

1.0 KEY FUND INFORMATION

1.1 Shariah Concept

Wakalah Bil Istithmar

1.2 Investment

Currency

Ringgit Malaysia

1.3 Fund Inception

15 July 2024

1.4 Product Classification

Unrestricted Investment Account (UA) is an investment account where the Investment Account Holder (IAH), without imposing any specific restrictions or conditions, authorizes the Bank to make investment decisions on their behalf.

1.5 Overview of Product

ISIA 2.0 is a value-based impact investment solution designed to:

- Support a nature-positive economy
- Enhance environmental resilience
- Promote inclusive and sustainable societal growth

It generates financial returns for investors and financing customers, while delivering meaningful contributions to recipients of donations and zakat.

The fund channels capital into high-impact sectors such as:

- Renewable energy
- Clean transportation
- Affordable housing and healthcare
- Essential utilities and education

This enables investors to achieve sustainable financial returns alongside meaningful social and environmental impact.

1.6 Investment Objectives

To provide a differentiated investment solution based on new asset class that focuses on non-retail financing while aligning to the United Nations (UN) Sustainable Development Goals (SDGs).

1.7 Investment Strategies

To pursue a moderate-risk investment strategy aimed at capital preservation and the generation of steady returns.

1.8 Nature of Investment Account

A Term Investment Account that allows customers to invest for a fixed tenure of twenty-four (24) months or thirty-six (36) months.

1.9 Description of Underlying Assets

The fund is invested in a diversified portfolio of the Bank's non-retail assets, aligned with:

- The United Nations (UN) Sustainable Development Goals (SDGs)
- Bank Negara Malaysia's (BNM) Climate Change and Principle-Based Taxonomy (CCPT)

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

1.10 Valuation of Allocated Assets

Asset valuations are conducted on a monthly basis to determine the returns to be distributed to IAHs.

Returns are influenced by:

- Performance of allocated assets
- Asset quality (namely, impairment levels)
- Movements in the Effective Profit Rates (EPR)

The principal and returns are not guaranteed, and IAHs may be exposed to the risk of no returns.

This investment account is not protected by Perbadanan Insurans Deposit Malaysia (PIDM). However, the product structure is designed to mitigate the risk of capital loss. In the event of liquidation, IAHs rank ahead of depositors.

1.11 Profit Payment Frequency

Profits will be paid semi-annually.

1.12 Statement on Any Changes

There were no changes to the fund's investment objectives, strategies, restrictions or investment limits during the reporting quarter.

1.13 Investor Profile

- **Non-Retail:** Excludes interbank counterparties, sole proprietorships and Small & Medium Enterprises (SMEs).
- **Retail:** Limited to high-net-worth individuals.

1.14 Investment Risk

Investors are advised to carefully consider all associated risks, including market, credit, liquidity, operational, legal and Shariah non-compliance risks. For further details on each risk, please visit Bank Islam's website at www.bankislam.com.

One key risk associated with this fund is investment concentration risk, which arises from excessive exposure to a particular asset class, a single counterparty or a specific geographical location. Such concentration may result in substantial losses and adversely affect the financial position of the fund or the related entity.

Given the fund's focus on non-retail assets, exposure to individual counterparties may be higher, thereby increasing sensitivity to asset impairment and potentially impacting investment returns.

To mitigate this risk, concentration levels are closely monitored at the asset level on a monthly basis to ensure that exposures do not exceed the 25% threshold stipulated under BNM's Investment Account Policy Document.

2.0 RISK STATEMENT

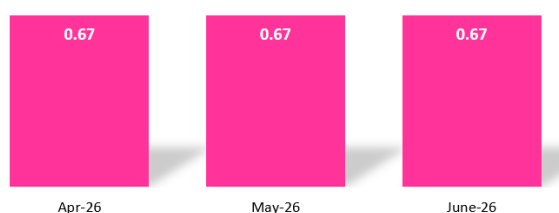
The Board of Directors of Bank Islam holds ultimate responsibility for risk management, including setting the Bank's risk appetite and tolerance levels in line with the Bank's overall business objectives.

The Board Risk Committee, with support from the Management Risk Control Committee, ensures effective oversight of the implementation of risk strategies, policies and infrastructure.

3.0 FUND PERFORMANCE

3.1 Fund Size

Ihsan Sustainability Investment Account (ISIA) 2.0
Fund Size RM'billion



As at June 2026, the fund size stood at RM670 million (RM0.67 billion).

