

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

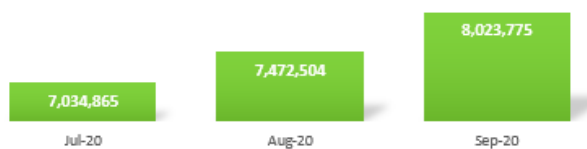
The Board of Directors of Bank Islam has the ultimate responsibility to manage risks related to its operations and business activities by setting risk appetite and tolerance levels that are consistent with the Bank's overall business objectives and desired risk profile. The Board Risk Committee, which 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 2020, Wafiyah Investment account fund balance was recorded at RM8 billion.

Wafiyah Investment Account Fund Size RM'000



3.2 Rate of Return

Position 2020	Return on Asset (ROA)* % (p.a.)	Return on Investment (ROI) % (p.a.)
July	4.09%	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions
August	3.99%	
September	3.79%	

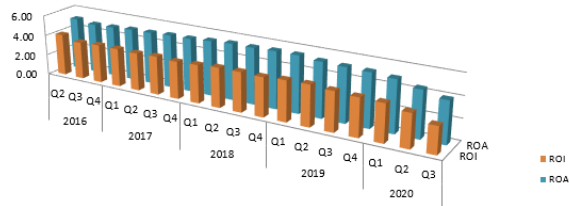
* ROA - allocated assets of the fund.

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



	2016			2017			2018			2019			2020		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
ROI	4.09	3.65	3.75	3.74	3.68	3.75	3.63	3.71	3.84	3.85	3.78	3.91	3.94	3.79	
ROA	5.13	4.90	4.95	5.06	5.10	5.19	5.21	5.35	5.46	5.44	5.50	5.49	5.29	5.20	

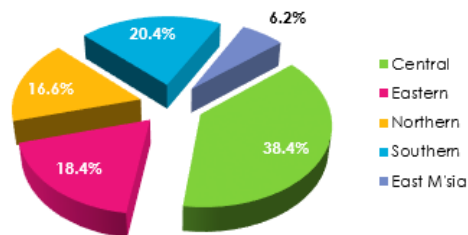
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

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**	25,659	25,296	27,554
Direct expenses*	-	-	-
Allowance for impairment on financing	(1,665)	(1,715)	(3,175)
Total Profit	23,994	23,581	24,379
Return on Asset (p.a.)	4.09%	3.99%	3.79%
Return on Investment (p.a.)	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions		

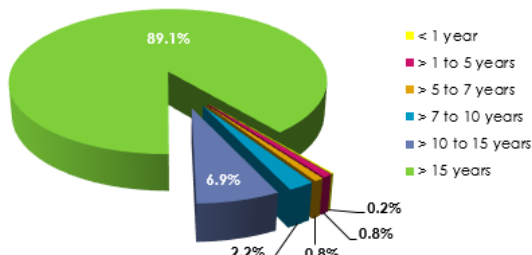
*Currently there are no charges imposed to this fund.
** Net with modification loss as a result of 6 months moratorium

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.

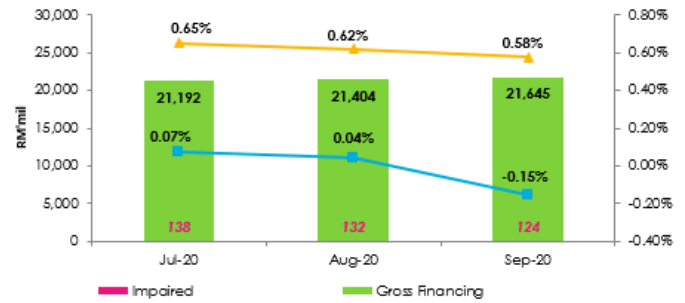
3.6 House and Fixed Asset Financing Portfolio by Remaining Maturity of Facilities



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.

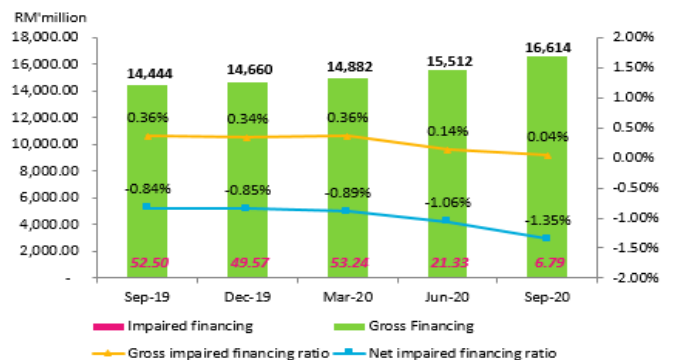
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3.7 Asset Quality of House and Fixed Asset Financing Portfolio



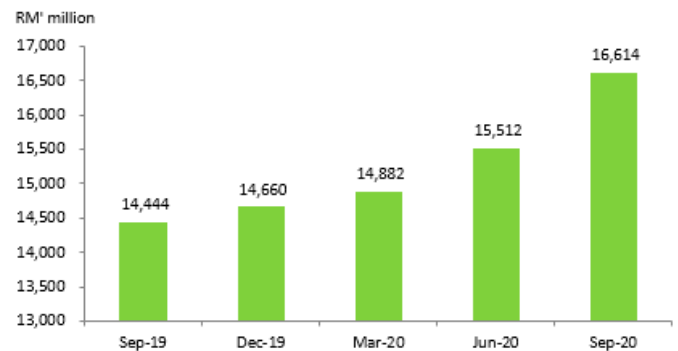
The portfolio's low impaired financing ratio reflects strong asset quality.

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 15.02% per annum. Asset Allocation for Wafiyah only comprises Personal Financing customers employed in the public sector.

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.

6.0 PERSONAL FINANCING PORTFOLIO REVIEW

Total PF portfolio rose by 15.0% year-on-year (y-o-y) in September 2020 to RM16.6 billion from RM14.4 billion in the same period last year. It increased by 7.1% from RM15.5 billion as at June 2020 to RM16.6 billion as at September 2020. The Gross Impairment Ratio (GIR) declined to 0.04% in September (June: 0.14%) which is significantly lower as compared to 1.40% at the industry level in August 2020. This was due to the financing moratorium introduced by the government in light of Covid-19 pandemic. We anticipate that GIR would stay at lower level in 2020 after the announcement of targeted extension of the financing moratorium beyond September for selected borrowers. Be that as it may, Bank Islam will remain prudent in credit assessment amid heightened prospect for economic uncertainties.