

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

2020

Unity in the face of Adversity

Your Partner Bank

AL BARAKA 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;

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.

OUR PRIMARY STRATEGIC OBJECTIVES:

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

The full 2020 Al Baraka Bank Integrated Annual Report

https://www.albaraka.co.za/doc/Reports_2020/Annual_Report_2020.pdf .



TEN-YEAR REVIEW

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Statement of Financial Position (Rm)										
Share capital	322	322	322	322	322	322	322	225	225	225
Shareholders' interest	807	771	713	662	627	601	560	381	362	347
Deposits from customers	7 434	6 180	5 844	5 078	4 634	4 426	4 230	3 941	3 322	2 881
Advances and other receivables	7 902	6 522	5 976	5 111	4 646	4 473	4 242	3 753	3 269	2 826
Total Assets	8 674	7 363	6 834	5 880	5 329	5 058	4 814	4 411	3 716	3 246
Statement of Comprehensive Income (Rm)										
Profit before taxation	51	102	87	74	58	76	55	40	34	26
Total comprehensive income for the year	36	75	65	51	41	56	40	29	25	16
Share Statistics (Cents)										
Basic and diluted earnings per share	112	231	203	158	128	171	154	129	112	77
Headline earnings per share	112	229	202	162	127	171	154	129	114	76
Dividend per share	-	55	55	50	50	45	45	45	45	45
Net asset value per share	2 502	2 390	2 201	2 052	1 943	1 866	1 736	1 692	1 608	1 541
Ratios (%)										
Return on average shareholders' interest	4,6	10,0	9,5	7,9	6,7	9,5	8,5	7,8	7,1	4,6
Return on average total assets	0,5	1,0	1,0	0,9	0,8	1,1	0,9	0,7	0,7	0,5
Shareholders' interest to total assets	9,3	10,5	10,4	11,3	11,8	11,9	11,6	8,6	9,7	10,7

SHAREHOLDERS' INTEREST

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

RETURN ON AVERAGE SHAREHOLDERS' INTEREST

After-tax income attributable to ordinary shareholders 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

After-tax income attributable to ordinary shareholders for the year, expressed as a percentage of the weighted average total assets in a particular year.

BASIC AND DILUTED EARNINGS PER SHARE

After-tax income attributable to ordinary shareholders 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 2020

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

To the shareholders of Al Baraka Bank

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 in terms of the Shariah Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and the resolutions issued by the Shariah Supervisory Board of the bank.

Al Baraka Bank's management is responsible for ensuring that the bank complies with 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 Internal Shariah Audit Function, 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:

1. Murabaha Financing;
2. Musharaka Financing;
3. Ijarah Financing;
4. Equity Murabaha Transactions;
5. ABL Sukuk;
6. Islamic Wills and Administration of Estates;
7. Profit Distribution;
8. Management Accounts;
9. Disposal of Impermissible Income;
10. Calculation of Zakah;
11. FOREX Transactions; and
12. Banking and Finance Fees



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Shaykh Mahomed Shoaib Omar
Chairman



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Mufti Zubair Bayat
Member

28 January 2021

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 addition, an Independent External Shariah Compliance audit was conducted which assessed the effectiveness of the bank's Shariah Governance Framework and related controls.

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;
5. Zakah of the bank was calculated at 49 cents per share. Shareholders are advised to discharge this Zakah individually, as the bank is not mandated to discharge this on their behalf; and
6. The bank has an effective Shariah Governance Framework that comprises Shariah Advisory, Internal Shariah Audit, External Shariah Audit and the Shariah Supervisory Board, which ensures that the bank complies with Shariah.

Note: The former Chairman of the Shariah Supervisory Board, Dr Abdus Sattar Abu Ghuddah, passed away on 23 October 2020.

May Allah SWT accept his services and grant him the highest stages in Paradise. Dr Abdus Sattar Abu Ghuddah is being replaced by Shaykh Yousef Hassan Khalawi.

