

## 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, legal risk and shariah non-compliance 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 Group 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 2022, Wafiyah Investment account fund balance was recorded at RM6.3 billion.

### Wafiyah Investment Account Fund Size RM'000



### 3.2 Rate of Return

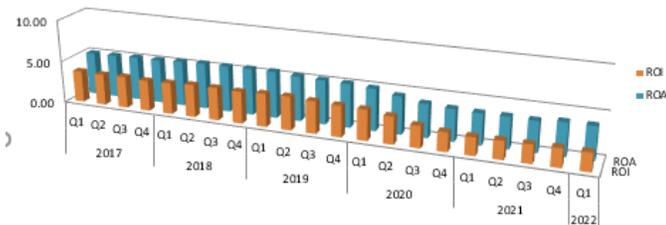
Position 2022	Return on Asset (ROA)* % (p.a.)	Return on Investment (ROI) % (p.a.)
January	3.88%	Based on the agreed expected return upon placement of fund or actual return (whichever is lower), subject to Terms & Conditions
February	3.83%	
March	3.87%	

\* 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**



	2017				2018				2019				2020				2021				2022
	Q1	Q2	Q3	Q4	Q1																
ROI	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	2.16	2.17	2.19	2.15
ROA	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	3.69	3.63	3.88	3.86

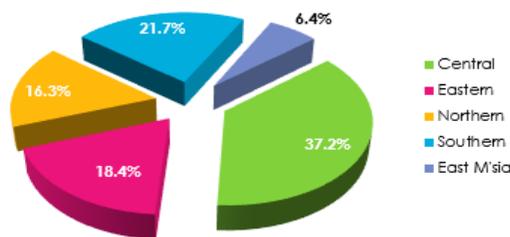
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

**3.4 Income Statement**

Profit & Loss Statement for the Quarter ended 31 March 2022			
	January	February	March
	RM'000	RM'000	RM'000
Profit from financing	12,952	12,304	17,967
Direct expenses*	-	-	-
Allowance for impairment on financing	(824)	(890)	(1,121)
Total Profit	12,128	11,414	16,846
Return on Asset (p.a.)	3.88%	3.83%	3.87%
Return on Investment (p.a.)	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions		

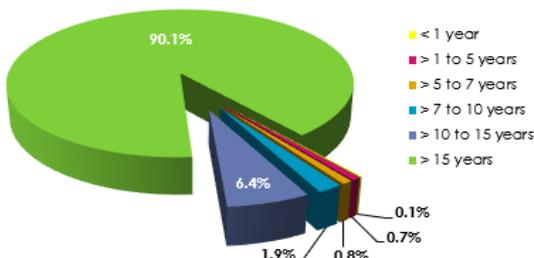
\*Currently there are no charges imposed to this fund.

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



A total of 37.2% 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.

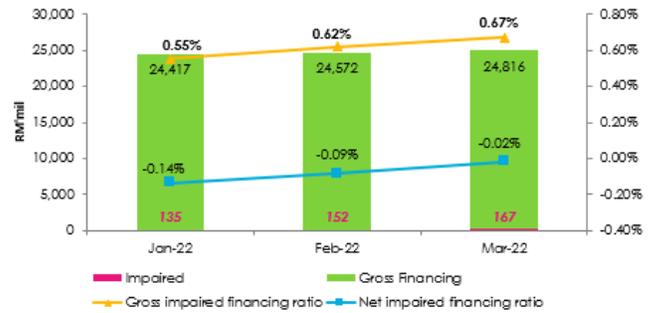
**3.6 House and Fixed Asset Financing Portfolio by Remaining Maturity of Facilities**



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.

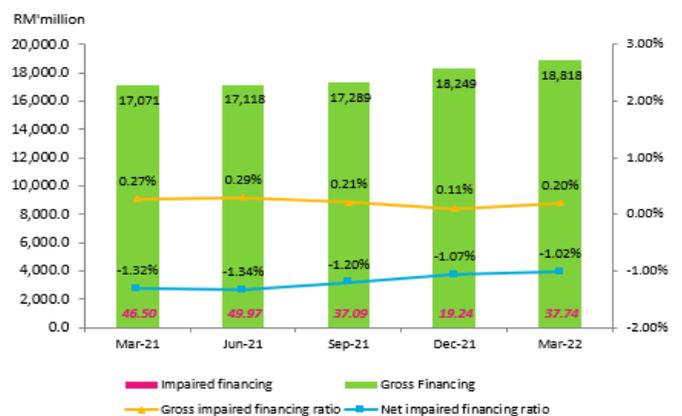
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**3.7 Asset Quality of House and Fixed Asset Financing Portfolio**



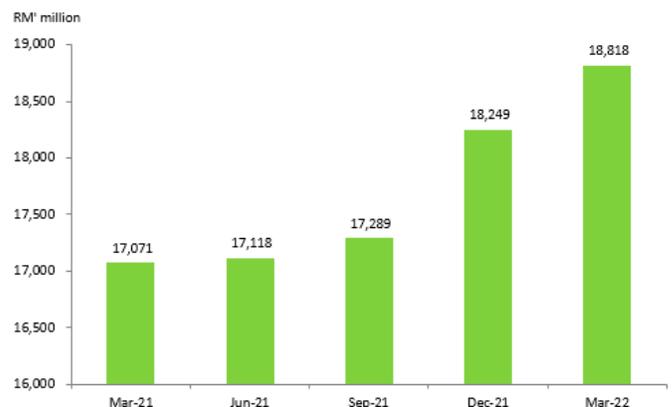
The portfolio's low impaired financing ratio reflects strong asset quality.

