

**1.0 KEY FUND INFORMATION**

**1.1 Shariah Concept      1.2 Investment Currency      1.3 Fund Inception**

Mudarabah                      Ringgit Malaysia                      June 2015

**1.4 Product Classification**

Unrestricted Investment Account refers to a type of investment account whereby the Investment Account Holder (IAH), without specifying any particular restrictions or conditions, provides the Bank with the mandate to make the ultimate decision to invest.

**1.5 Investment Objectives**

To invest in a low risk Investment Account (IA) that encourages savings while having an opportunity to win prizes via monthly, quarterly and regional draws. IAH may visit [www.bankislam.com.my](http://www.bankislam.com.my) to view the list of winners.

**1.6 Investment Strategies**

Invest in secured retail financial assets. Currently, the Bank invests in its existing House and Fixed Asset (HFA) Financing Portfolio which is aimed at protecting the investment.

**1.7 Nature Of Investment Account**

On demand, whereby IAHs are able to withdraw at any given point in time.

**1.8 Investment Asset Allocation**

The Bank will allocate IAH's fund in its existing House and Fixed Asset Financing Portfolio that generates stable profits.

**1.9 Valuation of Allocated Asset**

To be carried out on a monthly basis as part of the process to determine the returns to the IAH. The returns on this investment account will be affected by the performance of the allocated assets including, but not limited to, the quality of assets (i.e. impairment) and movement of Effective Profit Rate (EPR) in relation to financing assets that are priced based on floating rate methods etc. The principal and returns are not guaranteed and an IAH may be exposed to a risk of no returns at all. This investment account is not protected by Perbadanan Insurans Deposit Malaysia (PIDM).

However, the product structure is designed to mitigate the risk of losing the principal amount. In the event of a liquidation scenario, the IAHs are ranked ahead of depositors.

**1.10 Distribution Policy**

Profit will be distributed on a monthly basis, but will be calculated on a daily basis. The profit is based on the performance of the House and Fixed Asset Financing Portfolio.

**1.11 Statement On Any Changes**

There have been no changes in the investment objectives, strategies, restrictions and limitations during the quarter period.

**1.12 Investor Profile**

- Category of investors:
  - Individuals (Residents and Non-Residents)
  - Non-Individuals (Business/Other entities)
- Investors with low risk tolerance
- Investors who desire to win prizes
- Investors with either a short or medium term investment horizon
- Investors who require a portfolio of Shariah- compliant investments

*Note: Investors are advised to carefully consider all risk factors before making an investment decision. Investors will be exposed to the following risks; market risk, credit risk, liquidity risk, operational risk, and legal risk. Please visit Bank Islam's website for further explanation of each risk.*

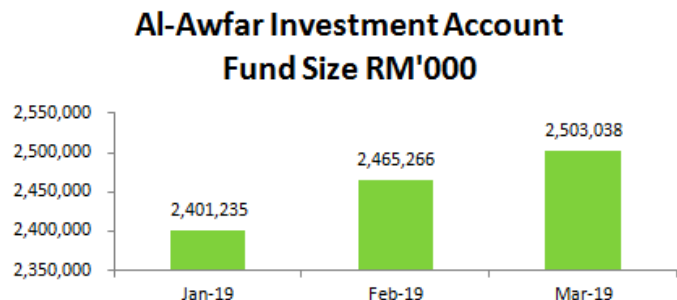
**2.0 RISK STATEMENT**

The Board of Directors of Bank Islam has the ultimate responsibility to manage risks related to its operations and business activities by setting risk appetite and tolerance levels that are consistent with the Bank's overall business objectives and desired risk profile. The Board Risk Committee, which is assisted by the Risk Management Division, ensures that there is an effective oversight on development of strategies, policies, procedures and infrastructure to manage the Bank's risks.

**3.0 FUND PERFORMANCE**

**3.1 Fund Size and Growth**

As at March 2019, Al-Awfar account fund balance was recorded at RM 2.5 billion.



**3.2 Rate of Return**

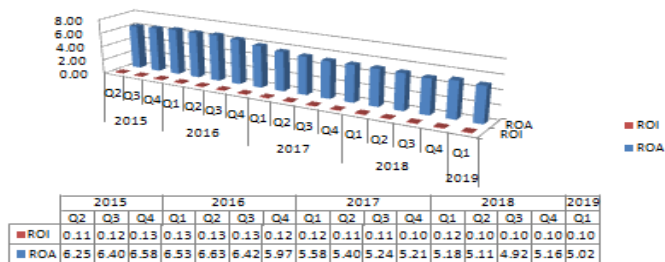
| Position 2019 | Return on Asset (ROA)* % (p.a.) | Profit Sharing Ratio (Customer: Bank) | Return on Investment (ROI) % (p.a.) |
|---------------|---------------------------------|---------------------------------------|-------------------------------------|
| January       | 5.09%                           | 2 : 98                                | 0.11%                               |
| February      | 4.98%                           | 2 : 98                                | 0.11%                               |
| March         | 4.98%                           | 2 : 98                                | 0.10%                               |

\* ROA - allocated assets of the fund.

**Note:**

For further illustration, please refer to the Product Disclosure Sheet (PDS), Terms & Conditions and Investment Confirmation Notice (where applicable).

