(8 111)	(14 730)	(5 079)
▪ prior year under/(over) provision	(158)	(3)	(158)	(3)
Attributable to income from non-Islamic activities (refer to accounting policy 11 and note 14)				
▪ current year	782	-	782	-
▪ prior year under/(over) provision	-	-	-	-
Taxation attributable to Islamic activities	**62 159**	**60 128**	**59 184**	**58 537**
	%	%	%	%
Effective tax rate	26.9	25.2	26.10	23,8
Adjustable items:				
Non-taxable income	0.0	1.2	0.8	2.7
Non-deductible expenditure	(0.2)	(0.1)	(0.2)	(0.1)
Current tax adjustment - prior year	0.2	0.7	0.2	0.6
Deferred tax adjustment - prior year	0.1	0.0	0.1	0.0
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.

	GROUP		COMPANY	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000
27. FAIR VALUE GAIN/(LOSS)				
Fair value gain/(loss) on FVOCI	178	113	178	113
Deferred tax on FVOCI	(33)	(24)	(33)	(24)
	145	**89**	**145**	**89**
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 (2024: 32 240 260) ordinary shares in issue during the year (cents)	522.86	552.94		
Basic and Diluted earnings per share are derived from:				
Profit for the year	168 571	178 270		
	168 571	**178 270**		
29. DIVIDENDS				
Dividends declared is calculated as follows:				
Dividend of 150 cents per share declared in the 2025 financial year (2024: 100 cents)	**48 360**	**32 240**	**48 360**	**32 240**
30. STATEMENT OF CASH FLOWS				
30.1 Cash generated from operations				
Profit before taxation	251 188	259 506	247 307	267 831
Adjustment for non-cash items:				
Income earned but not received	(9 383)	(7 577)	(9 383)	(7 577)
Profits payable to depositors	(5 231)	(1 067)	(5 180)	(1 067)
Depreciation of property and equipment	8 142	6 819	8 122	6 701
Dividend received	(1 717)	(1 798)	(8 717)	(15 798)
Unrealised forex gains	1 343	(562)	1 343	(562)
Amortisation of intangible assets	13 874	13 614	13 874	13 614
Depreciation on right of use assets	1 578	3 165	9 886	8 016
Deemed finance costs on leases	367	543	5 749	2 449
Net (profit)/loss arising on disposal of property and equipment	(319)	933	(319)	933
Provision for leave Pay	3 626	362	3 626	362
Credit loss expense	11 935	14 223	11 935	14 223
Reversals and write-offs	3 024	2 067	3 024	2 067
Sovereign sukuk profit accrual	468	(15 619)	468	(15 619)
Transactions with group companies	-	-	5 870	8 657
CODI profit accrual	(68)	(110)	(68)	(110)
	278 827	**274 499**	**287 537**	**284 120**
30.2 Changes in working capital				
Increase/(decrease) in deposits from customers	442 458	490 098	442 457	490 099
Increase/(decrease) in VAT	(326)	(704)	-	(573)
Increase in accounts payable	13 971	8 568	19 705	6 859
Increase/(decrease) in welfare and charitable funds	4 490	(199)	4 490	(199)
(Increase)/decrease in advances and other receivables	(635 785)	(519 404)	(635 786)	(519 182)
(Increase)/decrease in regulatory balances and sukuk placements	(14 528)	12 544	(14 528)	12 544
	(189 720)	**(9 097)**	**(183 662)**	**(10 452)**

Notes to the Consolidated and Separate Financial Statements (continued)

