

2018

NOTICE OF THE ANNUAL GENERAL MEETING
OF SHAREHOLDERS AND AUDITED
SUMMARISED CONSOLIDATED
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018



Your Partner Bank

VISION

We believe society needs a fair and equitable financial system; one which rewards effort and contributes to the development of the community.

MISSION

To meet the financial needs of communities across the world by conducting business ethically, in accordance with our beliefs, practicing the highest professional standards and sharing the mutual benefits with the customers, staff and shareholders who participate in our business success.

VALUES

Partnership

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

Driven

We have the energy and perseverance it takes to make an impact in our customers' lives and for the greater good of society;

Neighbourly

We value and respect the communities we serve. Our doors are always open; our customers always experience a warm-hearted, hospitable welcome and accommodating service;

Peace-of-mind

Our customers can rest assured that their financial interests are being managed by us to the highest ethical standards; and

Social contribution

By banking with us, our customers make a positive contribution to a better society; their growth and our growth will benefit the world around us.

CODE OF BUSINESS CONDUCT

We have developed and adhere to a Code of Business Conduct, giving effect to the business culture of the bank and the actions of our members of staff. Principles contained in this Code of Business Conduct include:

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

The full 2018 Al Baraka Bank Integrated Annual Report may be: Viewed and/or downloaded by visiting:
[http://www.albaraka.co.za/About alBaraka/Financial Information/Annual Reports/AnnualReport2018.aspx](http://www.albaraka.co.za/About%20alBaraka/Financial%20Information/Annual%20Reports/AnnualReport2018.aspx),
or obtained free of charge by requesting a copy thereof from the company secretary by way of an email addressed to:
customerservices@albaraka.co.za

TEN-YEAR REVIEW



	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Statement of Financial Position (Rm)										
Share capital	322	322	322	322	322	225	225	225	150	150
Shareholders' interest	710	662	627	601	560	381	362	347	233	228
Deposits from customers	5 844	5 078	4 634	4 426	4 230	3 941	3 322	2 881	2 571	2 130
Advances and other receivables	5 976	5 111	4 646	4 473	4 242	3 753	3 269	2 826	2 395	2 057
Total Assets	6 834	5 880	5 329	5 058	4 814	4 411	3 716	3 246	2 825	2 381
Statement of Comprehensive Income (Rm)										
Profit before taxation	87	74	58	76	55	40	34	26	17	18
Total comprehensive income for the year	65	51	41	56	40	29	25	16	11	18
Share Statistics (Cents)										
Basic and diluted earnings per share	203	158	128	171	154	129	112	77	74	125
Headline earnings per share	202	162	127	171	154	129	114	76	69	121
Dividend per share	55	50	50	45	45	45	45	45	45	45
Net asset value per share	2 201	2 052	1 943	1 866	1 736	1 692	1 608	1 541	1 551	1 522
Ratios (%)										
Return on average shareholders' interest	9,5	7,9	6,7	9,5	8,5	7,8	7,1	4,6	4,8	8,2
Return on average total assets	1,0	0,9	0,8	1,1	0,9	0,7	0,7	0,5	0,4	0,9
Shareholders' interest to total assets	10,4	11,3	11,8	11,9	11,6	8,6	9,7	10,7	8,2	9,6

SHAREHOLDERS' INTEREST

Ordinary share capital, share premium, non-distributable reserves and distributable reserves.

RETURN ON AVERAGE SHAREHOLDERS' INTEREST

Total comprehensive income for the year, expressed as a percentage of the weighted average shareholders' interest adjusted relative to the timing of the introduction of any additional capital in a particular year.

RETURN ON AVERAGE TOTAL ASSETS

Total comprehensive income for the year, expressed as a percentage of the weighted average total assets in a particular year.

BASIC AND DILUTED EARNINGS PER SHARE

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

SHARIAH REPORT

FOR THE YEAR ENDED 31 DECEMBER 2018

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

TO THE SHAREHOLDERS OF ALBARAKA BANK LIMITED

We have reviewed the principles and the contracts relating to the transactions and products introduced by Al Baraka Bank during the year under review. We have also conducted our review to form an opinion as to whether Al Baraka Bank has complied with the applicable Shariah Rules and Principles, the rulings set out by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), and the resolutions issued by the Shariah Supervisory Board of the bank.

Al Baraka Bank's management is responsible for ensuring that the bank complies with Islamic Shariah Rules and Principles. It is the Shariah Supervisory Board's responsibility to form an independent opinion, based on its review of the operations of Al Baraka Bank, and report to you.

We conducted our review, which included examining, directly or indirectly through the Shariah Department, on a test basis, each type of transaction, the relevant documentation and procedures adopted by the bank, including interviews with members of management.

