

## 1.0 KEY FUND INFORMATION

### 1.1 Shariah Concept

Wakalah Bil Istithmar

### 1.2 Investment Currency

Ringgit Malaysia

### 1.3 Fund Inception

17 March 2026

### 1.4 Product Classification

Unrestricted Investment Account (UA) is an investment account where the Investment Account Holder (IAH), without imposing any specific restrictions or conditions, authorizes the Bank to make investment decisions on their behalf.

### 1.5 Overview of Product

ISIA 5.0 is a value-based impact investment solution designed to:

- Support nature-positive economy
- Enhance environmental resilience
- Promote inclusive and sustainable growth across society

It generates financial returns for investors and financing customers, while delivering meaningful contributions to recipients of donations and zakat.

The fund channels capital into high-impact sectors such as:

- Renewable energy
- Clean transportation
- Affordable housing and healthcare
- Essential utilities and education

This enables investors to achieve sustainable financial returns alongside meaningful social and environmental impact.

### 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 (SDGs).

### 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 within a fixed tenure of twenty-four (24) months, thirty-six (36) months and sixty (60) months.

### 1.9 Description of Underlying Assets

The fund is invested in a diversified portfolio of the Bank's non-retail assets, aligned with:

- The United Nations (UN) Sustainable Development Goals (SDGs)
- Bank Negara Malaysia's (BNM) Climate Change and Principle-Based Taxonomy (CCPT)

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

### 1.10 Valuation of Allocated Assets

To be carried out on a monthly basis to determine the returns for IAHs.

Returns are influenced by:

- Asset performance
- Asset quality (e.g. impairment levels)
- Movements in Effective Profit Rates (EPR)

The principal and returns are not guaranteed, and IAHs may be exposed to the risk of no returns.

This investment account is not protected by Perbadanan Insurans Deposit Malaysia (PIDM). However, the product structure is designed to mitigate the risk of capital loss. In the event of liquidation, IAHs rank 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:** Excludes interbank counterparties, sole proprietorships and Small & Medium Enterprises (SMEs).
- **Retail:** Limited to high-net-worth individuals.

### 1.14 Investment Risk

Investors are advised to carefully consider all associated risks, including market, credit, liquidity, operational, legal and Shariah non-compliance risks. For further details on each risk, please visit Bank Islam's website at [www.bankislam.com](http://www.bankislam.com).

One key risk associated with this fund is investment concentration risk, which arises from excessive exposure to a particular asset class, a single counterparty or a specific geographical location. Such concentration may result in substantial losses and adversely the financial position of the fund or entity.

Given the fund's focus on non-retail assets, exposure to individual counterparties may be higher, thereby increasing sensitivity to asset impairment and potentially impacting investment returns.

To mitigate this risk, concentration levels are closely monitored at the asset level on monthly basis, ensuring exposures do not exceed the 25% threshold in accordance with BNM's Investment Policy Document.

## 2.0 RISK STATEMENT

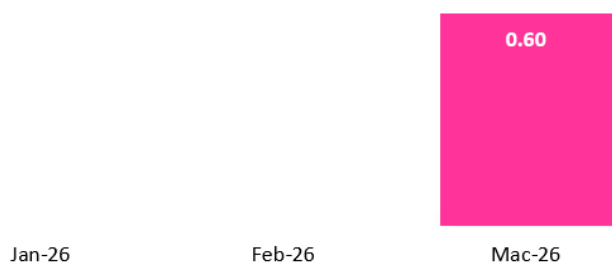
The Board of Directors of Bank Islam holds ultimate responsibility for risk management, including setting the Bank's risk appetite and tolerance levels in line with the Bank's overall business objectives.

The Board Risk Committee, with support from the Management Risk Control Committee, ensures effective oversight of the implementation of risk strategies, policies and infrastructure.

## 3.0 FUND PERFORMANCE

### 3.1 Fund Size

#### Ihsan Sustainability Investment Account (ISIA) 5.0 Fund Size RM'billion



As at March 2026, the ISIA 5.0 fund balance stood at RM0.60 billion.

