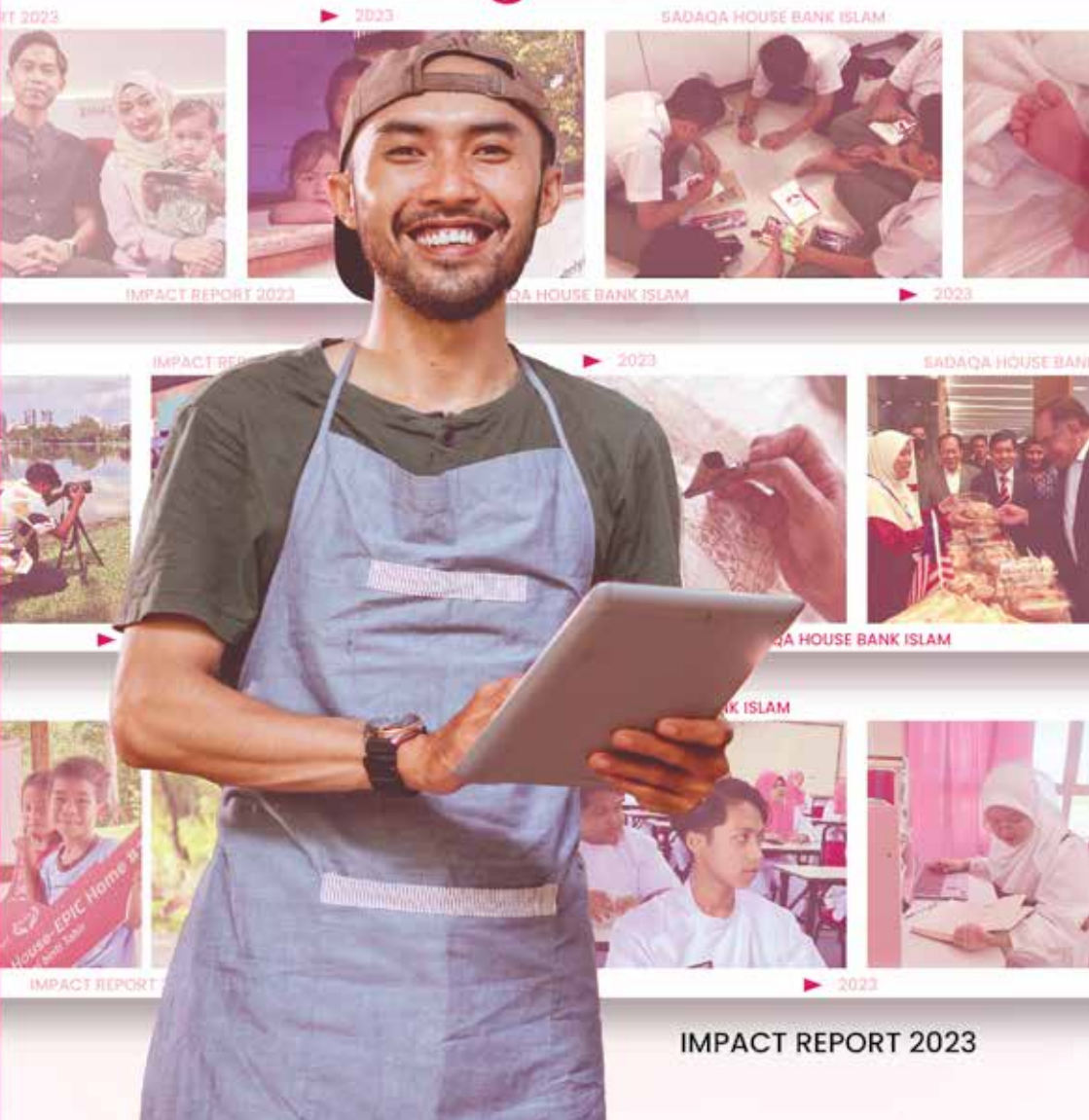




BANK ISLAM

[0830/002644 (88127-K)]

# Empowering People, Building Dreams



IMPACT REPORT 2023



▶ 2023



SADAQA HOUSE BANK ISLAM



▶ 2023



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IMPACT REPORT 2023

“

*Education is the most powerful  
weapon we can use to change  
the world.*

”

*-Nelson Mandela-*



## **Theme: Empowering People, Building Dreams**

Empowering People, Building Dreams encapsulates our steadfast dedication to uplifting individuals and cultivating the realisation of aspirations.

This year's report shines a spotlight on how Sadaqa House has transformed the intermediation role of an Islamic bank to champion Value-Based Intermediation (VBI).

Through the deployment of social finance funds and philanthropic capital, Sadaqa House is making a tangible difference for the unbanked and underserved segments, driving forward greater financial inclusion.

Discover more within these pages.

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# 5-YEAR FINANCIAL SUMMARY

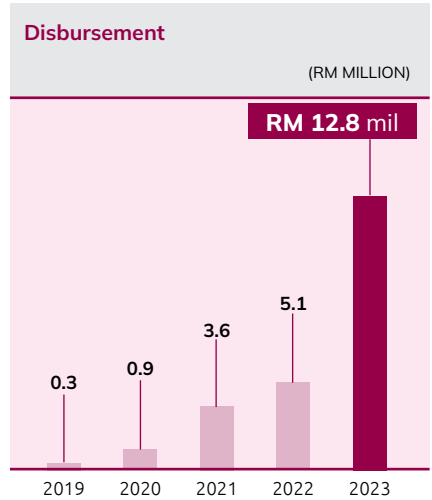
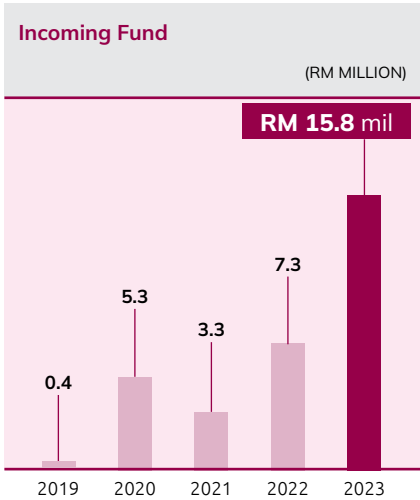
	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Incoming Fund</b>	425,400	5,348,627	3,343,747	7,318,909	15,755,070
By Funds Type					
Perpetual/ Orphan Fund	93,047	45,329	22,500	1,169,522	1,599,939
BangKIT Fund	-	2,000,000	2,000,000	5,012,321	7,799,080
Direct Fund	161,668	472,400	712,089	813,172	275,189
General Fund	170,685	2,830,899	609,157	323,893	6,080,862
<b>Disbursement</b>	<b>341,924</b>	<b>922,404</b>	<b>3,628,875</b>	<b>5,123,327</b>	<b>12,811,637</b>
Entrepreneurs' Development					
iTEKAD BangKIT	-	-	1,572,000	3,062,000	3,125,920
iTEKAD Maju (Grant)*	-	-	-	-	2,071,110
Funding Escalator	-	-	8,500	5,000	1,336,137
Business Coaching	-	-	311,303	93,372	131,588
Social Impact Project					
Community Empowerment	32,424	241,776	1,155,965	222,609	1,471,046
Education	-	319,129	198,341	708,437	3,514,138
Environment	95,000	-	202,000	97,000	-
Health	214,500	361,500	180,766	430,910	277,200
Others	-	-	-	-	21,191
Orphan Initiatives					
	-	-	-	504,000	863,307

\*iTEKAD Maju Microfinance is a programme offered with the support of Bank Negara Malaysia (BNM) iTEKAD Grant allocated by the government and Micro Enterprises Facility (MEF).

	FY2019	FY2020	FY2021	FY2022	FY2023
<b>No. of Beneficiaries</b>	34	515	4,905	10,545**	1,598

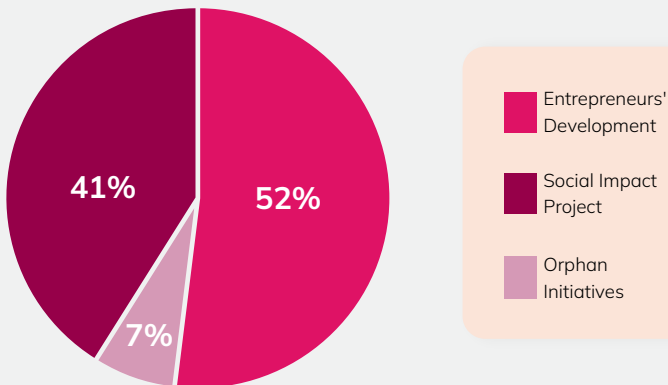
\*\*The decrease in the number of beneficiaries in FY2023 compared to FY2022 is due to the recalibration of social impact definition and measurement. This is to streamline with the Financial Sector Blueprint (FSB) 2022-2026 issued by BNM, which specifies the coverage of social finance. If a revised social impact measurement was used in FY2022, the recalibrated number of beneficiaries shall be 880.

5-YEAR FINANCIAL SUMMARY



Donations raised through Sadaqa House are not solely distributed through consumptive (one-off) contributions. Instead, significant donations are mobilised to create greater and long-lasting social impact for underserved communities, which aligns with the funds' mandates. The efforts involve providing microfinance to eligible micro-entrepreneurs through iTEKAD microfinance. The funding for iTEKAD microfinance is revolving, in which financing payment received from customers will be accumulated back into the fund pool to be utilised and channelled to other eligible micro-entrepreneurs under iTEKAD microfinance.