30. STATEMENT OF CASH FLOWS (continued)

	GROUP		COMPANY	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000
30.3 Taxation paid				
Amount outstanding at beginning of year	(1 033)	(5 667)	(1 015)	(5 731)
Amount charged to profit for the year	(75 944)	(68 242)	(73 290)	(63 619)
Amount charged to welfare and charitable funds	(1 613)	(977)	(1 613)	(977)
Amount outstanding at end of year	2 206	1 033	2 283	1 015
	(76 384)	**(73 853)**	**(73 635)**	**(69 312)**
30.4 Dividends paid				
Amount outstanding at beginning of year	(2 095)	(1 667)	(2 095)	(1 667)
Dividends declared	(48 360)	(32 240)	(48 360)	(32 240)
Amount outstanding at end of year	2 651	2 095	2 651	2 095
	(47 804)	**(31 812)**	**(47 804)**	**(31 812)**
30.5 Profit paid to Additional Tier 1 Sukuk Instrument Holders				
Amount outstanding at beginning of year	(1 240)	(1 240)	-	-
Profit after tax	(20 458)	(21 108)	(20 592)	(21 211)
Amount outstanding at end of year	1 240	1 240	-	-
	(20 458)	**(21 108)**	**(20 592)**	**(21 211)**
30.6 Purchase of property and equipment				
Vehicles	(623)	(3 224)	(623)	(3 224)
Equipment and computers	(4 280)	(13 699)	(4 280)	(13 699)
Leasehold improvements	(1 111)	(1 658)	(1 111)	(1 658)
Work in progress	(573)	(136)	(573)	(91)
	(6 587)	**(18 717)**	**(6 587)**	**(18 672)**
30.7 Purchase of intangible assets				
Capitalised project costs	(2 555)	(1 914)	(2 555)	(1 914)
Work in progress	(5 874)	(5 111)	(5 874)	(5 111)
	(8 429)	**(7 025)**	**(8 429)**	**(7 025)**
30.8 Investment in and amount due by subsidiaries				
Amount receivable at beginning of year	-	-	60 588	59 236
Transactions with group companies Finance Lease	-	-	(5 870)	(8 657)
Finance Lease Liability - subsidiaries	-	-	(10 473)	(18 463)
Dividends received - subsidiaries	-	-	7 000	14 000
Other	-	-	53	-
Amount receivable at end of year	-	-	(62 548)	(60 588)
	-	**-**	**(11 250)**	**(14 472)**

	GROUP		COMPANY	
	2025	2024	2025	2024
	R'000	R'000	R'000	R'000
31. LETTERS OF CREDIT AND GUARANTEES				
Guarantees	364 073	302 944	364 073	302 944
Letters of credit	1 668	2 629	1 668	2 629
	365 741	**305 573**	**365 741**	**305 573**

The above letters of credit and guarantees 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	51	1 797	51	1 797
	51	**1 797**	**51**	**1 797**

The expenditure will be financed from funds on hand and generated

33. FINANCIAL INSTRUMENTS

33.1 Credit risk - maximum exposure to credit risk

Advances to customers	8 132 727	7 288 407	8 132 727	7 288 407
Advances and balances with banks	950 832	1 047 835	950 832	1047 835
Advances, Sovereign Sukuk and regulatory balances	1 113 046	1 239 361	1 113 046	1 239 361
Letters of credit and guarantees	365 741	305 573	365 741	305 573
	10 562 346	**9 881 176**	**10 562 346**	**9 881 176**

33.2 Currency risk

Cash and cash equivalents				
▪ EUR	565	979	565	979
▪ GBP	798	819	798	819
▪ SAR	731	166	731	166
▪ USD	36 424	16 214	36 424	16 214
▪ AED	479	11	479	11
▪ AUD	273	47	273	47
▪ Other	3 067	18	3 067	18
	42 337	**18 254**	**42 337**	**18 254**

Based on the bank's year end foreign currency holdings a 1% fluctuation in the exchange rate will result in a R 423k (2024: R183k) foreign exchange gain or loss. The bank does not speculate in currency fluctuations and therefore does not hold any stock for this purpose.

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 carrying amounts of assets and liabilities 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 totaling R 62.5 million (2024: R 60.6 million) within the 1 month bucket and finance lease liabilities of R 12.7 million (2024: R 12.3 million) within one year and R 36.8 million (R 49.5 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 subsidiaries 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.

