

## 1.0 KEY FUND INFORMATION

<b>1.1 Shariah Concept</b>	<b>1.2 Investment Currency</b>	<b>1.3 Fund Inception</b>
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, enhance environmental resilience and promote inclusive growth across society, while ensuring financial returns for investors, financing customers and donation/Zakat recipients.

The growing impact investment market provides capital to address the nation's pressing challenges, supporting sectors such as renewable energy, clean transportation and 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, focusing on non-retail financing and aligned to the United Nations' (UN) Sustainable Development Goals (SDG).

### 1.7 Investment Strategies

Moderate risk investment to achieve capital preservation and steady returns.

### 1.8 Nature of Investment Account

Term Investment Account where customers can invest within a fixed tenure of twenty-four (24) months.

### 1.9 Description of Underlying Assets

The fund will be invested in a diversified portfolio of the Bank's non-retail assets, aligned with the UN's SDG and the Climate Change and Principle-Based Taxonomy (CCPT) classification as per Bank Negara Malaysia's (BNM) framework.

The sectors include renewable energy, green financing, clean transportation, clean water and sanitation as well as other sectors contributing to sustainable cities and communities.

### 1.10 Valuation of Allocated Asset

Valuation will be conducted at least once a month, in accordance with the recognition and measurement criteria outlined in the Malaysian Financial Reporting Standards (MFRS). The returns on this investment account will be affected by the performance of the allocated assets including, but not limited to, the asset quality (e.g. impairment) and fluctuations in the Effective Profit Rate (EPR), particularly for financing assets priced using floating rate methods.

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 is designed to mitigate the risk of losing the principal amount. In the event of liquidation, the IAHs are ranked ahead of depositors.

### 1.11 Profit Payment Frequency

Profits 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:** Excludes interbank counterparties, sole proprietorships and Small & Medium Enterprises (SME).
- **Retail:** Limited to High-Net-Worth Individuals.

### 1.14 Investment Risk

Investors are advised to carefully consider all risk factors before making an investment decision. These include credit risk, concentration risk, market risk, liquidity risk, legal risk and Shariah non-compliance risk. For further explanation of each risk, please visit Bank Islam's website.

One key risks unique to this fund is the investment concentration risk. This risk arises from excessive exposure to a particular type of asset, a single counterparty, a single geographical location or other factors, which may result in substantial losses that could threaten the financial condition of the fund or entity. Due to the investment in non-retail assets, the fund's exposure to a single counterparty is higher, leading to greater investment concentration risk and consequently greater adverse impact on investment returns in the event of asset impairment. To mitigate this risk, investment concentration is closely monitored at the asset level on a monthly basis to ensure it does not exceed 25%, as guided by the Bank Negara Malaysia Investment Account Framework.

## 2.0 RISK STATEMENT

The Board of Directors of Bank Islam holds the ultimate responsibility for managing risks associated with the Bank's 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, supported by the Management Risk Control Committee, ensures effective oversight of the 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 Oct 2023 – 24 Nov 2023	27 Nov 2023 – 26 Nov 2025
2	27 Nov 2023 – 14 Dec 2023	15 Dec 2023 – 15 Dec 2025
3	15 Dec 2023 – 26 Dec 2023	27 Dec 2023 – 26 Dec 2025

As at June 2025, 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*
April	4.50%
May	4.50%
June	4.50%

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

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

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

### 3.3 Historical Rate of Return



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

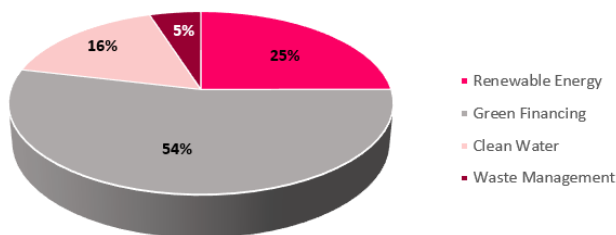
<sup>2</sup>ROI (after) - Return on Investment (ROI) % (p.a.) after social impact contribution