**Fund Disbursement 2023 (%)**



# iTEKAD Microfinance Portfolio

	YEAR 2020 & 2021						YEAR 2022	
	MAJU		BANGKIT		TOTAL		MAJU	
	RM	NOA	RM	NOA	RM	NOA	RM	NOA
<b>Application Received</b>	10,341,000	261	10,540,700	597	<b>20,881,700</b>	<b>858</b>	12,771,000	273
<b>Application Approved</b>	2,521,000	126	2,157,000	190	<b>4,678,000</b>	<b>316</b>	2,940,000	80
<b>Disbursement</b>								
Financing	2,086,000	106	1,572,000	140	<b>3,658,000</b>	<b>246</b>	3,170,000	86
Grant	-	-	-	-	-	-	-	-
<b>Total Disbursement</b>	<b>2,086,000</b>	<b>106</b>	<b>1,572,000</b>	<b>140</b>	<b>3,658,000</b>	<b>246</b>	<b>3,170,000</b>	<b>86</b>
<b>Application Declined</b>	6,449,000	163	6,032,000	335	<b>12,481,000</b>	<b>498</b>	7,108,000	152
Total Outstanding (TOS)	1,885,131	106	1,460,037	140	<b>3,345,168</b>	<b>246</b>	4,573,939	184
Performing	1,723,722	96	1,328,639	126	<b>3,052,361</b>	<b>222</b>	4,073,134	157
Past Due but Not Impaired (PDNI)	106,729	6	74,521	10	<b>181,251</b>	<b>16</b>	274,851	12
Impaired	54,679	4	56,877	4	<b>111,556</b>	<b>8</b>	225,954	15

Since the inception of iTEKAD microfinance in 2020 until 2023, we have empowered 851 micro-entrepreneurs with a cumulative total disbursement of RM18.22 million, driving social upliftment and financial inclusion. 206 micro-entrepreneurs achieved upward mobility by showing improvements and growth in business and life, which is 20.36% of the total micro-entrepreneurs reached through our microfinance programs.

## iTEKAD Maju

From its launch in May 2020 until 31 December 2023, a total of RM10.46 million (RM8.39 million financing and RM2.07 million grant) was disbursed to 300 micro-entrepreneurs.

## iTEKAD BangKIT

Since its first disbursement in January 2021 until 31 December 2023, a total of RM7.76 million (RM6.49 million financing and RM1.27 million grant) was disbursed to 551 micro-entrepreneurs.

YEAR 2022				YEAR 2023					
BANGKIT		TOTAL		MAJU		BANGKIT		TOTAL	
RM	NOA	RM	NOA	RM	NOA	RM	NOA	RM	NOA
12,604,000	714	25,375,000	987	22,567,000	472	10,174,000	550	32,741,000	1,022
2,787,000	225	5,727,000	305	5,511,610	115	3,152,620	163	8,664,230	278
3,062,000	234	6,232,000	320	3,135,000	108	1,853,000	177	4,988,000	285
-	-	-	-	2,071,110	90	1,272,920	118	3,344,030	208
3,062,000	234	6,232,000	320	5,206,110	108	3,125,920	177	8,332,030	285
8,996,000	480	16,104,000	632	15,750,000	315	5,220,000	261	20,970,000	576
3,590,608	361	8,164,546	545	6,207,648	261	3,011,447	382	9,219,094	643
2,802,230	290	6,875,364	447	5,374,816	223	2,586,260	331	7,961,076	554
238,424	21	513,275	33	293,328	12	81,151	11	374,479	23
549,953	50	775,907	65	539,503	26	344,036	40	883,540	66

Acknowledging that micro-entrepreneurs are among the vulnerable segment, the Bank has set a reasonable impairment rate of 30% to balance the risk appetite with commitment and aspiration of improving accessibility to business financial assistance to the underbanked segment. Despite the challenges, we managed to contain the impairment rate of 9.58% in FYE2023, below overall tolerable rate. To enhance the offering of iTEKAD, the Bank has taken remarkable initiatives by obtaining fatwa from Wilayah Persekutuan and Selangor authorities to allow *zakat gharimin* to be used on eligible asnaf micro-entrepreneurs.



Periodic trainings and business coaching sessions for micro-entrepreneurs



Visitation to entrepreneurs' premises to monitor their progress and solving problems if any



Provide entrepreneurs with networking opportunities through a centralised marketing channel

Message from the

# GCEO

Established in 1983 as the first Islamic bank in Malaysia, our journey from inception to leadership in Islamic social finance has positioned us as a catalyst for broader financial inclusion and ethical intermediation.



**Dato' Mohd  
Muazzam  
Mohamed**

Group Chief Executive Officer,  
Bank Islam Malaysia Berhad



Message from the GCEO



**Social finance has become the mainstream agenda. What did Sadaqa House achievements look like in 2023 as the pioneer in Islamic social finance?**

Alhamdulillah, in 2023, Sadaqa House has showcased remarkable achievements that underscore our commitment to societal impact. As the Bank advances prosperity for all, we address pressing social issues such as poverty, education, and healthcare through innovative initiatives grounded in Islamic finance principles. We foster inclusive growth by forging strategic partnerships and engaging with communities, empowering individuals and communities to thrive.

This success reflects Malaysia's growing emphasis on social finance, with Islamic finance at the forefront. The government has actively supported efforts to strengthen this sector, recognising its potential to complement traditional finance and promote social resilience. Social finance offers unique opportunities for transformative financial inclusion, overcoming barriers often associated with conventional finance.

Established in 1983 as the first Islamic bank in Malaysia, our journey from inception to leadership in Islamic social finance has positioned us as a catalyst for broader financial inclusion and ethical intermediation.

The journey of Sadaqa House resonates with the continuous realisation of its potential as a stimulus for social finance, fostering meaningful impact in communities

**For the first time, our collection crossed the RM10 million mark.**

**RM15.8 million**

– allowing us to sponsor education for more orphans and continue assisting micro-entrepreneurs in improving their capabilities and transitioning them to the next commercialisation stage.

In 2023, we continued to deliver significant social impact, surpassing our achievements from previous years. We disbursed

**RM12.8 million**

and benefited **1,598.**



**iTEKAD BangKIT** microfinance disbursed

**RM3.1 million,**

aiding **177** micro-entrepreneurs.



Message from the GCEO

and our environment. More importantly, every Ringgit raised via Sadaqa House is channelled to the intended recipients. All expenses to run the operations of Sadaqa House are fully borne by Bank Islam.

We are proving our achievements globally, and we were recognised by an international entity by being awarded the **General Council for Islamic Banks and Financial Institutions (CIBAFI) for Sustainable Development, inclusive of Environmental, Social and Governance (ESG) Practices.**

Bank Islam was honoured as the best Islamic bank globally through this prestigious award.

We lead the charge in innovation, constantly introducing new solutions to cater to the needs of underbanked communities. Our initiatives, such as iTEKAD and the Sakeenah Home Ownership Programme (SakeenaHOPE) for salaried asnaf are tailored to uplift those who are underserved by traditional banking systems.

Recently, we launched the Ihsan Sustainability Investment Account (ISIA), a groundbreaking endeavour where institutional investors can fund Sadaqa House projects through dedicating a portion of their profits.



**With all these achievements, what reforms have been implemented to bolster Sadaqa House impact on the community?**

**Strengthening Internal Processes**

To uphold the fiduciary expectations of donors and funders regarding compliance and governance in managing funds and impact investments; we established the Embedded Risk and Compliance Unit (ERCU) in June 2023.

The inception of the ERCU aims to oversee the overall operation, management and governance of Sadaqa House in managing and handling social finance matters.

The establishment of the ERCU reinforces our commitment to transparency, accountability, and responsible stewardship of funds entrusted to us by donors and funders.

ERCU is an addition to the robust governance framework that has already been established and improvised within Sadaqa House since 2018.

**iTEKAD Revolving Fund**

Our strides in social finance have caught the attention of philanthropists seeking real change. We have introduced the iTEKAD Revolving Fund—a breakthrough idea to enhance our impact. We use the fund to provide financing to micro-entrepreneurs i.e. potential iTEKAD Maju recipients. Upon achieving upper-tier payment, we reinvest in new entrepreneurs, creating a cycle of investment and empowerment, stretching every Ringgit further to uplift communities.



## Message from the GCEO

### Sharing Expertise

We firmly believe in collaboration with government agencies, non-profit organisations, and other stakeholders to collectively tackle social issues.

Our approach involves participating in joint initiatives, providing financial support, and contributing our expertise. Our collaboration with FELDA through Tabung Usahawan Belia FELDA, SME Bank's Ishraf Programme 3.0, Family Wellbeing Sdn Bhd, and Yayasan Jariah-Aafiyat, exemplifies our commitment to such partnerships. Collectively, we combine resources and efforts to effectively address social challenges and leveraging the strengths of each partner for a more significant impact.

### Empower Tomorrow

To ensure Sadaqa House remains dynamic, we introduced a new initiative category: "Empower Tomorrow". It encompasses a one-off fundraising initiative for projects or campaigns without specific collaboration with changemakers.

Our inaugural project aims to fund a van for Rumah Kebajikan Anak-anak Yatim dan Miskin Dahikmah in Gopeng, Perak. Their van, which has been in service for over 20 years, no longer meets their needs to commute the children to school every day. The need for the van is crucial as the orphanage cares for 46 children aged 7 to 17, out of which 11 are persons with disabilities (PWD) due to conditions like autism, cerebral palsy, specific learning disabilities, and ADHD.

The van's price is RM92,000, and Sadaqa House donors has already funded RM85,000, significantly impacting the lives of these vulnerable children.