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



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Mufti Shafique Ahmed Jakhura
Member

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

GROUP

COMPANY

	Notes	2020		2019	
		R'000	R'000	R'000	R'000
Assets					
Property and equipment	3	105 286	116 502	25 051	34 288
Right of use asset	4	8 631	13 698	24 845	34 139
Investment properties	5	10 339	10 339	-	-
Intangible assets	6	67 264	56 366	67 264	56 366
Investment in and amount due by subsidiary company	7	-	-	31 117	20 200
Deferred tax asset	8	-	-	18 648	27 311
Investment securities	9	25 918	25 723	25 918	25 723
Advances and other receivables	10	7 902 172	6 521 694	7 901 953	6 521 495
South African Revenue Service	11	-	1 792	14	1 714
Regulatory balances	12	355 715	398 883	355 715	398 883
Cash and cash equivalents	13	198 828	218 362	193 823	214 315
Total assets		8 674 153	7 363 359	8 644 348	7 334 434
Equity and liabilities					
Equity					
Share capital	14	322 403	322 403	322 403	322 403
Share premium	14	82 196	82 196	82 196	82 196
Other reserves		1 751	1 753	1 751	1 753
Retained income		400 344	364 246	387 667	342 294
Shareholders' interests		806 694	770 598	794 017	748 646
Liabilities					
Welfare and charitable funds	15	21 917	25 807	21 917	25 807
Accounts payable	16	72 005	48 605	68 152	44 071
Lease liabilities	4	10 079	14 758	10 079	14 758
Deferred tax liability	8	10 104	2 278	-	-
South African Revenue Service	17	1 505	383	1	178
Provision for leave pay	18	8 936	11 348	8 936	11 348
Deposits from customers	19	7 433 546	6 180 299	7 433 546	6 180 299
Sukuk holders/Albaraka Sukuk Trust	20	309 367	309 283	307 700	309 327
Total liabilities		7 867 459	6 592 761	7 850 331	6 585 788
Total equity and liabilities		8 674 153	7 363 359	8 644 348	7 334 434

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	GROUP		COMPANY	
		2020	2019	2020	2019
		R'000	R'000	R'000	R'000
Income earned from advances		462 794	496 029	462 794	496 029
Income earned from equity finance		84 747	84 678	84 747	84 678
Income earned from Mudaraba deposits		16 808	12 084	16 808	12 084
Gross income earned		564 349	592 791	564 349	592 791
Income paid to depositors	21	(245 117)	(272 588)	(245 118)	(272 587)
Income paid to sukuk holders/Albaraka Sukuk Trust	22	(24 360)	(19 667)	(24 271)	(19 538)
Net income before credit loss expense		294 872	300 536	294 960	300 666
⁴ Credit loss expense	10	(21 385)	(2 099)	(21 385)	(2 099)
Net income after credit loss expense		273 487	298 437	273 575	298 567
Net non-Islamic income	23	-	-	-	-
Fee and commission income	24	35 339	46 252	35 607	46 507
Other operating income	25	2 515	3 914	18 811	10 274
Net income from operations		311 341	348 603	327 993	355 348
Operating expenditure	26	(258 793)	(245 097)	(261 299)	(247 526)
Finance costs	4	(1 128)	(1 366)	(9 084)	(10 180)
Profit before taxation		51 420	102 140	57 610	97 642
Taxation	27	(15 322)	(27 770)	(12 237)	(24 448)
Profit after tax for the year attributable to equity holders		36 098	74 370	45 373	73 194
Other comprehensive income					
Items not subsequently reclassified to profit and loss					
Fair value profit/(loss) net of tax	28	(2)	877	(2)	877
Total comprehensive income for the year, net of tax, attributable to equity holders		36 096	75 247	45 371	74 071
Weighted average number of shares in issue ('000)		32 240	32 240		
Basic and diluted earnings per share (cents)	29	111,97	230,7		

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