

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 Payment 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

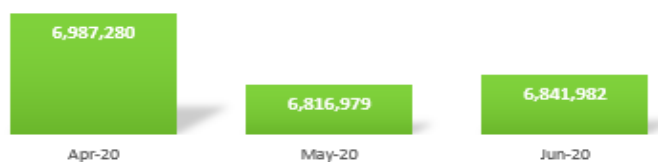
The Board of Directors of Bank Islam has the ultimate responsibility to manage risks related to its operations and business activities by setting risk appetite and tolerance levels that are consistent with the Bank's overall business objectives and desired risk profile. The Board Risk Committee, which is assisted by the Risk Management Divisions, 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 2020, Wafiyah Investment account fund balance was recorded at RM7 billion.

Wafiyah Investment Account Fund Size RM'000



3.2 Rate of Return

Position 2020	Return on Asset (ROA)* % (p.a.)	Return on Investment (ROI) % (p.a.)
April	4.70%	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions
May	4.38%	
June	4.26%	

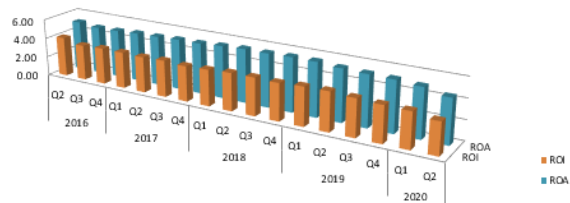
* ROA - allocated assets of the fund.

Note:

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

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3.3 Historical Rate of Return



	2016				2017				2018				2019				2020	
	Q2	Q3	Q4	Q1	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	3.79	3.66	3.60	3.21	
RQA	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	5.20	5.14	4.95	4.45	

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

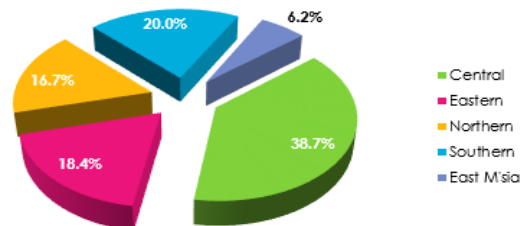
3.4 Income Statement

Profit & Loss Statement for the Quarter ended 30 June 2020			
	April	May	June
	RM'000	RM'000	RM'000
Profit from financing	29,167	27,713	25,238 **
Direct expenses*	-	-	-
Allowance for impairment on financing	(2,137)	(2,088)	(1,347)
Total Profit	27,030	25,625	23,891
Return on Asset (p.a.)	4.70%	4.38%	4.26%
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.

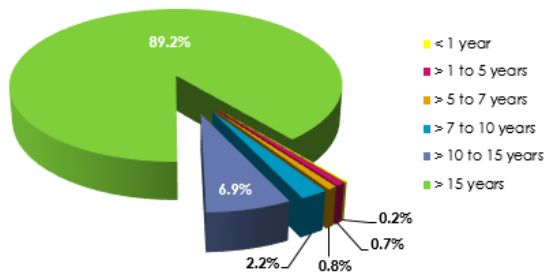
** Net with modification loss as a result of 6 months moratorium

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



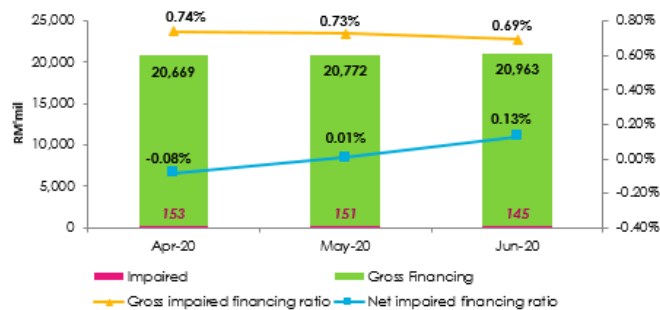
A total of 38.7% of the total House and Fixed Asset Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio to developed areas such as the Klang Valley.

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



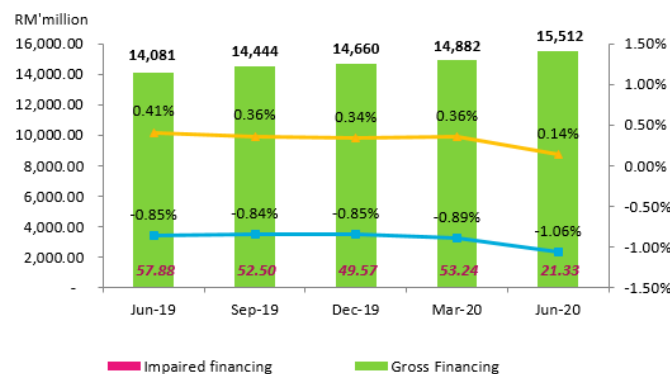
The majority of the House and Fixed Asset Financing Portfolio has a maturity of more than 15 years. This will ensure stability in the profit stream of the HFA portfolio which can then benefit the investment return expectations, especially for long-term IAH.