Notes to the Consolidated and Separate Financial Statements (continued)

33. FINANCIAL INSTRUMENTS (continued)

GROUP

	Carrying amount	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 Years	More than 5 years
	R'000	R'000	R'000	R'000	R'000	R'000
2025						
Assets						
Advances and other receivables	9 263 858	740 931	797 010	1 517 365	3 126 752	3 081 800
Investment securities	17 858	-	-	-	-	17 858
Cash and cash equivalents	239 804	239 804	-	-	-	-
Regulatory balances	633 270	-	-	-	-	633 270
	10 154 790	**980 735**	**797 010**	**1 517 365**	**3 126 752**	**3 732 928**
Liabilities						
Deposits from customers	8 524 165	2 985 657	1 435 877	3 831 693	8 308	262 630
Sukuk	311 248	3 548	-	-	307 700	-
Accounts payable	81 559	75 251	638	2 875	2 651	144
Letters of credit and guarantees	365 741	365 741	-	-	-	-
	9 282 713	**3 430 197**	**1 436 515**	**3 834 568**	**318 659**	**262 774**
Net liquidity gap	**872 077**	**(2 449 462)**	**(639 505)**	**(2 317 203)**	**2 808 093**	**3 470 154**
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**
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 and guarantees	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**

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

33.4 Accounting classification

The fair value of assets in 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 totaling R 62.5 million (2024: R 60.6 million) and finance lease liabilities of R 12.7 million (2024: R 12.3 million) measured under amortised cost. Refer to note 7 for details of balances of amounts owing between the company and the subsidiaries and note 4 for details of the finance lease liability.

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:

33. FINANCIAL INSTRUMENTS (continued)

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 and similar remaining maturities. 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 the carrying amounts and fair values of the bank's financial instruments in the financial statements. The carrying amounts of these financial instruments approximate its fair value.

GROUP

	Fair value through other comprehensive income	Amortised cost	Fair value through profit and loss	Carrying amount
	R'000	R'000	R'000	R'000
2025				
Assets				
Advances and other receivables	-	9 263 858	-	9 263 858
Investment securities	17 858	-	-	17 858
Cash and cash equivalents	-	239 804	-	239 804
Regulatory balances	-	633 270	-	633 270
	17 858	**10 136 932**	**-**	**10 154 790**
Liabilities			-	
Deposits from customers	-	8 524 165	-	8 524 165
Sukuk	-	311 248	-	311 248
Accounts payable	-	81 559	-	81 559
	-	**8 916 972**	**-**	**8 916 972**
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**
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**

Notes to the Consolidated and Separate Financial Statements (continued)

33. FINANCIAL INSTRUMENTS (continued)

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 is determined using an adjusted net asset value (NAV) approach, as these investments are not traded in an active market. The inputs used in determining the fair value include the entities most recent financial statements, the fair value of underlying assets, including adjustments for market values where applicable; the Bank's proportionate ownership and consideration of any significant events or transactions occurring between the entities' reporting date and the group's reporting date. The valuation is classified as Level 3 under the IFRS 13 fair value hierarchy due to reliance on unobservable inputs.

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

	GROUP			
	Level 1	**Level 2**	**Level 3**	**Total**
2025				
Financial assets				
▪ Fair value through other comprehensive income	-	-	17 858	17 858
▪ Fair value through profit and loss	-	-	-	-
	-	**-**	**17 858**	**17 858**
Financial liabilities				
▪ Fair value through profit and loss	-	-	-	-
	-	**-**	**-**	**-**
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	-	-	-	-
	-	**-**	**-**	**-**

	GROUP			
2025	**Kilimanjaro Investments (Pty) Ltd**	**Earthstone Investments (Pty) Ltd**	**Ahmed Al Kadi Private Hospital**	**Total**
Fair value at the beginning of year	5 445	10 913	1 322	17 680
Fair value increase/(decrease)	(76)	30	224	178
Fair value at the end of year	**5 369**	**10 943**	**1 546**	**17 858**
2024				
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**

Notes to the Consolidated and Separate Financial Statements (continued)

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 group and company's contribution for the year was R 17.6 million (2024: R 15.4 million). Executives' portion of the contribution amounted to R 771 k for the year (2024: R 945 k).

