

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 2021, Wafiyah Investment account fund balance was recorded at RM6.1 billion.

Wafiyah Investment Account Fund Size RM'000



3.2 Rate of Return

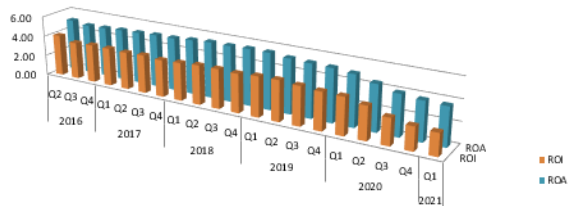
Position 2021	Return on Asset (ROA)* % (p.a.)	Return on Investment (ROI) % (p.a.)
January	3.65%	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions
February	3.64%	
March	3.74%	

* 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				2021
	Q2	Q3	Q4	Q1	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	3.21	2.56	2.24	2.13	
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	4.45	3.96	3.76	3.68	

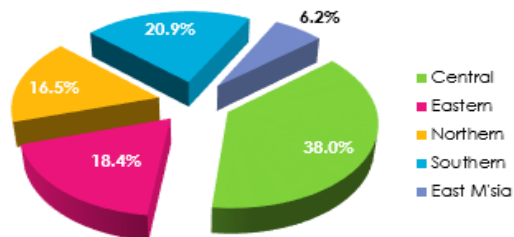
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

3.4 Income Statement

Profit & Loss Statement for the Quarter ended 31 March 2021			
	January	February	March
	RM'000	RM'000	RM'000
Profit from financing	25,250	21,636	22,735
Direct expenses*	-	-	-
Allowance for impairment on financing	(3,372)	(2,998)	(2,540)
Total Profit	21,878	18,638	20,195
Return on Asset (p.a.)	3.66%	3.64%	3.74%
Return on Investment (p.a.)	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions		

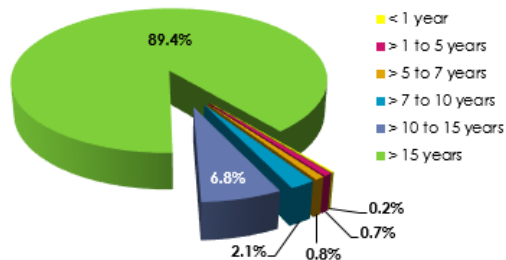
*Currently there are no charges imposed to this fund.

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



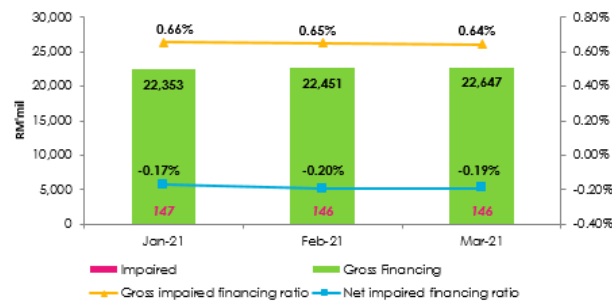
A total of 38.0% of the total House and Fixed Asset Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio to developed areas such as the Klang Valley.

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



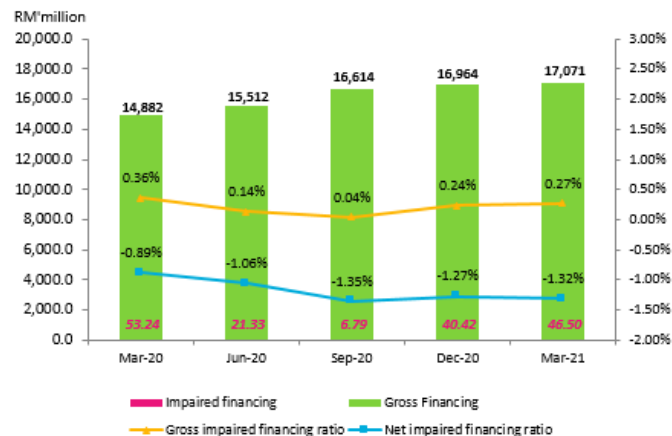
The majority of the House and Fixed Asset Financing Portfolio has a maturity of more than 15 years. This will ensure stability in the profit stream of the HFA portfolio which can then benefit the investment return expectations, especially for long-term IAH.

