

SHARIAH REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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

To the shareholders of Al Baraka Bank Limited

We have reviewed the principles and the contracts relating to the transactions and products introduced by Al Baraka Bank Limited, South Africa, during the year ended 31 December 2023. Our review was conducted to form an opinion as to whether Al Baraka Bank has complied with applicable Shariah Rules and Principles in terms of the Shariah standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and the resolutions issued by the Shariah Supervisory Board of the Bank.

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

We conducted our review on a test basis, which included examining, directly or indirectly through the Internal Shariah Audit Function, each type of transaction, the relevant documentation, and internal controls adopted by the Bank to ensure Shariah compliance, and interviewing members of management.

The scope of the audit included:


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| 1. Murabaha Financing | 7. Profit Distribution |
| 2. Musharaka Financing | 8. Management Accounts |
| 3. Ijarah Financing | 9. Disposal of Impermissible Income |
| 4. Equity Murabaha Transactions | 10. Calculation of Zakah |
| 5. ABL Sukuk | 11. Foreign Exchange Transactions |
| 6. Islamic Wills & Administration of Estates | 12. Banking and Finance 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 Albaraka Group (ABG), which assesses the effectiveness of the Bank's Shariah Governance Framework and related controls.


In our opinion:

1. The contracts, transactions and dealings concluded by Al Baraka Bank during the year under review are generally in compliance with applicable Shariah Rules and Principles.
2. The allocation of profit and charging of losses relating to investment accounts conform to the basis that had been approved by us in accordance with applicable Shariah Rules and Principles.
3. An amount of incidental impermissible income has been designated to be paid to charity (refer to the relevant note to the "Welfare and Charitable Funds" in the annual financial statements of the Bank).
4. In relation to certain transactions which were erroneously concluded, we directed management to rectify same.
5. The Zakah on shareholders' equity was calculated at 69 cents per share. Shareholders are advised to discharge this Zakah individually, as the Bank does not have the mandate to discharge the Zakah on their behalf.
6. 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



Mufti Zubair Bayat
Member



Shaykh Yousef Khalawi
Deputy Chairman



Mufti Shafique Jakhura
Member

5 February 2024