

1.0 KEY FUND INFORMATION

1.1 Shariah Concept	1.2 Investment Currency	1.3 Fund Inception
Wakalah	Ringgit Malaysia	May 2016 (Corporate) September 2016 (Retail)

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 generate moderate returns over an agreed period of the investment based on the underlying risk profile of the assets.

1.6 Investment Strategies

- To ensure investment is within the investment objective of the Fund with its asset allocation safeguarding the investment portfolio.
- Currently, the Bank invests in its existing House & Fixed Asset Financing (HFA) and Personal Financing (PF) Portfolio aimed at providing stable profits.

1.7 Nature Of Investment Account

Term Investment Account. For retail customers, the tenure offered is from 1 month to 24 months. For corporate customers, the minimum tenure is 1 day to a maximum of 10 years or as specified by the Bank on a case-to-case basis.

1.8 Investment Asset Allocation

The Bank will allocate IAH's funds in its existing House & Fixed Asset Financing and Personal Financing Portfolio that generate 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 was 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 paid upon maturity or any payment frequency (for investment with tenure over 15 months), as agreed by the Bank and IAH (e.g. monthly / quarterly / half-yearly / yearly basis).

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:
 - Retail:
 - Individuals (Residents and Non Residents)
 - Small and Medium Enterprises (SMEs)
 - Corporate:
 - Corporate
 - Government Agencies
 - Government Accounts
 - Universities
 - Companies and Partnerships
 - Other Business & Non- Business Entities
- Investors with either a short or medium term investment horizon
- Investors who require a portfolio of Shariah- compliant investments
- Investors with low to medium risk tolerance
- Investors who seek stable profits

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

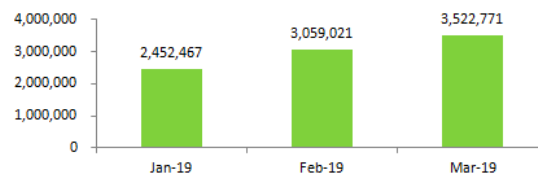
The Board of Directors of Bank Islam has the ultimate responsibility to manage risks related to its operations and business activities by setting risk appetite and tolerance levels that are consistent with the Bank's overall business objectives and desired risk profile. The Board Risk Committee, which 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, Wafiyah account fund balance was recorded at RM3.52 billion.

**Wafiyah Investment Account
Fund Size RM'000**



3.2 Rate of Return

Position 2019	Return on Asset (ROA)* % (p.a.)	Return on Investment (ROI) % (p.a.)
January	5.54%	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions
February	5.45%	
March	5.48%	

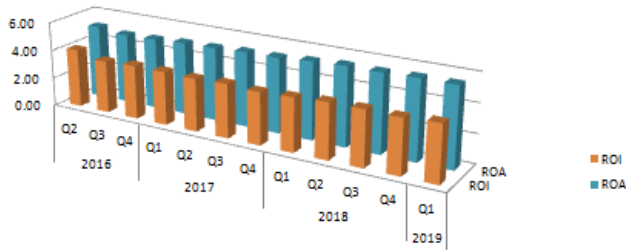
* ROA - allocated assets of the fund.

Note:

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

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3.3 Historical Rate of Return



	2016			2017				2018				2019
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
ROI	4.09	3.65	3.75	3.74	3.68	3.75	3.63	3.71	3.84	3.85	3.78	3.91
ROA	5.13	4.90	4.95	5.06	5.10	5.19	5.21	5.35	5.46	5.44	5.50	5.49

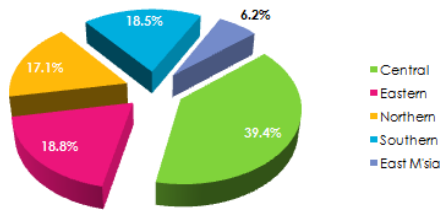
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

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	13,107	12,809	16,421
Direct expenses*	-	-	-
Allowance for impairment on financing	(809)	(965)	(1,141)
Total Profit	12,298	11,844	15,280
Return on Asset (p.a.)	5.54%	5.45%	5.48%
Return on Investment (p.a.)	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions		

