

## 1.0 KEY FUND INFORMATION

1.1 Shariah Concept	1.2 Investment Currency	1.3 Fund Inception
Wakalah Bil Istithmar	Ringgit Malaysia	25 October 2023

### 1.4 Product Classification

Unrestricted Investment Account refers to a type of investment account whereby the Investment Account Holder (IAH) provides the Bank with the mandate to make the ultimate decision without specifying any particular restrictions or conditions.

### 1.5 Overview of Product

A value-based impact investment which is designed to foster a nature-positive economy to enhance the resilience of our environment and ensuring inclusive growth across our society alongside financial return for investors, financing customers and donation/Zakat recipients.

The growing impact investment market provides capital to address the nation's pressing challenges to support sectors such as renewable energy, clean transportation as well as affordable and accessible basic services including housing, healthcare, utilities and education.

### 1.6 Investment Objectives

To provide differentiated investment solutions based on new asset classes, investing into non-retail financing and aligned to the United Nations' (UN) Sustainable Development Goals (SDG) objectives.

### 1.7 Investment Strategies

Moderate risk investment to achieve capital preservation and steady return.

### 1.8 Nature of Investment Account

Term Investment Account with a fixed twenty-four (24) months investment tenure.

### 1.9 Description of Underlying Assets

The fund will be invested in a diversified portfolio of the Bank's non-retail assets that are aligned to the United Nation Social Development Goal (UN SDG) objectives and favorable Climate Change and Principle Based Taxonomy (CCPT) classification as per Bank Negara Malaysia (BNM)'s framework.

The sectors consist of renewable energy, green financing, clean transportation, clean water and sanitation as well as sectors that contribute to sustainable cities and communities' goals, amongst others.

### 1.10 Valuation of Allocated Asset

Valuation will be carried out at minimum on monthly basis in line with the recognition and measurement criteria of the applicable Malaysian Financial Reporting Standards (MFRS). The return 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 the movement of Effective Profit Rate (EPR) in relation to financing assets that are priced based on floating rate methods. The principal and return are not guaranteed, and an IAH may be exposed to the risk of no return 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.

### 1.11 Profit Payment Frequency

Profit will be paid semi-annually.

### 1.12 Statement on Any Changes

There have been no changes in the investment objectives, strategies, restrictions and limitations during the quarter period.

### 1.13 Investor Profile

**Non-Retail** (Excluding interbank counterparties, sole proprietorships and Small & Medium Enterprises (SME)).

**Retail** (Limited to High-Net-Worth Individuals).

**Note:** Investors are advised to carefully consider all risk factors before making an investment decision. Investors will be exposed to credit risk, market risk, liquidity 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 Management Risk Control Committee, 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

There are three (3) Offer Periods for three (3) different Investment Periods as follows:

No	Offer Period	Investment Period
1	25/10/2023 – 24/11/2023	27/11/2023 – 26/11/2025
2	27/11/2023 – 14/12/2023	15/12/2023 – 15/12/2025
3	15/12/2023 – 26/12/2023	27/12/2023 – 26/12/2025

As at June 2024, ISIA fund balance registered at RM1.13 billion.

### 3.2 Rate of Return

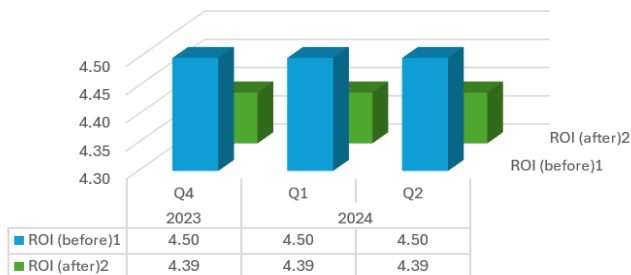
Period	Return on Investment (ROI) <sup>1</sup> % (p.a.)
	Before Social Impact Contribution*
Apr'24	4.50%
May'24	4.50%
Jun'24	4.50%

<sup>1</sup> ROI - Based on the Expected Profit Rate (EPR) upon placement of fund or Actual Profit Rate (APR) (whichever is lower), subject to the Terms & Conditions.

\*Social impact contribution of 2.50% from the investment return of ISIA will be channeled to either Zakat or Sadaqa House.

**Note:** For further illustration, please refer to the Product Disclosure Sheet (PDS) and Terms & Conditions (where applicable).

**3.3 Historical Rate of Return**



<sup>1</sup> ROI (before) - Return on Investment (ROI) % (p.a.) before social impact contribution

<sup>2</sup> ROI (after) - Return on Investment (ROI) % (p.a.) after social impact contribution

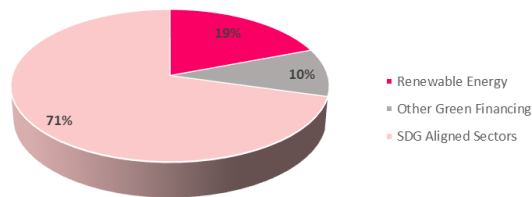
**Note:**

The rates above are average annual rate of return in percentage (%) for each quarter.