### How has the Sadaqa House Orphan Fund (SHOF) evolved in its second year?

In its second year, the SHOF has contributed RM863,000, benefiting 76 recipients. Education sponsorship extended to 71 orphans, including those studying at Universiti College Bestari (UCB), Terengganu, a university overseen by PEYATIM, and other higher education institutions and skills institutes supervised by the Youth Empowerment Foundation (YEF).

Infrastructure Improvement Grants amounting to RM330,000 continued to benefit 119 orphans in four selected Negeri Sembilan and Melaka orphanages.

When we launched SHOF in 2022, 80% of the collection amount was invested to double the fund. As of 2024, the Sadaqa House and Zakat Committee have decided that the distribution will shift to 50% investment and 50% direct distribution to SHOF recipients to provide a higher allocation (50%) to orphans for immediate impact on the orphans.

Beginning in 2024, SHOF will invest through the Sakeenah Home Ownership Programme, allowing the fund to earn returns while creating social impact by enabling salaried asnaf to own homes. We aim to deliver shelters to at least 40 salaried asnaf by end of the year.



### What are the recent advancements or developments in iTEKAD?

Alhamdulillah, in 2023, RM8.3 million was disbursed to aid 285 iTEKAD micro-entrepreneurs nationwide. The upward mobility measurement showed that 155 micro-entrepreneurs improved

Message from the GCEO

throughout the year. Specifically, 41 micro-entrepreneurs advanced to Grade 1, while 114 achieved Grade 2. To amplify the programme's impact, we complement our ongoing development initiatives with Entrepreneur Development strategies, fostering upward mobility among micro-entrepreneurs.

More collaboration took place in 2023, enabling Sadaqa House to offer funds for blended financing and escalator funding.



**What lies ahead in 2024?**

We will focus on developing social enterprises to expand social impact and move towards a more inclusive financial system. Support from Sadaqa House will enhance the potential of social enterprises and further ensure the success of the Social Entrepreneurship Action Framework 2030 (SEMy2030) launched by the government through the Ministry of Entrepreneur and Cooperatives Development.

To kickstart this endeavour, in January 2024, we executed an agreement with the Sabah Social Entrepreneurs Association (SOSEA) in Sabah to empower the local community leaders through social entrepreneurship. In the effort to create sustainable economic growth for micro-entrepreneurs and the surrounding communities, our structured entrepreneurs development program under iTEKAD microfinance will enhance social entrepreneurs' skills and capabilities, amplifying their impact on communities and the environment.

We are introducing iTEKAD Jaya, a new product highlighting social finance innovation. This latest offering applies to the Shariah contract of *Mudarabah*, where

Sadaqa House (rabbul mal) provides capital (financing) to support the customers' business or project requirements, and any profit generated from the venture will be shared with Sadaqa House.

We are also exploring supply chain financing for small farmers, providing invoice factoring that will empower their efforts in promoting sustainable farming practices.

Furthermore, we will introduce alternative credit assessment that is tailored for the underbanked segment of micro-entrepreneurs to strengthen our credit-evaluation process.

At Sadaqa House, our mission is to create opportunities and improve lives for everyone. With a steadfast focus on advancing social finance initiatives, we aspire to empower the underprivileged and marginalised segments of society. We are deeply committed to amplifying our impact, driving positive change, and fostering inclusive prosperity for a brighter future.

On behalf of Sadaqa House, I extend our heartfelt gratitude for your continuous support, contributions, and trust. May Allah bless our collective efforts.

Let's Continue Empowering People, Building Dreams!

Sincerely,

**Dato' Mohd Muazzam Mohamed**  
**Group Chief Executive Officer**  
Bank Islam Malaysia Berhad



*Dato' Mohd Muazzam  
lending a hand to  
complete the EPIC Home  
for indigenous asnaf  
in Kampung Orang Asli  
Serigala, Hulu Bernam,  
Selangor*

## Reimagining Value-Based Intermediation (VBI)

## Reimagining VBI

*Bank Negara Malaysia (BNM) defines VBI as intermediation function that aims to deliver the intended outcomes of Shariah through practices and conduct offerings that generate positive and sustainable impacts on the economy and community environment. The effort is consistent with the shareholders' sustainable returns and long-term interests.*

Sadaqa House, as a social finance initiative, aligns with the VBI agenda. A key aspect of VBI is community empowerment, which goes beyond corporate social responsibility activities and establishes practices of giving back to society.

Since 2018, Sadaqa House has envisioned enabling social finance practices. The Financial Sector Blueprint (FSB) 2022-2026 issued by BNM defines social finance as "financial structures or business models that aim to deliver tangible social outcomes by mobilising philanthropic capital."

This philanthropic capital encompasses Islamic social finance instruments such as sadaqah, waqf, and zakat.



Social finance is able to give a new dimension to the socio-economic development of the people by applying the principles of an inclusive financial system, considering the long-term impact and uniting all stakeholders," he said.

"Bank Negara Malaysia remains committed to highlighting social finance in the financial ecosystem, including leading the development of the next iTEKAD programme,"

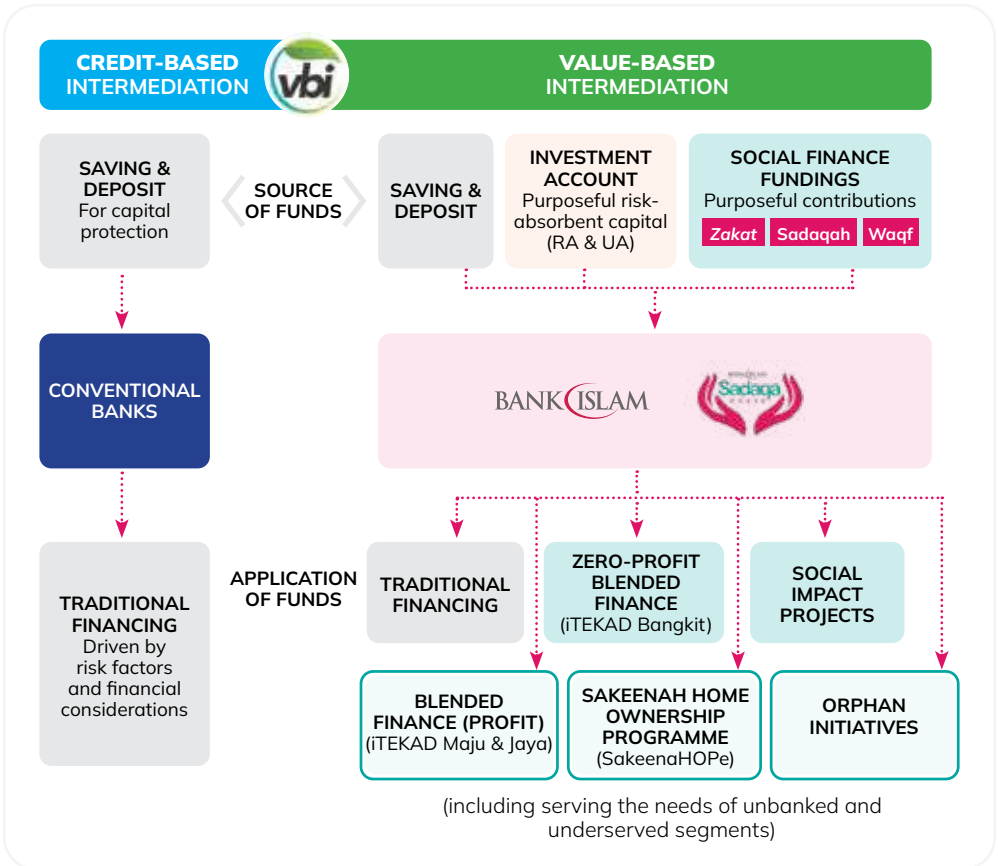
**Bank Negara Malaysia Governor**  
*Datuk Shaik Abdul Rasheed Abdul Ghaffour*  
iTEKAD Networking Session, 22 August 2023

**In 2018, Bank Islam launched Sadaqa House as part of our commitment to Value-Based Intermediation (VBI). Our aim is to integrate a participatory funding platform with Bank Islam's robust governance, expertise, and infrastructure in traditional Islamic banking to drive positive social impacts.**

Reimagining VBI

Throughout our 5-year journey, Sadaqa House continuously enhanced every facet of delivering funds **within the Islamic banking framework**, aiming to achieve upward mobility for our beneficiaries.

Reflecting on our experience, Sadaqa House has **reimagined the intermediation role of an Islamic bank to advance VBI**. The effort entails deploying social finance funds and philanthropic capital to include the unbanked and underserved segments within an inclusive Islamic economic ecosystem, as illustrated in the diagram below:



## Reimagining VBI

As such, the VBI model facilitates the provision of blended finance, funding escalators, and the financing of more impactful projects for the underserved, including orphan initiatives, exemplifying the theme "Empowering People, Building Dreams".

The efforts are in accordance with Thrust 5 outlined in BNM's Financial Sector Blueprint (FSB) 2022–2026, that includes mainstreaming social finance.



### Advance value-based finance through Islamic finance leadership

**a. Strengthen key capabilities to enhance Malaysia's position as an international gateway for Islamic finance.**



*This includes improving distribution channels, fostering innovation and competitiveness, deepening Islamic financial and capital markets, and developing more outstanding industry leadership mechanisms.*

**b. Strengthen policy enablers of value-based finance for greater impact**



*e.g. broadening the use of ta'awun (mutual aid) in takaful, improving impact-based disclosure, and integrating the implementation of Shariah contracts with the underlying wisdom (hikmah).*

**c. Mainstream social finance**



*through blended finance and funding escalator models, and foster multi-stakeholder efforts to promote shared infrastructures.*



# Operationalisation of the Sadaqa House Orphan Fund (SHOF)

Since its establishment in May 2022, the SHOF has been envisioned as a pivotal instrument in advancing greater financial inclusion by catalysing transformation in the lives of orphans and their respective communities.

