

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), Personal Financing (PF) Portfolio and Securities that are Guaranteed by the Government of Malaysia (GG) 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 IAHS' funds in its existing HFA, PF and GG Portfolio which 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:
 - Corporation
 - 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

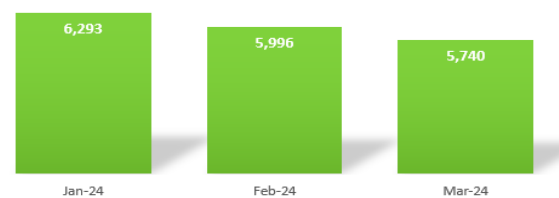
Note: Investors are advised to carefully consider all risk factors before making an investment decision. Investors will be exposed to the following risks: market risk, credit risk, liquidity risk, operational risk, legal risk and Shariah non-compliance risk. Please visit Bank Islam's website for further 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 Management Risk Control Committee, 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 2024, Wafiyah Investment account fund balance was recorded at RM5.7 billion.

**Wafiyah Investment Account
Fund Size RM'million**

3.2 Rate of Return

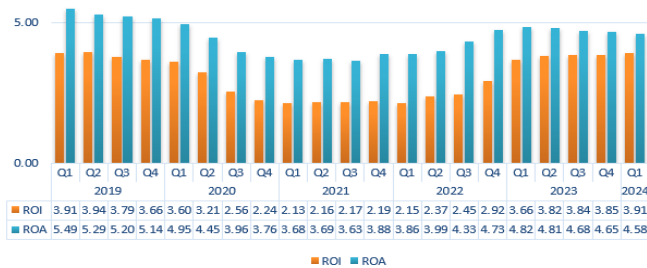
Position 2024	Return on Asset (ROA)* % (p.a.)	Return on Investment (ROI) % (p.a.)
January	4.65%	Based on the agreed expected return upon placement of fund or actual return (whichever is lower), subject to Terms & Conditions
February	4.55%	
March	4.54%	

*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



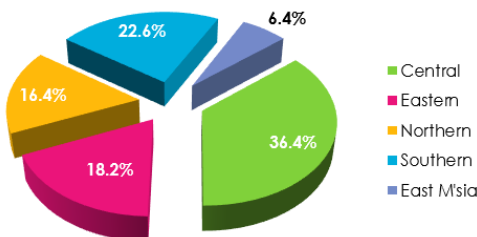
Note: The rates above are average annual rate of return on quarterly basis in percentage (%).

3.4 Income Statement

Income Statement for the Quarter ended 31 March 2024			
	January	February	March
	RM'000	RM'000	RM'000
Profit from financing	28,625	25,546	25,813
Direct expenses*	-	-	-
Allowance for impairment on financing	(3,424)	(3,491)	(3,294)
Total Profit	25,201	22,055	22,519
Return on Asset (p.a.)	4.65%	4.55%	4.54%
Return on Investment (p.a.)	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions		

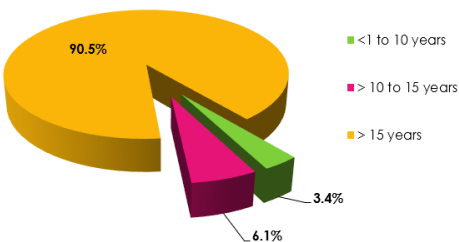
*Currently there are no charges imposed to this fund.

3.5 HFA Financing Portfolio by Geographical Location in Malaysia



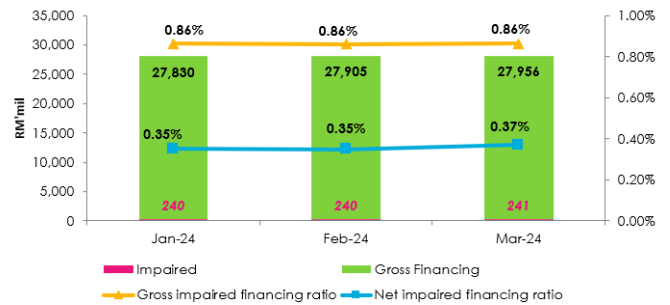
A total of 36.4% of the total HFA Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio in developed areas such as the Klang Valley.