3.2 Rate of Return

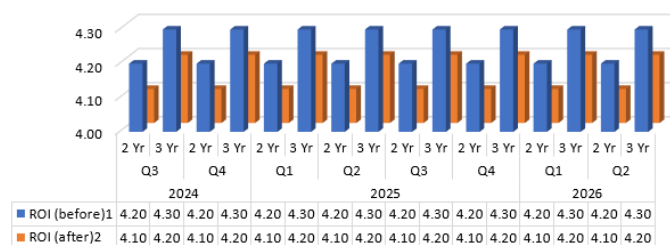
Return on Investment (ROI) ¹			
Before Social Impact Contribution*			
Tenure / Period	Apr	May	June
2 years	4.20% p.a.	4.20% p.a.	4.20% p.a.
3 years	4.30% p.a.	4.30% p.a.	4.30% p.a.

¹The ROI is based on the Expected Profit Rate (EPR) upon placement of funds or the Actual Profit Rate (APR), whichever is lower, and subject to applicable Terms and Conditions.

*A 2.50% social impact contribution is deducted from the investment returns and 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



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

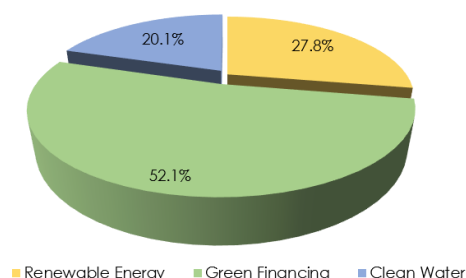
²ROI (after) - Return on Investment (ROI) % (p.a.) after social impact contribution

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

3.4 Income Statement

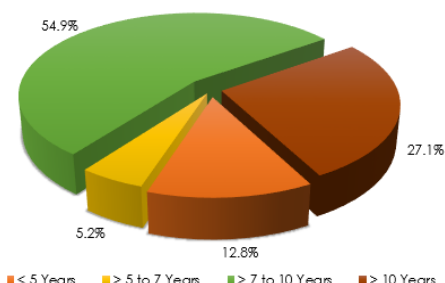
Income Statement for the Quarter Ended 30 June 2026			
	Apr	May	June
	RM'000	RM'000	RM'000
Total Gross Income	2,547	2,626	2,568
Net Distributable Income	2,555	2,686	2,577
Amount attributable to IAH *Before social impact contribution	2,301	2,377	2,301

3.5 Asset Allocation by Sectors



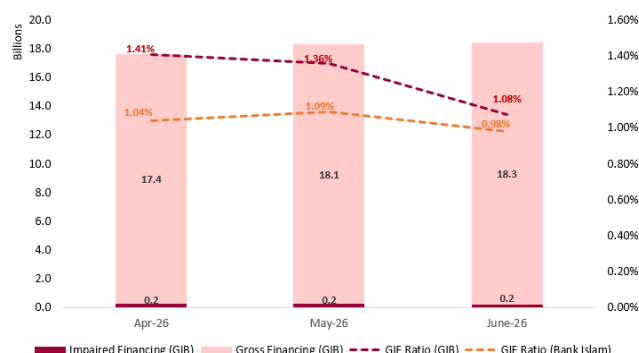
The asset allocation remains aligned with the fund's approved investment objectives and strategy.

3.6 Financing Portfolio by Remaining Maturity of Facilities



The majority of the financing portfolio has a remaining maturity of between 7 and 10 years. This supports a stable income stream throughout the 2 to 3-year investment tenure and helps sustain the expected returns for IAHS.

3.7 Asset Quality Overview



As at June 2026, the Gross Impaired Financing (GIF) ratio for Bank Islam's Group Institutional Banking (GIB) stood at 1.08%. The ISIA Underlying Assets Portfolio remained resilient, supported by strong 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 strives to deliver meaningful impact to its beneficiaries, alongside sustainable wealth creation for investors.

ISIA features a unique mechanism in which 2.5% of investment returns are channelled annually to either Zakat or Sadaqa House. Bank Islam, acting as agent for the IAHS, manages the allocation and disbursement of these contributions on their 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-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 serves as a globally recognized driver of social finance. Through the mobilization of philanthropic funds such as sadaqah and zakat, it creates positive impact and tangible change for underserved and vulnerable communities within Malaysia's inclusive Islamic economic ecosystem.

Since its establishment in January 2018 until June 2026, Sadaqa House has raised and mobilized more than RM78.6 million and disbursed over RM86.9 million to more than 13,400 beneficiaries, including RM159,083.40 contributed by ISIA investors.

Sadaqa House operates with two core agendas

- **Entrepreneurship (including microfinancing, grants and development programs):** RM2.01 million was disbursed in Q2 2026 for the benefits of 276 micro-entrepreneurs. Our ITEKAD portfolio maintains a deterioration rate below 5%.
- **Education (including scholarships and financial aid):** In Q2 2026, RM0.98 million was awarded to 151 beneficiaries pursuing higher education.

Highlights for 2026

Since 2018, Sadaqa House has been committed to mobilising funds to deliver meaningful, measurable, and sustainable social impact for underserved communities, ensuring that every contribution is translated into long-term positive outcomes and real improvement in the lives of beneficiaries.