3.7 Asset Quality of House and Fixed Asset Financing Portfolio



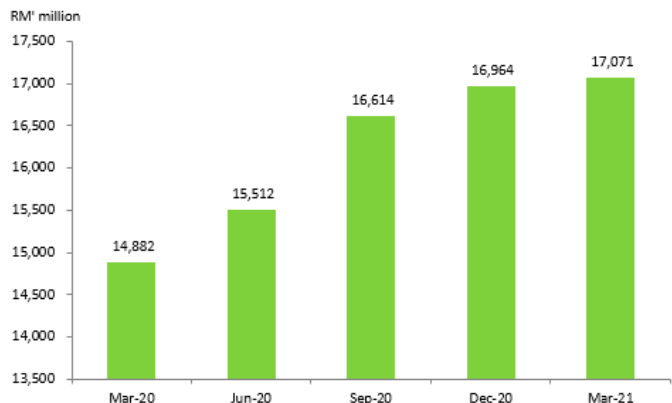
The portfolio's low impaired financing ratio reflects strong asset quality.

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 14.71% per annum. Asset Allocation for Wafiyah only comprises Personal Financing customers employed in the public sector.

4.0 ECONOMIC REVIEW AND PROSPECT

Mobility in Malaysia has been less restrictive as the government has eased movement restrictions, enabling more business activities to be carried out. As such, business sentiment has also improved as shown by Malaysia's Manufacturing Purchasing Manager's Index (PMI) inched higher to 49.9 points in March from 47.7 points in February underpinned by the stabilisation in operating conditions and rising global trade in line with the anticipated economic recovery this year. Apart from that, the Industrial Production Index (IPI) increased by 1.5% year-on-year (y-o-y) in February (January: 1.2%). Moreover, Malaysia's exports jumped by 17.6% y-o-y in February, extending the 6.6% gains in the preceding month. Overall, BNM expects Malaysia's GDP to grow in a range of 6.0% to 7.5% in 2021 after contracting by 5.6% in 2020. Notwithstanding this, the recent surge in Covid-19 cases in Europe and India warrants a cautious on how the economy will grow in the coming months.

5.0 PROPERTY MARKET AND HOUSE AND FIXED ASSET PORTFOLIO REVIEW

According to data published by the National Property Information Centre's (NAPIC), property market sector recorded a significant decline in 2020 compared to 2019. It was reported that the property market sector recorded 295,968 transaction worth RM119.08 billion in 2020, a decrease by 9.9% in volume and 15.8% in value as compared to 2019 (328,647:RM141.4billion). The residential segment remains the mainstay of the property market with 64.7% of total transaction. The residential sub-sector's market recorded 191,354 transactions worth RM65.87billion, down by 8.6% in volume and 9.0% in value as compared to 2019 (209,295:RM72.41billion). By price range, Demand continued to focus on RM300,000 and below, as indicated by almost 61.7% of the total residential transactions, followed by RM300,001 to RM500,000 (21.9%). Majority of the demand comes from terraced houses with 41.0% of total transactions. Of the total, Selangor recorded the highest residential transaction (23.0%) in volume and 33.0% in value (44,034:RM21.72billion). There were 47,178 units launched in 2020, against nearly 60,000 units in 2019. Terraced houses dominated the new launches with 43.1% (20,353 units), followed by condominium/apartment units at 39.7% (18,717 units). Sales performance was modest at 28.7% in 2020, lower than 2019 at 40.4%. As at Q42020, the number of residential overhang dropped in term of volume. There were 29,565 units worth RM18.92billion, a decrease of 3.6% in volume. However, value increased by 0.5% as compared to Q42019 (30,664:RM18.82billion). Johor retained the highest number and value of overhang in the country with 23.8% (7,030 units). The Malaysian House Price Index (MHPI) in 2020 stood at 199.3 points (RM429,877). The property market performance especially residential subsector will continue to be affected by affordability and overhang issues and also slowing the economy.

Bank Islam's Housing and Fixed Asset (HFA) portfolio stood at RM22.65 billion in March, increasing by 0.9% month-on-month (m-o-m) from RM22.45 billion in the previous month. During 1Q2021, HFA portfolio rose by 1.8% quarter-on-quarter (q-o-q), higher from RM22.25 billion in 4Q2020 (1Q2021: RM22.65 billion). Lower financing rate environment, coupled with a string of house ownership incentives have accelerated the buying plans of prospective buyers despite Covid-19 crisis. Meanwhile, Gross Impairment Ratio (GIR) declined to 0.64% in March from 0.65% in the preceding month. This is much lower as compared to 1.59% at the industry level as of February 2021. As such, the financing repayment trend is expected to improve following gradual recovery in economic activities and labour market conditions.

6.0 PERSONAL FINANCING PORTFOLIO REVIEW

Total PF portfolio went up by 14.7% year-on-year (y-o-y) in March this year to RM17.1 billion from RM14.9 billion in March last year. On a quarterly basis, it increased by 0.6% from RM17.0 billion as at December 2020 to RM17.1 billion as at March 2021. The Gross Impairment Ratio (GIR) rose to 0.27% in March from 0.24% in December last year. Nevertheless, the bank's GIR remained low compared to industry level at 2.05% during February (January: 2.11%), indicating prudent credit assessment amid continuing risks from the Covid-19 pandemic.