3.6 HFA Financing Portfolio by Remaining Maturity of Facilities



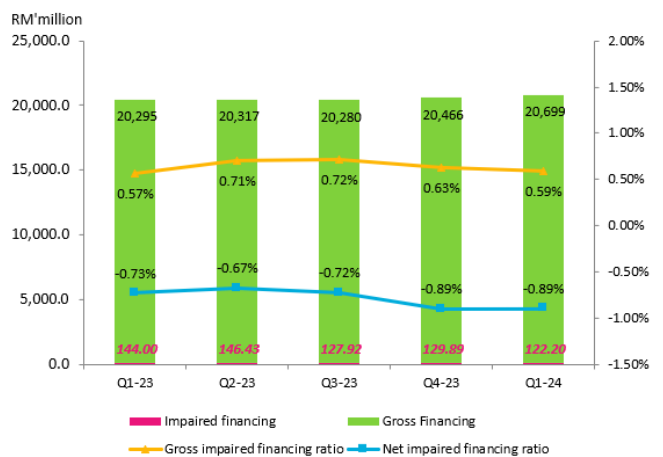
The majority of the HFA Financing Portfolio has a maturity of more than 15 years. This will ensure stability in the profit stream of the HFA portfolio which can then benefit the investment return expectations, especially for long-term IAH.

3.7 Asset Quality of HFA Portfolio



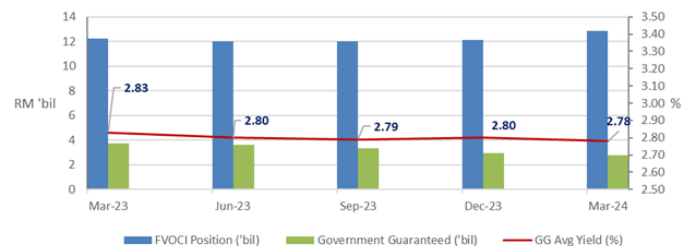
The portfolio's low impaired financing ratio reflects strong asset quality.

3.8 Asset Quality for PF Portfolio



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

3.9 Asset Quality of Government Guaranteed Securities in FVOCI Portfolio



4.0 ECONOMIC REVIEW & PROSPECT

1Q24 final GDP printed 4.2% YoY (4Q23: 3.0% YoY), and broadly consistent with our view. The 1Q24 print suggests that our full year 2024 GDP growth forecast of 4.7% is achievable. The bottoming of the global electronics downcycle by 1H24, higher investment spending in line with the government's medium-term economic development agenda and resilient household spending will be the main drivers of growth this year.

Looking ahead, the uptick in exports and manufacturing will be supported by sustained global economic expansion and the tech upcycle, though the pace of recovery remains subject to downside risk such as tight US monetary policy, geopolitical risks and US-China trade tensions.

On the domestic front, the uptick in investment activity from higher private capex and ongoing large-scale infrastructure projects outperformed, an indication of positive catalysts from the rollout of energy transition and industrial roadmaps as well as realization from approved investments. Seasonal demand lifted private consumption in 1Q24, and we expect the growth momentum to hold up amid resilient labour market conditions, a transitory income boost from EPF Account 3 withdrawals likely to provide some support in 2H24.

Investments are also gaining traction with increasing news flow about FDIs into Malaysia's integrated circuit (IC) design parks, data centres and renewable energy projects to date. Resilient growth prospects and solid external balances amid benign inflationary pressures will allow Bank Negara Malaysia to keep its policy rate unchanged in 2024.