In 2026, Sadaqa House introduced the Social Return on Investment (SROI) assessment to strengthen the measurement of social impact. This initiative moves beyond traditional reporting on distribution figures and beneficiary counts by measuring social outcomes against internationally recognized impact assessment frameworks.

SROI enables Sadaqa House to evaluate and maximize social impact throughout the program lifecycle. By translating outcomes into measurable value, it enhances transparency, accountability and governance while supporting evidence-based funding decisions and strengthening donor confidence.

In line with Bank Islam's commitment to advancing the ITEKAD Employment agenda, the Bank introduced DAYA Insani and partnered with Lembaga Tabung Haji as the seed funding provider for employment-focused initiatives under Sadaqa House. Under DAYA Insani, two flagship programs have been introduced: the Diploma in Nursing Program, implemented in collaboration with Universiti College Bestari (UCB) and KMI Healthcare Sdn Bhd (KMI), and the Skil Iltizam KHTP – Manufacturing Technology Program,

launched in 2026 in partnership with Kulim Hi-Tech Park Skills Centre (KHTP Skills Centre). Together, these initiatives equip participants with industry-relevant skills and qualifications, enhance employability and support long-term socio-economic mobility.

Your continued support helps transform contributions into opportunities and build a more inclusive future.

Visit www.sadaqahouse.com to learn more on our impact initiatives.

5.0 MARKET OUTLOOK

5.1 Economic Outlook

Malaysia's economy is expected to remain relatively resilient, with GDP growth projected at 4.7% in 2026, supported by sound domestic fundamentals. Growth is expected to continue to be driven by domestic demand, household spending, investment activity, Electrical & Electronic (E&E) exports and travel-related services.

The economy is also benefiting from the ongoing AI-driven technology upcycle, which is supporting electronics production and exports, while higher energy prices have improved Malaysia's terms of trade as a net energy exporter. Meanwhile, inflation remains manageable, with CPI moderating at 2.0% YoY in May 2026, marking a third consecutive month of gradual increases. Although elevated energy prices pose some upside inflation risks, stable domestic conditions should provide a buffer against external uncertainties, including potential volatility arising from US monetary policy developments.

5.2 Sustainability Landscape, National Commitments & Regulatory Expectations

Malaysia's sustainability landscape continues to evolve from policy development towards implementation and accountability. A key development is the launch of the National Carbon Market Policy (NCMP) in April 2026, which establishes the national framework for carbon markets and carbon credit trading, supporting domestic decarbonization efforts and Malaysia's participation in international carbon markets under Article 6 of the Paris Agreement.

At the same time, sustainability reporting requirements are entering a new phase of implementation through the National Sustainability Reporting Framework (NSRF), which progressively requires public listed companies (PLCs) to align their sustainability disclosures with the International Sustainability Standards Board (ISSB) standards, namely IFRS S1 and IFRS S2, enhancing the consistency, comparability and reliability of sustainability-related disclosures.

Malaysia is also advancing its climate governance framework through the implementation of National Climate Change Policy (NCCP) 2.0 and the anticipated Climate Change Act, signaling heightened expectations for climate governance, carbon emissions management and accountability across industries.

For financial institutions, these developments are expected to accelerate the integration of climate considerations into financing, investment and risk management practices. The transition to a low-carbon economy is expected drive demand for sustainable finance solutions, including transition financing and renewable energy financing. At the same time, carbon-intensive sectors may face greater transition risks as regulatory and market expectations continue to evolve.

Bank Islam's Sustainability Progress & Achievements

Building on FY2025 achievements, the Bank has launched its Sustainability Strategy 2030, marking a strategic shift from ESG integration towards purposeful impact creation. Under this strategy, the Bank will continue to strengthen its climate risk management, financed emissions across high emitting sectors, sustainable and transition finance and climate-related disclosures as part of its Climate Transition Plan.

Across its operations, as of May 2026, the Bank has achieved a 72% reduction in Scope 1 and Scope 2 emissions from FY2025 through continuous energy efficiency and renewable energy initiatives, advancing its 2030 Carbon Neutral Operations target.

Beyond environmental stewardship, the Bank continues to advance its social finance agenda through initiatives such as Sadaqa House. As of May 2026, Sadaqa House mobilized RM7.67million and benefited more than 537 individuals through programs such as iTEKAD BangKIT Microfinance, iTEKAD Maju Microfinance, Education Financing and the Funding Escalator programs. This reflects the Bank's continued commitment to delivering inclusive and impactful Islamic social finance solutions.

Bank Islam continues to create long-term value for stakeholders, strengthen portfolio resilience, and support Malaysia's transition towards a resilient, low-carbon and inclusive economy.