

1.0 KEY FUND INFORMATION

1.1 Shariah Concept

Wakalah Bil Istithmar

1.2 Investment Currency

Ringgit Malaysia

1.3 Fund Inception

15 July 2024

1.4 Product Classification

Unrestricted Investment Account refers to a type of investment account whereby the Investment Account Holder (IAH) provides the Bank with the mandate to make the ultimate decision without specifying any particular restrictions or conditions.

1.5 Overview of Product

A value-based impact investment which is designed to foster a nature-positive economy, enhance environmental resilience and promote inclusive growth across society, while ensuring financial returns for investors, financing customers and donation/Zakat recipients.

The growing impact investment market provides capital to address the nation's pressing challenges, supporting sectors such as renewable energy, clean transportation and affordable and accessible basic services including housing, healthcare, utilities and education.

1.6 Investment Objectives

To provide differentiated investment solutions based on new asset classes, focusing on non-retail financing and aligned to the United Nations' (UN) Sustainable Development Goals (SDG).

1.7 Investment Strategies

Moderate risk investment to achieve capital preservation and steady returns.

1.8 Nature of Investment Account

Term Investment Account where customers can invest in a fixed tenure of twenty-four (24) months or thirty-six (36) months.

1.9 Description of Underlying Assets

The fund will be invested in a diversified portfolio of the Bank's non-retail assets aligned with the UN's SDG and the Climate Change and Principle Based Taxonomy (CCPT) classification as per Bank Negara Malaysia's (BNM) framework.

The sectors include renewable energy, green financing, clean transportation, clean water and sanitation as well as other sectors contributing to sustainable cities and communities.

1.10 Valuation of Allocated Asset

Valuation will be conducted at least once a month, in accordance with the recognition and measurement criteria outlined in the Malaysian Financial Reporting Standards (MFRS). The returns on this investment account will be affected by the performance of the allocated assets including, but not limited to, the asset quality (e.g. impairment) and fluctuations in the Effective Profit Rate (EPR), particularly financing assets priced using the floating rate methods.

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 is designed to mitigate the risk of losing the principal amount. In the event of liquidation, the IAHs are ranked ahead of depositors.

1.11 Profit Payment Frequency

Profits will be paid semi-annually.

1.12 Statement on Any Changes

There have been no changes in the investment objectives, strategies, restrictions and limitations during the quarter period.

1.13 Investor Profile

Non-Retail: Exclude interbank counterparties, sole proprietorship, and Small & Medium Enterprise (SME).

Retail: Limited to High-Net-Worth Individuals.

1.14 Investment Risk

Investors are advised to carefully consider all risk factors before making an investment decision. Investors will be exposed to credit risk, concentration risk, market risk, liquidity risk, legal risk and Shariah non-compliance risk. Please visit Bank Islam's website for further explanation of each risk.

One of the key risk unique to this fund is the investment concentration risk. Investment concentration risk is a risk that arises from excessive exposure to a particular type of asset, a single counterparty, a single geographical location or others which may produce losses that are substantial enough to threaten the financial condition of the fund or entity. Due to the investment in non-retail assets, the exposure of the fund to a single counterparty is higher leading to greater investment concentration risk and consequently greater adverse impact on the investment returns in the case of asset impairment. As an effort to mitigate the risk, the investment concentration risk is monitored closely at the asset level on a monthly basis to not exceed 25% as guided by Bank Negara Malaysia Investment Account Framework.

2.0 RISK STATEMENT

The Board of Directors of Bank Islam holds the ultimate responsibility for managing risks associated with the Bank's 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, supported by the Management Risk Control Committee, ensures effective oversight of the development of strategies, policies, procedures, and infrastructure to manage the Bank's risks.

3.0 FUND PERFORMANCE

3.1 Fund Size

There are a few different Offer Periods and Investment Periods as follows:

No	Offer Period	Investment Period	
		2 Years Tenure	3 Years Tenure
1	15 Jul 2024 – 30 Jul 2024	31 Jul 2024 – 31 Jul 2026	31 Jul 2024 – 31 Jul 2027
2	1 Aug 2024 – 10 Sep 2024	11 Sep 2024 – 11 Sep 2026	11 Sep 2024 – 11 Sep 2027
3	12 Sep 2024 – 15 Oct 2024	16 Oct 2024 – 16 Oct 2026	16/ Oct 2024 – 16 Oct 2027
4	19 Nov 2024 – 24 Dec 2024	26 Dec 2024 – 26 Dec 2026	26 Dec 2024 – 26 Dec 2027

As at March 2025, ISIA 2.0 fund balance registered at RM0.66 billion.

