



## News Room

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### **RHB Islamic Launches Ar Rahnu Facility-i, An Alternative Pawning System Product**

**Kota Bharu, 28 April 2011:** RHB Islamic Bank ("RHB Islamic"), the Islamic Banking arm of the RHB Banking Group, officially launched its Ar Rahnu Facility-i today

The alternative pawning system product was launched by its Managing Director/Chief Executive Officer Tuan Haji Abd Rani Lebai Jaafar at the RHB Islamic Bank, Kubang Kerian, Kelantan Branch. The product is currently available at the said Branch, and will be extended nationwide in due time.

The Ar Rahnu product is a short term financing facility which provides cash terms for customers' utilisation in order to meet their personal consumption needs. Customers are required to produce collateral in the form of gold jewellery. The types of gold accepted by the Bank are the 999, 950, 916, 875, 835 and 750. The Bank personnel will test the jewellery using a Gold Testing Machine, where the results will determine the type of gold which the customer has. The facility provides up to 70% of the jewellery value to be pledged. The minimum limit of financing for Ar Rahnu is RM100, with a daily limit of RM10,000 per customer per day. The maximum limit for this facility per customer is RM50,000.

Ar Rahnu Facility-i uses 4 Shariah concepts, comprising the Qardhul Hasan, Ar Rahnu, Wadiah Yad Dhomanah and Al Ujrah.

Under the concept of Qardhul Hasan, the facility is a lending agreement between a lender and borrower, whereby the lender agrees to lend in return for collateral in the form of gold jewellery (Ar Rahnu). The lender is under no obligation to ask for additional payment; however, the borrower is allowed to give a token of appreciation. The bank is responsible for the safekeeping of the gold with the guarantee that it will be returned upon completion of the payback. Under the concept of Wadiah Yad Dhomanah, the bank has the responsibility to ensure that the gold does not go missing while under its custody. In return for keeping the gold jewellery, the bank charges a safekeeping fee during the financing period.

"This new product was launched to cater to the financing needs of women entrepreneurs and families in the lower income bracket. Because gold jewellery can be exchanged for cash instantly and redeemed after a certain period, we are providing an alternative to the conventional pawn-broking. Ar Rahnu Facility-i does not charge interest but safekeeping fees" said Tuan Haji Abd Rani at the launch.

Haji Abd Rani also launched a 3-day Islamic Banking Fiesta, which will be held until 30 April 2011 at the Hospital USM Kubang Kerian parking space. Customers and members of the public from surrounding areas will be able to learn more about Shariah-based products and services offered by the Bank, while feasting their eyes on the latest models and housing projects showcased by prominent local car dealers and reputable local developers respectively. In addition, several family oriented activities will be held, such as colouring and spelling contests, a clown performance for children, telematch, and many more to foster family relations.

After the launching ceremony, Tuan Haji Abd Rani handed over some donation to several underprivileged homes and NGOs representing government pensioners.

*Issued on behalf of RHB Bank Berhad by the Corporate Communications Division, RHB Capital Berhad. For more information, please call Azman Shah Md Yaman at 03-92802419 or Shima Reza at 03-92802533.*

#### **About the RHB Banking Group**

*The RHB Banking Group is the fourth largest fully integrated financial services group in Malaysia. The Group's core businesses are streamlined into seven Strategic Business Groups (SBGs): Retail Banking, Business Banking, Group Transaction Banking, Corporate & Investment Banking, Islamic Banking, Global Financial Banking and Group Treasury. These businesses are offered through its main subsidiaries – RHB Bank Berhad, RHB Investment Bank Berhad, RHB Insurance Berhad and RHB Islamic Bank Berhad, while its asset management and unit trust businesses are held under RHB Investment Management Berhad. RHB's Global Financial Banking Division includes commercial banking operations in Singapore, Thailand and Brunei. The Group also has a non-ringgit based offshore funding operations in Labuan as well as a representative office in Vietnam. It is the RHB Banking Group's aspiration to deliver superior customer experience and shareholder value; and be recognised as one of the top financial services groups in ASEAN.*

*It's time we simplify banking.*