

## 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 HFA and PF 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 the 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

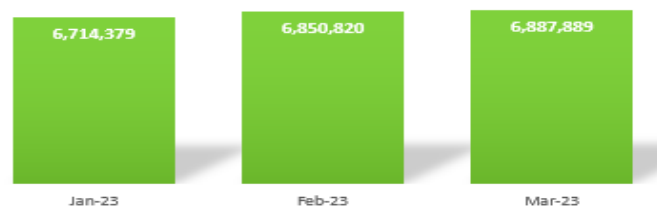
The Board of Directors of Bank Islam has the ultimate responsibility to manage risks related to its operations and business activities by setting risk appetite and tolerance levels that are consistent with the Bank's overall business objectives and desired risk profile. The Board Risk Committee, which 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 2023, Wafiyah Investment account fund balance was recorded at RM6.9billion.

### Wafiyah Investment Account Fund Size RM'000



### 3.2 Rate of Return

Position 2023	Return on Asset (ROA)* % (p.a.)	Return on Investment (ROI) % (p.a.)
January	4.83%	Based on the agreed expected return upon placement of fund or actual return (whichever is lower), subject to Terms & Conditions
February	4.79%	
March	4.83%	

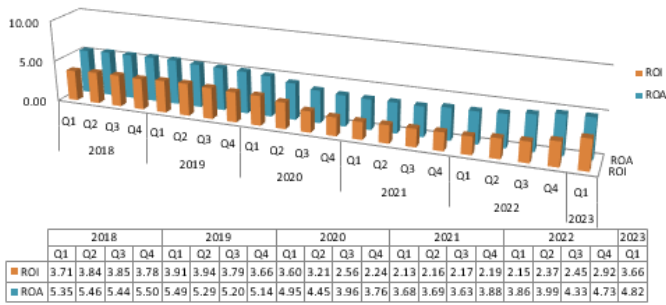
\* ROA - allocated assets of the fund.

**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**



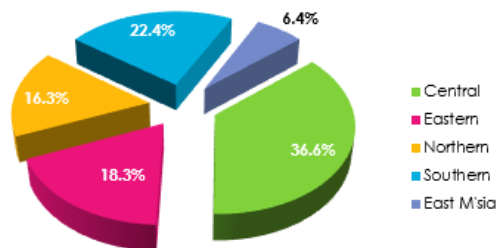
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

**3.4 Income Statement**

Profit & Loss Statement for the Quarter ended 31 March 2023			
	January	February	March
	RM'000	RM'000	RM'000
Profit from financing	29,194	25,936	29,019
Direct expenses*	-	-	-
Allowance for impairment on financing	(1,286)	(1,339)	(1,275)
Total Profit	27,908	24,597	27,744
Return on Asset (p.a.)	4.83%	4.79%	4.83%
Return on Investment (p.a.)	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions		

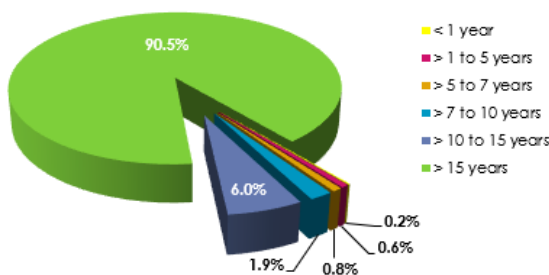
\*Currently there are no charges imposed to this fund.

**3.5 HFA Financing Portfolio by Geographical Location in Malaysia**



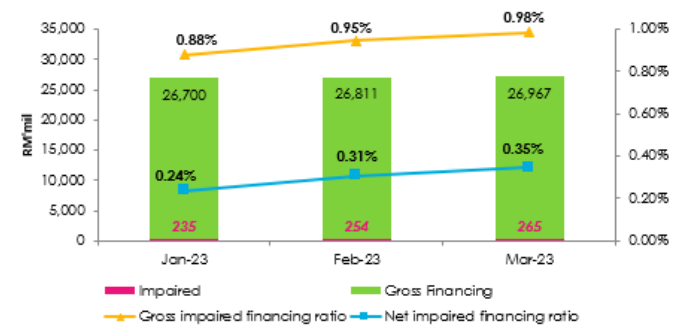
A total of 36.6% of the total HFA Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio to developed areas such as the Klang Valley.

**3.6 HFA Financing Portfolio by Remaining Maturity of Facilities**



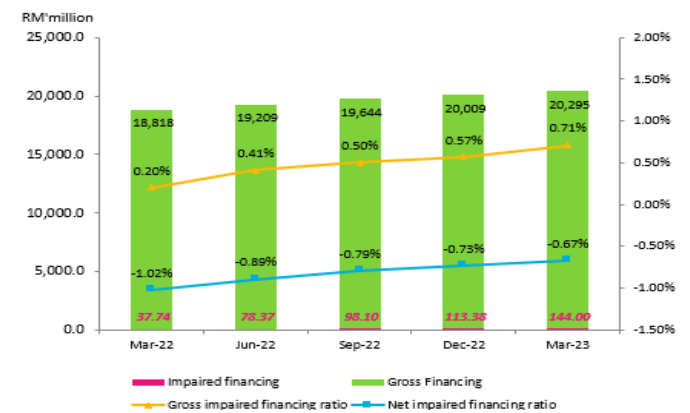
The majority of the HFA Financing Portfolio has a maturity of more than 15 years. This will ensure stability in the profit stream of the HFA portfolio which can then benefit the investment return expectations, especially for long-term IAH.