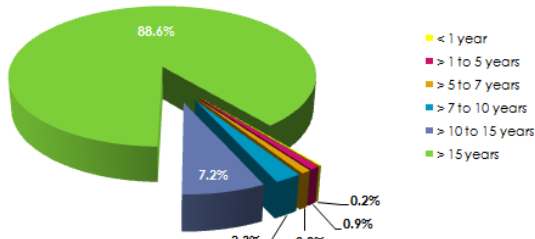
*Currently there are no charges imposed to this fund

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.

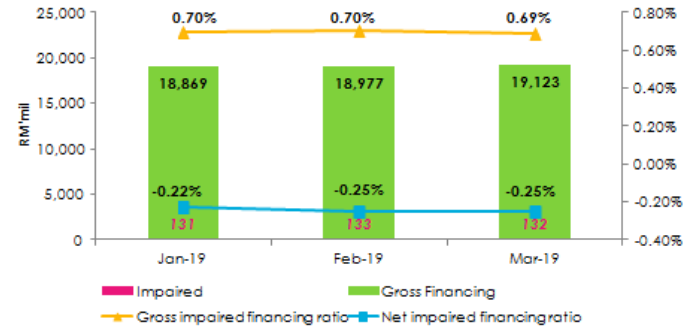
3.6 House and Fixed Asset Financing Portfolio by Remaining Maturity of Facilities



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.

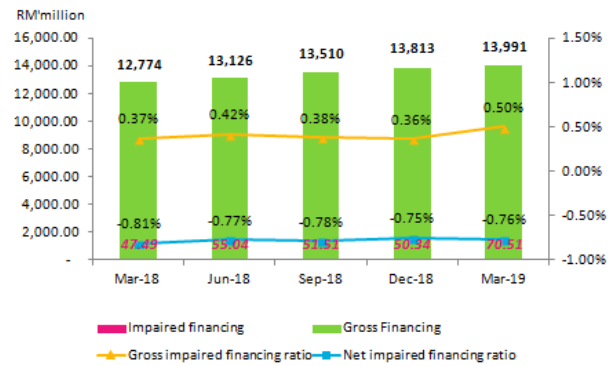
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3.7 Asset Quality of House and Fixed Asset Financing Portfolio



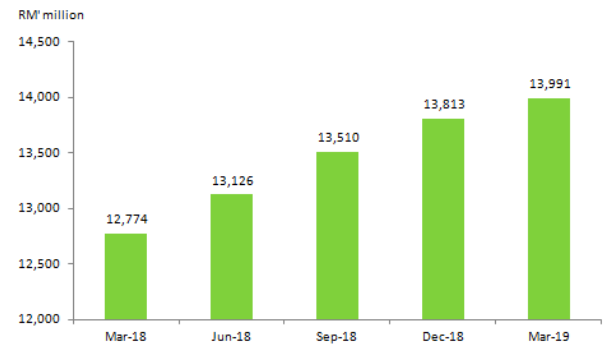
The portfolio's low impaired financing ratio reflects strong asset quality.

3.8 Asset Quality for Personal Financing Portfolio



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

3.9 Personal Financing Portfolio Growth in Bank Islam



The Personal Financing Portfolio has grown at a rate of 9.53% per annum. Asset Allocation for Wafiyah only comprises Personal Financing customers employed in the public sector.

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.

6.0 PERSONAL FINANCING PORTFOLIO REVIEW

Bank Islam's Personal Financing (PF) portfolio grew by 9.5% year-on-year to RM13.9 billion in March. This is higher compared to 7.2% growth recorded at the industry level for the month of February. The gross impairment ratio increased from 0.36% in December 2018 to 0.5% in March 2019, but it is still significantly lower compared to 2.07% at the industry level for the month of February 2019. This indicates prudent credit assessment adopted by Bank Islam. Going forward, Bank Islam will remain vigilant in its credit underwriting process in view of the challenging economic prospects for 2019.