3.2 Rate of Return

Period	Return on Investment (ROI) ¹ % (p.a.)	
	Before Social Impact Contribution*	
	2 Years Tenure	3 Years Tenure
January	4.20%	4.30%
February	4.20%	4.30%
March	4.20%	4.30%

¹ ROI - Based on the Expected Profit Rate (EPR) upon placement of fund or Actual Profit Rate (APR) (whichever is lower), subject to the Terms and Conditions.

*Social impact contribution of 2.50% from the investment return of ISIA 2.0 will be channelled to either Zakat or Sadaqa House.

Note: For further illustration, please refer to the Product Disclosure Sheet (PDS) and Terms & Conditions (where applicable).

3.3 Historical Rate of Return



¹ROI (before) - Return on Investment (ROI) % (p.a.) before social impact contribution

²ROI (after) - Return on Investment (ROI) % (p.a.) after social impact contribution

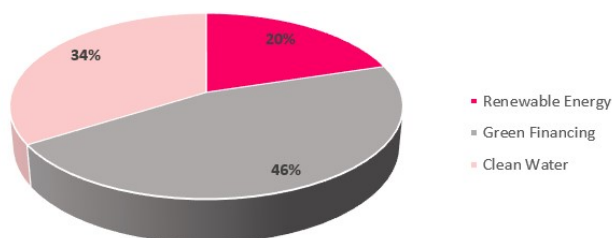
Note:

The rates above are average the annual rate of return in percentage(%) for each quarter.

3.4 Income Statement

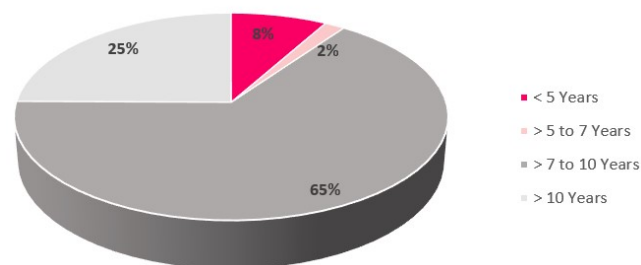
Income Statement for the Quarter ended 31 March 2025			
	January	February	March
	RM'000	RM'000	RM'000
Total Gross Income	2,799	2,512	2,708
Net Distributable Income	2,836	2,539	2,779
Amount attributable to IAH (before social impact contribution)	2,377	2,147	2,377

3.5 Asset Allocation by Sectors



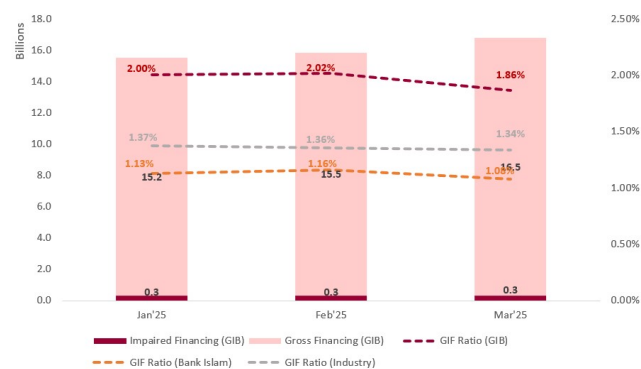
This allocation adheres to the approved investment objective and strategy.

3.6 Financing Portfolio by Remaining Maturity of Facilities



Majority of the Financing Portfolio has maturity of more than 10 years. This will ensure stability in the profit stream of the portfolio for the 2-year investment tenure, which can then benefit the investment return expectations of the IAHs.

3.7 Asset Quality Overview



As at March 2025, the Gross Impaired Financing (GIF) ratio for Bank Islam's Group Institutional Banking (GIB) stood at 1.86%, an improvement from previous quarters. The higher GIB GIF in the past few quarters is attributed to the deterioration of asset quality in the construction sector. The GIB GIF has improved in Q1 2025 and is expected to improve further in Q2 2025, as the construction sector normalizes further.

Meanwhile, the ISIA Underlying Assets portfolio remains strong, with robust asset quality and no signs of deterioration.

4.0 SOCIAL IMPACT CONTRIBUTION

ISIA 2.0 empowers investors to foster a nature-positive economy that strengthens environmental resilience and promotes inclusive societal growth, embedding a unique feature of social impact contribution. Aligned with its objective as a purposeful investment, ISIA 2.0 aspires to make a meaningful difference for the relevant beneficiaries, while creating wealth for investors.

