

1.0 KEY FUND INFORMATION

1.1 Shariah Concept	1.2 Investment Currency	1.3 Fund Inception
Mudarabah	Ringgit Malaysia	June 2015

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 invest in a low risk Investment Account (IA) that encourages savings while having an opportunity to win prizes via monthly, quarterly and regional draws. IAH may visit www.bankislam.com.my to view the list of winners.

1.6 Investment Strategies

Invest in secured retail financial assets. Currently, the Bank invests in its existing House and Fixed Asset (HFA) Financing Portfolio which is aimed at protecting the investment.

1.7 Nature Of Investment Account

On demand, whereby IAHs are able to withdraw at any given point in time.

1.8 Investment Asset Allocation

The Bank will allocate IAH's fund in its existing House and Fixed Asset Financing Portfolio that generates 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 Distribution Policy

Profit will be distributed on a monthly basis, but will be calculated on a daily basis. The profit is based on the performance of the House and Fixed Asset Financing Portfolio.

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:
 - Individuals (Residents and Non-Residents)
 - Non-Individuals (Business/Other entities)
- Investors with low risk tolerance
- Investors who desire to win prizes
- Investors with either a short or medium term investment horizon
- Investors who require a portfolio of Shariah- compliant investments

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.

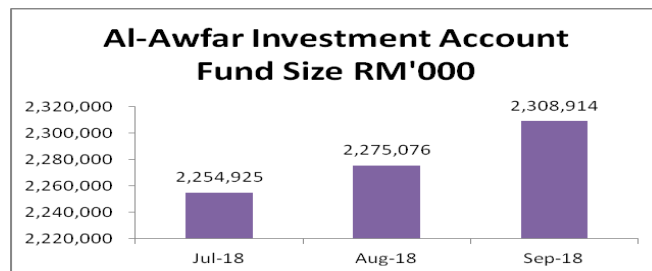
2.0 RISK STATEMENT

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 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 September 2018, Al-Awfar account fund balance was recorded at RM 2.3 billion.



3.2 Rate of Return

Position 2018	Return on Asset (ROA)* % (p.a.)	Profit Sharing Ratio (Customer: Bank)	Return on Investment (ROI) % (p.a.)
July	4.93%	2 : 98	0.10%
August	4.95%	2 : 98	0.10%
September	4.89%	2 : 98	0.10%

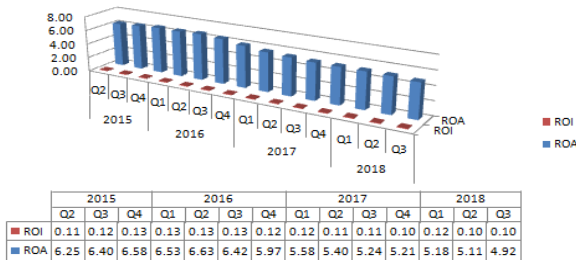
* ROA - allocated assets of the fund.

Note:

For further illustration, please refer to the Product Disclosure Sheet (PDS), Terms & Conditions and Investment Confirmation Notice.

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3.3 Historical Rate of Return



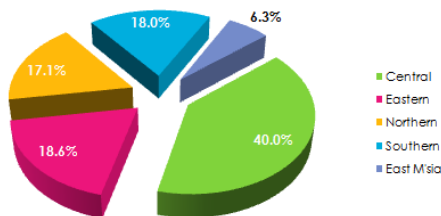
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

3.4 Income Statement

Profit & Loss Statement for the Quarter ended 30 September 2018			
	July	August	September
	RM'000	RM'000	RM'000
Profit from financing	9,447	9,712	9,180
Direct expenses*	-	-	-
Allowance for impairment on financing	(128)	(173)	(234)
Total Profit	9,319	9,539	8,946
Return on Asset (p.a.)	4.93%	4.95%	4.89%
Return on Investment (p.a.)	0.10%	0.10%	0.10%

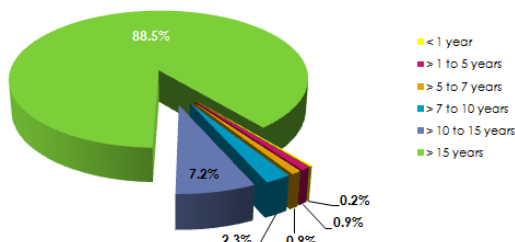
*Currently there are no charges imposed to this fund.

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



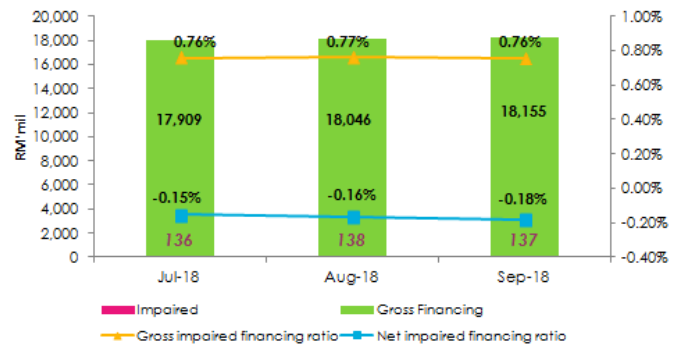
A total of 40% from the total House and Fixed Asset Financing Portfolio originates from the Central region. This reflects the concentration of HFA portfolio to the developed areas such as the Klang Valley.

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 profit stream of HFA portfolio which can then benefit the investment return profile 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.

4.0 ECONOMIC REVIEW AND PROSPECTS

External events have been increasingly volatile during the third quarter following the escalation of the trade war instigated by the US government. The trade friction was more apparent with China as the US government has continued to increase the tariff coverage since July this year. Meanwhile, the Malaysian economy grew 4.5% y-o-y in the 2Q2018 (1Q2018: 5.4%), lower than the consensus estimates of 5.2%. During the announcement of the third quarter GDP, the BNM has revised its 2018 GDP forecast from 5.5% - 6.0% to 5.0% as the external environment has become uncertain.

5.0 PROPERTY MARKET AND HFA PORTFOLIO REVIEW

According to the National Property Information Centre's (NAPIC) 1H2018 report, it was reported that the property market sector recorded 149,889 transactions worth RM67.74 billion, down by 2.4% and 0.1% in volume and value respectively compared to 1H2017. The residential segment remains the mainstay of the property market with 62.8% of total transactions and 46.7% of total value. However, the residential segment saw some pressure from soft market conditions as 1H2018 transaction volume and value dropped by 0.8% and 3.6% respectively year-on-year. Residential overhang stood at 29,277 units with a value of RM17.24 billion, increasing by 18.3% and 10.2% in volume and value respectively compared to end of 2017, of which the majority of the units are houses priced above RM300,000. Flats/ Condos/ Apartments and terraced houses contributed the highest number of overhang residential properties. Due to rising supply of residential properties, particularly condominium and apartment units in Kuala Lumpur, there have been drops in rental rates, generally by around 5%-10%. Nevertheless, rental firmed up in prominent choice locations especially high rise units located in the proximity of higher learning institutions and along LRT and MRT routes.

Bank Islam's HFA portfolio continues to grow amidst the excess supply conditions in the property market. Total HFA financing expanded from RM18,046 million in August 2018 to RM18,155 million in September 2018, representing an increase of 0.6% month-on-month. While expanding, the impaired financing ratio fell from 0.77% in August to 0.76% in September, suggesting asset quality remains intact. In view of challenging prospects in the property market, Bank Islam will continue to exercise prudence in its underwriting standards. This is reflected in Bank Islam's impaired ratio which remains below the industry standard of 1.07% as of August 2018.

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