

## 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 December 2019, Wafiyah Investment account fund balance was recorded at RM7 billion.

### Wafiyah Investment Account Fund Size RM'000



### 3.2 Rate of Return

Position 2019	Return on Asset (ROA)* % (p.a.)	Return on Investment (ROI) % (p.a.)
October	5.21%	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions
November	5.02%	
December	5.19%	

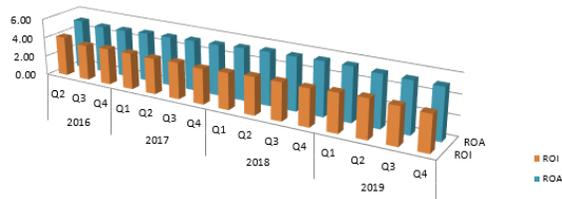
\* ROA - allocated assets of the fund.

**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					
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
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	3.66
ROA	5.13	4.90	4.95	5.05	5.10	5.19	5.21	5.35	5.46	5.44	5.50	5.49	5.29	5.20	5.14

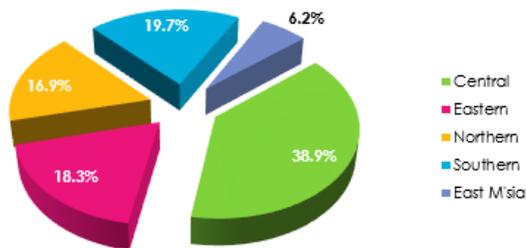
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

**3.4 Income Statement**

Profit & Loss Statement for the Quarter ended 31 December 2019			
	October	November	December
	RM'000	RM'000	RM'000
Profit from financing	26,386	26,483	28,527
Direct expenses*	-	-	-
Allowance for impairment on financing	(1,797)	(1,919)	(1,983)
Total Profit	24,589	24,564	26,544
Return on Asset (p.a.)	5.21%	5.02%	5.19%
Return on Investment (p.a.)	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions		

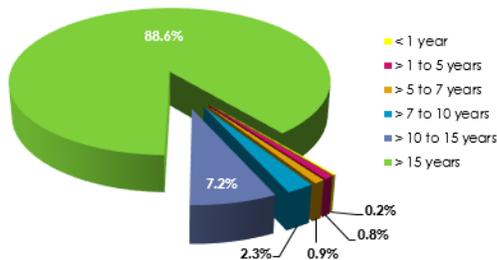
\*Currently there are no charges imposed to this fund

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



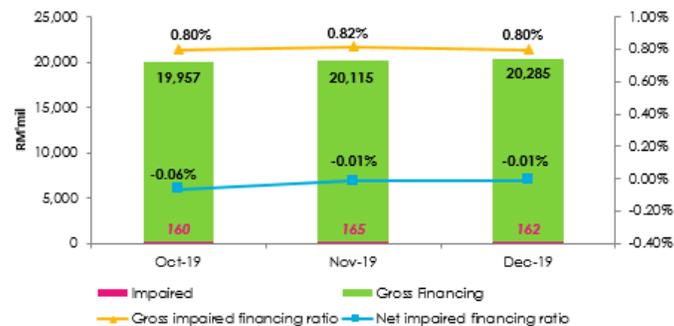
A total of 38.9% of the total House and Fixed Asset Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio to developed areas such as the Klang Valley.

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



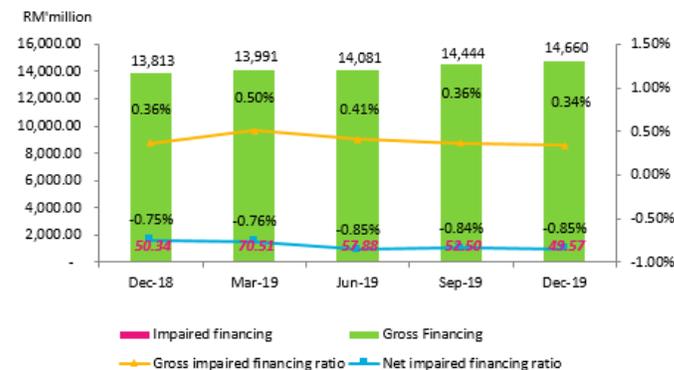
The majority of the House and Fixed Asset Financing Portfolio has a maturity of more than 15 years. This will ensure stability in the profit stream of the HFA portfolio which can then benefit the investment return expectations, especially for long-term IAH.