The upsides to growth include better-than-expected consumption and tourism activities supported by a healthy labour market, with the unemployment rate projected to improve to 3.3% would significantly support the growth trajectory. Furthermore, higher spillovers of the uptrend in the technology sector and accelerating implementation of new and existing projects will further drive a more robust economic growth. Downside risks are a lower-than-expected recovery of external demand and worsening geopolitical tensions that can lead to a rise in commodity prices.

5.0 PROPERTY MARKET & HFA PORTFOLIO REVIEW

According to data published by the National Property Information Centre's (NAPIC), property market sector recorded a slight improvement in 2023. It was reported that the property market sector recorded 399,008 transactions worth RM196.83 billion in 2023, increased by 2.5% in volume and 9.9% in value as compared to 2022 (389,107; RM179.07 billion).

The residential sub-sector led the overall market activity, with 62.8% of total transaction. There were 250,586 transactions worth RM100.93 billion, increased by 3.0% in volume and 7.1% in value as compared to 2022 (243,190:RM94.28 billion). By price range, demand continued to focus on RM300,000 and below, as indicated by almost 52.8% of the total residential transactions, followed by RM300,001 to RM500,000 (24.9%). Of the total, Selangor recorded the highest residential transaction with 22.0% in volume and 30.0% in value (55,035:RM30.26 billion). The primary market performance more encouraging in 2023. There were 56,526 units launched against 54,188 units in 2022. Terraced houses dominated the new launches with 49.2% (27,801 units), followed by condominium/apartment units 33.6% (18,964 units).

The number of residential overhang situation improved in term of volume and value. There were 25,816 overhang units worth RM17.68 billion, reduced by 7.0% in volume and 4.0% in value respectively as compared to 2022 (27,746:RM18.41billion). Condominium/apartment formed 60.5% (15,606 units) of the national total overhang. The Malaysian House Price Index (MHPI) in 2023 stood at 216.5 points (RM467,144).

Bank Islam's Housing and Fixed Asset (HFA) portfolio stood at RM27.95 billion in March 2024, increasing by 0.18% month-on-month (m-o-m) from RM27.90 billion in the previous month. The Gross Impairment Ratio (GIR) remained stable at 0.86% in March 2024, maintaining the same level as the preceding month. The ratio is considered low compared to the purchase of residential property's industry level of 1.35% in February 2024. The HFA asset yield marginally increased at 4.55% in March 2024 compared to 4.54% in December 2023 (previous quarter).

6.0 PF PORTFOLIO REVIEW

The PF portfolio stood at RM20.69 billion in March 2024, increasing by 0.19% month-on-month (m-o-m) from RM20.65 billion in the previous month. The Gross Impairment Ratio (GIR) decreased by 0.59% in March 2024 from 0.74% in the preceding month. The Bank's GIR remained low compared to the industry level for personal use of 2.40% in February 2024, suggesting the Bank's prudent credit assessment. The PF asset yield marginally decreased at 6.15% in March 2024 compared to 6.19% in December 2023 (previous quarter).

7.0 BOND/SUKUK MARKET REVIEW

The global bond market was generally on selling mode amid continued hawkishness of the global central banks led by the US Fed as the FOMC dot-plots had indicated less rate cut probability in February. Fed Fund Futures had priced in lower probability for first rate cut in June from 60% to 51% and the number of 25bps rate cut from 4 times to 3 times for 2024.

Sentiment was further dampened by "higher for longer" interest rate expectations following a slew of solid US economic data. UST yields have surged about 31-37bps across the yield curve in 1Q24. However, UST selloffs appeared to attract gradual bargain hunting demands as sentiment was seen improving towards end of March, mainly driven by the anticipation of central banks will ease rates amid moderating inflation.

Meanwhile, the local bond market continued to track the global bond yield movement and was trading within range. Most market players chose to remain cautious on the sideline due to lack of market catalyst with profit taking activities slanted on the front end of the yield curve and any upward yield movement especially on the longer tenors has been steadily capped by strong support from the local institutional investors.