

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 House & Fixed Asset Financing and Personal Financing 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 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 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, and Legal risk. Please visit Bank Islam's website for further explanation of each risk.

2.0 RISK STATEMENT

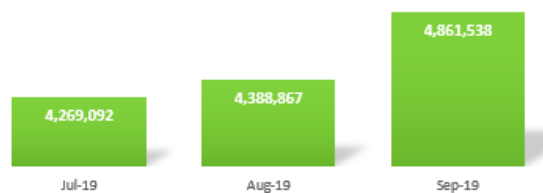
The Board of Directors of Bank Islam has the ultimate responsibility to manage risks related to its operations and business activities by setting risk appetite and tolerance levels that are consistent with the Bank's overall business objectives and desired risk profile. The Board Risk Committee, which is assisted by the Risk Management Divisions, 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 2019, Wafiyah Investment account fund balance was recorded at RM4.9 billion.

Wafiyah Investment Account Fund Size RM'000



3.2 Rate of Return

Position 2019	Return on Asset (ROA)* % (p.a.)	Return on Investment (ROI) % (p.a.)
July	5.20%	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions
August	5.20%	
September	5.20%	

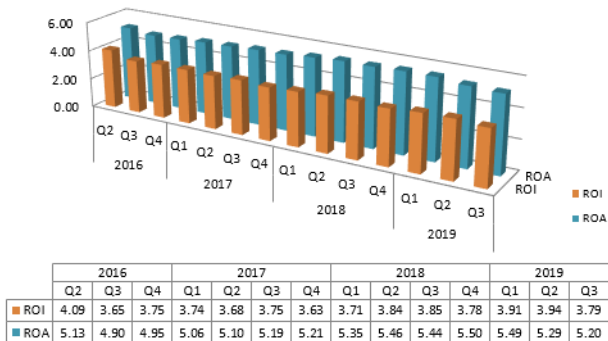
* ROA - allocated assets of the fund.

Note:

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

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3.3 Historical Rate of Return



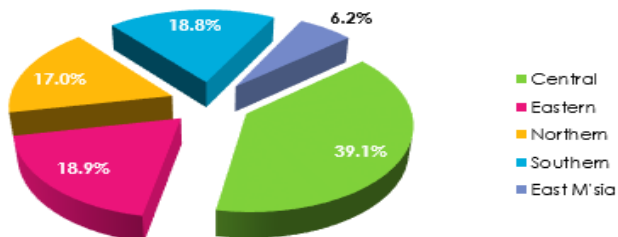
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

3.4 Income Statement

Profit & Loss Statement for the Quarter ended 30 September 2019			
	July	August	September
	RM'000	RM'000	RM'000
Profit from financing	20,648	20,667	21,866
Direct expenses*	-	-	-
Allowance for impairment on financing	(1,554)	(1,502)	(1,520)
Total Profit	19,094	19,165	20,346
Return on Asset (p.a.)	5.20%	5.20%	5.20%
Return on Investment (p.a.)	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions		

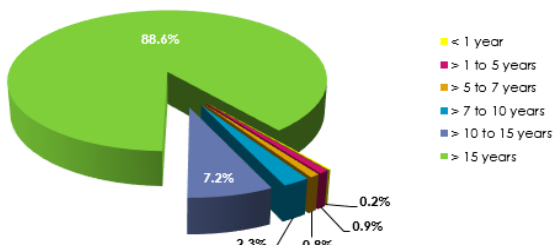
*Currently there are no charges imposed to this fund

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



A total of 39.1% of the total House and Fixed Asset Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio to developed areas such as the Klang Valley.

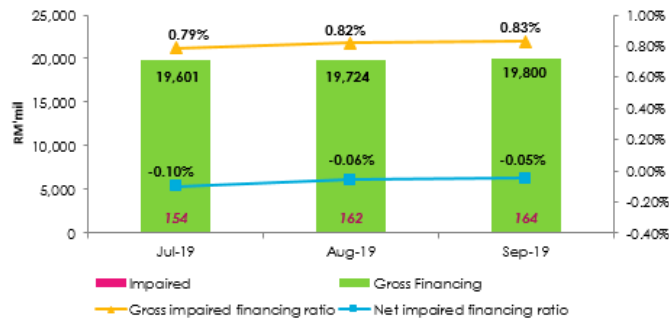
3.6 House and Fixed Asset Financing Portfolio by Remaining Maturity of Facilities



