

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 HFA and PF 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 the 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, legal risk and shariah non-compliance risk. Please visit Bank Islam's website for further explanation of each risk.

2.0 RISK STATEMENT

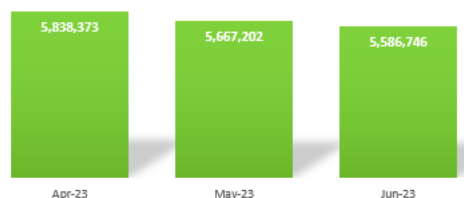
The Board of Directors of Bank Islam has the ultimate responsibility to manage risks related to its operations and business activities by setting risk appetite and tolerance levels that are consistent with the Bank's overall business objectives and desired risk profile. The Board Risk Committee, which is assisted by the Group 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 2023, Wafiyah Investment account fund balance was recorded at RM5.6billion.

Wafiyah Investment Account
Fund Size RM'000



3.2 Rate of Return

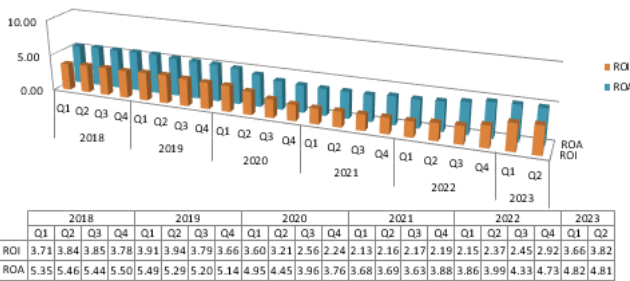
Position 2023	Return on Asset (ROA)* % (p.a.)	Return on Investment (ROI) % (p.a.)
April	4.78%	Based on the agreed expected return upon placement of fund or actual return (whichever is lower), subject to Terms & Conditions
May	4.98%	
June	4.66%	

* 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



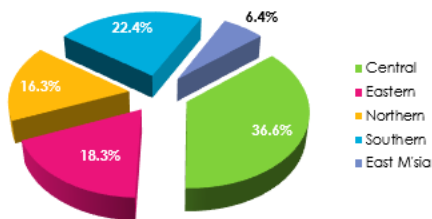
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

3.4 Income Statement

Profit & Loss Statement for the Quarter ended 30 June 2023			
	April	May	June
	RM'000	RM'000	RM'000
Profit from financing	27,317	25,101	22,725
Direct expenses*	-	-	-
Allowance for impairment on financing	(1,419)	(1,315)	(1,313)
Total Profit	25,898	23,785	21,412
Return on Asset (p.a.)	4.78%	4.98%	4.66%
Return on Investment (p.a.)	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions		

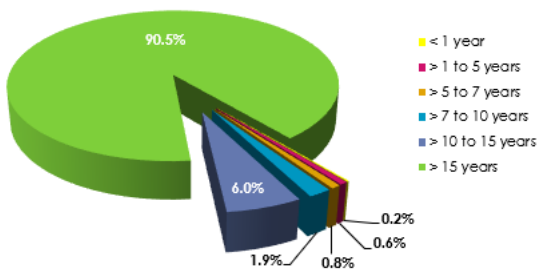
*Currently there are no charges imposed to this fund.

3.5 HFA Financing Portfolio by Geographical Location in Malaysia



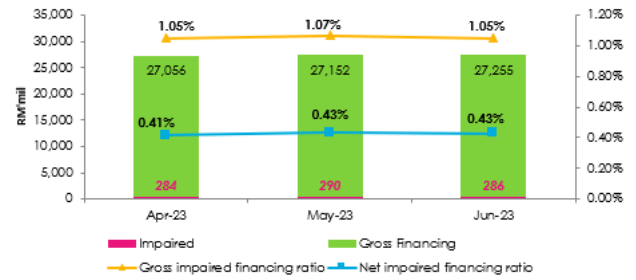
A total of 36.6% of the total HFA Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio to developed areas such as the Klang Valley.

3.6 HFA Financing Portfolio by Remaining Maturity of Facilities



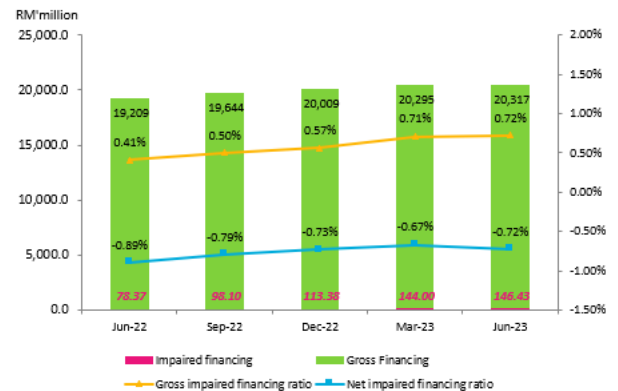
The majority of the HFA Financing Portfolio has a maturity of more than 15 years. This will ensure stability in the profit stream of the HFA portfolio which can then benefit the investment return expectations, especially for long-term IAH.