The scope of the audit included:

- Murabaha Financing;
- Musharaka Financing;
- Equity Murabaha Transactions;
- Islamic Wills;
- Profit Distribution;



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Dr Abdus Sattar Abu Ghudda
Chairman



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Mufti Zubair Bayat
Member

29 March 2019

- Management Accounts;
- Disposal of Impermissible Income;
- Calculation of Zakah;
- FOREX Transactions; and
- Banking and Finance Fees.

The Shariah audit also included a review of the Albaraka Bank Limited Sukuk Trust.

We planned and performed our review so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that Al Baraka Bank has not violated Islamic Shariah Rules and Principles.

In our opinion:

1. The contracts, transactions and dealings entered into by Al Baraka Bank during the year under review are generally in compliance with the 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 the applicable Shariah Rules and Principles;
3. An amount of impermissible income has been designated to be paid to charity (refer to the Welfare and Charitable Funds note in the notes to the annual financial statements);
4. In relation to certain transactions, which were erroneously transacted, we directed management to rectify same; and
5. Zakah of the bank was calculated at 45 cents per share. Shareholders are advised to discharge this Zakah individually, as the bank is not mandated to discharge this on their behalf.

We beg the Almighty to grant us all success in this World and the Hereafter.



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Shaykh Mahomed Shoab Omar
Member



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Mufti Shafique Jakhura
Member

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018



	GROUP		COMPANY	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Assets				
Property and equipment	116 175	113 627	56 615	61 305
Investment properties	10 339	10 502	-	-
Intangible assets	36 992	29 329	36 992	29 329
Investment in and amount due by subsidiary company	-	-	20 148	17 942
Deferred tax asset	-	4 723	23 685	31 372
Investment securities	24 425	25 717	24 425	25 717
Advances and other receivables	5 976 252	5 110 818	5 976 094	5 110 667
South African Revenue Service receivable	-	1 215	-	1 158
Regulatory balances	374 922	337 650	374 922	337 650
Cash and cash equivalents	295 112	246 438	294 907	246 196
Total assets	6 834 217	5 880 019	6 807 788	5 861 336
Equity and liabilities				
Equity				
Share capital	322 403	322 403	322 403	322 403
Share premium	82 196	82 196	82 196	82 196
Other reserves	876	1 460	876	1 460
Retained income	307 647	255 532	286 871	236 762
Shareholders' interests	713 122	661 591	692 346	642 821
Liabilities				
Welfare and charitable funds	20 031	14 981	20 031	14 981
Accounts payable	40 010	56 382	39 135	55 991
Deferred tax liability	4 670	-	-	-
South African Revenue Service payable	1 478	76	1 350	544
Provision for leave pay	8 940	8 517	8 940	8 517
Deposits from customers	5 844 299	5 092 593	5 844 299	5 092 593
Sukuk	201 667	45 879	201 687	45 889
Total liabilities	6 121 095	5 218 428	6 115 442	5 218 515
Total equity and liabilities	6 834 217	5 880 019	6 807 788	5 861 336

STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE YEAR ENDED
31 DECEMBER 2018

	GROUP		COMPANY	
	2018	2017	2018	2017
	R'000	R'000	R'000	R'000
Income earned from advances	479 077	441 567	479 077	441 567
Income earned from equity finance	58 756	46 615	58 756	46 615
Gross income earned	537 833	488 182	537 833	488 182
Income paid to depositors	(254 876)	(236 412)	(254 875)	(236 412)
Income paid to Sukuk holders/Albaraka Sukuk Trust	(11 156)	(3 568)	(11 372)	(3 829)
Net income before impairment for credit losses	271 801	248 202	271 586	247 941
Impairment for credit losses	101	(3 991)	101	(3 991)
Net income after impairment for credit losses	271 902	244 211	271 687	243 950
Net non-Islamic income	-	-	-	-
Fee and commission income	45 922	44 353	46 165	44 585
Other operating income	4 342	4 719	10 649	12 976
Net income from operations	322 166	293 283	328 501	301 511
Operating expenditure	(235 139)	(219 141)	(237 620)	(222 974)
Finance costs	-	-	(9 416)	(9 808)
Profit before taxation	87 027	74 142	81 465	68 729
Taxation	(21 735)	(23 225)	(18 181)	(19 219)
Profit after tax for the year attributable to equity holders	65 292	50 917	63 284	49 510
Other comprehensive income items not subsequently/subsequently reclassified to profit and loss				
Fair value loss net of tax	(584)	260	(584)	260
Total comprehensive income for the year, net of tax, attributable to equity holders	64 708	51 177	62 700	49 770
Weighted average number of shares in issue ('000)	32 240	32 240		
Basic and diluted earnings per share (cents)	202,5	157,9		

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