

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 Payment 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 Divisions, 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 2020, Wafiyah Investment account fund balance was recorded at RM7 billion.

Wafiyah Investment Account Fund Size RM'000



3.2 Rate of Return

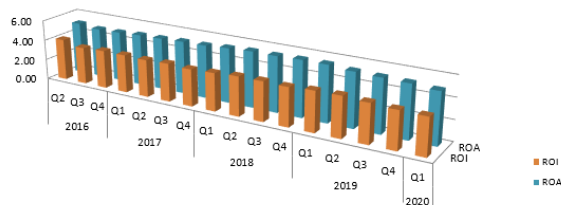
Position 2020	Return on Asset (ROA)* % (p.a.)	Return on Investment (ROI) % (p.a.)
January	5.20%	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions
February	4.93%	
March	4.72%	

* 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



	2016			2017				2018				2019				2020
	Q2	Q3	Q4	Q1	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	3.94	3.79	3.66	3.60
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	5.29	5.20	5.14	4.95

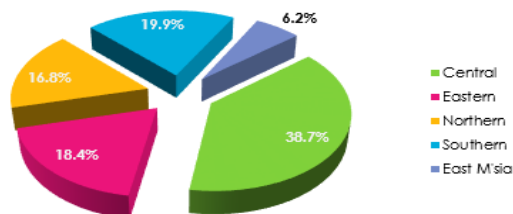
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

3.4 Income Statement

Profit & Loss Statement for the Quarter ended 31 March 2020			
	January	February	March
	RM'000	RM'000	RM'000
Profit from financing	33,749	31,126	33,321
Direct expenses*	-	-	-
Allowance for impairment on financing	(2,227)	(2,234)	(2,546)
Total Profit	31,522	28,892	30,775
Return on Asset (p.a.)	5.20%	4.93%	4.72%
Return on Investment (p.a.)	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions		

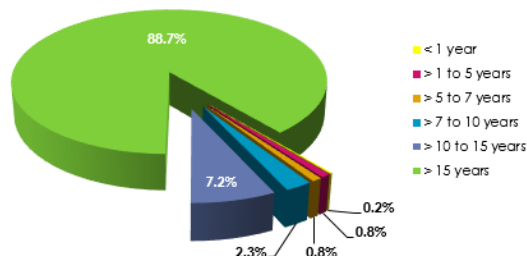
*Currently there are no charges imposed to this fund

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



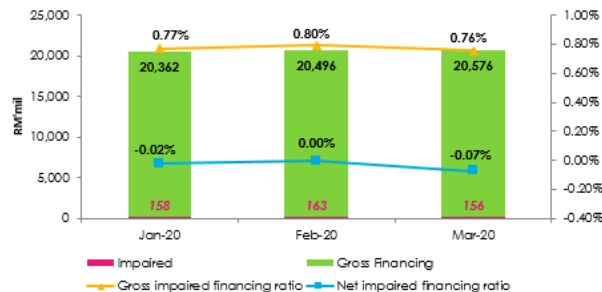
A total of 38.7% of the total House and Fixed Asset Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio to developed areas such as the Klang Valley.

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



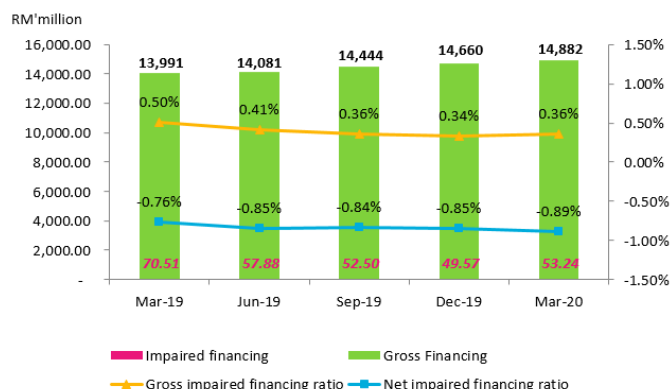
The majority of the House and Fixed Asset Financing Portfolio has a maturity of more than 15 years. This will ensure stability in the profit stream of the HFA portfolio which can then benefit the investment return expectations, especially for long-term IAH.