**3.7 Asset Quality of HFA Financing Portfolio**



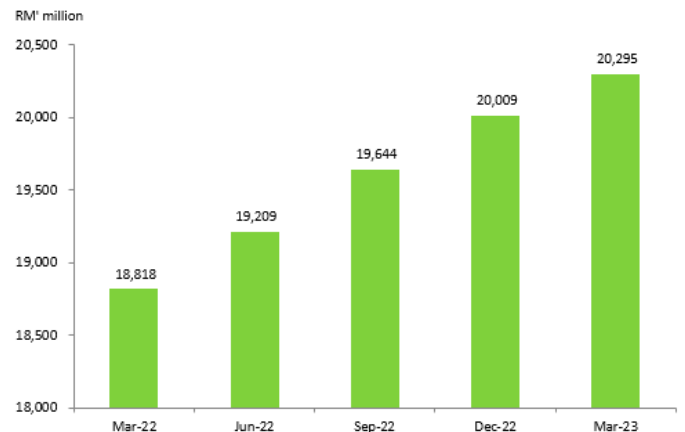
The portfolio's low impaired financing ratio reflects strong asset quality.

**3.8 Asset Quality for PF Portfolio**



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

**3.9 PF Portfolio Growth in Bank Islam**



The PF Portfolio has grown at a rate of 7.85% per annum. Asset Allocation for Wafiyah only comprises PF customers employed in the public sector.

#### 4.0 ECONOMIC REVIEW AND PROSPECT

Recently, Bank Negara Malaysia (BNM) published its 2022 Annual Report, projecting the country to grow between the 4.0%-5.0% range in 2023. The forecast came after Malaysia recorded an astounding growth rate of 8.7% in 2022, the highest over two decades. Such a modest expansion is attributable to growth rate normalisation and the anticipation of a moderating global growth outlook, particularly amongst advanced economies. Furthermore, the elevated cost of living and input costs are expected to impact consumers and businesses amid an elevated price level. Already, the business sentiments have been weakening, as reflected by Malaysia's Purchasing Managers' Index (PMI), which is pointing to seven straight months of challenging business conditions despite a slightly improve to 48.8 points in March from 48.4 points in the previous month. On the recent banking crisis in advanced countries, we foresee Malaysia's banking system being resilient and well protected against possible contagion, with a liquidity coverage ratio (LCR) of 152.7% in February 2023. Additionally, we believe the recession probability is remote amid Malaysia's strong macroeconomic fundamentals, with domestic consumption continuing to be the primary driver of economic growth. As such, we expect Malaysia's real gross domestic product (GDP) to fall in the midpoint of the range estimated by the BNM, specifically at 4.5% this year.

#### 5.0 PROPERTY MARKET AND HFA PORTFOLIO REVIEW

According to data published by the National Property Information Centre's (NAPIC), property market sector recorded a significant increase in H12022 as compared to H12021. It was reported that the property market sector recorded 188,002 transactions worth RM84.40 billion in H12022, an increase of 34.5% in volume and 36.1% in value compared to H12021 (139,752;RM62.01billion). The residential segment remains the mainstay of the property market with 61.8% of total transaction. The residential sub-sector's market recorded 116,178 transactions worth RM45.62billion, increased by 26.3% in volume and 32.2% in value as compared to H12021 (92,017;RM34.51billion). Newly launched houses priced between RM100K-RM500K dominated the market in H12022, with the RM300k to RM500K price segment leading supply with 4,380 units (41.5%). More than 10,000 units of newly launched were recorded, down by 66.7% compared 31,687 units(revised) in H12021. Sale performance for new launches recorded at 20.3% slightly lower compared to H12021(revised 20.6%) and H22021(28.1%). The residential overhang situation improved amidst market recovery. There were 34,092 units worth RM21.73billion recorded, down by 7.5% and 4.6%in volume and value respectively against H22021. Construction activity recorded an increase in completion and new developments, each up by 5.9% and 12.9% respectively whilst housing starts decreased by 7.2% compared to H12021. The Malaysian House Price Index (MHPI) continued to increase at a moderate trend. As at Q22022, the MHPI stood at 203.5 points, up by 0.5% on annual basis. The property market performance especially residential subsector will continue to be affected by affordability, overhang issues and also uncertain global economy.

Bank Islam Housing and Fixed Asset (HFA) portfolio stood at RM26.97billion in March 2023, increasing by 0.6% month-on-month (m-o-m) from RM26.81billion in the previous month. The HFA portfolio rose 1.4% quarter-on-quarter (q-o-q) to RM26.97billion in 1Q2023 (4Q2022: RM26.60billion). The Gross Impairment Ratio (GIR) increased slightly to 0.98% in March 2023 from 0.95% in the preceding month. However, the figure is relatively low compared to the purchase of residential property's industry level of 1.42% during February 2023 (January 2023: 1.37%). Meanwhile, the unemployment rate is decreasing, with the latest figure declining to 3.5% in February 2023 (January 2023: 3.6%). We expect Malaysia's labour market to strengthen further this year following continuous upbeat momentum in the domestic economy despite the modest expansion on the external front. Therefore, we posit that the financing impairment trend to improve amid a further recovery in the labour market.

#### 6.0 PF PORTFOLIO REVIEW

Total PF portfolio surged 7.85% year-on-year (y-o-y) in March 2023 to RM 20.30 billion (March 2022: RM18.82 billion), albeit at a slightly lower rate relative to 9.64% y-o-y in December 2022. On a quarterly basis, the PF portfolio also increased by 1.43% to RM 20.30 billion in March 2023 from RM20.01 billion in December 2022. Meanwhile, Gross Impairment Ratio (GIR) continued to rise at 0.71% in March 2023 compared to 0.57% in December 2022. The Bank's GIR remained low compared to the industry level for personal use of 2.75% in February 2023 (January 2023: 2.58%), suggesting the Bank's prudent credit assessment.