### 3.2 Rate of Return

| Return on Investment (ROI) <sup>1</sup> |     |     |            |
|---|-----|-----|------------|
| Before Social Impact Contribution*      |     |     |            |
| Tenure / Period                         | Jan | Feb | Mar        |
| 2 years                                 |     |     | 3.95% p.a. |

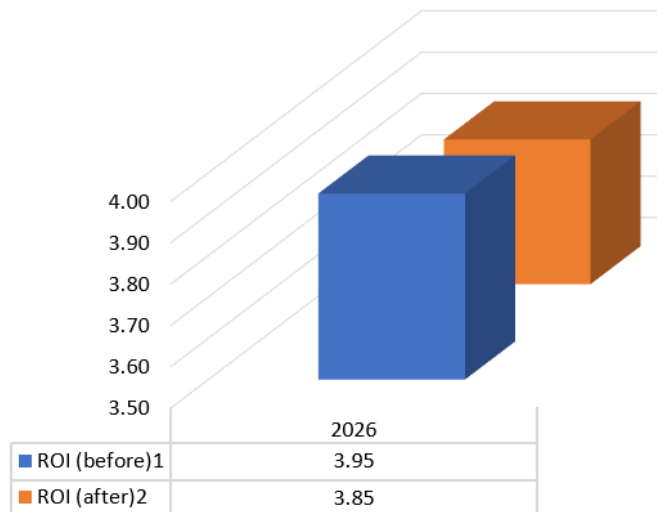
<sup>1</sup>ROI - Based on the Expected Profit Rate (EPR) upon placement of funds or the Actual Profit Rate (APR), whichever is lower, and subject to the Terms and Conditions.

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

Note:

- For further illustration, please refer to the Product Disclosure Sheet (PDS) and Terms & Conditions (where applicable).
- ISIA 5.0 offers three tenure options, namely 2, 3, and 5 years. Nonetheless, active placements are currently limited to the 2-year tenure only.

### 3.3 Historical Rate of Return



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

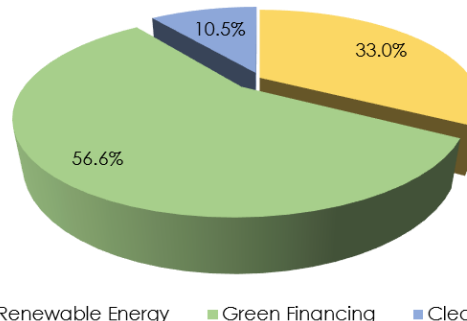
<sup>2</sup>ROI (after) - Return on Investment (ROI) % (p.a.) after social impact contribution

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

### 3.4 Income Statement

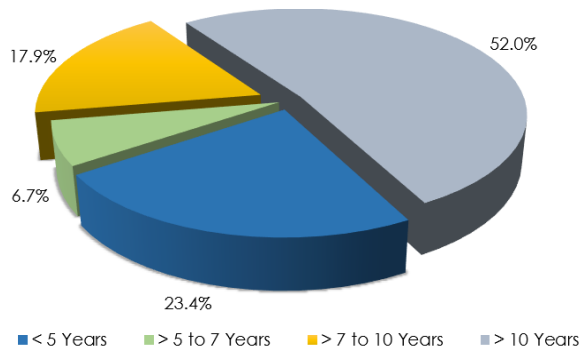
| Income Statement for the Quarter Ended 31 March 2026                    |        |        |        |
|---|--------|--------|--------|
|   | Jan    | Feb    | Mar    |
|   | RM'000 | RM'000 | RM'000 |
| Total Gross Income  |        |        | 1,162  |
| Net Distributable Income  |        |        | 1,176  |
| Amount attributable to IAH<br><i>*Before social impact contribution</i> |        |        | 974    |