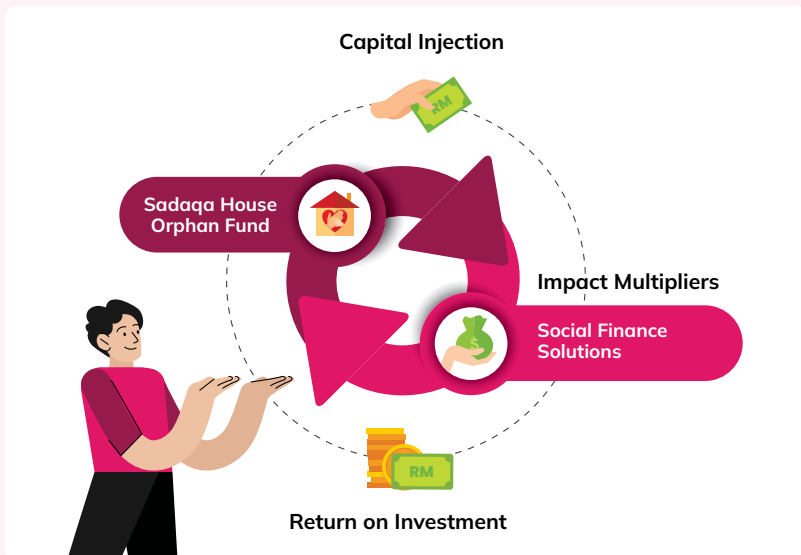
Each donation to the fund is designed to yield manifold impacts, resulting in a dual outcome: safeguarding the welfare and education needs of orphans, and the empowerment of communities, thereby breaking the cycle of multidimensional poverty.

The SHOF offers zero-cost funding to support social finance initiatives.

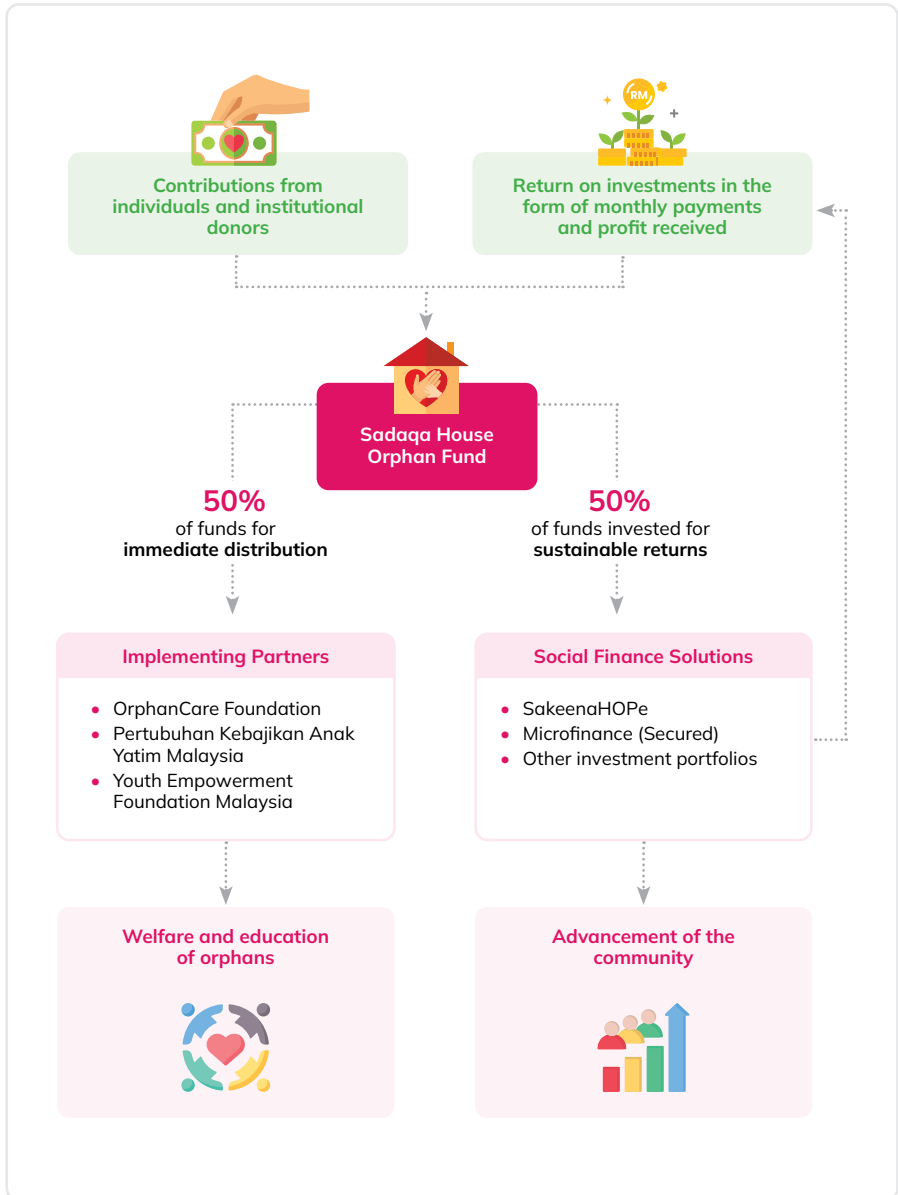
## SHOF Enables Impact Multipliers

For every Ringgit donated to the Fund, it creates multiple different growth permutations through Social Finance solutions.

The cycle generates sustainable returns that benefit both the welfare and education of orphans, as well as the betterment of the community.

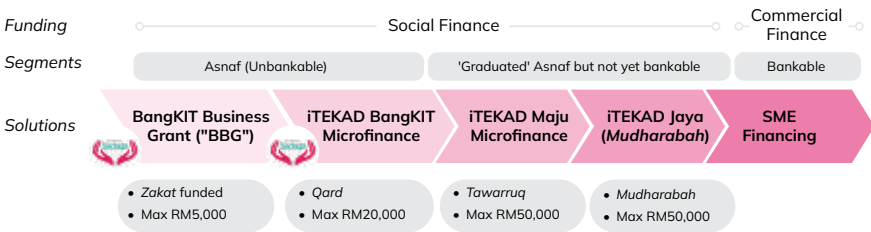


Operationalisation of the VBI Model for the SHOF is detailed below:



# Building Dreams — Paving the Path to Sustainable Entrepreneurial Success

In guiding entrepreneurs toward upward mobility, we support underbanked entrepreneurs from the pre-commercialisation stage until they attain bankability and readiness for commercial finance.



Throughout this programme, we have meticulously observed and learned the needs of micro-entrepreneurs.

To enhance the programme's impact, alongside our ongoing efforts to foster upward mobility among micro-entrepreneurs, we're committed to providing them with a suite of Entrepreneur Development strategies starting in 2024:

01

### Entrepreneurs-to-Entrepreneur (E2E):

This initiative empowers existing customers to become sub-mentors in entrepreneur development.

02

### Hub Usahawan iTEKAD:

In collaboration with universities and agencies, we established centers nationwide, mobilising local partners to deliver ongoing development and support programmes to our customers.

03

### Intervention Suitability and Sustainability Practices:

We reassess our entire intervention initiatives using a structured approach developed by Sadaqa House based on on-the-ground experience to determine the real needs of micro-entrepreneurs, including through instilling sustainability practices among them to ensure effective outcomes.



# Impact & Reach

Entrepreneurs' Development



Total Disbursement

**RM6,533,167**

Beneficiaries

**457**

micro-entrepreneurs

## iTEKAD Microfinance

Comprehensive support, including financial injections, business coaching, and financial management education are offered to assist micro-entrepreneurs. The support is essential for fostering resilient micro-entrepreneurs who can compete effectively, benefit the community, and ultimately transition from being underbanked.

**190**

asnaf micro-entrepreneurs assisted through **Funding escalator**

**RM1,336,137**  
grant mobilised

**177**

iTEKAD BangKIT micro-entrepreneurs

**RM3,125,920**  
blended finance mobilised

**90**

iTEKAD Maju micro-entrepreneurs

**RM2,071,110**  
disbursed (iTEKAD grant)

**155**

micro-entrepreneurs achieved upward mobility

**41**

achieved **Grade 1**  
**Upward Mobility**

**114**

achieved **Grade 2**  
**Upward Mobility**



## Guiding Entrepreneurs Through the Journey

### Blended Finance

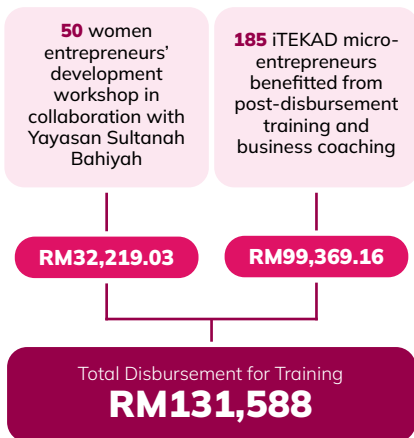
iTEKAD BangKIT, iTEKAD Maju, and iTEKAD Jaya Microfinance are structured as a blended social finance programme aimed at aiding low-income micro-entrepreneurs in bolstering their financial management and business acumen to generate sustainable income. Each iTEKAD programme combines the provision of microfinance with structured financial and business training. Sadaqa House, in collaboration with implementation partners, identifies potential B40 and asnaf entrepreneurs who would like to participate in this initiative.

### Funding Escalator

Sadaqa House's expertise in microfinance programmes has sparked philanthropists' and agencies' interest in the BangKIT Business Grant. Throughout 2023, partnerships have been established to prepare the beneficiaries for the iTEKAD microfinance programme, as articulated on page 23.