**3.4 Income Statement**

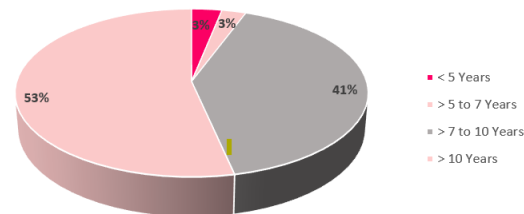
Income Statement for the Quarter Ended 30 June 2024			
	April	May	June
	RM'000	RM'000	RM'000
Total Gross Income	4,858	5,024	4,834
Net Distributable Income	5,047	5,132	5,008
Amount attributable to IAH (before social impact contribution)	4,189	4,328	4,189

**3.5 Asset Allocation by Sectors**



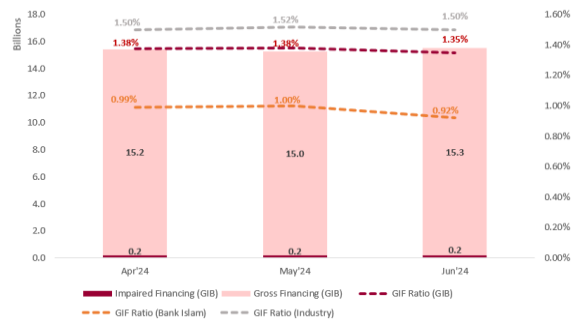
This allocation adheres to the approved investment objective and strategy.

**3.6 Financing Portfolio by Remaining Maturity of Facilities**



Majority of the Financing Portfolio has maturity of more than 7 years. This will ensure stability in the profit stream of the portfolio for the 2-year investment tenure, which can then benefit the investment return expectations of the IAHs.

**3.7 Asset Quality Overview**



The Gross Impaired Financing (GIF) ratio for Bank Islam's Group Institutional Banking stood at 1.35% as at Jun'24, lower than the banking industry's ratio, reflecting a robust asset quality.

**4.0 SOCIAL IMPACT CONTRIBUTION**

ISIA empowers investors to foster a nature-positive economy that fortifies environmental resilience and promotes inclusive societal growth, embedding a unique feature of social impact contribution. Aligned with its objective as a purposeful investment, ISIA aspires to make a meaningful difference for the relevant beneficiaries, alongside wealth creation for the investors. ISIA includes a special feature whereby 2.50% from the Investment Return of ISIA will be channelled to either Zakat or Sadaqa House, paid on yearly basis, whereby Bank Islam acts as an agent to the IAH in managing the allocation and payment of Zakat or Sadaqa House contribution on IAHs' behalf:

- **For Muslim Individuals:** 2.5% of the profit will be contributed to Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan (PPZ MAIWP) as Zakat payment on a yearly basis.
- **For non-Muslim Individuals and non-Individuals:** 2.5% of the profit will be contributed to selected changemakers via Sadaqa House. Alternatively, non-Individuals may opt to contribute 2.5% of the profit to the iTEKAD fund via Sadaqa House.

**Sadaqa House at a Glance**

Through Sadaqa House, the Bank provides value-added services to collect, manage and distribute donations from the public by channelling such funds towards identified projects that result in positive outcomes for underserved communities in selected focus sectors.

Sadaqa House started as a charity crowdfunding platform where potential donors and charity projects meet at a common point facilitated by Bank Islam since 2018. It has now become the catalyst of the social finance agenda of Bank Islam.

Since its inception to 31 December 2023, Sadaqa House have accumulated over RM33.26 million in donations and recorded disbursement of RM22.94 million in total, reaching over 17,000 beneficiaries. From the total disbursement, RM18.22 million was disbursed to 851 underbanked and B40 micro entrepreneurs under iTEKAD programmes and, through collaboration with selected changemakers Sadaqa House have empowered 29 women entrepreneurs in Kedah by providing business equipment grants of RM73,345.79 cumulatively.

## 5.0 MARKET OUTLOOK

### 5.1 Economic Outlook

Malaysia's growth momentum thus far has aligned with our expectations at the start of the year. According to the official advance estimates, GDP growth in 2Q2024 have accelerated to 5.8% y-o-y, up from 4.2% in 1Q2024, bringing overall growth in 1H2024 to 5.0% (1H2023: 4.1%). Recent data releases indicate robust economic conditions, supporting our view that the economy will remain well-supported due to the bottoming out of the global semiconductor downcycle, increased investment spending in line with the government's medium-term economic development agenda and resilient household spending. Notably, exports of electronics and electrical products (E&E) turned positive in 2Q2024, rising by 2.0% after four consecutive quarters of declines. This upturn is expected to continue and bolster net exports, which have been a drag to growth in 2023, and could potentially become a positive contributor in the coming months. Investments are also gaining traction with increasing news flow about FDIs into Malaysia's integrated circuit (IC) design parks, data centres and renewable energy projects to date.

While concerns about higher living costs could weigh on consumer sentiment, the newly implemented Employee Provident Fund (EPF) Flexible Account 3, which allows anytime withdrawals, is likely to provide an additional support to private consumption alongside the healthy labour market conditions and the government's cash transfers. Retail sales came in higher-than-expected in June, rising at a faster pace of 8.7% compared to a 5.5% expansion recorded in May.

### 5.2 Sustainability & Climate Outlook

The general outlook for sustainability and climate is tied to efforts by governments and the private sector in advancing sustainability targets as laid out in the Sustainable Development Goals. Amidst escalating climate issues and attention towards ensuring a just climate transition, the spotlight is on key stakeholders to align strategies and enhance collaborative efforts to allow for equitable and sustainable growth.

#### Dynamic & Evolving Regulatory Landscape

With the regulatory environment evolving and shaping sustainability and climate priorities, industries and sectors are needing to form coherent long-term climate transition plan with consideration for sustainable growth. Priority is being placed on effective climate risk management including scenario analysis that enables the financial sector to seek out opportunities for sustainable finance to align with global climate goals.