

2019

NOTICE OF THE ANNUAL GENERAL MEETING
OF SHAREHOLDERS AND AUDITED
SUMMARISED CONSOLIDATED
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019



THE WAY WE DO BUSINESS

VISION

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

MISSION

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

VALUES

Partnership

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

Driven

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

Neighbourly

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

Peace-of-mind

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

Social contribution

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

CODE OF BUSINESS CONDUCT

Al Baraka Bank has developed and implemented a Code of Business Conduct. This gives effect to the bank's business culture and, in particular, the actions of its staff members. The principles espoused in the Code of Business Conduct include:

- Reflecting the Islamic economic system and complying with Shariah requirements in all activities undertaken by the bank;
- Conducting its affairs with integrity, sincerity and accountability, whilst displaying the highest moral standards;
- Achieving customer service excellence as a way of life in a pro-active and dedicated way;
- Displaying the highest levels of customer confidentiality at all times;
- Creating opportunities for the commitment, loyalty and growth of staff;
- Conforming with International Financial Reporting Standards and to 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.

The full 2019 Al Baraka Bank Integrated Annual Report

may be viewed and/or downloaded by visiting: https://www.albaraka.co.za/doc/Reports_2019/Full_Annual_Report_2019.pdf



TEN-YEAR REVIEW

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statement of Financial Position (Rm)										
Share capital	322	322	322	322	322	322	225	225	225	150
Shareholders' interest	771	713	662	627	601	560	381	362	347	233
Deposits from customers	6 180	5 844	5 078	4 634	4 426	4 230	3 941	3 322	2 881	2 571
Advances and other receivables	6 522	5 976	5 111	4 646	4 473	4 242	3 753	3 269	2 826	2 395
Total Assets	7 363	6 834	5 880	5 329	5 058	4 814	4 411	3 716	3 246	2 825
Statement of Comprehensive Income (Rm)										
Profit before taxation	102	87	74	58	76	55	40	34	26	17
Total comprehensive income for the year	75	65	51	41	56	40	29	25	16	11
Share Statistics (Cents)										
Basic and diluted earnings per share	231	203	158	128	171	154	129	112	77	74
Headline earnings per share	229	202	162	127	171	154	129	114	76	69
Dividend per share	55	55	50	50	45	45	45	45	45	45
Net asset value per share	2 390	2 201	2 052	1 943	1 866	1 736	1 692	1 608	1 541	1 551
Ratios (%)										
Return on average shareholders' interest	10,5	9,5	7,9	6,7	9,5	8,5	7,8	7,1	4,6	4,8
Return on average total assets	1,0	1,0	0,9	0,8	1,1	0,9	0,7	0,7	0,5	0,4
Shareholders' interest to total assets	10,5	10,4	11,3	11,8	11,9	11,6	8,6	9,7	10,7	8,2

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 2019

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;
- Ijarah Financing;
- Equity Murabaha Transactions;
- ABL Sukuk;

Dr Abdus Sattar Abu Ghudda
Chairman

Mufti Zubair Bayat
Member

30 January 2020

- Islamic Wills and Administration of Estates;
- Profit Distribution;
- Management Accounts;
- Disposal of Impermissible Income;
- Calculation of Zakah;
- FOREX Transactions; and
- Banking and Finance Fees.

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

In our opinion:

1. The contracts, transactions and dealings entered into by Al Baraka Bank during the year under review are generally in compliance with 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 46,5 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.**

Shaykh Mahomed Shoaib Omar
Member

Mufti Shafique Jakhura
Member



STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	GROUP		COMPANY		
	Notes	2019	2018	2019	2018
		R'000	R'000	R'000	R'000
Assets					
Property and equipment	3	116 502	116 175	34 288	56 615
Right of use asset	33	13 698	-	34 139	-
Investment properties	4	10 339	10 339	-	-
Intangible assets	5	56 366	36 992	56 366	36 992
Investment in and amount due by subsidiary company	6	-	-	20 200	20 148
Deferred tax asset	7	-	-	27 311	23 685
Investment securities	8	25 723	24 425	25 723	24 425
Advances and other receivables	9	6 521 694	5 976 252	6 521 495	5 976 094
South African Revenue Service	10	1 792	-	1 714	-
Regulatory balances	11	398 883	374 922	398 883	374 922
Cash and cash equivalents	12	218 362	295 112	214 315	294 907
Total assets		7 363 359	6 834 217	7 334 434	6 807 788
Equity and liabilities					
Equity					
Share capital	13	322 403	322 403	322 403	322 403
Share premium	13	82 196	82 196	82 196	82 196
Other reserves		1 753	876	1 753	876
Retained income		364 246	307 647	342 294	286 871
Shareholders' interests		770 598	713 122	748 646	692 346
Liabilities					
Welfare and charitable funds	14	25 807	20 031	25 807	20 031
Accounts payable	15	48 605	40 010	44 071	39 135
Lease liabilities	33	14 758	-	14 758	-
Deferred tax liability	7	2 278	4 670	-	-
South African Revenue Service	16	383	1 478	178	1 350
Provision for leave pay	17	11 348	8 940	11 348	8 940
Deposits from customers	18	6 180 299	5 844 299	6 180 299	5 844 299
Sukuk holders/Albaraka Sukuk Trust	19	309 283	201 667	309 327	201 687
Total liabilities		6 592 761	6 121 095	6 585 788	6 115 442
Total equity and liabilities		7 363 359	6 834 217	7 334 434	6 807 788

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019



		GROUP		COMPANY	
		2019	2018	2019	2018
Notes		R'000	R'000	R'000	R'000
	Income earned from advances	496 029	479 077	496 029	479 077
	Income earned from equity finance*	84 678	45 930	84 678	45 930
	Income earned from mudaraba deposits*	12 084	12 826	12 084	12 826
	Gross income earned	592 791	537 833	592 791	537 833
	Income paid to depositors	(272 588)	(254 876)	(272 587)	(254 875)
	Income paid to Sukuk holders/Albaraka Sukuk Trust	(19 667)	(11 156)	(19 538)	(11 372)
	Net income before impairment for credit losses	300 536	271 801	300 666	271 586
	Credit loss expense	(2 099)	101	(2 099)	101
	Net income after impairment for credit losses	298 437	271 902	298 567	271 687
	Net non-Islamic income	-	-	-	-
	Fee and commission income	46 252	45 922	46 507	46 165
	Other operating income	3 914	4 342	10 274	10 649
	Net income from operations	348 603	322 166	355 347	328 501
	Operating expenditure	(245 097)	(235 139)	(247 526)	(237 620)
	Finance costs	(1 366)	-	(10 180)	(9 416)
	Profit before taxation	102 140	87 027	97 642	81 465
	Taxation	(27 770)	(21 735)	(24 448)	(18 181)
	Profit after tax for the year attributable to equity holders	74 370	65 292	73 194	63 284
	Other comprehensive income				
	Items not subsequently reclassified to profit and loss				
	Fair value profit/(loss) net of tax	877	(584)	877	(584)
	Total comprehensive income for the year, net of tax, attributable to equity holders	75 247	64 708	74 071	62 700
	Weighted average number of shares in issue ('000)	32 240	32 240		
	Basic and diluted earnings per share (cents)	230.7	202.5		

* the comparatives have been restated, please see note 36



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