

## 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

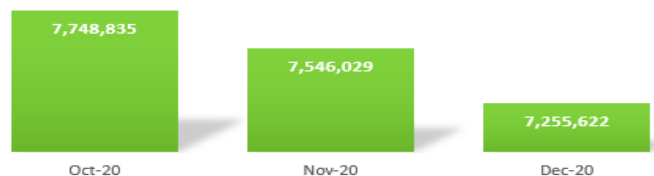
The Board of Directors of Bank Islam has the ultimate responsibility to manage risks related to its operations and business activities by setting risk appetite and tolerance levels that are consistent with the Bank's overall business objectives and desired risk profile. The Board Risk Committee, which 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 2020, Wafiyah Investment account fund balance was recorded at RM7.3 billion.

### Wafiyah Investment Account Fund Size RM'000



### 3.2 Rate of Return

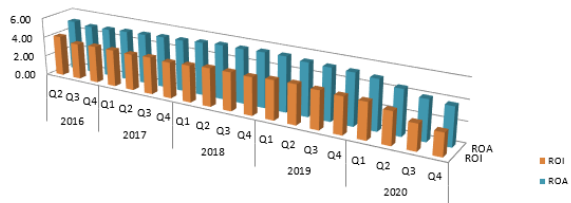
Position 2020	Return on Asset (ROA)* % (p.a.)	Return on Investment (ROI) % (p.a.)
October	3.78%	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions
November	3.75%	
December	3.74%	

\* 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**



	2016			2017				2018				2019				2020			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	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	3.60	3.21	2.56	2.24
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	5.14	4.95	4.45	3.96	3.76

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

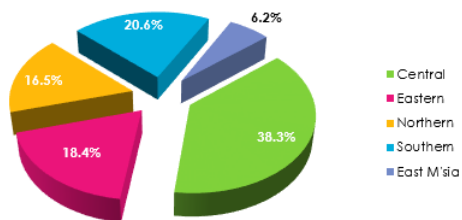
**3.4 Income Statement**

Profit & Loss Statement for the Quarter ended 31 December 2020			
	October	November	December
	RM'000	RM'000	RM'000
Profit from financing**	28,237	26,678	25,272
Direct expenses*	-	-	-
Allowance for impairment on financing	(3,112)	(3,168)	(2,992)
Total Profit	25,125	23,510	22,280
Return on Asset (p.a.)	3.78%	3.75%	3.74%
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.

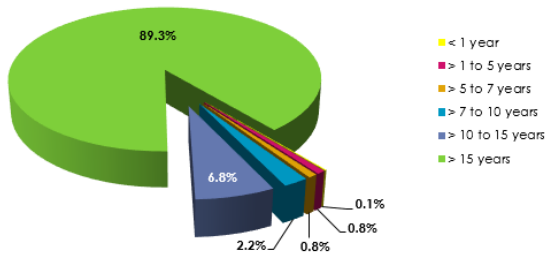
\*\* Net with modification loss as a result of 6 months moratorium

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



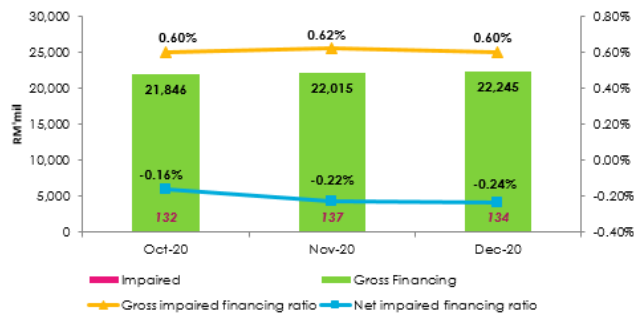
A total of 38.3% of the total House and Fixed Asset Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio to developed areas such as the Klang Valley.

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



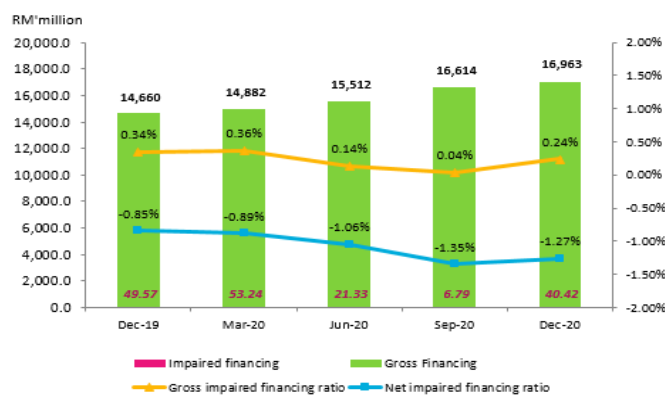
The majority of the House and Fixed Asset Financing Portfolio has a maturity of more than 15 years. This will ensure stability in the profit stream of the HFA portfolio which can then benefit the investment return expectations, especially for long-term IAH.