35.RELATED PARTY INFORMATION

The holding company of Albaraka Bank Limited at 31 December 2025 and 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% (2024: 64.5%) of the company's ordinary shares. A dividend of R 31.2 million (2024: R 20.8 million) was paid to the holding company during the year.

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% (2024: 12.6%) of the company's ordinary shares.

Timewest Investments Proprietary Limited, a company incorporated in South Africa, holds 7.7% (2024: 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 of 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 R 27k (2024: R 325 k) is identified in note 7.

The subsidiary of the bank, Albaraka Properties (Proprietary) Limited, and the related intercompany balances of R 60 million (2024: R 60.3 million) are identified in note 7. The bank also made lease repayments amounting to R 10.5 million (2024: R 18.5 million) 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 R 410k (2024: R 279 k) to the subsidiary is disclosed in note 23. A dividend of R 7 million (2024: R 14 million) was received from the subsidiary 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 banks 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.

	GROUP AND COMPANY	
	2025	2024
	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	6 621	9 868
Advances granted during the year	1 929	-
Repayments during the year	(6 637)	(4 155)
Profit earned	73	908
	1 986	**6 621**
Profit mark-up range for the year	5% to 10.50%	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 R 69k (2024: R 182k).

Notes to the Consolidated and Separate Financial Statements (continued)

35.RELATED PARTY INFORMATION (continued)

	COMPANY	
	2025	2024
	R'000	R'000
Instalment sale		
Balance outstanding at beginning of year	2 862	2 559
Advances granted during the year	1 609	2 230
Repayments during the year	(924)	(2 141)
Profit earned	415	214
	3 962	**2 862**
Profit mark-up range for the year	7.74 % to 13.63%	7.74 % to 13.13%
These advances are on normal trade terms.		
Trade finance		
Balance outstanding at beginning of year	1 615	636
Advances granted during the year	4 148	4 236
Repayments during the year	(4 160)	(3 287)
Profit earned	81	30
	1 684	**1 615**
Profit mark-up range for the year	10.00%	11.00%
These advances are on normal trade terms.		
Total exposure to related parties	**7 632**	**11 098**
Staff		
Staff advances are conducted at profit rates commensurate to the credit risk		
The total staff advances outstanding at the end of the period amounted to:	**97 529**	**88 011**

Allowance for credit losses related to related party balances (inclusive of staff) amounted to R 64k (2024: R200k).

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 trustee of the trust. The Iqraa Trust is not consolidated. During the year, the bank donated an amount of R 3 million (2024: R 6.6 million) to the trust. As at 31 December 2025 funds deposited by the trust with the bank amounted to R 19.7 million (2024: R14.4 million).

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 2025 funds deposited by the trust with the bank amounted to R 344k (2024: R 3.7 million).

36. EVENTS AFTER THE REPORTING PERIOD

Since the start of 2026, geopolitical tensions arising from the ongoing conflict in the Middle East have contributed to increased volatility in global financial markets and heightened uncertainty in global domestic and foreign policy environments. These developments may have direct and indirect implications for global trade, economic outlooks and market expectations.

While the Bank has no material direct exposure to the affected regions at the reporting date, management continues to monitor the evolving situation and assess the potential impact on the Bank's operations, financial position and risk profile. At the date of approval of these financial statements, the impact of these developments cannot be reliably estimated, and no adjustments have been made to the financial statements.

Other than the aforementioned, the directors are not aware of any material events that occurred after the reporting date of 31 December 2025 and the date of authorisation of these annual financial statements.

