

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 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 2021, Al-Awfar account fund balance was recorded at RM 4.9 billion.

**Al-Awfar Investment Account
Fund Size RM'000**



3.2 Rate of Return

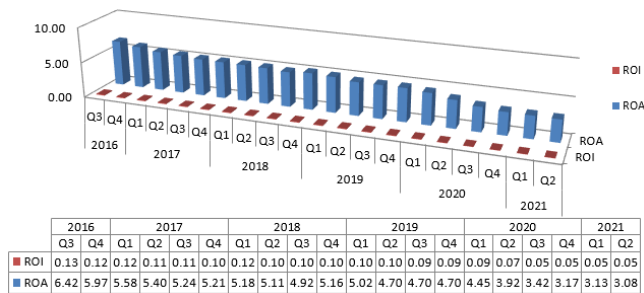
Position 2021	Return on Asset (ROA)* % (p.a.)	Profit Sharing Ratio (Customer: Bank)	Return on Investment (ROI) % (p.a.)
April	3.15%	2 : 98	0.05%
May	3.12%	2 : 98	0.05%
June	2.97%	2 : 98	0.05%

* 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



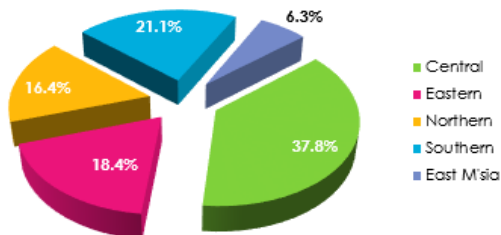
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

3.4 Income Statement

Profit & Loss Statement for the Quarter ended 30 June 2021			
	April	May	June
	RM'000	RM'000	RM'000
Profit from financing	12,790	13,635	13,042
Direct expenses*	-	-	-
Allowance for impairment on financing	(700)	(733)	(1,144)
Total Profit	12,090	12,902	11,898
Return on Asset (p.a.)	3.15%	3.12%	2.97%
Return on Investment (p.a.)	0.05%	0.05%	0.05%

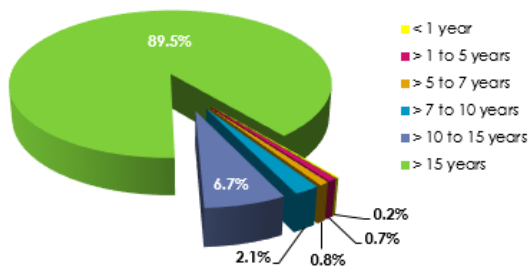
*Currently there are no charges imposed to this fund.

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



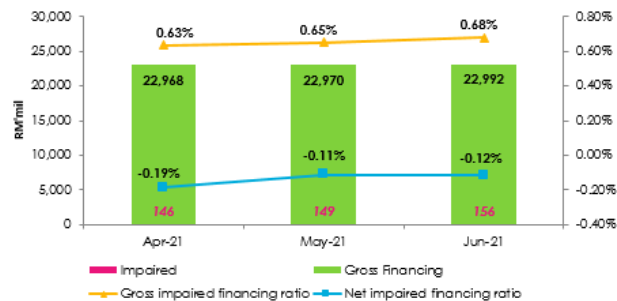
A total of 37.8% of the total House and Fixed Asset Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio to developed areas such as the Klang Valley.

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.

4.0 ECONOMIC REVIEW AND PROSPECT

The continuing rise in Covid-19 infections in Malaysia has led to the implementation of the Movement Control Order (MCO) 4.0 effective from 1 June which falls under the Phase 1 of the National Recovery Plan (NRP). Phase 1 of the NRP only allows certain manufacturing sectors such as personal protective equipment; to operate at a restricted working capacity of 60.0%. As a result, Malaysia's Manufacturing Purchasing Manager's Index (PMI) plunged to 39.9 points in June from 51.3 points in May. The restricted working capacity could lead to supply chain bottleneck issues as manufacturers will struggle to meet external demand, subsequently leading to a moderation in exports growth. On a broader scale, the Ministry of Finance will be lowering its GDP growth forecast in 2021 to around 4.0% from 6.0% to 7.5% currently due to the latest movement restrictions. As such, the path to economic recovery will be uneven as hurdles in the form of new variants remain.

5.0 PROPERTY MARKET AND HOUSE AND FIXED ASSET PORTFOLIO REVIEW

According to data published by the National Property Information Centre's (NAPIC), during Q12021, property market sector recorded 80,694 transactions worth RM36.12billion, increased by 10.7% in volume and 26.3% in value as compared to Q12020 (72,867;RM28.58billion). The residential segment remains the mainstay of the property market with 64.8% of total transaction. The residential sub-sector's market recorded 52,273 transactions worth RM19.66billion, increased by 11.1% in volume and 25.8% in value as compared to Q12020 (47,045;RM15.62billion). By price range, demand continued to focus on properties worth RM300K and below, as indicated by almost 57% of the total residential transactions. There were 5,919 units residential launched in Q12021. Terraced houses dominated the new launches with 62.0% (3,669 units), followed by high-rise units at 38.0% (2,250 units). As at Q12021, the number of residential overhang dropped in term of volume and value. There were 27,468 units worth RM18.48billion, down by 7.1% in volume and 2.3% in value as compared to Q42020 (29,565;RM18.92billion). Johor retained the highest number and value of overhang in the country with 21.8% (6,001 units). High-rise units dominated overhang with 58.1% (15,947 units). The Malaysian House Price Index (MHPI) in Q12021 stood at 200.3 points (RM432,220). 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 RM22.99 billion in June, increasing by 0.1% month-on-month (m-o-m) from RM22.97 billion in the previous month. During 2Q2021, HFA portfolio rose by 1.5% quarter-on-quarter (q-o-q) from RM22.65 billion in 1Q2021 (2Q2021: RM22.99 billion). Lower financing rate environment, together with several initiatives by the government to promote house ownership have helped to cushion the impact of the softening real estate market due to the pandemic. Meanwhile, Gross Impairment Ratio (GIR) increased to 0.68%

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in June from 0.65% in the preceding month. The trend is much lower as compared to 1.24% at the industry level as of May 2021. However, we still anticipate that the financing repayment would be affected particularly in 3Q2021 as labour market continues to be hit by the implementation of enhanced movement control order (EMCO) in light of higher Covid-19 infections.