### Training/Business Coaching

Sadaqa House has initiated a continuous development programme to foster upward mobility among micro-entrepreneurs, which includes training, mentoring initiatives and business coaching.



*In 2023, 49 training / business coaching sessions conducted, 476 entrepreneurs attended*

# 2023

## Funding Escalator Collaboration:



### Women Micro-Entrepreneurs in Kedah

- Collaborated with Sadaqa House's changemaker Yayasan Sultanah Bahiyah.
- Provide opportunities for women micro-entrepreneurs in the state to upscale their businesses and uplift their economic status by providing financial assistance to purchase business equipment.
- Total disbursement (2023): RM51,420, benefiting 14 women entrepreneurs.
- Total disbursement (2018 – 2023): RM124,766, benefiting 43 women entrepreneurs.



### MyZakat Initiative

- Collaborated with the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) to provide grants for asnaf micro-entrepreneurs in Kuala Lumpur, Sarawak, and Kedah.
- Initiative also involved six other financial institutions.
- Primary objective: To empower the socio-economic status of asnaf.
- Total disbursement: RM50,000



### ISHRAF 3.0 - Entrepreneurship Development Programme

- Collaborated with SME Bank and its subsidiary, the Centre for Entrepreneur Development and Research (CEDAR), to support empowering asnaf micro-entrepreneurs.
- In 2023, Bank Islam expanded its social finance engagement and support to micro-entrepreneurs in Sarawak.
- Total disbursement: RM500,000 benefiting 33 micro-entrepreneurs.



### BangKIT Business Grant (BBG)

- An incubation program for micro-entrepreneurs using philanthropic capital to build creditworthiness and business track records, preparing them for commercial funding.
- Collaborated with Majlis Agama Islam & Adat Istiadat Melayu Perlis (MAIPs), Lembaga Zakat Negeri Kedah (LZNK), Majlis Ugama Islam dan Adat Resam Melayu Pahang (MUIP), and Majlis Agama Islam Wilayah Persekutuan (MAIWP) to offer the programme to asnaf entrepreneurs under their supervision.
- Total disbursement: RM625,000 benefiting 125 micro-entrepreneurs.

## Entrepreneurs' Development

There are five main components of the Entrepreneurs Development Programme to support their growth and measure each micro-entrepreneur's upward mobility. The following took place in 2023:

### Education & Training

- 27 pre-disbursement sessions were organised for **432** micro-entrepreneurs.
- 6 post-disbursement sessions were conducted involving **185** micro-entrepreneurs.

### Engagement with Successful Entrepreneurs

- 3 successful entrepreneurs were invited to share their journey during business networking session:
  - *Nasi Lemak Saleha*
  - *2nd Cut*
  - *Tender Touch Rehab Centre for Children*

### Networking among Entrepreneurs

- 6 sessions conducted by EDC Hope for **183** iTEKAD Maju micro-entrepreneurs.
- 3 sessions conducted by Startlah Innovation for **47** BBG and iTEKAD BangKIT micro-entrepreneurs.

### Centralised Marketing & Market Penetration

- 21 Facebook posts uploaded through Pakat Sapot initiative involving **21** customers.

### Support on Banking Facilities & Solutions

- **1,005** micro-entrepreneurs have opened a current account with Bank Islam
- **942** micro-entrepreneurs are actively using the Bank Islam current account, with a total balance of RM4.57 million as of 31 December 2023
- **195** customers have registered GO Biz by Bank Islam mobile banking app (now known as BIMB Biz)
- **47** customers have opened an Al-Awfar investment account

### Upward Mobility for 2023

Programme	Grade 1	Grade 2	No. of micro-entrepreneurs
BangKIT Business Grant	15	11	26
iTEKAD BangKIT	15	49	64
iTEKAD Maju	11	54	65
<b>Total</b>	<b>41</b>	<b>114</b>	<b>155</b>

**Note:**

**Grade 1:** Improvement in credit worthiness

**Grade 2:** Improvement in any general dimension of impact measurement, such as **business growth, job creation, financial management behavior, digital adoption, and e-commerce activities** in their business.



iTEKAD Micro-Entrepreneurs

**Where Are They?** (No. of micro-entrepreneurs)



*"Thank you to the contributors, Sadaqa House and Yayasan Sultanah Bahiyah, for assisting me and other aspiring entrepreneurs on our journey to success."*

**Norhayati Ramli**  
Telekung Hayati



*"The iTEKAD BangKIT microfinancing program has assisted me in growing my photography and videography services business and brand. My ultimate dream is to have my own studio space one day."*

**Devendra**  
Deven Creative & Enterprise



# Impact & Reach

## Orphan Initiatives



*Mohd Nazri Chik, Group Chief Social Finance Officer, extending care to orphan at Rumah Anak Yatim Dahikmah, Gopeng, Perak Darul Ridzuan.*

**71**

scholarship for orphans

**RM478,523**

amount contributed in FY2023

**4**

orphanages refurbished in Melaka and Negeri Sembilan

**119**

orphans benefitting

**RM328,543**

amount contributed

**3**

baby hatches in Petaling Jaya, Selangor, Sungai Petani, Kedah, and Johor Bahru, Johor

**RM120,000**

operation cost supported

# Orphans Initiatives

In 2023, we strived to maximise the impact of the Orphan Fund through meaningful initiatives.

## Education

Under the theme “From Cradle to Graduation”, our focus is on ensuring orphaned children receive adequate education support, enabling them to pursue tertiary education without falling behind.



**Educational scholarships for orphans studying at Universiti College Bestari (UCB), Setiu, Terengganu, an institution owned by PEYATIM.**

*Changemaker*  
**Pertubuhan Kebajikan Anak Yatim Malaysia (PEYATIM)**

*Beneficiaries*  
**11 orphans**

*Amount Disbursed in 2023*  
**RM93,704**

*Total sponsorship amount (until completion of study)*  
**RM289,778**



**Education assistance and intervention programmes for orphans continuing their studies at local colleges and universities.**

*Changemaker*  
**Youth Empowerment Foundation (YEF) Malaysia**

*Beneficiaries*  
**60 orphans and asnaf**

*Amount Disbursed*  
**RM384,819**



*"If there is no contribution from Sadaqa House, I may have to do some side work to support the cost of my studies."*

**Nabila Sofea Yusri**  
 Diploma in Early Childhood Education, UCB



*"The assistance I received from Sadaqa House helped me a lot in terms of food allowance and assignment needs. I hope more people will contribute to Sadaqa House so that more of my underprivileged friends be able to continue their studies with the assistance."*

**Nur Nasfia Zanita Jisum**  
 Diploma in Corporate Administration, UiTM Seremban

## Infrastructure Improvement

To ensure the comfort and safety of orphans in orphanages, funds were allocated to refurbish and renovate two orphanages in Negeri Sembilan and two orphanages in Melaka, benefiting 119 orphans.



Renovated the condition of the ceiling, roof, and electrical wiring due to the deteriorating state of the facilities.

*Orphanage*  
Pertubuhan Anak Yatim Darul Aminan,  
Negeri Sembilan

*Total* **RM102,190**



Renovated the kitchen area to ensure a safe and comfortable environment for the orphans' dining area.

*Orphanage*  
Pusat Jagaan Pertubuhan Anak Yatim Al-Khair,  
Negeri Sembilan

*Total* **RM15,000**



Constructed a covered walkway from the dormitory to the mosque to ease student access during the rainy season and repaired the front fence of the home.

*Orphanage*  
Pertubuhan Kebajikan Anak-Anak Yatim  
Islam Daerah Jasin, Melaka

*Total* **RM110,000**



Refurbished the dining and laundry area, and repaired the roofing.

*Orphanage*  
Lembaga Pengurusan Anak Yatim/ Miskin  
(PAYASUM), Melaka

*Total* **RM101,353**

As part of our commitment, our changemaker OrphanCare Foundation funds the operational costs of baby hatches, shelters, and counselling for birth mothers. They operate in three centres: Petaling Jaya, Selangor; Sungai Petani, Kedah; and Johor Bahru, Johor.

## OrphanCare Foundation Achievements in 2023

The yearly cost of operation disbursed by Sadaqa House

**RM120,000**

Total number of babies saved

**55**

Total number of babies adopted

**35**

Total number of babies being cared for by biological mothers

**20**

Total number of counselling sessions conducted

**39**

Total number of training sessions for prospective adoptive parents

**4**

Total number of prospective parents trained

**94**



## Other initiative

Purchased a new van for Rumah Kebajikan Anak-Anak Yatim dan Miskin Dahikmah, Gopeng, Perak. The current van at the home had been in service for over 20 years and was no longer functioning well. A new vehicle is crucial as the orphanage provides care for 45 children aged 7 to 17 years old, 11 of whom are people with disabilities (PWD) due to conditions like mild autism, cerebral palsy, specific learning disabilities, and attention-deficit hyperactivity disorder (ADHD).

*Beneficiaries Impacted*  
**1 orphanage (45 children)**

*Total*  
**RM70,145**





*Dato' Muazzam and Encik Sujana Rejab, founder of MyVista, watching Putri Nur Farisha testing her 3-D prosthetic arm.*

## Impact & *Reach*

Social Impact Projects



### Funds Disbursed

**RM1,400,901**

Community Empowerment

**RM3,514,138**

Education

**RM277,200**

Health

### Total

**RM5,262,384**

Sadaqa House's social impact focuses on four main sectors: Education, Community Empowerment, Healthcare, and Environment. Embracing a true Malaysian spirit, Sadaqa House adopts an inclusive policy approach, welcoming Muslims and non-Muslims as donors and beneficiaries.

