

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 Shafique Jakhura
Member



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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 Sh. Yousef Khalawi.

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