3.7 Asset Quality of HFA Financing Portfolio



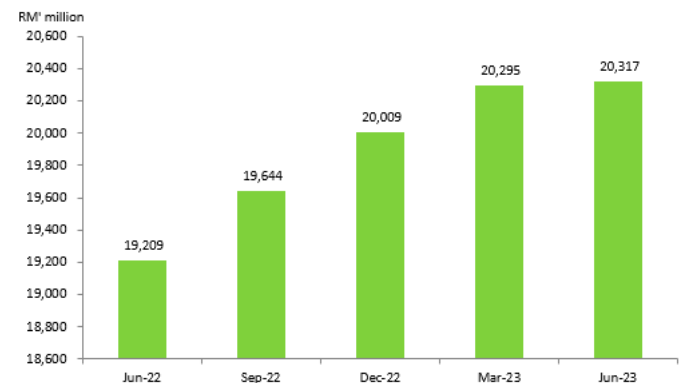
The portfolio's low impaired financing ratio reflects strong asset quality.

3.8 Asset Quality for PF Portfolio



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

3.9 PF Portfolio Growth in Bank Islam



The PF Portfolio has grown at a rate of 5.77% per annum. Asset Allocation for Wafiyah only comprises PF customers employed in the public sector.

4.0 ECONOMIC REVIEW AND PROSPECT

Malaysia recorded a 5.6% y-o-y expansion in 1Q2023 GDP growth, marking its best 1Q print since 2015, albeit slower than 7.1% in the previous quarter. However, a recent slew of economic indicators started showing signs of easing, in line with our in-house view amid higher base effect from the previous year and a challenging global environment due to higher-for-longer interest rates, persistent inflation and tighter credit conditions. Notably, the Industrial Production Index (IPI) turned negative for the first time since August 2021, falling 3.3% y-o-y in April 2023 (March 2023: 3.2%), with all sub-sectors recording declines. Though the pace of contraction softened, export growth has been in the negative territory for the third consecutive month in May 2023 - a reflection of weak external demand. In this respect, there is time for trade activity to recover if the global economy picks up and lifts sentiments, following the stabilising conditions of global financial markets. Meanwhile, domestic household consumption - the primary growth engine - slowed but remained robust, with double-digit growth recorded in retail sales in May 2023. At this juncture, we maintain our GDP growth forecast of 4.5% for 2023.

5.0 PROPERTY MARKET AND HFA PORTFOLIO REVIEW

According to the latest data published by the National Property Information Centre's (NAPIC), property market sector recorded 89,179 transactions worth RM42.31bil in Q12023, down by 7.1% in volume and 11.9% in value as compared to Q42022 (95,992;RM48.07bil). The residential segment remains the mainstay of the property market with 60.5% of total transaction. The residential sub-sector's market recorded 53,923 transactions worth RM20.87bil, down by 13.16% in volume and 11.68% in value as compared to Q42022 (62,099;RM23.63bil). By price range, demand continued to focus on properties worth RM300K and below, as indicated by almost 55.0% of the total residential transactions. There were 4,661 units residential launched in Q12023. Terraced houses dominated the new launches with 60.2% (2,810 units), followed by high-rise units at 14.5% (676 units) and cluster units at 7.8% (366 units). As at Q12023, the number of residential overhang dropped in term of volume and value. There were 26,872 units worth RM18.31bil, down by 3.15% in volume and 0.54% in value as compared to Q42022 (27,746;RM18.41bil). Selangor retained the highest number of overhang in the country with 18.58% (4,995 units). High-rise units dominated overhang with 61.5% (16,528 units). The Malaysian House Price Index (MHPI) in Q12023 stood at 210.1 points (RM453,365). The property market is expected to remain cautiously optimistic. Residential subsector particularly, will continue to linger on affordability, overhang issues, increase in the price of building materials and rising borrowing cost amidst uncertain global economy. The growth of tourism industry and industrial activities are expected to give some advantage to this sector.

Bank Islam Housing and Fixed Asset (HFA) portfolio stood at RM27.25billion in June 2023, increasing by 0.38% month-on-month (m-o-m) from RM27.15billion in the previous month. The Gross Impairment Ratio (GIR) decreased slightly to 1.05% in June 2023 from 1.07% in the preceding month. The figure is considered low compared to the purchase of residential property's industry level of 1.50% in May 2023 (January 2023: 1.37%). The HFA asset yield grew to 4.55% in June 2023 from 4.32% in March 2023 (previous quarter).

6.0 PF PORTFOLIO REVIEW

The PF portfolio stood at RM20.32billion in June 2023, decreasing by 0.17% month-on-month (m-o-m) from RM20.35billion in the previous month. The Gross Impairment Ratio (GIR) decreased to 0.72% in June 2023 from 0.94% in the preceding month. The bank's GIR remained low compared to the industry level for personal use of 2.37% in May 2023 (January 2023: 2.58%), suggesting the bank's prudent credit assessment. The PF asset yield grew to 6.22% in June 2023 from 6.00% in March 2023 (previous quarter).