

1.0 KEY FUND INFORMATION

1.1 Shariah Concept	1.2 Investment Currency	1.3 Fund Inception
Wakalah	Ringgit Malaysia	June 2015

1.4 Product Classification

Unrestricted Investment Account - refers to a type of investment account whereby the 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 and Fixed Asset Financing (HFA) Portfolio which is aimed at protecting the principal and generating stable returns.

1.7 Nature Of Investment Account

Term Investment Account. The minimum investment tenure is 1 day to a maximum of 10 years.

1.8 Investment Asset Allocation

The Bank will allocate IAH's funds in its existing House and Fixed Asset 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 will be paid upon maturity or any payment frequency (for IAH with tenure over 15 months), as agreed by the Bank and Investor (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:
 - Corporate Customers
 - Government Agencies
 - Government Accounts
 - Universities
 - Companies, SMEs, 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 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, and legal risk. Please visit Bank Islam's website for further explanation of each risk.

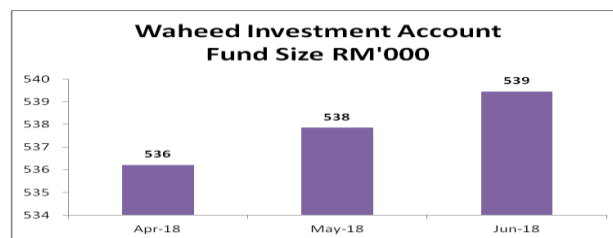
2.0 RISK STATEMENT

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 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 June 2018, Waheed Investment Account fund balance was recorded at RM 539,000



3.2 Rate of Return

Position 2018	Return on Asset (ROA)* % (p.a.)	Return on Investment (ROI) % (p.a.)
April	4.62%	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions
May	4.65%	
June	4.57%	

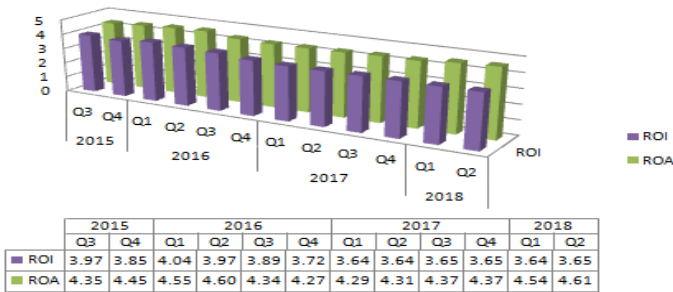
* ROA - allocated asset of the fund.

Note:

For further illustration, please refer to the Product Disclosure Sheet (PDS), Terms & Conditions and Investment Confirmation Notice.

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3.3 Historical Rate of Return



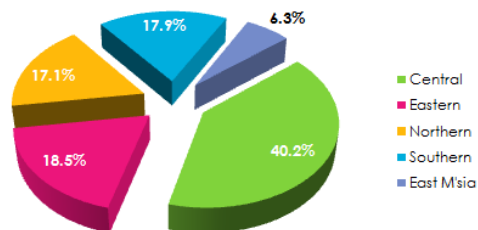
Note: Waheed Investment Account fund inception started in June 2015

3.4 Income Statement

Profit & Loss Statement for the Quarter ended 30 June 2018			
	April	May	June
	RM'000	RM'000	RM'000
Profit from financing	2	2	2
Direct expenses*	-	-	-
Allowance for impairment on financing	(0)	(0)	(0)
Total Profit	2	2	2
Return on Asset (p.a.)	4.62%	4.65%	4.57%
Return on Investment (p.a.)	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions		

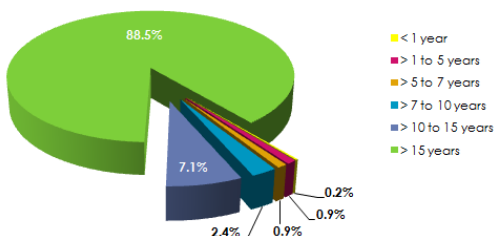
*Currently there are no charges imposed to this fund

3.5 House and Fixed Asset Financing Portfolio by Geographical Location in Malaysia



A total of 40.2% from the total House and Fixed Asset Financing Portfolio originates from the Central region. This reflects the concentration of HFA portfolio to the developed areas such as the Klang Valley.

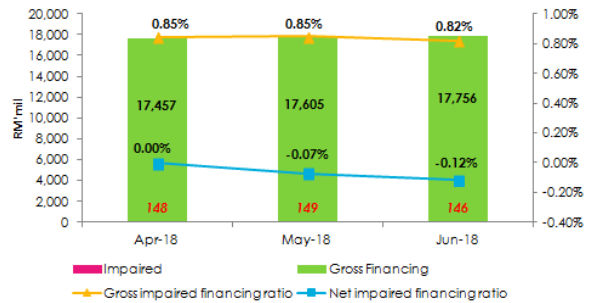
3.6 House and Fixed Asset Financing Portfolio by Remaining Maturity of Facilities



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

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3.7 Asset Quality of House and Fixed Asset Financing Portfolio



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

4.0 ECONOMIC REVIEW AND PROSPECTS

The Malaysian economy continued to perform favorably in the first four months of 2018. Private spending achieved a good growth of 6.9% year on year in the first quarter of 2018 representing 55% of the country's GDP and the positive sentiment among customer is expected to continue in 2nd quarter of 2018 due to low inflation rates and economic policies which are aimed to reduce the cost of living. However, investment activity recorded a less favorable performance following its growth of 0.1% due to lower capital expenditure for structures especially in residential and commercial properties as well as machinery and equipment.

Hence, interest rate hike in developed countries indicates a healthy external demand which will help the Malaysian external sector despite coping with uncertainties in the movement of foreign capital flows. As such, the Malaysian economy will continue to be influenced by external factors especially in the context of protectionist policies in the developed countries pioneered by the US government. Additionally, the new policy direction of Malaysia's new government since 9 May 2018 will also shape the country's future growth trend.

5.0 PROPERTY MARKET AND HFA PORTFOLIO REVIEW

Statistics from National Property Center (NAPIC) indicates an improvement in terms of value and volume of property transactions. Overall performance recorded an increase of 4.4% in volume (Q12018:79,504:Q12017:76,148) and 1.9% in value (Q12018:RM35.17billion: Q12017:RM34.52 billion). With regard to residential property, 48,572 transactions worth RM16.5billion were recorded in Q12018, an increase of 3.5% in volume and 0.73% in value compared to Q12017. As at Q12018, house priced below RM300,000.00 dominated the market with 62.6% of the transactions.

Bank Islam's HFA portfolio continues to expand at a healthy pace of 0.9% month-on-month (m-o-m) in June from 0.8% in May. This was higher compared to the industry's average m-o-m growth of 0.6% in the first five months of 2018. Meanwhile, the Bank's Gross Impaired Financing Ratio improved to 0.82% in June after sustaining at a rate of 0.85% for two consecutive months during May and April this year. This ratio remains lower than the industry's average of 1.09% in May (April: 1.06%). Bank Islam is cognizant of the softening of the residential property market in view of the rising property overhang and will continue to remain prudent in its credit underwriting standards in order to ensure the credit quality of its HFA portfolio.