

## 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

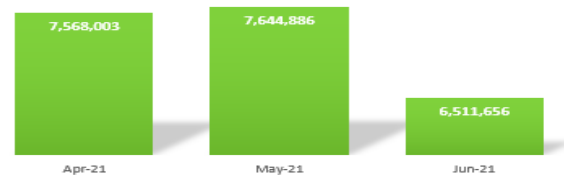
The Board of Directors of Bank Islam has the ultimate responsibility to manage risks related to its operations and business activities by setting risk appetite and tolerance levels that are consistent with the Bank's overall business objectives and desired risk profile. The Board Risk Committee, which 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 2021, Wafiyah Investment account fund balance was recorded at RM6.5 billion.

**Wafiyah Investment Account  
Fund Size RM'000**



### 3.2 Rate of Return

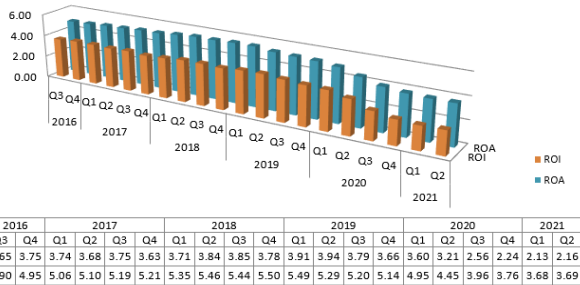
Position 2021	Return on Asset (ROA)* % (p.a.)	Return on Investment (ROI) % (p.a.)
April	3.68%	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions
May	3.74%	
June	3.65%	

\* 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**



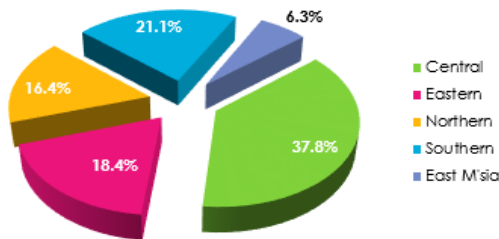
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

**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	22,374	26,796	22,671
Direct expenses*	-	-	-
Allowance for impairment on financing	(2,731)	(2,847)	(2,763)
<b>Total Profit</b>	<b>19,643</b>	<b>23,949</b>	<b>19,908</b>
Return on Asset (p.a.)	3.68%	3.74%	3.65%
Return on Investment (p.a.)	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions		

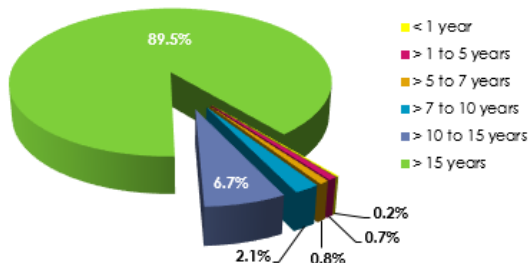
\*Currently there are no charges imposed to this fund.

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



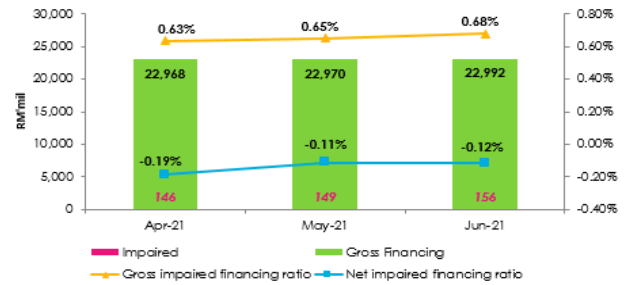
A total of 37.8% of the total House and Fixed Asset Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio to developed areas such as the Klang Valley.

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



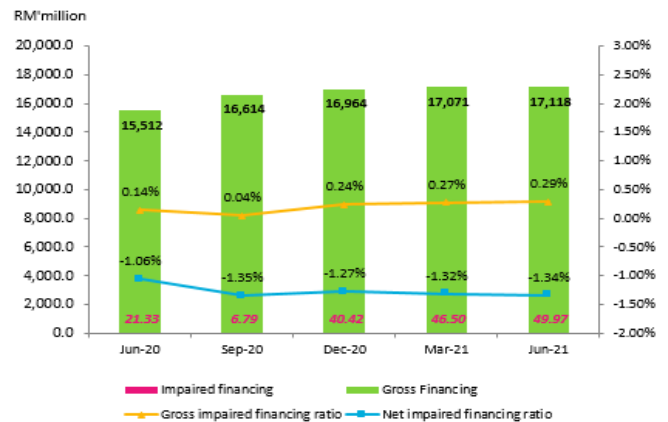
The majority of the House and Fixed Asset Financing Portfolio has a maturity of more than 15 years. This will ensure stability in the profit stream of the HFA portfolio which can then benefit the investment return expectations, especially for long-term IAH.

**3.7 Asset Quality of House and Fixed Asset Financing Portfolio**



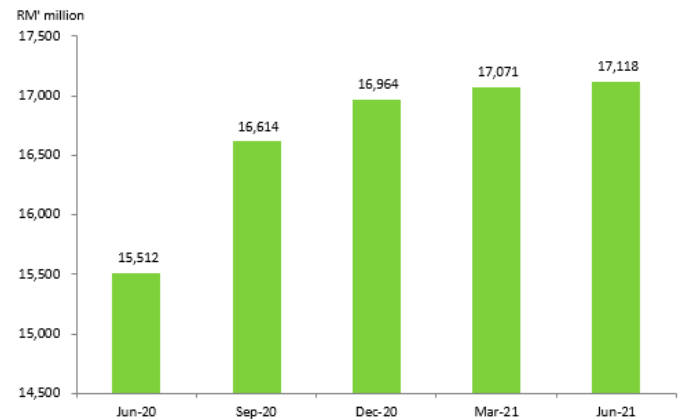
The portfolio's low impaired financing ratio reflects strong asset quality.

**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 10.35% per annum. Asset Allocation for Wafiyah only comprises Personal Financing customers employed in the public sector.

#### 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 RM36.12 billion, increased by 10.7% in volume and 26.3% in value as compared to Q12020 (72,867; RM28.58 billion). 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 RM19.66 billion, increased by 11.1% in volume and 25.8% in value as compared to Q12020 (47,045; RM15.62 billion). 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 RM18.48 billion, down by 7.1% in volume and 2.3% in value as compared to Q42020 (29,565; RM18.92 billion). 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% 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.

#### 6.0 PERSONAL FINANCING PORTFOLIO REVIEW

Total PF portfolio growth moderated by 10.4% year-on-year (y-o-y) in June this year to RM17.12 billion from RM15.51 billion in June last year compared to the 14.7% y-o-y growth seen in March this year. On a quarterly basis, it increased by 0.3% from RM17.07 billion as at March 2021 to RM17.12 billion as at June 2021. On the other hand, the Gross Impairment Ratio (GIR) rose to 0.29% in June from 0.27% in March. Nevertheless, the bank's GIR remained low compared to industry level for personal use at 2.02% during May (April: 2.00%), reflecting that the bank continued to adopt prudent credit assessment amid ongoing Covid-19 crisis in the nation.