

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 HFA 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 the 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 HFA 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, legal risk and shariah non-compliance risk. Please visit Bank Islam's website for further explanation of each risk.

2.0 RISK STATEMENT

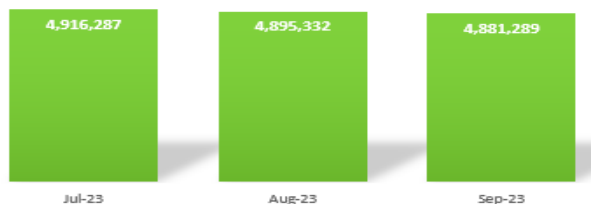
The Board of Directors of Bank Islam has the ultimate responsibility to manage risks related to its operations and business activities by setting risk appetite and tolerance levels that are consistent with the Bank's overall business objectives and desired risk profile. The Board Risk Committee, which is assisted by the Group 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 2023, Al-Awfar account fund balance was recorded at RM 4.9 billion.

Al-Awfar Investment Account Fund Size RM'000



3.2 Rate of Return

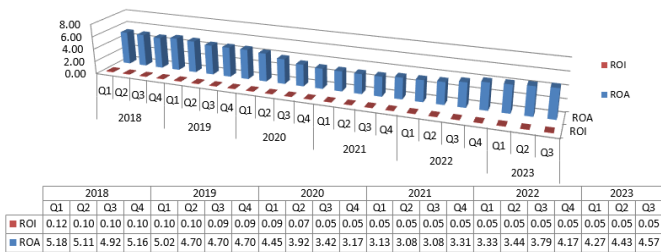
Position 2023	Return on Asset (ROA)* % (p.a.)	Profit Sharing Ratio (Customer: Bank)	Return on Investment (ROI) % (p.a.)
July	4.54%	2: 98	0.05%
August	4.58%	2: 98	0.05%
September	4.60%	2: 98	0.05%

* 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



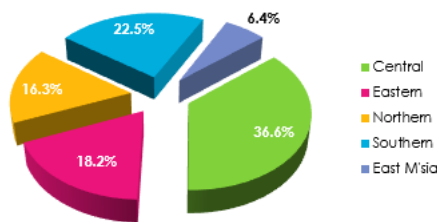
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

3.4 Income Statement

Profit & Loss Statement for the Quarter ended 30 September 2023			
	July	August	September
	RM'000	RM'000	RM'000
Profit from financing	18,913	18,725	17,962
Direct expenses*	-	-	-
Allowance for impairment on financing	(17)	149	209
Total Profit	18,896	18,874	18,171
Return on Asset (p.a.)	4.54%	4.58%	4.60%
Return on Investment (p.a.)	0.05%	0.05%	0.05%

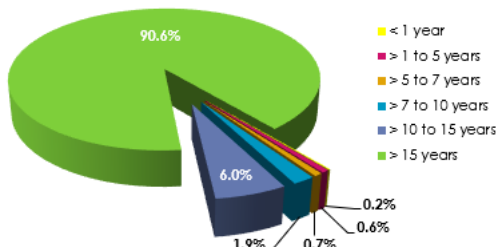
*Currently there are no charges imposed to this fund.

3.5 HFA Financing Portfolio by Geographical Location in Malaysia



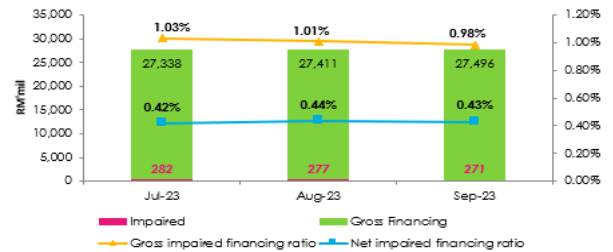
A total of 36.6% of the total HFA Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio to developed areas such as the Klang Valley.

3.6 HFA Financing Portfolio by Remaining Maturity of Facilities



The majority of the HFA 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 HFA Financing Portfolio



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

4.0 ECONOMIC REVIEW & PROSPECT

Malaysia's 2Q2023 GDP growth came in below expectation at 2.9% year-on-year relative to 5.6% in the previous quarter, with net exports as the main drag, given rising external headwinds such as cooling global demand and the global electronics downcycle. Recent data releases continue to point to moderating economic conditions, in line with our in-house view amid the challenging global environment characterised by higher interest rates, persistent inflation and tighter credit conditions.

Exports have recorded double-digit contractions since June, reflecting a weakening external demand and further destocking in inventories. Against this backdrop, the manufacturing Purchasing Managers' Index (PMI) dipped deeper into the negative territory, led by declining new orders. Furthermore, retail sales growth decelerated sharply to 5.5% in July (June: 5.8%) after posting double-digit growth from February 2022 to April 2023, as higher living costs started to bite into consumer demand.

The underwhelming growth in 2Q2023 and the weakening growth triggers will feed into a lower-than-expected 3Q2023 GDP growth performance. The likely continued deteriorating domestic and external demand led us to revise our forecast of GDP growth for FY2023 lower to 3.7% from 4.5% previously, with risks tilted to the downside.

5.0 PROPERTY MARKET & HFA PORTFOLIO REVIEW

According to data published by the National Property Information Centre's (NAPIC), property market sector recorded a stable performance in H12023. It was reported that the property market sector recorded 184,140 transactions worth RM85.37 billion in H12023, down by 2.1% in volume but increased slightly by 1.1% in value compared to H12022 (188,002;RM84.4billion).

The residential sub-sector led the overall property market with 62.4% contribution. The residential sub-sector's market recorded 114,973 transactions worth RM44.78billion, decreased slightly by 1.0% in volume and 1.8% in value as compared to H12022 (116,178;RM45.62billion).

Newly launched houses priced between RM100K to RM500K dominated the market in H12023, with the RM300K to RM500K price segment leading supply with 6,174 units (37.3%). The primary market saw fewer new launches in H12023. There were 16,545 units launched, down by 50.2% compared 33,205 units (revised) in H12022. Sale performance for new launches recorded at 32.2%, higher compared to H12022(revised 14.6%) but slightly lower compared to H22022 (36.8%).

The residential overhang situation improved as the numbers reduced. There were recorded 26,286 units worth RM18.3billion, down by 5.3% and 0.6% in volume and value respectively against H22022. Residential construction activity slowed down in H12023. The number of completions, starts and new planned supply decreased by 10.4% (28,412 units), 1.2% (41,101 units) and 15.8% (31,139 units) respectively compared H12022. The Malaysian House Price Index (MHPI) continued to increase at a moderating trend. As at Q22023, the MHPI stood at 212.3 points, up by 2.2% on annual basis.

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Bank Islam's Housing and Fixed Asset (HFA) portfolio stood RM27.50 billion in September 2023, increasing by 0.31% month-on-month (m-o-m) from RM27.41 billion in the previous month. The Gross Impairment Ratio (GIR) improved slightly to 0.98% in September 2023 from 1.01% in the preceding month. The ratio is considered low compared to the purchase of residential property's industry level of 1.51% in August 2023 (January 2023: 1.37%). The HFA asset yield remained consistent at 4.55% in September 2023 compared to 4.55% in June 2023 (previous quarter).