## Education

**110**

underserved children received quality education

**RM150,000**

rental cost supported

**26**

poor students sponsored for ACCA Qualification in collaboration with the Malaysia Professional Accountancy Centre (MyPAC)

**RM725,883**

amount disbursed

**16**

seminars and researches supported

**RM197,777**

amount disbursed



Provided financial assistance for the monthly rent of a four-story building in Chow Kit, ensuring underserved children have access to quality education.

*Changemaker*

Buku Jalanan Chow Kit (BJCK)

*Beneficiaries*

110 students

*Total*

**RM150,000**



Funding the cost to build or refurbish *surau* or *musolla* at selected schools ensures equal opportunities for all school children and provides them with well-equipped and comfortable spaces for prayers.

*Changemaker*

Pertubuhan Kegiatan Dakwah Islamiah Sekolah-Sekolah Malaysia (PEKDIS)

*Beneficiary*

SK Sungai Jernih, Batu Kurau, Perak (146 students)

*Total*

**RM50,000**

Funding the 8th national level of "Pengarafan Surau Imarah Sekolah-Sekolah (PERSIS) Kementerian Pendidikan Malaysia-Bank Islam."



Collaboration with **80 schools** under the supervision of Islamic Education Division (BPI), Ministry of Education.

**RM247,000**

Provide support to other **education-related initiatives, including educational programmes, improvement of school facilities and financial assistance to student** at local universities and colleges.

**RM178,478**



Supporting **students' welfare** funds at universities and colleges.

**RM1,965,000**

## Health

**55**

paediatric congenital heart disease patients assisted

**RM250,000**

operation cost supported



Provided financial assistance to paediatric congenital heart disease patients from underprivileged families to undergo heart surgery at National Heart Institute.

Changemaker

IJN Foundation

**136**

patients' caregivers assisted through Sahur & Iftar Sponsorship

**RM27,200**

amount contributed



Handed over sahur and iftar food packs to 136 caregivers of children with congenital heart disease patients in IJN wards.

Changemaker / Collaborator

IJN Foundation

*"My son has a chronic heart disease. The treatment will cost so high. Of course we can't afford it. Fund from Sadaqa House helps us a lot, especially in terms of my child's treatment payments."*

**Muhammad Harith Mat Rosdi**  
Patient's father



## Community Empowerment



*We seized the opportunity to experience mushroom harvesting at Raudhah Autism urban farming. The Sadaqa House fund was utilised to purchase a chiller for storing fresh vegetables before they are sold at the market.*

**208**

primary schools students from low-income families

**4**

rural schools

**RM280,000**

amount disbursed

**29**

mosques and musolla supported

**RM249,584**

amount disbursed

**27**

schools and hostels supported

**RM147,452**

amount disbursed

**3**

limbs

**RM17,000**

amount disbursed

## Community Empowerment



Provided financial assistance to purchase a van for asnaf and underprivileged students of Sekolah Kebangsaan Kubang Kuau in Rantau Panjang, Kelantan, to transport them from the village to the school.

*Beneficiaries Impacted*  
**1**

*Total*  
**RM61,198**



Produced 3D prosthetic arms for disabled children from underprivileged families.

*Changemaker*  
**MyVista**

*Beneficiaries Impacted*  
**3 children**

*Total*  
**RM17,000**



Sponsored a home for an asnaf-Muslim Orang Asli family in Kampung Orang Asli Serigala, Ulu Bernam, Selangor, built by EPIC Homes, an organisation established in 2010 to provide homes for underprivileged Malaysians.

*Changemaker*  
**EPIC Homes**

*Beneficiaries Impacted*  
**1 family**

*Total*  
**RM60,000**



Provided food assistance to identified families to ensure their children attended school through the 'Feed to Educate' program, part of the 'Charity Right' project by Mercy Mission Malaysia (Mercy).

The initiative addresses malnutrition among schoolchildren, promotes regular school attendance, and strengthens relationships between teachers and parents.

*Changemaker*  
**Mercy Mission Malaysia (Mercy)**

*Beneficiaries Impacted*  
**4 schools (208 asnaf families)**

*Total*  
**RM280,800**



Financial assistance to **29 mosques and musollas** for development or renovation.

**RM249,584**



Financial assistance for **197 asnaf** under Bank Islam's Corporate Responsibility Programme, AMAL:

1. Ramadan and Syawal
2. Back to School Programme

**RM198,350**

Financial assistance for 16 institutions to support *dakwah* activities and programme.



**RM132,565**

Financial support to 7 institutions for Ihya' Ramadan activities and programme.



**RM39,500**

Financial assistance for the development, renovation or facilities improvement for 27 schools, madrasah and academic hostels.



**RM147,452**



Financial assistance to 35 individuals and institutions for other charity initiatives.

**RM214,452**



*"The number of pupils attending the school increased especially the students who received this contribution. In a way it reduce the symptoms of skipping school."*

**Rizuan Ahmad**  
Headmaster SK Titi Tok Bandar  
Charity Right project with Mercy



*"Thank you to all contributors through Sadaqa House. I hope that this assistance will be continued, and I wish all the contributors will be blessed for helping us the B40 group."*

**Saadiah Saad**  
Recipient's mother of Charity Right project  
with Mercy



*"Syukur Alhamdulillah, I thank you to all who were contributed."*

**Putri Nur Farisha Mohd Zarif**  
3D-hand recipient

## Upcoming Projects

### Environment

The collaboration with Universiti Teknologi Malaysia (UTM) aims to protect natural capital and resources by fostering environmental consciousness and supporting renewable energy efforts. This project benefits deserving community and provides valuable knowledge transfer and hands-on experience for UTM and collaborative partners, including Community College, Industrial Training Institute and Polytechnics.

In 2024, a new project, 'Smart Eco-PV Boat', will offer UTM and its partners a unique experience compared to the four previous projects involving residential installation.



To upgrade fishing boats to a 'Smart Eco-PV Boat', assisting selected fishermen in reducing diesel expenses to supply electricity for equipment on fishing boats.

*Changemaker / Collaborator*

**Universiti Teknologi Malaysia (UTM)**

*Intended Beneficiaries*

**21 fishermen**

*Total*

**RM101,895**

*How you can be part of the Sadaqa House noble initiatives in 2024*

*Join us in empowering dreams. Your support fuels the journey of empowerment, transforming lives and shaping destinies. Together, we create a world where every contribution helps build brighter futures.*

*Scan to donate*



Sadaqa House



Sadaqa House Orphan Fund

*Donate via Fund Transfer*



140 140 101 88888  
SADAQA HOUSE



140 140 108 88888  
SADAQA HOUSE ORPHAN FUND

# Historical Milestones

## Chronological Development of Sadaqa House

2 September 2014

Dato' Dr. Abdul Halim Ismail, the first Managing Director of Bank Islam, first proposed the idea of Sadaqa House.

Inspired by his vision, Bank Islam cooperated with Universiti Islam Selangor (UIS) through its International Research Centre of Islamic Economics and Finance (IRCIEF) to initiate a study on the viability of the idea of implementing it within a banking framework.

December 2021

Sadaqa House received:

1. **Excellence Award for Islamic Social Finance 2021 (IRBA)**
2. **Company of the Year for Outstanding Community Support 2021 (CSR Malaysia)**

March 2022

Sadaqa House's BangKIT Microfinance participated in The Royal Award for Islamic Finance: Impact Challenge Prize 2022 and emerged as one of the 17 finalists for the award.

*Note: The Royal Award for Islamic Finance (The Royal Award) is a distinctive award recognising leaders and visionaries who inspire others to create a positive impact in the world through the shared values and principles of Islamic finance. This Royal Award is jointly organised by the Securities Commission Malaysia and Bank Negara Malaysia, under the Malaysia International Islamic Financial Centre (MIFC) initiative. The Royal Award is given out once every two years. The inaugural award was presented in 2010.*

20 October 2014

Bank Islam cooperated with IRCIEF to research the feasibility of Sadaqa House in Islamic banking. The study covered Shariah, legal, taxation, and governance aspects. Bank Islam's former Chief Shariah Officer, Ustaz Mohd Nazri Chik along with Dato' Dr. Abdul Halim and UIS Rector, Professor Dato' Dr. Abdul Halim Tamuri, served on the steering committee.

November 2020

The launch of BangKIT Microfinance programme, an initiative to assist underbanked micro-entrepreneurs.

*Note: BangKIT Microfinance is known as iTEKAD BangKIT beginning 2023.*

27 May 2022

The launch of the Sadaqa House Orphan fund. The fund aims to deliver a holistic "From Cradle to Graduation" solution to ensure that orphans are afforded equal opportunities to succeed.

26 September and 8 December 2022

### Introduction of iTEKAD Jaya

The Shariah Supervisory Council and the Board of Directors of Bank Islam have approved *Mudarabah* based microfinancing, named iTEKAD Jaya. This remarkable offering allows micro-entrepreneurs to fund their operating expenses and simultaneously offers them an opportunity to share the benefits with Sadaqa House.

29 October 2015

Seminar on Sadaqa House was held at Menara Bank Islam, Kuala Lumpur, organised by Bank Islam and IRCIEF.

19 April 2017

Seminar on *Zakat*, Waqf & Sadaqah and the launch of Sadaqa House Green Report organised by Bank Islam and IRCIEF in Kuala Lumpur.

In November, the Sadaqa House Book was launched at the World Islamic Economic Forum 2017 in Kuching, Sarawak, sponsored by Bank Islam.

21 November 2019

Sadaqa House received international recognition as the Best Social Finance Initiative Award from Cambridge International Financial Advisory in conjunction with the Islamic Retail Banking Award 2019.