### 3.5 Asset Allocation by Sectors



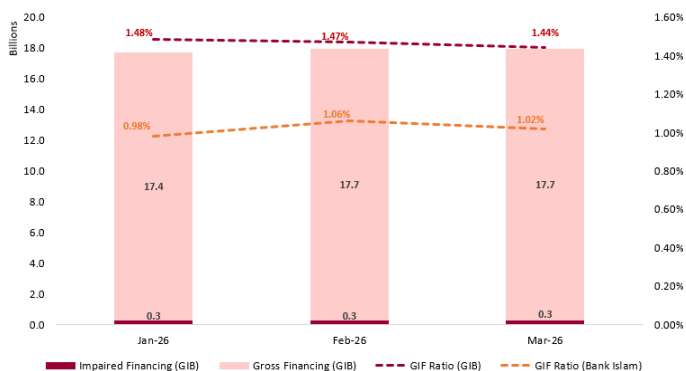
This allocation adheres to the approved investment objective and strategy.

### 3.6 Financing Portfolio by Remaining Maturity of Facilities



The majority of the financing portfolio has maturity of more than 10 years. This will help ensure stability in the profit stream over the 2 years investment tenure, thereby supporting the investment return expectations of the IAHS.

### 3.7 Asset Quality Overview



As at March 2026, the Gross Impaired Financing (GIF) ratio for Bank Islam's Group Institutional Banking (GIB) stood at 1.44%. The ISIA Underlying Assets portfolio remains resilient, with robust asset quality and no signs of deterioration.

## 4.0 SOCIAL IMPACT CONTRIBUTION

ISIA empowers investors to support a nature-positive economy, strengthen environmental resilience and promote inclusive societal growth. As a purposeful investment solution, it combines sustainable financial returns with meaningful social impact to its beneficiaries.

A distinctive feature of ISIA is its social impact contribution mechanism, where 2.5% of investment returns is channelled annually to either zakat or Sadaqa House. Bank Islam acts as agent on behalf of IAHS to manage the allocation and distribution of these contributions.

#### Contribution Structure

##### • For Muslim Individuals

2.5% of profits will be contributed annually to Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan (PPZ-MAIWP) as zakat payment.

##### • For Non-Muslims

- **Individuals:** 2.5% of profits will be channelled to selected changemakers via Sadaqa House
- **Non-Individuals:** 2.5% of profits will be channelled via Sadaqa House to selected changemakers, or alternatively directed to the iTEKAD fund based on the IAHS's preference.

#### Sadaqa House at a Glance

Sadaqa House is a globally recognized Islamic social finance platform that mobilizes philanthropic funds, including sadaqah and zakat, to deliver tangible impact unbanked and underserved communities within Malaysia.

Since its establishment in January 2018 until March 2026, Sadaqa House has achieved the following milestones:

- **RM76.2 million raised**
- **RM83.1 million disbursed**
- **More than 13,000 beneficiaries supported**
- **RM148,780 contributions from ISIA investors**

#### Key Impact Areas

Sadaqa House operates with two core agendas:

- **Entrepreneurship:**
  - Support through microfinancing, grants and development programs
  - RM2.83 million disbursed in Q1 2026
  - Benefited 250 micro-entrepreneurs
  - iTEKAD portfolio maintains a deterioration rate below 5%
- **Education:**
  - Scholarships and financial aid
  - RM0.50 million disbursed in Q1 2026
  - Benefited 24 students pursuing higher education.

#### HIGHLIGHTS FOR 2026

##### Driving Measurable Impact

Since 2018, Sadaqa House has remained committed to mobilizing funds to deliver meaningful, measurable, and sustainable social impact to underserved communities – ensuring that each contribution translates into lasting positive outcomes and real improvements in beneficiaries' lives.

In 2026, Sadaqa House introduced the Social Return on Investment (SROI) framework to enhance impact measurement. This enables:

- Evaluation of outcomes before, during and after program implementation
- Improved transparency, governance and accountability
- Evidence-based funding decisions and stronger stakeholder trust

Beyond tracking distribution figures, SROI focuses on measuring real, lasting outcomes delivered to beneficiaries.

## Building a More Inclusive Future

Through your participation, contributions are transformed into meaningful opportunities that uplift communities and drive inclusive economic growth.

