

MEDIA RELEASE

For Immediate Release



BANK ISLAM EXPANDS ISLAMIC SOCIAL FINANCE

Launch New Microfinance Facility, Islamic Crowdfunding Official Portal - Sadaqa House and #KitaBantuKita Campaign.

KUALA LUMPUR, Wednesday, [25 November 2020]: Bank Islam Malaysia Berhad ("Bank Islam") today strengthened its role as an Islamic financial institution by furthering its Social Finance agenda with the launch of BangKIT Microfinance. The microfinance innovation, funded by this *sadaqah* instrument, is the first-of-its-kind in Malaysia.

The launching ceremony of Bank Islam's social financial initiative was officiated virtually by Yang Berhormat Dato' Sri Mustapa Mohamed, Minister in the Prime Minister's Department (Economy). Also, in attendance was Tan Sri Dr. Ismail Hj Bakar, Chairman of Bank Islam and Mohd Muazzam Mohamed, Chief Executive Officer of Bank Islam.

The launch of this facility is the main highlight of Bank Islam's Social Finance Month celebration throughout November 2020. It aims to provide public awareness on the importance and function of Islamic Social Finance in ensuring the socio-economic well-being of the country, especially in this challenging environment caused by the COVID-19 pandemic.

BangKIT Microfinance is designed to assist selected unbanked and underbanked micro-entrepreneurs to obtain capital start-up business or business expansion and subsequently build a credit record to qualify them for other financings in the future.

Offered under the al-Qard contract (interest-free), BangKIT Microfinance provides financing as low as RM500 to RM3,000 for start-up businesses and RM3,000 up to RM20,000 for business expansion with a repayment period of between 6 months to 3 years. Customers benefitted from this facility will be provided with structured entrepreneurship training to ensure their business sustainability.

Sadaqa House funds this microfinance facility from donations made by corporate institutions and the public. As a start, RM2 million is allocated for BangKIT Microfinance. From this allocation, Bank Islam targets more than 200 microentrepreneurs to benefit from this facility, subject to the availability of funds.

Details of the BangKIT Microfinance facility are as follows:

No	Key Features	Details
1	Eligibility Criteria	<ul style="list-style-type: none"> Registered business with SSM Have an acceptable and viable business plan projecting positive cash flow to repay the loan; Have an account with Bank Islam; Individual or group basis; and Must be recommended by changemakers
2	Financing Limit	<u>Start-up business:</u> Minimum RM500; maximum RM3,000 <u>Business expansion:</u> Minimum RM3,000; maximum RM20,000
3	Tenure of Financing	Minimum: 6 months Maximum: 3 years
4	Collateral	No collateral, where necessary will require a social guarantor
5	Payment frequency	Monthly instalment
6	Profit Rate	0%
7	Disbursement Method	Disbursement will be made into borrower's account with Bank Islam, or in case-to-case basis to the vendor
8	Fees & Charges	Nil
9	Documents Required for Application	<ul style="list-style-type: none"> Identity card Business information (e.g. business type, address, annual income, owner's information, number of workers, etc.) Proof of income (e.g. Income tax form B, latest six months bank statement, etc.) Proof of business operation (e.g. business registration, business permit, etc.); Utility bills; and Other relevant documents

Yang Berhormat Dato' Sri Mustapa Mohamed in his speech said, "Islamic banking has great potential to utilise Islamic social financial instruments such as zakat, waqf and sadaqah. These instruments should not be limited to the provision of basic needs and livelihoods of the needy or for religious purposes such as the construction of mosques and *madrasahs* only. It can be expanded to help the underprivileged and the community

who are severely affected by the uncertain economic situation, to enable them to be independent and sustainable in the long run."

Sadaqa House Bank Islam also introduced its new official portal (www.sadaqahouse.com.my) to expand further the potential of the Islamic crowdfunding platform and attract the involvement from the public to contribute to social impact projects implemented by changemakers selected by Bank Islam.

Sadaqa House also published its inaugural performance report for general reference interested in learning more about the application of strict governance in managing the contributions received, the results and impact of its achievements as well as its long-term direction.

Following the third wave of COVID-19 that hit the country, Sadaqa House also organised the **#KitaBantuKita Campaign** from 25 November 2020 to 31 January 2021 to raise funds from the public to help ease the burden of those who are affected. Contributions to the #KitaBantuKita Campaign fund can be made through the Sadaqa House account (Bank Islam Account No: 140 140 101 88888). Other channels of donations provided include:

- i. setting up standing instruction from the donor's account;
- ii. via Sadaqa House's official portal; and
- iii. converting Bank Islam's TruReward Credit Card-i rewards into a form of charity.

As an added value, the campaign uses 1:1 matching basis. For every RM10.00 contribution made to #KitaBantuKita Campaign, Sadaqa House will match RM10.00 up to a maximum of RM500,000.

Mohd Muazzam said, "The Bank believed that Islamic financial instruments could support Malaysia's growth towards a high-income country. We put the Social Finance initiative as part of our 2021 Strategic Goals, and are strategising its wider implementation before the pandemic. As the world grappled with the economic outcome of COVID-19, the pandemic has accelerated our social, financial mission due to the urgent need for exploring all possible options to mitigate its impact to people's livelihood and nation's economy as a whole."

In the afternoon, Bank Islam also organised a webinar entitled "Islamic Financial Instruments for More Effective Social Impact". This webinar features Mohd Nazri Chik, General Manager, Strategic Relations, Bank Islam; Prof. Dato' Dr Azmi Omar, President and Chief Executive Officer of the International Center Education in Islamic Financial (INCEIF) and Prof. Dr Amir Shaharuddin, Chief Executive Officer, Yayasan Wakaf Malaysia.

For more information, please log on to www.bankislam.com dan www.sadagahouse.com.my.

About Bank Islam Malaysia Berhad

Bank Islam Malaysia Berhad was established in 1983 as the nation's first Islamic Bank. To date, the Bank has a network of 144 branches and more than 900 self-service terminals nationwide. To meet the diversity of the public's financial needs, Bank Islam offers more than 70 *Shariah*-based banking products and services which cater to Muslims and non-Muslims. For more information on Bank Islam products and services, visit www.bankislam.com or call Bank Islam Call Centre at 03-26 900 900.

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