

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) and Personal Financing (PF) Portfolio 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 IAH's funds in its existing House & Fixed Asset Financing and Personal Financing Portfolio that 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 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 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:
 - Corporate
 - 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, and Legal risk. Please visit Bank Islam's website for further explanation of each risk.

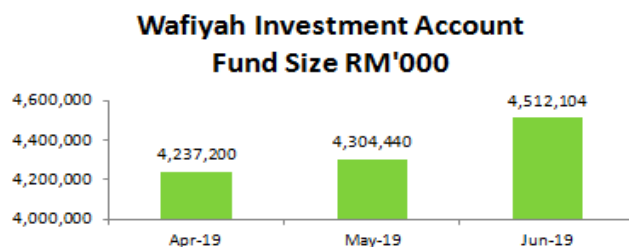
2.0 RISK STATEMENT

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, Wafiyah account fund balance was recorded at RM4.5 billion.



3.2 Rate of Return

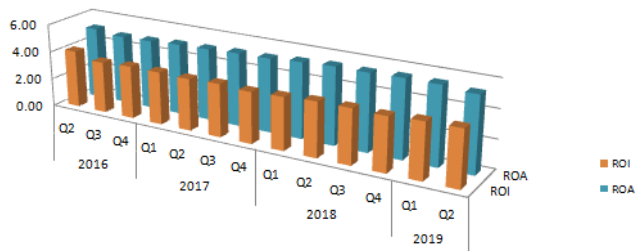
Position 2019	Return on Asset (ROA)* % (p.a.)	Return on Investment (ROI) % (p.a.)
April	5.45%	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions
May	5.25%	
June	5.17%	

* 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



	2016			2017				2018				2019	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
ROI	4.09	3.65	3.75	3.74	3.68	3.75	3.63	3.71	3.84	3.85	3.78	3.91	3.94
ROA	5.13	4.90	4.95	5.06	5.10	5.19	5.21	5.35	5.46	5.44	5.50	5.49	5.29

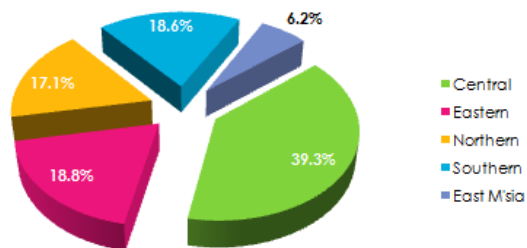
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

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	18,885	20,889	20,471
Direct expenses*	-	-	-
Allowance for impairment on financing	(1,382)	(1,621)	(1,568)
Total Profit	17,504	19,268	18,903
Return on Asset (p.a.)	5.45%	5.25%	5.17%
Return on Investment (p.a.)	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions		

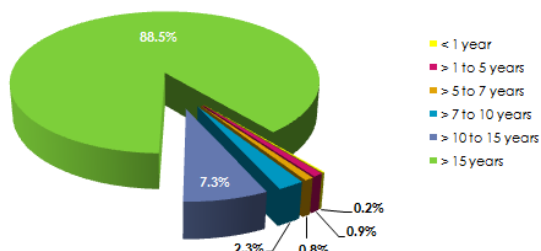
*Currently there are no charges imposed to this fund

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



A total of 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.

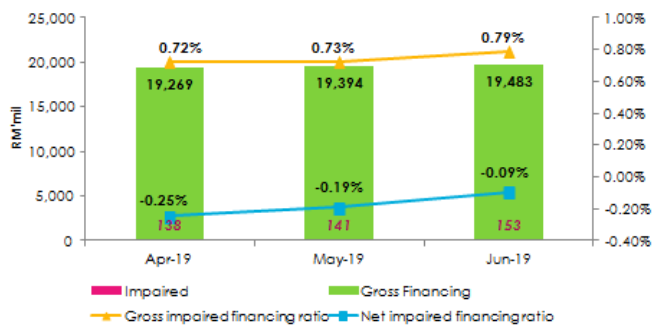
3.6 House and Fixed Asset Financing Portfolio by Remaining Maturity of Facilities



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.

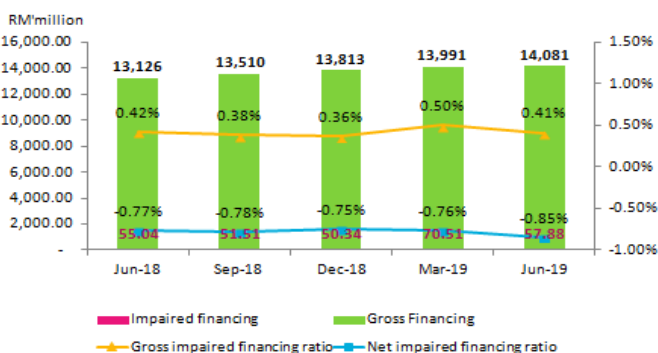
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3.7 Asset Quality of House and Fixed Asset Financing Portfolio



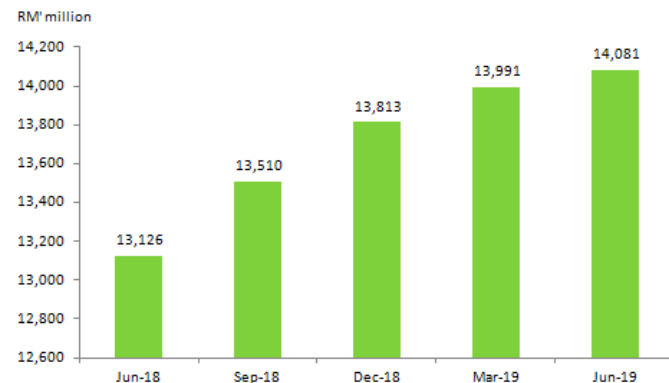
The portfolio's low impaired financing ratio reflects strong asset quality.

3.8 Asset Quality for Personal Financing Portfolio



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

3.9 Personal Financing Portfolio Growth in Bank Islam



The Personal Financing Portfolio has grown at a rate of 7.28% per annum. Asset Allocation for Wafiyah only comprises Personal Financing customers employed in the public sector.

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.

6.0 PERSONAL FINANCING PORTFOLIO REVIEW

Total PF portfolio increased by 7.28% year-on-year (y-o-y) to RM14.08 billion in June 2019. This is slightly higher than 6.6% growth registered at the industry level as of May 2019. On the other hand, the Gross Impairment Ratio (GIR) moderated to 0.41% in June (March: 0.50%) which is significantly lower compared to 1.86% at the industry level as of May 2019. This suggests that the prudent credit assessment adopted by Bank Islam has continued to reduce the GIR. All in all, Bank Islam will remain observant in their credit policy as the global economic activities are expected to moderate.