

1.0 KEY FUND INFORMATION

1.1 Shariah Concept 1.2 Investment Currency 1.3 Fund Inception

Mudarabah Ringgit Malaysia June 2015

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 invest in a low risk Investment Account (IA) that encourages savings while having an opportunity to win prizes via monthly, quarterly and regional draws. IAH may visit www.bankislam.com.my to view the list of winners.

1.6 Investment Strategies

Invest in secured retail financial assets. Currently, the Bank invests in its existing House and Fixed Asset (HFA) Financing Portfolio which is aimed at protecting the investment.

1.7 Nature Of Investment Account

On demand, whereby IAHs are able to withdraw at any given point in time.

1.8 Investment Asset Allocation

The Bank will allocate IAH's fund 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 is 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 distributed on a monthly basis, but will be calculated on a daily basis. The profit is based on the performance of the House and Fixed Asset 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:
 - Individuals (Residents and Non-Residents)
 - Non-Individuals (Business/Other entities)
- Investors with low risk tolerance
- Investors who desire to win prizes
- Investors with either a short or medium term investment horizon
- Investors who require a portfolio of Shariah- compliant investments

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

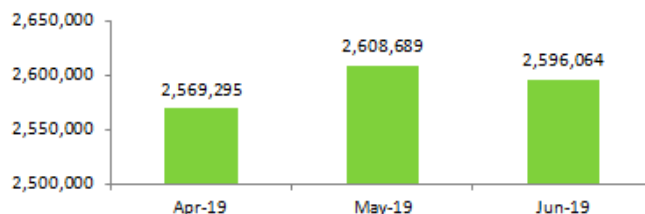
The Board of Directors of Bank Islam has the ultimate responsibility to manage risks related to its operations and business activities by setting risk appetite and tolerance levels that are consistent with the Bank's overall business objectives and desired risk profile. The Board Risk Committee, which 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 2019, Al-Awfar account fund balance was recorded at RM 2.5 billion.

Al-Awfar Investment Account Fund Size RM'000



3.2 Rate of Return

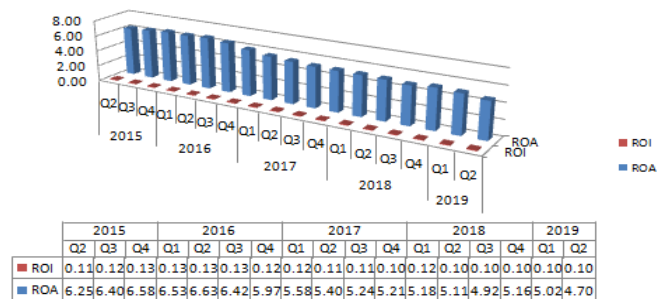
Position 2019	Return on Asset (ROA)* % (p.a.)	Profit Sharing Ratio (Customer: Bank)	Return on Investment (ROI) % (p.a.)
April	4.88%	2 : 98	0.10%
May	4.65%	2 : 98	0.10%
June	4.58%	2 : 98	0.10%

* 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).

3.3 Historical Rate of Return



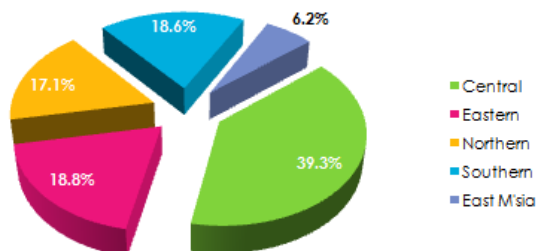
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

3.4 Income Statement

Profit & Loss Statement for the Quarter ended 30 June 2019			
	April	May	June
	RM'000	RM'000	RM'000
Profit from financing	10,383	10,314	9,803
Direct expenses*	-	-	-
Allowance for impairment on financing	(427)	(330)	(222)
Total Profit	9,956	9,984	9,580
Return on Asset (p.a.)	4.88%	4.65%	4.58%
Return on Investment (p.a.)	0.10%	0.10%	0.10%

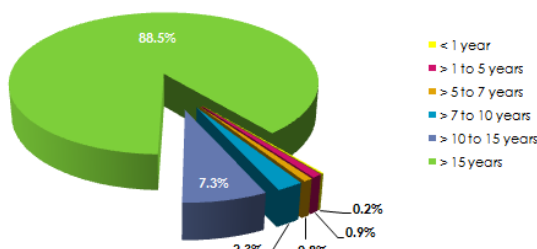
*Currently there are no charges imposed to this fund.

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



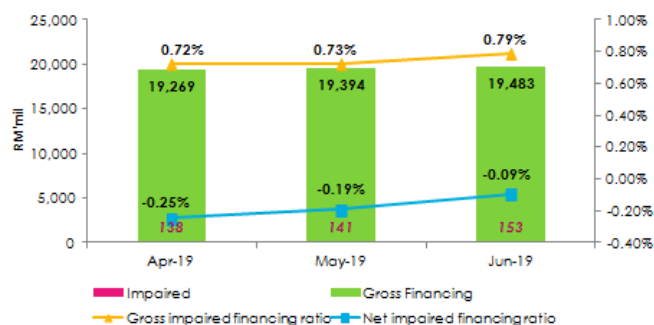
A total of 39.3% from the total House and Fixed Asset Financing Portfolio originates from the Central region. This reflects the concentration of HFA portfolio to the developed areas such as the Klang Valley.

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.

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 PROSPECT

The global economic outlook has been challenging given the US-China trade war that has continued to negatively impact market sentiment. Exports to China increased in May despite higher US rates, but imports declined sharply indicating weak domestic demand. On the domestic front, Consumer Price Index (CPI) in May was unchanged and remained below 0.2% year-on-year (y-o-y) (April: 0.2%). Nonetheless, Inflation is expected to increase in the second half of 2019. In addition, the country recorded an export growth of 2.5% in May which was underpinned by the rise in global demand for Malaysian electrical and electronics (E&E) and chemical products. Bank Negara Malaysia (BNM) forecasts our economy to grow at 4.3% up to 4.8%.

5.0 PROPERTY MARKET AND HOUSE AND FIXED ASSET PORTFOLIO REVIEW

According to the National Property Information Centre's (NAPIC) Q12019 report, it was reported that the property market sector recorded 84,424 transactions worth RM36.97bill, up by 6.2% and 5.1% in volume and value respectively compared to Q12018 (79,480;RM35.17bill). The residential segment remains the mainstay of the property market with 61.8% of total transactions. The residential sub-sector's market recorded 52,212 transactions worth RM18.25bill. By price range, demand continued to focus on RM250K and below, nearly 53.6% of the total residential market transaction. Residential properties have increased in number and value over the period between 2014-Q12019. This translates to a rise of 202.2% over the period (Q12019:32,936 units; 2014:10,897 units) excluding SOHO and service apartment. The Malaysian House Price Index (MHPI) 2018 stood at 193.3 points (RM416,993) up by 3.2% against 2017.

Bank Islam's Housing and Fixed Asset (HFA) portfolio grew to RM19.5 billion in June 2019, up 0.5% month-on-month (m-o-m) from RM19.4 billion in the preceding month. Notwithstanding, the gross impairment ratio rose marginally from 0.73% in May 2019 to 0.79% in June 2019. Still, this was lower compared to 1.07% at the industry level as of May, indicating Bank Islam HFA portfolio has been fairly stable. However, Bank Islam will remain cautious in credit underwriting standard following the oversupply condition in the property market amidst heightened uncertainties in the economic activities in 2019.