3.7 Asset Quality of House and Fixed Asset Financing Portfolio



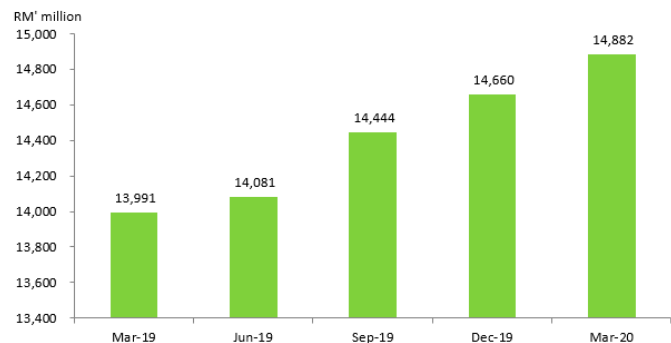
The portfolio's low impaired financing ratio reflects strong asset quality.

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 6.36% per annum. Asset Allocation for Wafiyah only comprises Personal Financing customers employed in the public sector.

4.0 ECONOMIC REVIEW AND PROSPECT

The International Monetary Fund (IMF) has forecasted the global economy to contract by 3.0% in 2020 before rebounding to positive growth of 5.8% in 2021. This was due to the public health crisis following the COVID-19 outbreak which resulted in severe fatalities and shock to the economic activities. Consequently, business and consumer sentiments have fallen steeply owing to the sharp increase in the infection rate which now has surpassed 1.84 million cases as at 15 April 2020. Governments and central banks across the globe have been actively introducing economic stimuli in order to soften the economic fallout with a series of fiscal pump priming measures while policy rates in the advanced countries have been brought down close to zero percent. In light of this, the BNM has projected Malaysia's Gross Domestic Product (GDP) to grow within a range of -2.0% to 0.5% for 2020 as partial lockdown measures have had a significant impact to economic activities while external demand prospects are also highly uncertain.

5.0 PROPERTY MARKET AND HOUSE AND FIXED ASSET PORTFOLIO REVIEW

According to data published by the National Property Information Centre's (NAPIC), during Q1-Q32019, the property market sector recorded 243,401 transactions worth RM102.98bill, an increase of 6.3% in volume and 2.1% in value as compared to Q1-Q32018 (228,867;RM100.86bill). The residential segment remains the mainstay of the property market with 63% of total transaction, followed by agriculture (21.3%), commercial (7.9%), development land (5.9%) and Industrial sub sector (1.9%). The residential sub-sector market recorded 153,153 transactions worth RM52.83bill. By price range, demand continued to focus on properties worth RM300K and below, as indicated by almost 61.8% of the total residential market transactions. Majority of the demand comes from terraced houses with 40.7% of total transactions. Of the total, Selangor recorded the highest residential transactions of (24.1%) and followed by Johor (14.1%).

Bank Islam's Housing and Fixed Asset (HFA) portfolio stood at RM20.58 billion in March 2020, growing at a rate of 0.4% month-on-month (m-o-m) from RM20.50 billion in the preceding month (February: 0.7%). On a quarterly basis, the HFA portfolio rose by 1.4% quarter-on-quarter (q-o-q) in 1Q2020, rising from RM20.29 billion in 4Q2019 to RM20.58 billion in 1Q2020. The Gross Impairment Ratio (GIR) continued to improve further from 0.80% in December 2019 to 0.76% in March this year. In addition, the GIR is still lower compared to 1.19% at the industry level as of February 2020. This reflects prudent credit underwriting standards adopted by Bank Islam. Going forward, the associated risks from the COVID-19 pandemic poses a threat to the economy in general and consequently, debt payment trends.

6.0 PERSONAL FINANCING PORTFOLIO REVIEW

Total PF portfolio increased by 6.40% year-on-year (y-o-y), increasing from RM14.0 billion in March 2019 to RM14.88 billion in March 2020. On a quarterly basis, the portfolio continued to expand from RM14.66 billion in 4Q2019 to RM14.88 billion in 1Q2020. This represents a 1.52% increase quarter-on-quarter. The GIR increased marginally from 0.34% in 4Q2019 to 0.36% in 1Q2020 but remains significantly lower compared to 1.83% at the industry level as at February 2020. Notwithstanding the above, Bank Islam will remain observant of the general credit trend in view of the current challenging economic prospects following the fallout from the ongoing COVID-19 pandemic.