

## 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](http://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 2021, Al-Awfar account fund balance was recorded at RM 5.2 billion.

#### Al-Awfar Investment Account Fund Size RM'000



### 3.2 Rate of Return

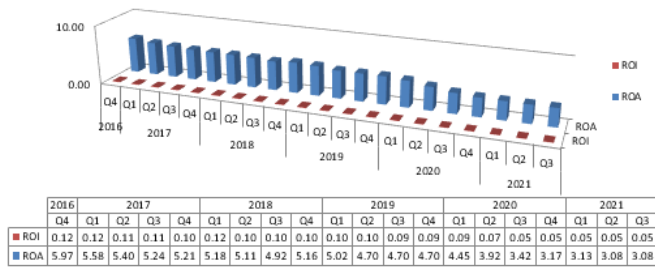
Position 2021	Return on Asset (ROA)* % (p.a.)	Profit Sharing Ratio (Customer: Bank)	Return on Investment (ROI) % (p.a.)
July	3.02%	2 : 98	0.05%
August	3.00%	2 : 98	0.05%
September	3.22%	2 : 98	0.05%

\* 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**



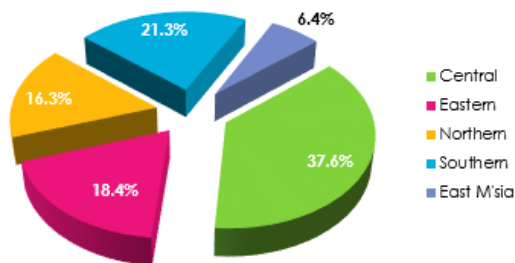
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

**3.4 Income Statement**

Profit & Loss Statement for the Quarter ended 30 September 2021			
	July	August	September
	RM'000	RM'000	RM'000
Profit from financing	14,005	14,143	13,853
Direct expenses*	-	-	-
Allowance for impairment on financing	(1,211)	(1,286)	(401)
<b>Total Profit</b>	<b>12,794</b>	<b>12,857</b>	<b>13,452</b>
Return on Asset (p.a.)	3.02%	3.00%	3.22%
Return on Investment (p.a.)	0.05%	0.05%	0.05%

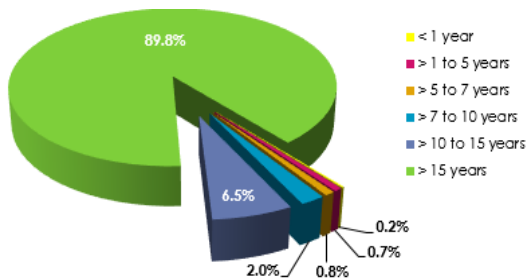
\*Currently there are no charges imposed to this fund.

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



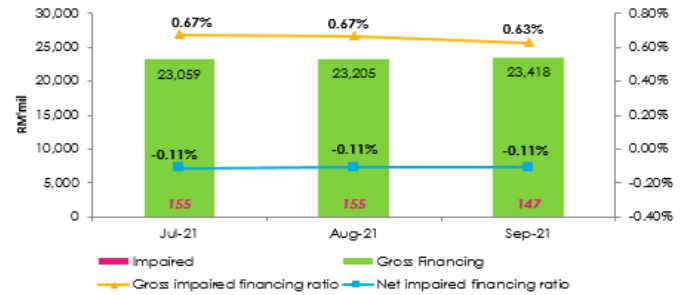
A total of 37.6% of the total House and Fixed Asset Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio to developed areas such as the Klang Valley.

**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 migration of states to the remaining phases of the National Recovery Plan (NRP) has progressed smoothly with no states being classified under Phase 1 of the NRP. Factories are also allowed to increase their working capacity according to the number of workers that are fully vaccinated. For example, factories which have 80% of their workers fully vaccinated can operate at 100% working capacity. Aside from that, the reopening of the Malaysian economy via the resumption of interstate travel effective from 11 October will improve human mobility. Therefore, economic activities particularly tourism and leisure can be carried out on a larger scale and thus, contribute more output to the nation's economy. Be that as it may, the surge in demand for goods and raw materials has led to a supply chain bottleneck across the globe, giving rise to higher inflationary pressure.

**5.0 PROPERTY MARKET AND HOUSE AND FIXED ASSET PORTFOLIO REVIEW**

According to data published by the National Property Information Centre (NAPIC), the property market sector recorded a significant increase in H12021 as compared to H12020. It was reported that the property market sector recorded 139,754 transactions worth RM62.01 billion in H12021, an increase of 21.0% in volume and 32.1% in value compared to H12020 (115,476;RM46.94billion). The residential segment remains the mainstay of the property market with 65.8% of total transactions. The residential sub-sector's segment recorded 92,017 transactions worth RM34.51billion, increasing by 22.2% in volume and 34.7% in value as compared to H12020 (75,318;RM25.61billion). Newly launched houses priced between RM100K-RM500K dominated the market in H12021, with the RM300k to RM500K price segment leading overall supply with 6,606 units (39.7%). Sale performance for new launches recorded an improvement of 24.7% compared to H12020. The residential overhang continued to increase due to slow market absorption of the primary market, recording 31,112 units worth RM20.09billion, an increase of 5.2% in volume and 6.2% in value respectively against the preceding half. Construction activity recorded an increase in completion, starts and new planned, each up by 8.7%, 35.3% and 36.0% respectively compared to H12020. The Malaysian House Price Index (MHPI) saw an unprecedented negative growth in Q22021 after a series of slow quarterly growth since 2018. MHPI stood at 197.9 points, down by 1.2% year-on-year. The property market performance especially the residential subsector will continue to be affected by affordability, overhang issues and also a slowing economy.

Bank Islam's Housing and Fixed Asset (HFA) portfolio stood at RM23.42 billion in September, increasing by 0.9% month-on-month (m-o-m) from RM23.21 billion in the previous month. The HFA portfolio rose by 1.9% quarter-on-quarter (q-o-q) to RM23.42 billion in 3Q2021 (2Q2021: RM22.99 billion). The lower Overnight Policy Rate (OPR) has allowed buyers to lock in favourable financing rates, particularly for those who are finding it difficult to pay higher monthly financing repayments. Meanwhile, the

Gross Impairment Ratio (GIR) improved to 0.63% in September from 0.67% in the preceding month. The trend is much lower as compared to 1.26% at the industry level as of August 2021. Moving forward, the reopening of the economy could further support the residential property market, together with the implementation of various government initiatives and assistance.