

1.0 KEY FUND INFORMATION

1.1 Shariah Concept	1.2 Investment Currency	1.3 Fund Inception
Mudarabah	Ringgit Malaysia	April 2017 (Corporate) September 2018 (Retail)

1.4 Product Classification

Unrestricted Investment Account refers to a type of investment account where 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 provide IAH with a combination of steady and recurring income, whilst at the same time allowing the balances to be placed and withdrawn via the counter, cheque, internet banking channels and etc.

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 and Fixed Asset Financing (HFA) Portfolio which is aimed at protecting the principal and generating stable returns.

1.7 Nature of Investment Account

On demand whereby IAH is able to withdraw at any point of time.

1.8 Investment Asset Allocation

The Bank will allocate IAH's funds in its existing HFA Financing Portfolio that generates 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 to be distributed on a monthly basis, but the profit will be calculated on a daily basis. The profit is based on the performance of the HFA Financing Portfolio.

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)
 - 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

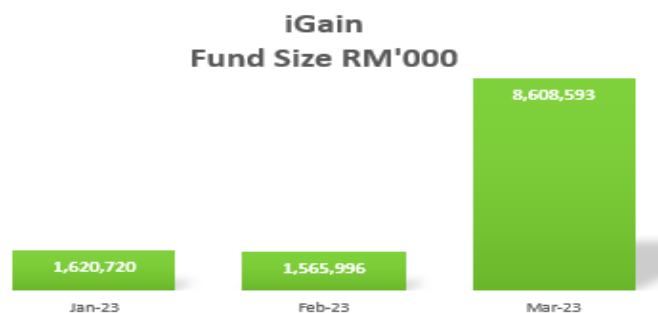
Note: Investors are advised to carefully consider all risk factors before making an investment decision. Investors will be exposed to the following risks; market risk, credit risk, liquidity risk, operational risk, legal risk and Shariah non-compliance risk. Please visit Bank Islam's website for further 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, iGain fund balance was recorded at RM 8.6 billion.

3.2 Rate of Return

Position 2023	Return on Asset (ROA)* % (p.a.)	Profit Sharing Ratio (Customer: Bank)	Return on Investment (ROI) % (p.a.)
January	4.74%	Based on the agreed profit-sharing ratio upon placement of fund, subject to Terms & Conditions	
February	4.83%		
March	4.43%		

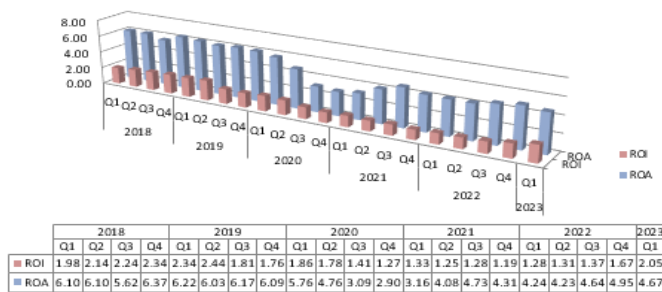
* ROA - allocated asset of the fund.

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



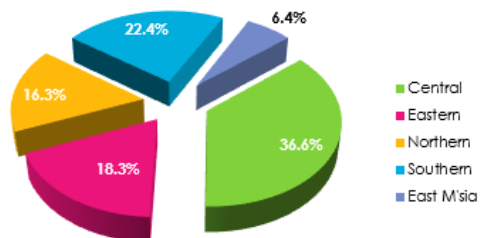
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

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	7,652	6,143	21,059
Direct expenses*	-	-	-
Allowance for impairment on financing	241	282	175
Total Profit	7,893	6,425	21,234
Return on Asset (p.a.)	4.74%	4.83%	4.43%
Return on Investment (p.a.)	Based on the agreed profit sharing ratio upon placement of fund, subject to Terms & Conditions		

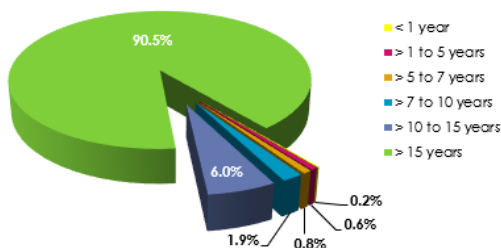
*Currently there are no charges imposed to this fund.

3.5 HFA Financing Portfolio by Geographical Location in Malaysia



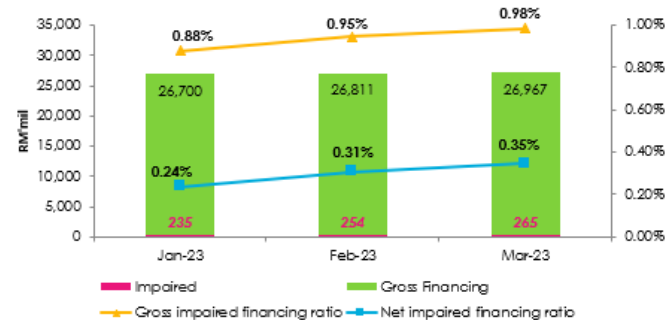
A total of 36.6% of the total HFA Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio to developed areas such as the Klang Valley.

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.

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. There34,092 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.