

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 is 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

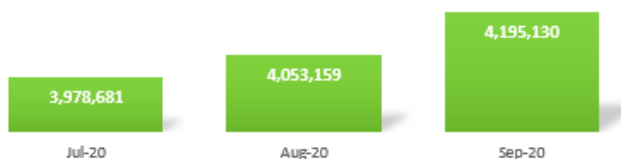
The Board of Directors of Bank Islam has the ultimate responsibility to manage risks related to its operations and business activities by setting risk appetite and tolerance levels that are consistent with the Bank's overall business objectives and desired risk profile. The Board Risk Committee, which is assisted by the Risk Management 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 2020, Al-Awfar account fund balance was recorded at RM 4.2 billion.

Al-Awfar Investment Account Fund Size RM'000



3.2 Rate of Return

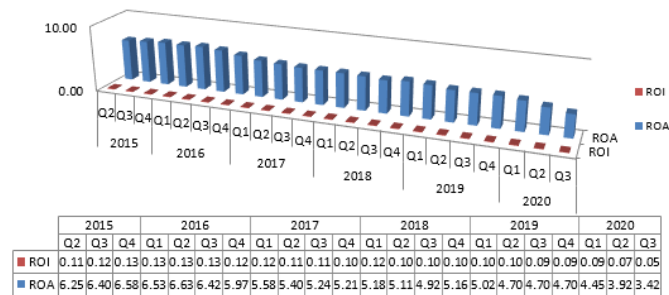
Position 2020	Return on Asset (ROA)* % (p.a.)	Profit Sharing Ratio (Customer: Bank)	Return on Investment (ROI) % (p.a.)
July	3.53%	2 : 98	0.05%
August	3.43%	2 : 98	0.05%
September	3.30%	2 : 98	0.05%

* 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).

3.3 Historical Rate of Return



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

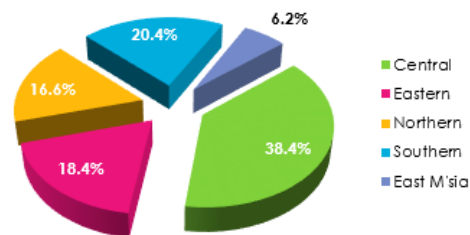
3.4 Income Statement

Profit & Loss Statement for the Quarter ended 30 September 2020			
	July	August	September
	RM'000	RM'000	RM'000
Profit from financing**	11,370	11,481	11,427
Direct expenses*	-	-	-
Allowance for impairment on financing	92	(8)	(507)
Total Profit	11,462	11,473	10,920
Return on Asset (p.a.)	3.53%	3.43%	3.30%
Return on Investment (p.a.)	0.05%	0.05%	0.05%

*Currently there are no charges imposed to this fund.

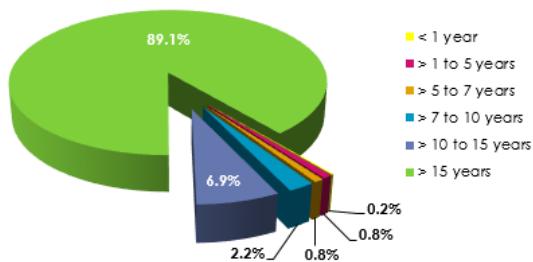
** Net with modification loss as a result of 6 months moratorium

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



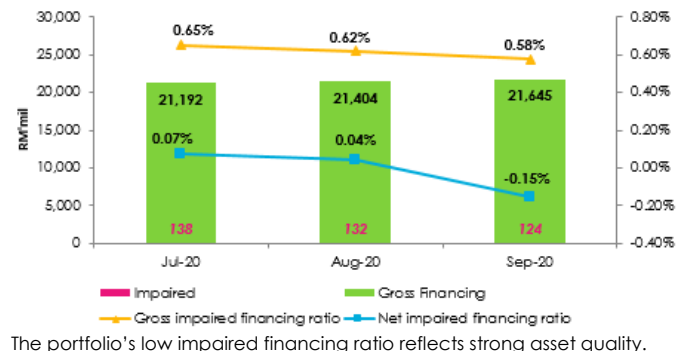
A total of 38.4% of the total House and Fixed Asset Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio to developed areas such as the Klang Valley.

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.

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 PROSPECT

The Global Health Crisis (GHC) has put the economy to a near standstill due to the fast-spreading Covid-19 virus. Business sentiments have also been weakening due to halt in production activities. This was in tandem with Malaysia Manufacturing Purchasing Manager's Index (PMI) which has been below the 50-point threshold for the second straight month since August this year (September: 49.0 points vs. August: 49.3 points). Apart from that, the Industrial Production Index (IPI) dropped by 6.4% in 8M2020 as compared to 2.8% growth in the same period last year. Similarly, total exports slumped by 5.8% in 8M2020 from 0.8% increase in the same corresponding period in 2019. Following the sharp contraction in the 2Q2020 GDP to -17.1%, the BNM has revised their range from between -2.0% and +0.5% to -3.5% and -5.5% for 2020 before accelerating to 5.5% to 8.0% in the year 2021.

5.0 PROPERTY MARKET AND HOUSE AND FIXED ASSET PORTFOLIO REVIEW

According to data published by the National Property Information Centre's (NAPIC), property market sector recorded a sharp decline in H12020 compared to H12019 where 115,476 transaction worth RM46.94 billion in H12020, a decrease by 27.9% in volume and 31.5% in value compared to H12019 (160,165;RM68.53billion). The residential segment remains the mainstay of the property market with 65.2% of total transaction. The residential sub-sector's market recorded 75,318 transactions worth RM25.61billion, down by 24.6% in volume and 26.1% in value as compared to H12019 (99,922;RM34.65billion). Newly launched houses priced between RM100K-RM500K dominated the market in H12020, with the RM200k to RM300K price segment leading supply with 4,022 units (30.3%). The residential overhang continued to increase due to slow market absorption of the primary market. There were recorded 31,661 units worth RM20.03billion, increased by 3.3% in volume and 6.4% in value compared to H12019 (30,664;RM18.82billion). The property market performance especially residential subsector will continue to be affected by affordability and overhang issues and also slowing economy. Bank Islam's Housing and Fixed Asset (HFA) portfolio stood at RM21.6 billion in September, increasing by 1.1% month-on-month (m-o-m) from RM21.4 billion in the preceding month. It rose by 3.3% from RM21.0 billion as at June 2020 to RM21.6 billion as at September 2020. Lower financing rate environment together with supportive policies by the government via Home Ownership Campaign (HOC) have underpinned the property market. The Gross Impairment Ratio (GIR) continues to improve further from 0.62% in August to 0.58% in September. This was lower compared to 0.96% at the industry level in August 2020. Be that as it may, Bank Islam will continue to be attentive in extending HFA financing following sluggish sales and a rising number of unsold homes.