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Islamic Bank Australia successfully fills Series A raise with Hejaz Group strategic partnership

Australia's first ever Islamic bank has successfully completed its recent capital raising round with a strategic investment from Hejaz Group, Australia's leading Islamic financial services group.

The bank recently launched a \$10m Series A capital raising round to allow the bank to continue building its products and systems, with a launch planned across Australia in 2024.

Islamic Bank Australia was licensed as Australia's first ever Islamic bank in 2022, and will offer non-interest-based, Shariah-compliant banking services for Australia's one million Muslims and the broader community.

Hejaz Group will invest \$10m in the bank, forming a strategic partnership that will potentially allow the bank to offer a broader range of financial services over coming years.

Islamic Bank Australia CEO Dean Gillespie said he was delighted that the bank would be partnering with Hejaz Group moving forward.

"Hejaz are Australia's leading Islamic finance provider, and they have a great deal of experience in providing excellent products to the community. We're looking forward to leveraging their expertise as we launch the bank.

"Islamic Bank Australia and Hejaz share the same mission – to enable Australian Muslims to access financial services that align with their faith and values", said Mr Gillespie.

Hejaz currently has \$1.3 billion in funds under management and advice. Their Global Ethical Fund is Australia's largest single standalone Islamic fund, whilst the Hejaz Equities Fund (ASX:ISLM) and Hejaz Property Fund (ASX:HJZP) were the first Islamic finance products to be listed on the ASX.

Mr Gillespie said the success of the bank's capital raising round stood in contrast to the challenges in raising capital seen by numerous banks in the current economic environment.

"The capital markets are currently very challenging – particularly for neobanks. The fact that we have been able to get this raise away is indicative of the strength of our business

model and just how much what we are building is needed within the Australian community.

“Islam is Australia’s fastest growing religion, and yet there’s no Islamic bank. There are one million Muslim Australians now. In other markets, like the UK, there are six or seven Islamic banks – but we don’t have that here in Australia yet. We’re the first.

“We’re delighted that this partnership will allow us to continue towards launching a bank that allows Muslim Aussies to bank in line with their faith.”

The bank will initially launch retail banking products before rapidly launching business and commercial banking – all without interest. Islamic banking products use different structures to avoid the use of interest, such as sharing profits with customers on savings products, instead of paying interest.

Islamic Bank Australia is also taking the lead on ethical banking, including refusing to bank certain industries such as big polluters and fossil fuel companies.

Hejaz CEO, Hakan Ozyon, said “Hejaz’s ambition is to provide best-in-class financial services that enable Muslims to grow their wealth in a way that is compliant with their faith. Traditionally, Muslims have been disenfranchised from financial services because they do not adhere to Shariah principles. However, this is an Australian community that is young and well educated and are demanding more from financial service providers. Islamic Bank Australia has already established itself as a prominent Islamic brand and we’re looking forward to partnering with them to deliver much needed banking and financial services to Australia’s Muslim community.”

“This investment from Hejaz will enable us to expand our customer acquisition whilst we work towards a full ADI licence, a key step on the path to providing Australian Muslims with an Islamic bank in Australia for the first time,” said the bank’s CEO Dean Gillespie.

The bank expects to test its products and services with a small group of customers at the end of this year, with a full launch to market planned for mid-2024.

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MEDIA ENQUIRIES

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