**3.7 Asset Quality of House and Fixed Asset Financing Portfolio**



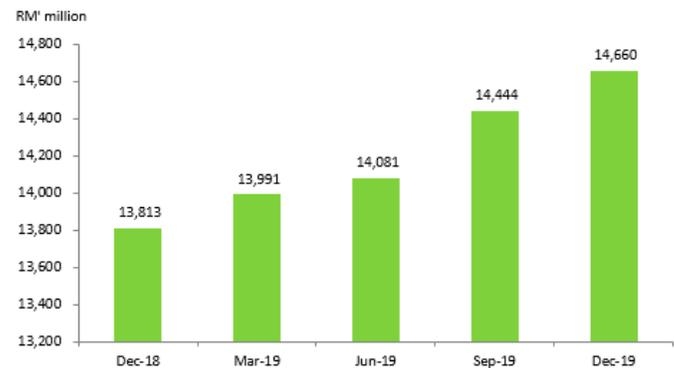
The portfolio's low impaired financing ratio reflects strong asset quality.

**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 6.13% per annum. Asset Allocation for Wafiyah only comprises Personal Financing customers employed in the public sector.

#### 4.0 ECONOMIC REVIEW AND PROSPECT

The global economy continues to be plagued by the uncertainties from the ongoing trade war between the US and China. However, recent events suggest the standoff between the two major economies has receded. The "Phase One" deal on 15 January 2020 is expected to improve international trade as China will purchase more products from the US in four key industries namely manufacturing, energy, agricultural and services. Following this, business sentiment across the globe has somewhat improved. The J.P. Morgan Global Manufacturing Purchasing Manager's Index (PMI) has increased from 49.8 points in October to 50.1 points in December (November: 50.3 points) after enduring 6 months of contraction since May 2019. On the domestic front, the Industrial Production Index (IPI) grew moderately by an average rate of 2.4% in the first eleven months of 2019, lower compared to the 3.0% growth in the same period during 2018. Similarly, total exports contracted by 2.1% between January and November last year from 7.5% growth in the same corresponding period in 2018. Against such a backdrop, Malaysia's GDP growth is envisaged to moderate to 4.5% in 2019 from 4.7% growth in 2018.

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

According to the latest data published by the National Property Information Centre (NAPIC), as at Q3 2019, the property market sector recorded 83,186 transactions worth RM34.6 billion an increase of 5.6% in volume and 4.7% in value as compared to Q3 2018 (78,776; RM33.1 billion). With regard to residential properties, 53,227 transactions worth RM18.1 billion were recorded in Q3 2019, an increase of 6.6% in volume and 2.1% in value as compared to Q3 2018 (49,932; RM17.7 billion). As at Q3 2019, the number of residential overhang dropped after rising in terms of volume and value over the past few years. There were 31,092 units worth RM18.7 billion, a decrease of 3.5% in volume and 5.5% in value as compared to 2018 (32,313; RM19.8 billion). The Malaysian House Price Index (MHPI) Q3 2019 stood at 195.7 points (RM422,194) up by 0.2% on annual basis.

Bank Islam's Housing and Fixed Asset (HFA) portfolio stood at RM20.29 billion in December, increasing by 0.80% month-on-month (m-o-m) from RM20.12 billion in the preceding month. On a quarterly basis, the HFA portfolio rose by 2.45% quarter-on-quarter (q-o-q), growing from RM19.80 billion in 3Q2019 to RM20.29 billion in 4Q2019. The Gross Impairment Ratio (GIR) remains low and improved further from 0.82% in November to 0.80% in December. This was lower compared to 1.15% at the industry level as of November, reflecting the prudent credit underwriting standards adopted by Bank Islam. Be that as it may, Bank Islam will continue to be prudent in extending HFA financing in view of the external factors such as the residential property glut and affordability issues.

#### 6.0 PERSONAL FINANCING PORTFOLIO REVIEW

Total PF portfolio increased by 6.13% year-on-year (y-o-y), extending from RM13.81 billion in December 2018 to RM14.66 billion in December 2019. On quarterly basis, the PF portfolio rose by 1.49% quarter-on-quarter (q-o-q), growing from RM14.44 billion in 3Q2019 to RM14.66 billion in 4Q2019. The Gross Impairment Ratio (GIR) improved to 0.34% in December (November: 0.36%) which is significantly lower compared to the 1.94% at industry level as of November 2019. Similarly, the GIR reduced from 0.36% q-o-q in 3Q2019 to 0.34% in 4Q2019. Bank Islam will continue to exercise prudence in its underwriting going forward in view of the challenging economic prospects.