3.7 Asset Quality of House and Fixed Asset Financing Portfolio



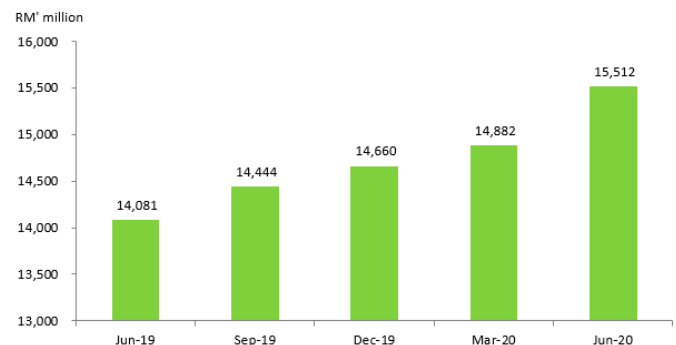
The portfolio's low impaired financing ratio reflects strong asset quality.

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 10.16% per annum. Asset Allocation for Wafiyah only comprises Personal Financing customers employed in the public sector.

4.0 ECONOMIC REVIEW AND PROSPECT

The global economy prospect continues to be challenging amidst heightened uncertainties over COVID-19 pandemic impacts which have girdled the globe since end of last year. Apart from that, business sentiments have also been deteriorating. This was reflected from the J.P. Morgan Global Composite Output Index which has contracted (June: 47.8 points vs. May: 42.4 points) for the fifth straight month, suggesting poor performance in the private sector economic activities. On the domestic front, the Industrial Production Index (IPI) slumped by 10.6% in the first five months of 2020 as compared to 3.2% growth in the same period last year. Similarly, total exports plunged by 9.7% in 5M2020, extending a 0.2% fall in the same corresponding period in 2019. As such, Malaysia's GDP growth is expected to register a negative growth of 7.0% and 2.8% in 2Q2020 and 3Q2020 respectively before recovering to 2.7% in the final quarter this year.

5.0 PROPERTY MARKET AND HOUSE AND FIXED ASSET PORTFOLIO REVIEW

According to data published by the National Property Information Centre's (NAPIC), during Q12020, property market sector recorded 72,908 transactions worth RM28.64bill, down by 13.6% in volume and 22.9% in value as compared to Q12019 (84,388;RM37.16bill). The residential segment remains the mainstay of the property market with 64.5% of total transaction. The residential sub-sector's market recorded 47,045 transactions worth RM15.62bill, down by 9.9% in volume and 14.3% in value as compared to Q12019 (52,203;RM18.23bill). By price range, demand continued to focus on properties worth RM300,000 and below. The residential overhang and unsold situation took an upturn. There were recorded 29,698 units worth RM18.91bill, decreased by 9.8% in volume and 5.3% in value against Q12019 (32,936;RM19.96bill). Of the total, Johor, Perak & Selangor recorded top states with residential overhang. The property market performance especially residential subsector will continue to be affected by affordability and overhang issues and also slowing economy.

Bank Islam's Housing and Fixed Asset (HFA) portfolio stood at RM20.96bill in June, increasing by 0.92% month-on-month (m-o-m) from RM20.77bill in the preceding month. On the quarterly basis, HFA portfolio rose by 1.88% quarter-on-quarter (q-o-q), growing from RM20.58bill in 1Q2020 to RM20.96bill in 2Q2020. The Gross Impairment Ratio (GIR) continues to improve further from 0.73% in May to 0.69% in June. This was lower compared to 1.14% at the industry level as of May 2020. Be that as it may, Bank Islam will continue to be attentive in extending HFA financing following the external factors such as residential property glut and affordability issues.

6.0 PERSONAL FINANCING PORTFOLIO REVIEW

Total PF portfolio increased by 10.16% year-on-year (y-o-y), extending from RM14.08bill in June 2019 to RM15.51bill in June 2020. On a quarterly basis, PF portfolio rose by 4.24% quarter-on-quarter (q-o-q), growing from RM14.88bill in March quarter to RM15.51bill in 2Q2020. The Gross Impairment Ratio (GIR) declined to 0.14% in 2Q2020 (1Q2020: 0.36%) which is significantly lower compared to 1.65% at the industry level as of May 2020. As such, Bank Islam will remain prudent in credit assessment amid the bleak economic prospects.