### 3.3 Historical Rate of Return



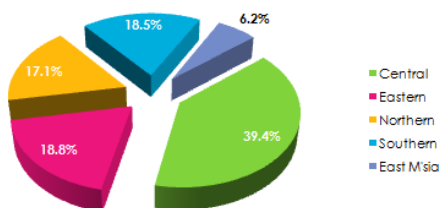
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

### 3.4 Income Statement

| Profit & Loss Statement for the Quarter ended 31 March 2019 |               |              |               |
|-------------------------------------------------------------|---------------|--------------|---------------|
|                                                             | January       | February     | March         |
|                                                             | RM'000        | RM'000       | RM'000        |
| Profit from financing                                       | 10,446        | 9,336        | 10,668        |
| Direct expenses*                                            | -             | -            | -             |
| Allowance for impairment on financing                       | (268)         | (353)        | (366)         |
| <b>Total Profit</b>                                         | <b>10,178</b> | <b>8,983</b> | <b>10,302</b> |
| Return on Asset (p.a.)                                      | 5.09%         | 4.98%        | 4.98%         |
| Return on investment (p.a.)                                 | 0.11%         | 0.11%        | 0.10%         |

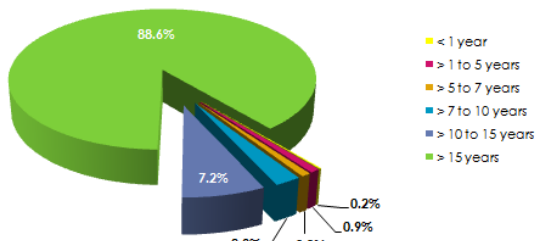
\*Currently there are no charges imposed to this fund.

### 3.5 House and Fixed Asset Financing Portfolio by Geographical Location in Malaysia



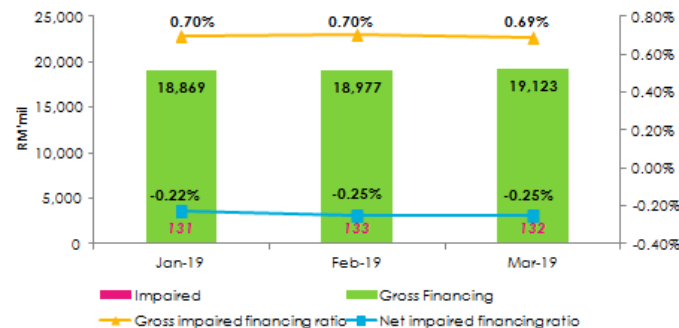
A total of 39.4% from the total House and Fixed Asset Financing Portfolio originates from the Central region. This reflects the concentration of HFA portfolio to the developed areas such as the Klang Valley.

### 3.6 House and Fixed Asset Financing Portfolio by Remaining Maturity of Facilities



The majority of the House and Fixed Asset Financing Portfolio has a maturity of more than 15 years. This will ensure stability in profit stream of HFA portfolio which can then benefit the investment return profile especially for long-term IAH.

### 3.7 Asset Quality of House and Fixed Asset Financing Portfolio



The portfolio's low impaired financing ratio reflects strong asset quality.

## 4.0 ECONOMIC REVIEW AND PROSPECT

The outlook for the global economy has been increasingly challenging. This is reflected in weak business sentiments amidst volatility in the financial markets. The JP Morgan Global Purchasing Managers Index (PMI) for the manufacturing sector sustained at 50.6 points for two consecutive months. This is lower compared to 53.2 points in the same period last year. On the domestic front, Malaysia's overseas shipment has been badly impacted from weak commodity prices. In February, total exports fell sharply by 5.3% year-on-year from 3.1% growth in the preceding month. Against such backdrop, Malaysian economy is anticipated to record slower growth this year. Bank Negara Malaysia has projected the country's Gross Domestic Product (GDP) to grow between 4.3% and 4.8% in 2019 from 4.7% growth in 2018.

## 5.0 PROPERTY MARKET AND HOUSE AND FIXED ASSET PORTFOLIO REVIEW

According to the National Property Information Centre's (NAPIC), Q1-Q32018 recorded total volume of transaction decreased by 0.3% (Q1-Q32018:228,867; Q1-Q32017:229,529) and value decreased by 1.4% (Q1-Q32018:RM100.86billion; Q1-Q32017:RM102.29billion). Residential property remains the major segment of the property market with 63% of total transaction and 49% of total value followed by agriculture 21.8%, commercial 7.4%, development land 6% and industrial sub-sector contributing 1.8% of total transactions respectively. The residential sub-sector's market recorded 144,321 transactions worth RM49.45billion. By price range, demand continued to focus on properties valued at RM200,000 and below, nearly 45% of the total residential market transactions.

Bank Islam's Housing and Fixed Asset (HFA) portfolio continued to expand to RM19.1billion in March, higher by 0.8% compared to the previous month. Meanwhile, the gross impairment ratio improved to 0.69% in March after remaining unchanged at 0.7% for two consecutive months. This is lower compared to 1.08% at the industry level as of February, which indicates Bank Islam's HFA portfolio has been resilient. Despite that, Bank Islam will remain cautious in its financing activities in view of the current supply glut in the property markets amidst challenging economic prospects for 2019.