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

### 3.4 Income Statement

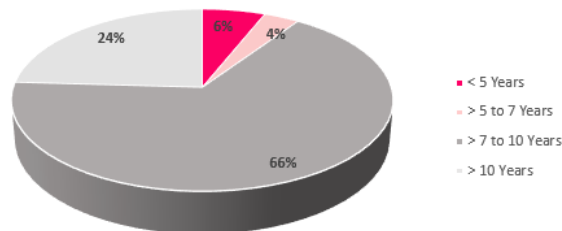
Income Statement for the Quarter ended 30 June 2025			
	April	May	June
	RM'000	RM'000	RM'000
Total Gross Income	4,539	4,741	4,400
Net Distributable Income	4,474	4,787	4,610
Amount attributable to IAH (before social impact contribution)	4,188	4,328	4,188

### 3.5 Asset Allocation by Sectors



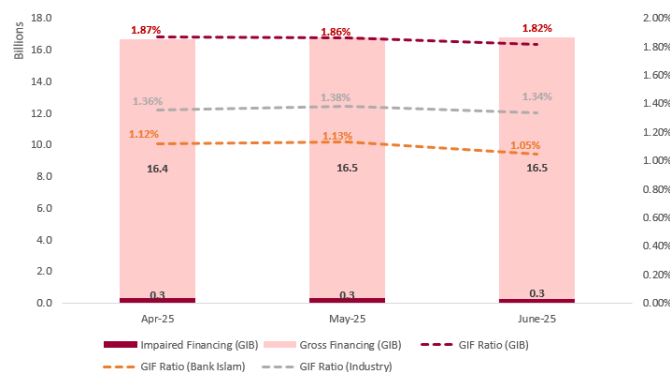
This allocation adheres to the approved investment objective and strategy.

### 3.6 Financing Portfolio by Remaining Maturity of Facilities



The majority of the financing portfolio has maturity of more than 7 years. This will help ensure stability in the profit stream over the 2-year investment tenure, thereby supporting the investment return expectations of the IAHs.

### 3.7 Asset Quality Overview



As at June 2025, the Gross Impaired Financing (GIF) ratio for Bank Islam's Group Institutional Banking (GIB) stood at 1.82%, an improvement from previous quarters. ISIA Underlying Assets portfolio remains strong, with robust asset quality and no signs of deterioration.

### 4.0 SOCIAL IMPACT CONTRIBUTION

ISIA empowers investors to foster a nature-positive economy that strengthens 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, while creating wealth for investors.

ISIA includes a special feature whereby 2.50% of the investment return will be channelled to either Zakat or Sadaqa House annually. Bank Islam acts as an agent to the IAH in managing the allocation and payment of Zakat or Sadaqa House contributions on behalf of the IAHs:

#### • 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-Muslims:

○ **Individuals:** 2.5% of the profit will be contributed to selected changemakers via Sadaqa House.

○ **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

Sadaqa House, a globally recognized catalyst for social finance, dedicated to mobilizing philanthropic contributions – such as sadaqah and Zakat – to drive meaningful change for Malaysia's unbanked and vulnerable communities. Operating within the inclusive framework of the Islamic economic ecosystem, it transforms generosity into sustainable impact.

Since its establishment in January 2018, **Sadaqa House** has raised over **RM62.4 million** and disbursed more than **RM47.8 million** to more than **11,259 beneficiaries** as of June 2025.

Its mission is anchored in two core pillars:

- **Entrepreneurship**

Supporting microfinancing, grants and development programs). In Q2 2025, **RM3.0 million** was disbursed to **84 micro-entrepreneurs**, with the iTEKAD portfolio maintaining a deterioration rate below 5%, reflecting strong financial resilience.

- **Education**

Empowering students through scholarships and financial aid. In Q2 2025, **RM1.2 million** was awarded to **189 students** pursuing higher education, opening doors to brighter future.

## Impact Highlights for Q2 2025

### Entrepreneurship

A total of **81 micro-entrepreneurs** achieved upward social mobility. Note: 'Upward social mobility' refers to reaching a new stage in business growth and development. It is assessed across three grades:

- **Grade 1:** Upgrade to SME status
- **Grade 2:** Improved creditworthiness
- **Grade 3:** Advancement in any general dimension

### Education

In collaboration with Universiti Putra Malaysia (UPM), Sadaqa House sponsored **10 medical students from Gaza** to undertake clinical placements at Malaysian universities, enabling them to complete their studies and return home to serve as medical professionals.