19 January 2018

Sadaqa House was launched during Karnival Kewangan Bank Negara Malaysia at Alor Setar, Kedah, as a strategic initiative under the VBI agenda.

The Sadaqa House website was launched in November 2020.

9 May 2023

### **CIBAFI Award for Sustainable Development, Inclusive of Environmental, Social, and Governance (ESG) Practices**

The CIBAFI Award recognises Islamic banks and financial institutions that excel by adhering to Islamic finance principles. The theme for this edition was "Sustainable Development, Inclusive of Environmental, Social, and Governance (ESG) Practices." Bank Islam through Sadaqa House was honoured as the best Islamic bank globally at this prestigious award.

1 November 2023

### **The World Bank Acknowledges Sadaqa House**

The World Bank launched a report titled "*Tracking Progress: Impact Monitoring of Social Finance.*" Drawing on international best practices, the World Bank's latest report examines the benefits of monitoring the impact of Social Finance in Malaysia and how it can drive positive social progress. Sadaqa House's iTEKAD has been one of the case studies in the report.

Assuring

# Governance

## Donation and Distribution Process

Sadaqa House ensures that good governance is adopted and implemented throughout the end-to-end process of managing donation funds from the public.

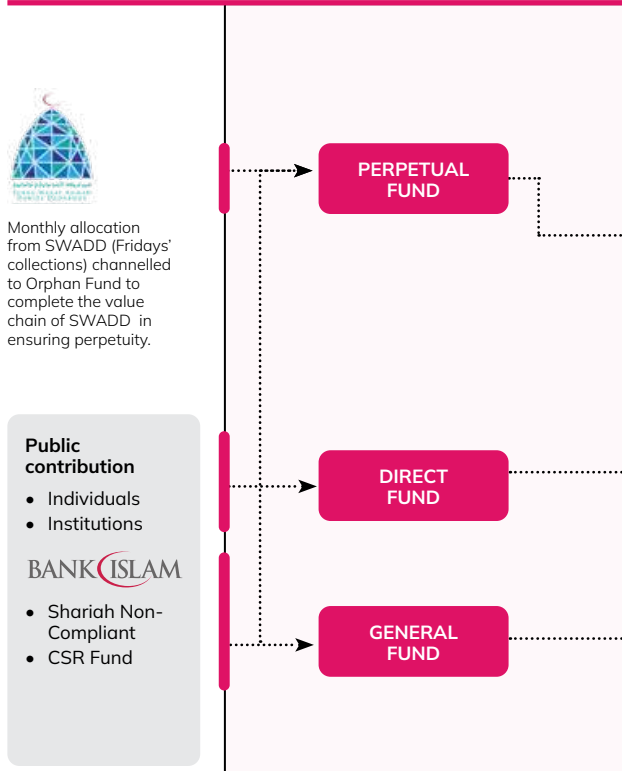
At Bank Islam, there is a dedicated internal oversight management sub-committee named the Sadaqa House and Zakat Committee, which provides oversight and direction on the strategies, processes, and activities of Sadaqa House.

**No portion of the public contribution is retained for Sadaqa House's operations. Since its inception, Bank Islam has borne all costs incurred by Sadaqa House.**

## The Fund Structure

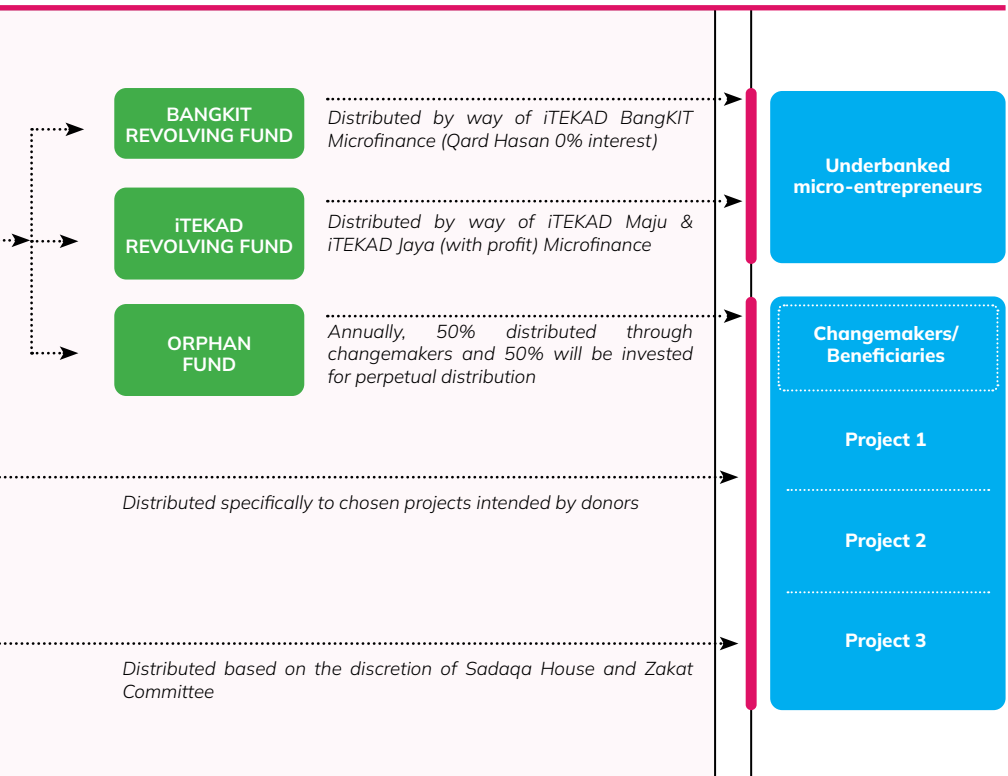
### Fund Collection

### Funds Management





## Funds Distribution



## Assuring Governance

### Fund Categories



#### Perpetual Fund

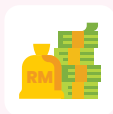
Contributions are invested, and the proceeds of the investment will be channelled to the beneficiaries. Currently, there are three funds:

- Sadaqa House Orphan Fund
- BangKIT Revolving Fund
- iTEKAD Revolving Fund



#### Direct Fund

This fund will directly contribute to the projects managed by changemakers.



#### General Fund

Contributions for special projects to be determined by Sadaqa House.

### Management of Fund

Sadaqa House is operated by the Group Social Finance Division of Bank Islam and is guided by the Sadaqa House Management Guideline, which was approved by the Board Risk Committee and the Shariah Supervisory Council of the Bank.

The Sadaqa House and Zakat Committee is the dedicated management sub-committee that provides oversight and direction on the strategies, processes, and activities of Sadaqa House.

### Governance of Sadaqa House

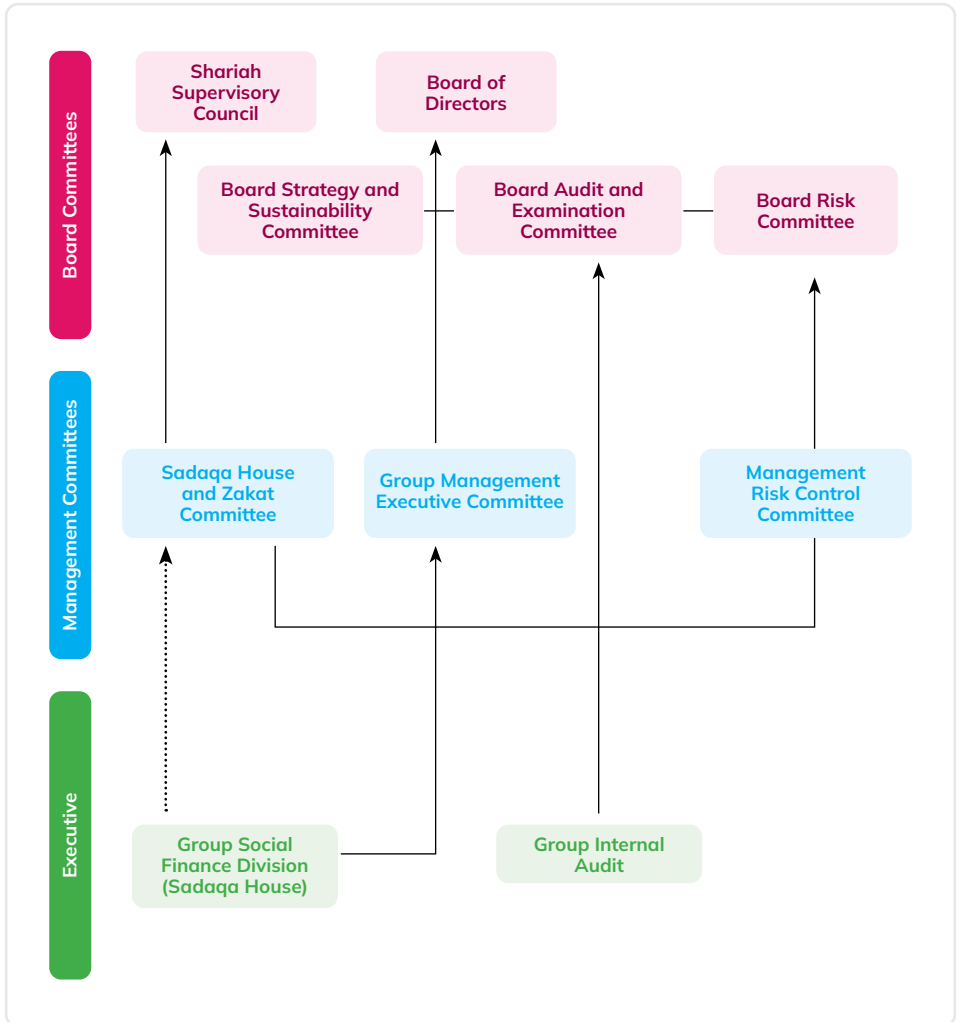
In managing the public donations of Sadaqa House, the Bank remains steadfast in promoting and sustaining a strong culture of corporate governance to protect the interests of all stakeholders, including donors and beneficiaries.