ISIA 2.0 includes a special feature whereby 2.50% of the investment return will be channelled to either Zakat or Sadaqa House annually. Bank Islam acts as an agent to the IAH in managing the allocation and payment of Zakat or Sadaqa House contributions on behalf of the IAHs:

- **For Muslim Individuals:** 2.5% of the profit will be contributed to Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan (PPZ MAIWP) as Zakat payment on a yearly basis.

- **For non-Muslims:**

- **Individuals:** 2.5% of the profit will be contributed to selected

changemakers via Sadaqa House.

- **Non-Individuals:** May opt to contribute to Sadaqa House, where 2.5% of the profit will be contributed to selected changemakers via Sadaqa House. Alternatively, non-Individuals may opt to contribute 2.5% of the profit to the iTEKAD fund via Sadaqa House.

Sadaqa House at a Glance

Sadaqa House is a globally recognised social finance driver that mobilizes the philanthropic capitals of *sadaqah* (voluntary charity) and *zakat* (tithe) to create positive outcomes and tangible differences for the country's unbanked and underserved segments within an inclusive Islamic economic ecosystem in Malaysia.

Since our inception in January 2018 until March 2025, **Sadaqa House** has collected over **RM57 million** and disbursed over **RM42 million** to over **9,500 beneficiaries**. Sadaqa House has two core agendas:

- **Entrepreneurship** (consists of microfinancing, grant and development programmes): **RM3.3 million** disbursed in Q1 2025 to **110 micro-entrepreneurs**. Our iTEKAD portfolio maintains an impairment rate below 5%.
- **Education** (consists of scholarship and financial assistance): In Q1, **RM0.2 million** awarded to **20 students** pursuing tertiary education.

Impact Highlights for Q1 2025

Entrepreneurship

73 micro-entrepreneurs have achieved Upward Mobility. [Note: Achieving upward mobility means the micro-entrepreneurs have advanced into new stage in business growth and development. It is measured using 3 different grading i.e. Grade 1 (graduated to SME), Grade 2 (improved credit worthiness) and Grade 3 (improved any general dimension)].

Education

Sadaqa House, in collaboration with UPSI and the Jabatan Penjara Malaysia, is providing scholarships to **20 selected inmates (prospects)** to pursue a **Diploma in Entrepreneurship** – equipping them with the foundational skills needed to rebuild their lives and achieve economic independence upon reintegration into society.

5.0 MARKET OUTLOOK

5.1 Economic Outlook

Malaysia's economy recorded modest growth in Q1 2025, easing to 4.4% from a revised 4.9% in the previous quarter. Domestic demand remained resilient, supported by seasonal factors such as increased consumption during Chinese New Year and Ramadan. The labor market continued to strengthen with employment growing 2.9% year-on-year (y-o-y), maintaining a stable unemployment rate of 3.1%.

However, global trade challenges persisted, particularly due to ongoing US-China trade tensions which weighed on export performance.

As external risks remain, we adopt a cautious stance, revising our GDP growth forecast to 4.4%, down from the earlier 4.7% estimate.

While the 90-day suspension of retaliatory tariffs offers temporary relief, trade uncertainties stemming from Trump's tariff policies on US trading partners, including Malaysia, could negatively impact trade flows. Rising protectionism, supply chain disruptions and unpredictable policy shifts continue to cloud the global economic outlook, influencing inflation trends, monetary policies and growth trajectories.

Despite these external headwinds, domestic demand remains a key pillar of resilience, supported by a strengthening labor market, rising wages, a

minimum wage hike and continued government cash assistance. Together, these factors are expected to sustain household spending and counterbalance external pressures.

5.2 Sustainability & Climate Outlook

Malaysia undergoing a transformative shift in sustainability and climate policies, shaped by robust regulatory frameworks and evolving market dynamics. The revised National Climate Change Policy 2.0 reaffirms the nation's commitment to achieving net-zero emissions by 2050.

While the National Energy Transition Roadmap (NETR) continues to guide long-term reforms, a notable regulatory milestone was achieved with the passing of the Carbon Capture, Utilization and Storage (CCUS) Act in Q1 2025. This legislation is expected to drive investments in infrastructure, energy and industrial sectors, reinforcing Malaysia's low-carbon transition.

Dynamic & Evolving Regulatory Landscape

Although sustainability disclosure obligations may not yet apply to all investment products, regulatory momentum is clear. In Q1 2025, BNM introduced an updated Climate Risk Management and Scenario Analysis (CRMSA) policy, aligning with the National Sustainability Reporting Framework (NSRF).

Financial institutions are now expected to adopt both basic and advanced ('stretch') climate disclosures, guided by the Task Force on Climate-related Financial Disclosures (TCFD) framework, with externally verified reporting. This shift toward transparency and accountability reshape climate-related assessments and future investment strategies.