**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 10.23% per annum. Asset Allocation for Wafiyah only comprises Personal Financing customers employed in the public sector.

#### 4.0 ECONOMIC REVIEW AND PROSPECT

While global economic recovery is expected to continue this year. However, the current geopolitical tensions in Ukraine are creating uncertainties and a lot of cascading effects to other economies. Thus far, the World Bank anticipates that Malaysian economy to expand by 5.5% in 2022, slightly lower than the earlier projection of 5.8% due to the unfolding developments surrounding the Ukraine crisis. Apart from that, business sentiments have also been deteriorating as high Covid-19 infections and rising raw material prices have weighed on demand conditions and client confidence. This was in tandem with Malaysia's Manufacturing Purchasing Manager's Index (PMI) which declined to 49.6 points in March from an expansionary level of 50.9 points in February. Be that as it may, Malaysia's Industrial Production Index (IPI) still recorded a positive growth as it increased by 4.1% in 2M2022 (2M2021: 1.3%), mainly supported by the Manufacturing sector (2M2022: 6.0% vs. 2M2021: 4.0%). Similarly, exports jumped by 20.4% in 2M2022 from a 11.5% growth in the same period last year. Moving forward, the lifting of border restrictions commencing on 1 April 2022 is expected to facilitate cross-border business activities, trade and investment-related services.

#### 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 slight improvement in 2021 but has yet to surpass the pre-pandemic level recorded prior to 2020. It was reported that the property market sector recorded 300,497 transactions worth RM144.87 billion in 2021, increased by 1.5% in volume and 21.7% in value as compared to 2020 (295,968; RM119.08 billion). The residential segment remains the mainstay of the property market with 66.2% of total transaction. There were 198,812 transactions worth RM76.90 billion, increased by 3.9% in volume and 16.7% in value as compared to 2020 (191,354; RM65.87 billion). By price range, demand continued to focus on RM300,000 and below, as indicated by almost 56.0% of the total residential transactions, followed by RM300,001 to RM500,000 (24.6%). Majority of the demand comes from terraced houses, formed around 43.0% of total transactions. Of the total, Selangor recorded the highest residential transaction with 24.5% in volume and 34.4% in value (48,755; RM26.49 billion). The primary market saw lesser release of new launches. There were nearly 44,000 units launched in 2021, against 47,178 units in 2020. Terraced houses dominated the new launches with 60.1% (26,372 units), followed by condominium/apartment units at 27.4% (12,018 units). The number of residential overhang situation was less encouraging in term of volume and value. There were nearly 37,000 units worth RM22.79 billion, increased by 24.7% in volume and 20.5% in value respectively as compared to 2020 (29,565; RM18.92 billion). The Malaysian House Price Index (MHPI) in 2021 stood at 201.5 points (RM434,758).

Bank Islam's Housing and Fixed Asset (HFA) portfolio stood at RM24.82 billion in March, increasing by 1.0% month-on-month (m-o-m) from RM24.57 billion in the previous month. The HFA portfolio rose by 2.3% quarter-on-quarter (q-o-q) to RM24.82 billion in 1Q2022 (4Q2021: RM24.26 billion). The low overnight policy rate (OPR) has served good opportunity for those who are taking out property financing. In the meantime, the Gross Impairment Ratio (GIR) increased slightly to 0.67% in March from 0.62% in the preceding month. However, the trend is much lower as compared to 1.21% at the industry level as of February 2022 (January 2022: 1.18%). This year, we foresee the financing impairment trend to improve amid recovery in the labour market whereby the unemployment rate is anticipated to further decline around to 4.0% as economic activity starts to pick up.

#### 6.0 PERSONAL FINANCING PORTFOLIO REVIEW

Total PF portfolio rose by 10.2% year-on-year (y-o-y) in March 2022 to RM18.82 billion (March 2021: RM17.07 billion) compared to a 7.6% y-o-y growth seen in December 2021. It increased by 3.1% from RM18.25 billion as at December 2021 to RM18.82 billion as at March 2022. On the other hand, the Gross Impairment Ratio (GIR) rose to 0.20% in March 2022 from 0.11% in December 2021. The bank's GIR remained low compared to industry level for personal use at 1.79% during February 2022 (January 2022: 1.78%), suggesting the bank remained vigilant in credit assessment.