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



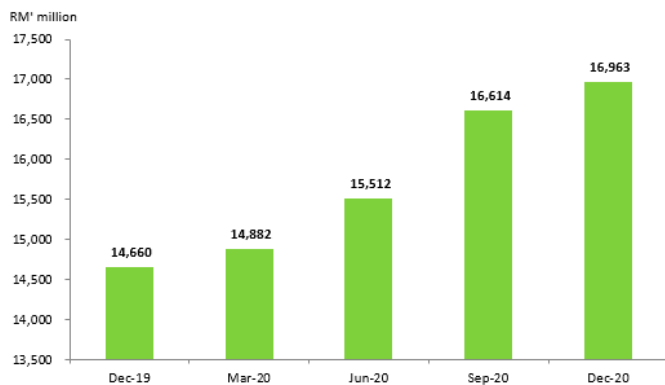
The portfolio's low impaired financing ratio reflects strong asset quality.

**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 15.71% per annum. Asset Allocation for Wafiyah only comprises Personal Financing customers employed in the public sector.

#### 4.0 ECONOMIC REVIEW AND PROSPECT

The resurgence of Covid-19 infections has exacerbated the risks of slowdown in economic growth. As such, the recovery process is expected to be subdued in 2021. Thus far, BNM is maintaining its 2020 GDP contraction forecast between 3.5% and 5.5% before rebounding to 6.5% to 7.5% this year. Business sentiment has also been weakening as the pandemic has not only affected demand but also caused severe disruptions in the supply chain. This was in tandem with Malaysia's Manufacturing Purchasing Manager's Index (PMI) which has been below the 50-point threshold for the fifth straight month since August last year (December: 49.1 points vs. November: 48.4 points). Apart from that, the Industrial Production Index (IPI) dropped by 4.8% in 11M2020 compared to a 2.4% growth in the same period last year. Similarly, total exports slumped by 2.6% in 11M2020, extending the 1.2% fall in the same corresponding period in 2019.

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

According to latest data published by National Property Information Centre's (NAPIC), Property market sector recorded 89,245 transactions worth RM33.78billion in Q32020, increased by 7.4% in volume but value declined by 2.4% as compared to Q32019 (83,085;RM34.62billion). With regard to residential properties, 55,845 transactions worth RM19.37billion were recorded in Q3 2020, an increase of 5.1% in volume and 6.9% in value as compared to Q3 2019 (53,115;RM18.12billion). As at Q32020, the number of residential overhang dropped in term of volume and value. There were 30,926 units worth RM19.99billion, a decrease of 2.3% in volume and 0.2% in value as compared to Q22020 (31,661;RM20.03billion). Newly launched houses priced below RM300,000 leading supply with 3,037 units (50.5%). By property type, terraced houses dominated the new launches with 3,127 units (51.3%) of the total units. The Malaysian House Price Index (MHPI) Q32020 stood at 197.8 points (RM426,809), decreased by 0.25% against Q22020 (198.3 points).

Bank Islam's Housing and Fixed Asset (HFA) portfolio stood at RM22.25 billion in December 2020, rising by 1.0% month-on-month (m-o-m) from RM22.02 billion in the preceding month (November 2020: 0.8%). During final quarter of 2020, HFA portfolio rose by 2.8% quarter-on-quarter (q-o-q), higher from RM21.65 billion in 3Q2020 to RM22.25 billion in 4Q2020, mainly propelled by the Home Ownership Campaign (HOC) to support the property market. On the other hand, Gross Impairment Ratio (GIR) inched up from 0.58% in September 2020 to 0.60% in December 2020. Nevertheless, the GIR is still lower compared to 1.17% at the industry level as of November 2020. Looking forward, the debt repayment trends could be affected by resurgence of Covid-19 which could weigh on the labour market.

#### 6.0 PERSONAL FINANCING PORTFOLIO REVIEW

Total PF portfolio rose by 15.7% year-on-year (y-o-y) in December 2020 to RM17.0 billion from RM14.7 billion in the same period in 2019. It increased by 2.1% from RM16.6 billion as at September 2020 to RM17.0 billion as at December 2020. The Gross Impairment Ratio (GIR) rose to 0.24% in December 2020 from 0.04% in September 2020. This was in tandem with the increase in GIR for personal use at industry level to 1.84% as at November 2020 (October: 1.51%) amid end of 6-month blanket moratorium at the end of September last year. All in all, Bank Islam will remain prudent in credit assessment amid heightened prospect for economic uncertainties.