Visit [www.sadaqahouse.com](http://www.sadaqahouse.com) to learn more about our impact initiatives.

## 5.0 MARKET OUTLOOK

### 5.1 Economic Outlook

Malaysia's economy entered 2026 on a firm footing, supported by stronger-than-expected growth in the second half of 2025. GDP growth is forecast at 4.7%, although the outlook is tempered by geopolitical uncertainties, particularly in the Middle East, which may impact energy and transportation costs.

Despite these risks, Malaysia remains resilient, supported by a stable labor market, ongoing investment activity and continued tourism momentum under Visit Malaysia Year 2026. Domestic demand and the Electrical & Electronics (E&E) sector continue to drive growth. While external pressures may affect costs, consumption and exports, Malaysia's solid economic fundamentals and position as a net energy exporter provide support for medium-term growth.

### 5.2 Sustainability Landscape, National Commitments and Regulatory Expectations

As global sustainability and climate priorities evolve, Malaysia remains committed to the United Nations Sustainable Development Goals (UNSDGs) and its target of achieving net-zero carbon emissions by 2050.

#### National Initiatives

Key frameworks driving this transition include:

- **National Energy Transition Roadmap (NETR)** – accelerating the shift towards a low-carbon, high-value green economy
- **National Carbon Market Policy (NCMP)** – establishing a carbon credit trading framework to incentivize decarbonization

#### Regulatory Developments

Regulators continue to strengthen climate risk management and sustainability practices through:

- **Climate Change Principle-based Taxonomy (CCPT)**
- **Climate Risk Management Scenario Analysis (CRMSA)**
- **Climate Risk Stress Testing (CRST)**

Reporting standards are also evolving. Following Bursa Malaysia disclosures and adoption of the Task Force on Climate-related Financial Disclosures (TCFD), the National Sustainability Reporting Framework (NSRF) now requires alignment with International Sustainability Standards Board (ISSB) IFRS S1 and S2 standards.

These developments support greater transparency, comparability and accountability in sustainability reporting.

Together, these regulatory and policy shifts signal a decisive move toward a more resilient and transparent green economy.

## Bank Islam's Sustainability Progress & Achievements

Bank Islam began its dedicated sustainability journey in 2015, establishing a robust governance framework with clear accountability across the Three Lines of Defense (3LOD), as formalized in the Group Sustainability Policy and the Group Climate Risk Management Framework (GCRMF).

Since then, the Bank has achieved significant milestones across key focus areas under its Sustainability Strategy and Roadmap, which concluded in 2025. Notably, the Bank exceeded its RM28 billion sustainable financing target by 12%, reaching a total of RM31.3 billion. This achievement has been driven by innovative solutions such as the Islamic Sustainable Investment Account (ISIA) series, which provide investors with access to sustainability-aligned financing assets linked to the UN SDGs. To date, the ISIA series has mobilized over RM3.0 billion in sustainable investments.

Beyond financing activities, the Bank continues to advance inclusive social finance, supporting more than 2,000 beneficiaries and disbursing RM8.77 million towards education, healthcare and community support initiatives.

To drive its Net Zero commitment, the Bank has launched the Climate Transition Plan (CTP) to manage financed carbon emissions and support customers in high carbon-intensive sectors in undertaking decarbonization efforts. Internally, the Bank has successfully recorded a 10% reduction in Scope 1 and Scope 2 emissions through the adoption of renewable energy and energy efficiency initiatives, bringing it closer to its Carbon Neutral Operations target by 2030.

Bank Islam remains committed to generating positive impact through its sustainability and climate agenda. Building on its current achievements, the Bank has introduced the Sustainability Strategy 2030 as a comprehensive roadmap that shifts the focus from mere ESG integration to the creation of more meaningful and targeted impact. This strategy serves as a key action plan to ensure that sustainability is no longer a standalone initiative, but a core driver of the Bank's business model.

Through the strengthening of its ESG capabilities and the expansion of value-based financing, Bank Islam aims to deliver long-term prosperity to all stakeholders, while reinforcing its position as a preferred global Islamic financial institution by 2030.