## 5.0 MARKET OUTLOOK

### 5.1 Economic Outlook

Global growth is expected to moderate, with forecasts revised downward due to rising trade tensions stemming from higher tariffs and stricter trade policies. Geopolitical risks, particularly in the Middle East, have also dampened global economic and financial market sentiment. As a result, we have revised Malaysia's 2025 GDP growth forecast to 4.4% (from 4.7%; 2024: 5.1%).

Despite external headwinds, domestic demand is expected to remain the main driver of growth, supported by strong employment and wage gains that continue to fuel private consumption. A stable, low-inflation environment and an expanding tourism sector will further support household spending. Investment activity remains robust, backed by multi-year infrastructure projects and realisation of approved investments. However, we remain cautious of persistent geopolitical risks and global trade uncertainties, which could weigh on business, consumer and investor confidence.

### 5.2 Sustainability & Climate Outlook

As an Islamic financial institution, Bank Islam's commitment to sustainability

is rooted in the principles of Maqasid Shariah, which emphasize the preservation of faith, life, intellect, lineage and property. Islamic finance, with its emphasis on risk-sharing, asset-backed transactions and ethical investing, offers a unique value proposition. By avoiding speculative elements (gharar) and harmful industries (haram), it ensures that financial flows support real economic activity and societal well-being, principles that are closely aligned with the objectives and concepts of sustainable finance.

Sustainable Islamic finance, such as Sustainability Sukuk, is projected to grow significantly in the coming years. According to recent projections, the global Islamic finance market is expected to expand from approximately USD 5.5 trillion in 2024 to USD 9.3 trillion by 2030, driven in part by the rising demand for ESG-aligned and Shariah-compliant financial instruments.

Malaysia is firmly committed to achieving Net Zero emissions by 2050 and advancing the UN Sustainable Development Goals. To realize this ambition, the country is set to attract approximately RM300 billion (USD ~65 billion) in green investments by 2030, under its Green Investment Strategy and National Energy Transition Roadmap. These require the mobilisation of vast capital toward clean energy, low-carbon infrastructure, and nature-based solutions. Financial institutions, especially those with strong ESG mandates such as Bank Islam, are uniquely positioned to facilitate this transition.

In line with Bank Islam's Sustainability Commitment, Bank Islam set a bold Sustainable Finance target of RM28 billion by 2025 – a goal the Bank is on track to achieve ahead of schedule, by the end of this year. This milestone has been driven by financing flows into key sustainable projects and product offerings, which includes Renewable Energy and Energy Efficiency, Affordable Housing and Community-focused Developments, Sustainability Sukuk issuances, ESG-aligned Term Financing, and Impact investment Funds.

Bank Negara Malaysia (BNM) continues to guide financial institutions toward more sustainable and climate-resilient practices through key frameworks such as the Climate Change and Principle-based Taxonomy (CCPT) and the revised Climate Risk Management and Scenario Analysis (CRMSA 2.0). These initiatives highlight growing expectations for stronger climate risk governance, enhanced disclosures, and alignment with sustainable development goals.

In response, Bank Islam has embedded climate risk into its enterprise risk management framework through the Group Climate Risk Management and Framework (GCRMF), integrating climate risk scenario analysis and climate risk stress testing into its risk assessments, and enhancing its internal capacity through training. Additionally, as part of its Sustainability Strategy and Roadmap, Bank Islam is committed to achieving Net Zero by 2050. This will be pursued by partnering with clients in high-emission sectors to drive decarbonisation, supporting sustainable financing for climate mitigation and adaptation, and exploring opportunities in transition financing.

Bank Islam is also committed to achieving operational carbon neutrality by 2030. The Bank has implemented measures to reduce its operational emissions through energy efficiency retrofitting and solar photovoltaic (PV) installations, resulting in a 67% reduction from the 2023 baseline of 12,099 tCO<sub>2</sub>e.

Looking ahead, Bank Islam remains steadfast in its commitment to advancing sustainability rooted in Maqasid Shariah principles and aligned with global goals. By mobilising responsible capital and embedding robust climate risk governance, the Bank supports Malaysia's Net Zero ambitions and drives sustainable and just economic growth, ensuring ethical finance delivers lasting value to society and stakeholders.