The Bank is fully committed to adopting high business integrity, ethics, and professionalism standards, guided by exemplary executive leadership and strategy. Simultaneously, the Bank ensures that internal controls, risk management, and compliance with Shariah rules and principles govern all of its initiatives, including Sadaqa House.

To achieve these objectives, the Board adheres to the requirements of BNM's Corporate Governance Policy issued on 3 August 2016, the Malaysian Code of Corporate Governance 2021, and other relevant conditions outlined in respective policy documents by BNM.

Assuring Governance

The governance structure in managing Sadaqa House is illustrated below:



## Assuring Governance

### Governance Organisations, Roles and Responsibilities



#### Board of Directors

- The Board is responsible for establishing an effective governance arrangement to facilitate effective monitoring and control of the Bank's overall management and conduct, including Sadaqa House.



#### Shariah Supervisory Council (SSC)

- Advise and clarify relevant Shariah rules and principles in operating Sadaqa House funds.
- Issue an annual confirmation report on the Shariah compliance status of Sadaqa House.



#### Board Strategy and Sustainability Committee (BSSC)

- Assist the Board in overseeing, supervising, and monitoring the implementation of identified key strategic matters that the Board has endorsed or approved, including the Bank's initiatives to become the leading Islamic bank for social finance.
- Sadaqa House is one of the strategies that BSSC closely monitors through frequent updates for deliberation.



#### Board Risk Committee (BRC)

- Assist the Board in ensuring that a sound and robust risk management framework, as expected by BNM, is in place and effectively implemented. The BRC provides independent oversight of Sadaqa House activities in managing credit, market, operational, legal, Shariah, and other risks, ensuring the risk management process is in place and functioning.
- Approve the establishment of guidelines and procedures for the management of Sadaqa House.

## Assuring Governance



### Management Risk Control Committee (MRCC)

- Responsible for performing oversight functions to ensure effective risk management of critical issues related to the overall risk management of Sadaqa House.



### Sadaqa House and Zakat Committee

- Assist MRCC in performing independent oversight and providing direction regarding the management, operations, and performance of Sadaqa House.
- Evaluate and approve the selection of changemakers, projects or campaigns, and any relevant third-party service providers for Sadaqa House.
- Evaluate and approve investment and placement of Sadaqa House funds.
- Monitor the progress of fund collection and project performance.
- Evaluate and approve requests for disbursement of funds.



### Group Internal Audit Division

- Responsible for providing independent assurance to the Board of Directors and Senior Management that risk management processes and tools of Sadaqa House are effectively implemented.
- Undertake an annual audit exercise on Sadaqa House operations and issue an annual audit report to the Board's Audit and Examination Committee for deliberation and decision-making.

Assuring Governance

## Sadaqa House And Zakat Committee

### Chairman

**Mohd Nazri Chik**

Group Chief Social Finance Officer  
Group Social Finance Division

### Vice Chairman

**Saiful Anuar Hambali**

Group Chief Shariah Officer  
Group Shariah Division

### Members

**Rohazida Mohamed**

Head of Group Corporate Communications  
Group Corporate Communications

**Wan Mazlan Wan Johari**

Deputy Chief Compliance Officer  
Group Compliance Division

**Sazrin Mohd Razak**

Assistant General Manager  
Strategic Planning  
Group CEO's Office

**Zakaria Yusof**

Assistant General Manager  
Operational Risk  
Group Risk Management Division

**Maziah Mokhtar**

Assistant General Manager  
Credit Analysis  
Group Credit Management Division

Sadaqa House performs due diligence on behalf of donors through the following processes:

### Assessment and annual review of changemakers

It is crucial to ensure that the changemakers included in the platform are reputable and capable of carrying out the charity projects planned by them. Selected changemakers must provide scalable and sustainable social impacts from their projects.

Sadaqa House comprehensively assesses every changemaker, including anti-money laundering (AML) checks. Every changemaker must be approved by the Sadaqa House and Zakat Committee. An annual review will be performed on the appointed changemakers to ensure their operations and directions align with Sadaqa House's requirements.

### Assessment of beneficiaries

All beneficiaries under Sadaqa House are assessed to ensure their eligibility and genuine need for support. The assessment includes AML checks.

All beneficiaries must be approved by the Sadaqa House and Zakat Committee.

### Charity project viability and deliverables

Sadaqa House conducts a thorough assessment of the viability of charity projects and tracks their progress. For iTEKAD Microfinance, Sadaqa House performs credit evaluations on the recipients. Reports generated are then escalated to the Sadaqa House and Zakat Committee on a frequent basis.



## Shariah Supervisory Council

# Report

**In the name of Allah, the Most Gracious, the Most Merciful.**

**All praise is due to Allah, the Lord of all the worlds. May peace and blessings be upon our master, the Prophet Muhammad, whom Allah sent as a mercy to the world, a guiding leader, and a shining light, and upon his family and all his companions, and those who follow them with righteousness until the Day of Judgment.**

**Peace and blessings be upon you.**

In carrying out the roles and responsibilities of the Shariah Supervisory Council (SSC) as prescribed in the Shariah Governance Policy Document (SGPD) issued by Bank Negara Malaysia (BNM), and in compliance with our letter of appointment, we hereby present our report for Sadaqa House for the financial year ended 31 December 2023.

The Bank's management ensures that the conducts, operations, business, affairs, and activities of Sadaqa House are in line with the relevant Shariah rules and principles as outlined in the Group Shariah Compliance Policy, Shariah Compliance Guideline and Sadaqa House Management Guideline approved by us. Our responsibility is to form an independent opinion based on the review of conduct and businesses of Sadaqa House.

In performing our roles and responsibilities, we had obtained all the information and explanations which we considered necessary in providing us with sufficient evidence to give a reasonable assurance that the management of Sadaqa House had complied with the applicable Shariah rules and principles. Such information and explanation were provided to us among others, by three (3) Sadaqa House management reports during the financial year enabling us to review, among others, its fund collection, fund management and fund distribution. In addition, we had also reviewed the reports of Shariah control functions namely Shariah Compliance and Shariah Audit on the conduct, activities and business of Sadaqa House.



## Shariah Supervisory Council Report

At the management level, Sadaqa House is operated by the Group Social Finance Division on a day-to-day basis and is overseen by its management level committee, Sadaqa House and Zakat Committee whose members include Group Chief Shariah Officer and Group Chief Social Finance Officer.

We had approved in our meetings the Annual Sadaqa House Distribution Plan 2023 and initiatives in strengthening Sadaqa House governance as provided in the revised Sadaqa House Management Guideline.

Throughout 2023, we confirmed that there were no incidence of Shariah Non Compliance event in the management of Sadaqa House.

Based on the above, we, the members of the Shariah Supervisory Council of Bank Islam Malaysia Berhad, do hereby confirm that, to the best of our knowledge, the operations of Sadaqa House for the year ended 31 December 2023 had been

conducted in conformity with the applicable Shariah rules and principles.

**“We bear witness only to what we know, and we could not well guard against the unseen!”**

**(Surah Yusuf, verse:81)**

Allah knows best.

### **Members of the Council:**

- Ustaz Ir. Dr. Muhamad Fuad Abdullah (Chairman)
- Sahibus Samahah Datu Haji Kipli Haji Yassin
- Sahibus Samahah Professor Dato' Dr. Asmadi Mohamed Naim
- Associate Professor Dr. Yasmin Hanani Mohd Safian
- Dr. Shamsiah Mohamad

Kuala Lumpur

Date: 24 January 2024

# Thank you

To all our changemakers,  
partners and collaborators



Majlis Agama Islam Wilayah Persekutuan | Majlis Agama Islam Selangor | Majlis Agama Islam Melaka  
Majlis Agama Islam Negeri Johor | Majlis Agama Islam Negeri Kedah | Majlis Agama Islam Negeri  
Sembilan | Majlis Agama Islam Negeri Pulau Pinang | Majlis Islam Sarawak | Majlis Agama Islam dan  
Adat Istiadat Melayu Kelantan | Majlis Agama Islam dan Adat Istiadat Melayu Perlis | Majlis Agama  
Islam dan Adat Melayu Perak | Majlis Agama Islam dan Adat Melayu Terengganu | Majlis Ugama Islam  
dan Adat Resam Melayu Pahang | Majlis Ugama Islam Sabah

Lembaga Zakat Negeri Kedah (LZNK) | Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan  
(PPZ-MAIWP) | Pusat Kutipan Zakat Pahang | Zakat Pulau Pinang | Tabung Baitulmal Sarawak

Permodalan Nasional Berhad (PNB) | Bank Pembangunan Malaysia Berhad | Waqaf An-Nur  
Corporation Malaysia Professional Accountancy Centre (MyPAC) | Jabatan Penjara Malaysia |  
Persatuan Pengasih Malaysia Hub Usahawan Pahang

*To explore the experience on the ground virtually, scan the QR code below:*



Sadaqa House  
Website



Sadaqa House  
Youtube





**BANK ISLAM**

[186301002944 (88127-X)]

### **Sadaqa House**

Bank Islam Malaysia Berhad  
Level 21, Menara Bank Islam  
No 22, Jalan Perak  
50450 Kuala Lumpur

 [sadaqahouse@bankislam.com.my](mailto:sadaqahouse@bankislam.com.my)

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