

**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 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 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.*

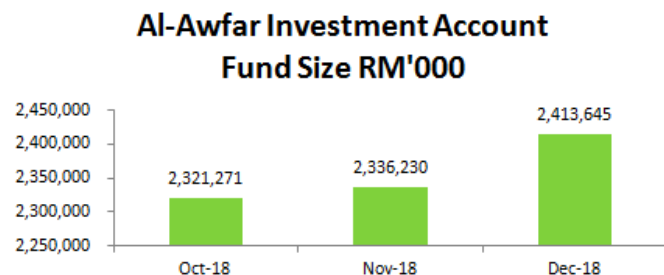
**2.0 RISK STATEMENT**

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 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 December 2018, Al-Awfar account fund balance was recorded at RM 2.4 billion.



**3.2 Rate of Return**

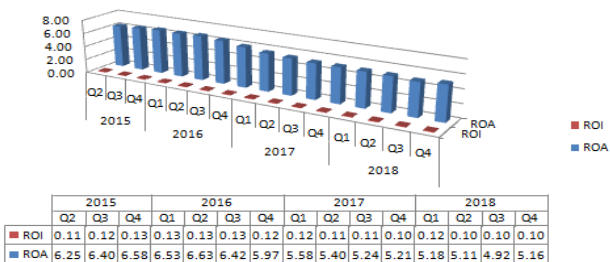
Position 2018	Return on Asset (ROA)* % (p.a.)	Profit Sharing Ratio (Customer: Bank)	Return on Investment (ROI) % (p.a.)
October	4.96%	2 : 98	0.10%
November	5.16%	2 : 98	0.10%
December	5.36%	2 : 98	0.10%

\* ROA - allocated assets of the fund.

**Note:**

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

### 3.3 Historical Rate of Return



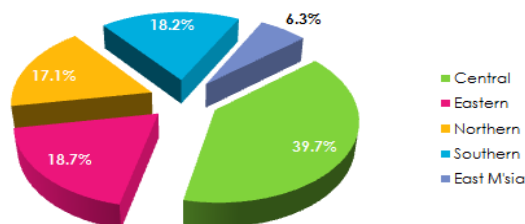
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

### 3.4 Income Statement

Profit & Loss Statement for the Quarter ended 31 December 2018			
	October	November	December
	RM'000	RM'000	RM'000
Profit from financing	9,753	9,868	10,899
Direct expenses*	-	-	-
Allowance for impairment on financing	(206)	(227)	(191)
<b>Total Profit</b>	<b>9,547</b>	<b>9,641</b>	<b>10,708</b>
Return on Asset (p.a.)	4.96%	5.16%	5.36%
Return on Investment (p.a.)	0.10%	0.10%	0.10%

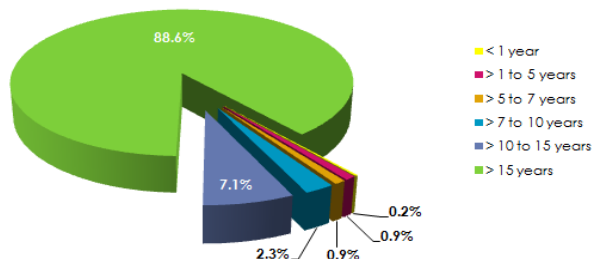
\*Currently there are no charges imposed to this fund.

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



A total of 39.7% from the total House and Fixed Asset Financing Portfolio originates from the Central region. This reflects the concentration of HFA portfolio to the developed areas such as the Klang Valley.

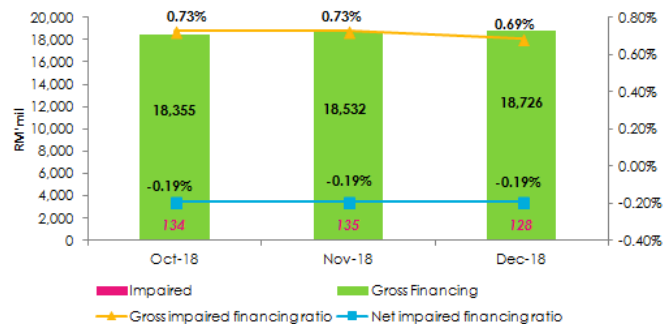
### 3.6 House and Fixed Asset Financing Portfolio by Remaining Maturity of Facilities



The majority of the House and Fixed Asset Financing Portfolio has a maturity of more than 15 years. This will ensure stability in profit stream of HFA portfolio which can then benefit the investment return profile 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.

## 4.0 ECONOMIC REVIEW AND PROSPECTS

Business sentiments have weakened during the course of quarter 4,2018. The JP Morgan Global Manufacturing Purchasing Managers' Index (PMI) decreased to 51.5 points in December 2018 from 52.0 points in the preceding month, the lowest level since September 2016. The decline in the index was primarily driven by lower output in intermediate and investment goods, suggesting businesses scaling down their production activities. Going forward, the outcome from the trade discussion between the US and China will be the main factor for global growth alongside with the gradual increase in the US interest rate in 2019.

## 5.0 PROPERTY MARKET AND HFA PORTFOLIO REVIEW

According to the National Property Information Centre's (NAPIC), quarter 3,2018 recorded an increase of 4.2% in transaction volume (Q32018:78,978 ; Q32017:75,763). However, the value of transactions indicated a decline of 3.86% (Q32018:RM33.11 billion ; Q32017:RM34.44 billion). With regard to residential properties, 50,117 transactions worth RM17.79 billion were recorded in quarter 3,2018, an increase of 5.5% in volume and 5.07% in value compared to quarter 3,2017. The overhang residential properties have increased in terms of volume and value for a few years with the exception of quarter 3,2015 when the number of overhang decreased to 8,804 units. As at quarter 3,2018, residential overhang raised to 30,115 units an increase of 48.35% compared to quarter 3,2017.

Bank Islam's HFA portfolio continues to grow. Total HFA financing expanded from RM18,355 billion in October 2018 to RM18,726 billion during the month of December 2018. This represents an increase of 2.0% between the two periods. At the same time, impaired financing ratio decreased from 0.73% in October 2018 to 0.69% in December 2018, indicating superior asset quality. In view of challenging prospect in the property markets, Bank Islam will continue to exercise prudence in its underwriting standards. This is reflected in our impaired ratio which remains below the industry average of 1.07% as of December 2018.