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

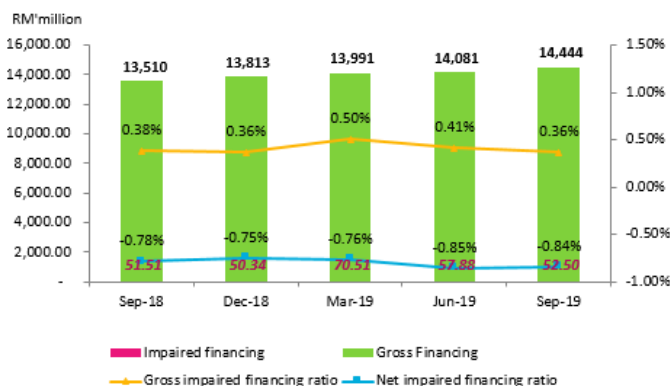
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3.7 Asset Quality of House and Fixed Asset Financing Portfolio



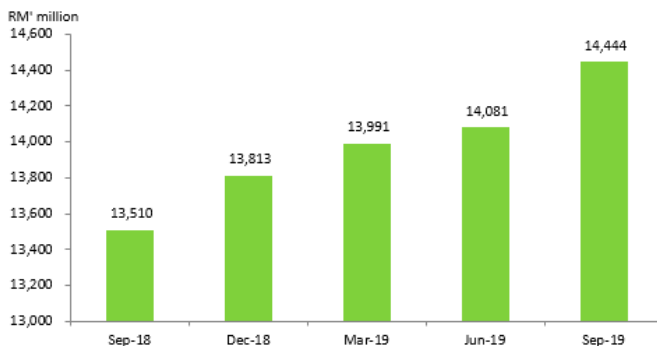
The portfolio's low impaired financing ratio reflects strong asset quality.

3.8 Asset Quality for Personal Financing Portfolio



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

3.9 Personal Financing Portfolio Growth in Bank Islam



The Personal Financing Portfolio has grown at a rate of 6.92% per annum. Asset Allocation for Wafiyah only comprises Personal Financing customers employed in the public sector.

4.0 ECONOMIC REVIEW AND PROSPECT

The downside risks to the global economy have risen in recent months with manufacturing sentiment gradually worsening. This was in tandem with the J.P Morgan Global Manufacturing Purchasing Manager's Index (PMI), which has dipped below the 50-point benchmark for five straight months since May (September: 49.7 points vs. August: 49.5 points). On the domestic front, the Industrial Production Index (IPI) grew by an average rate of 2.9% in the first eight months of 2019, marginally lower compared to 3.0% growth in the same period last year. Meanwhile, total exports contracted by 0.4% between January and August this year from 6.7% growth in the same corresponding period in 2018. That said, the escalating trade disputes between the US and China is taking a negative toll on Malaysian economy in 2019.

5.0 PROPERTY MARKET AND HOUSE AND FIXED ASSET PORTFOLIO REVIEW

According to the National Property Information Centre's (NAPIC) H1 2019 report, it was mentioned that the property market sector recorded 160,172 transactions worth RM68.3 billion an increase of 6.9% in volume and 0.8% in value as compared to H1 2018 (149,862 ; RM67.74 billion). The residential segment remains the mainstay of the property market with 62.4% of total transaction. The residential sub-sector's market recorded 99,922 transactions worth RM34.65 billion in H1 2019, an increase of 6.1% in volume and 9.5% in value as compared to H1 2018 (94,200 ; RM31.65 billion). In the primary market, the number of new launches in H1 2019 were far behind those recorded in H1 2018. There were 23,591 units launched, contracted by 49.4% as compared to 46,617 units in H1 2018. The residential subsector overhang continued to increase but at a lower rate than the year before. There were 32,810 units worth RM19.76 billion, an increase in volume of 1.5% whilst the value decreased by 0.5% (H2 2018:32,313 ; RM19.86 billion). The Malaysian House Price Index (MHPI) H1 2019 stood at 194.8 points (RM420,345) up by 0.9% on annual basis.

Bank Islam's Housing and Fixed Asset (HFA) portfolio grew to RM19.8 billion in September 2019, increasing by 1.6% from RM19.5 billion in June 2019. Nevertheless, the gross impairment ratio edged up from 0.79% in June 2019 to 0.83% in September 2019. However, this was still lower compared to 1.07% at the industry level as of September 2019, reflecting Bank Islam's prudent credit underwriting standards. That said, Bank Islam will continue to be vigilant in extending the HFA portfolio in view of the imbalances in the residential property market.

6.0 PERSONAL FINANCING PORTFOLIO REVIEW

Total PF portfolio increased by 6.92% year-on-year (y-o-y) to RM14.44 billion in September (June: RM14.08 billion). Meanwhile, the Gross Impairment Ratio (GIR) declined to 0.36% in September 2019 from 0.41% in June 2019. The impairment ratio was also lower compared to 1.84% at industry level as at August 2019, reiterating the prudent credit assessment adopted by Bank Islam. Going forward, Bank Islam will continue to be cautious in approving financing in view of challenging economic prospects. This will be done via a stringent credit policy in order to ensure the good asset quality remain intact.