AAOIFI Statements of Financial Position

AS AT 31 DECEMBER 2025

	GROUP		COMPANY	
	2025	**2024**	2025	2024
	R'000	**R'000**	R'000	R'000
Assets				
Cash and cash equivalents	873 074	930 050	870 716	921 557
Sales receivables	3 557 546	3 474 096	3 557 546	3 474 096
Musharaka financing	5 544 912	5 053 578	5 544 912	5 053 578
Ijarah financing	148 764	65 386	148 764	65 386
Investment securities	17 858	17 680	17 858	17 680
Investment in subsidiary company	-	-	62 548	60 588
Total investments	**10 142 154**	**9 540 790**	**10 202 344**	**9 592 885**
Other assets	80 224	71 113	112 095	109 366
Property and equipment	99 323	102 689	23 265	26 663
Investment properties	10 339	10 339	-	-
Intangible assets	48 652	54 544	48 652	54 544
Total assets	**10 380 692**	**9 779 475**	**10 386 356**	**9 783 458**
Liabilities, unrestricted investment accounts and owners' equity				
Liabilities				
Customer current accounts and other	1 612 997	1 623 379	1 612 997	1 623 380
Payables	115 712	100 193	133 592	115 419
Other liabilities	63 046	59 388	63 046	59 388
Total liabilities	**1 791 755**	**1 782 960**	**1 809 635**	**1 798 187**
Equity of unrestricted investment account holders	6 869 266	6 427 515	6 869 316	6 427 515
Sukuk	311 248	311 248	307 700	307 700
Profits distributable to depositors	41 901	36 043	41 901	36 043
Total liabilities and unrestricted investment accounts	**9 014 170**	**8 557 766**	**9 028 552**	**8 569 445**
Owners' equity	**1 366 521**	**1 221 709**	**1 357 803**	**1 214 014**
Share capital	322 403	322 403	322 403	322 403
Share premium	82 196	82 196	82 196	82 196
Investment reserve	2 674	2 529	2 674	2 529
Retained income	835 249	690 581	826 530	682 886
Holders of Additional Tier 1 Sukuk Instruments	124 000	124 000	124 000	124 000
Total liabilities, unrestricted investment accounts and owners' equity	**10 380 692**	**9 779 475**	**10 386 356**	**9 783 459**

AAOIFI Statements of Comprehensive Income

AS AT 31 DECEMBER 2025

	GROUP		COMPANY	
	2025	**2024**	2025	2024
	R'000	**R'000**	R'000	R'000
Income from sales receivables	403 707	346 881	403 707	346 881
Income from Musharaka financing	587 261	630 453	587 261	630 453
Income from Ijarah	47 969	41 839	47 969	41 839
Return on unrestricted investment accounts before the bank's share as Mudarib	**1 038 937**	**1 019 173**	**1 038 937**	**1 019 173**
Less: bank's share as Mudarib	(589 534)	(568 210)	(589 066)	(567 851)
Return on unrestricted accounts	**449 403**	**450 963**	**449 871**	**451 322**
Bank's share in income from investment (as a Mudarib and as a fund owner)	589 534	568 210	589 066	567 851
Bank's income from its own investments	1 717	1 798	8 717	15 798
Revenue from banking services	39 899	30 486	39 899	30 486
Other revenue	28 096	21 129	28 412	21 402
Total bank revenue	**659 246**	**621 623**	**666 094**	**635 538**
Administrative and general expenditure	(366 520)	(327 960)	(377 404)	(333 771)
Depreciation of property and equipment	(8 142)	(6 819)	(8 122)	(6 701)
Amortisation of intangible assets	(13 874)	(13 614)	(13 874)	(13 614)
Depreciation of ijarah	(40 045)	(35 017)	(40 045)	(35 017)
Profit before taxation	**230 665**	**238 214**	**226 649**	**246 435**
Taxation	(62 692)	(60 128)	(59 717)	(58 537)
Profit for the period	**167 973**	**178 086**	**166 932**	**187 898**

AL BARAKA GROUP GLOBAL NETWORK

Group Headquarters Bahrain Bay
PO Box 1882, Manama, Kingdom of Bahrain

Web: www.albaraka.com

Al Baraka Group has operations through its subsidiaries and associates in:

Jordan;	South Africa;
Egypt;	Algeria;
Tunisia;	Lebanon;
Bahrain;	Syria;
Sudan;	Pakistan;
Turkey;	

Al Baraka Group also has: Two branches in Iraq and a representative office in Libya

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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