

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

## 2.0 RISK STATEMENT

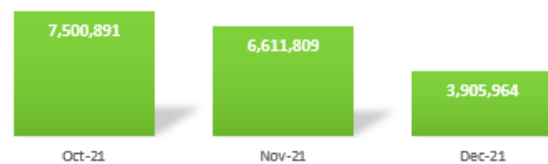
The Board of Directors of Bank Islam has the ultimate responsibility to manage risks related to its operations and business activities by setting risk appetite and tolerance levels that are consistent with the Bank's overall business objectives and desired risk profile. The Board Risk Committee, which 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 December 2021, Wafiyah Investment account fund balance was recorded at RM3.9 billion.

### Wafiyah Investment Account Fund Size RM'000



### 3.2 Rate of Return

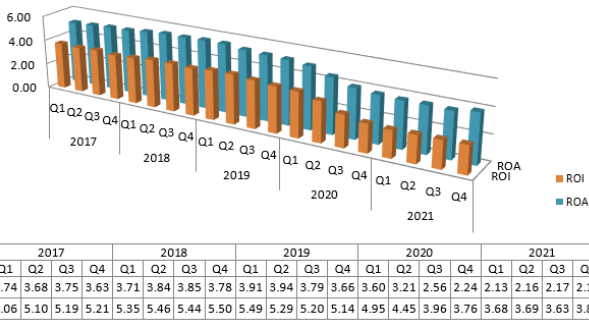
Position 2021	Return on Asset (ROA)* % (p.a.)	Return on Investment (ROI) % (p.a.)
October	3.87%	Based on the agreed expected return upon placement of fund or actual return (whichever is lower), subject to Terms & Conditions
November	3.86%	
December	3.90%	

\* 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**



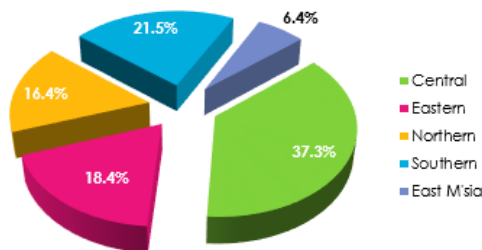
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

**3.4 Income Statement**

Profit & Loss Statement for the Quarter ended 31 December 2021			
	October	November	December
	RM'000	RM'000	RM'000
Profit from financing	26,173	24,047	20,146
Direct expenses*	-	-	-
Allowance for impairment on financing	(1,904)	(1,725)	(1,193)
<b>Total Profit</b>	<b>24,269</b>	<b>22,322</b>	<b>18,953</b>
Return on Asset (p.a.)	3.87%	3.86%	3.90%
Return on Investment (p.a.)	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions		

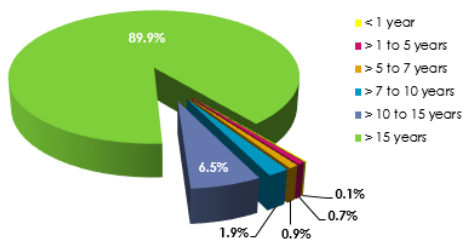
\*Currently there are no charges imposed to this fund.

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



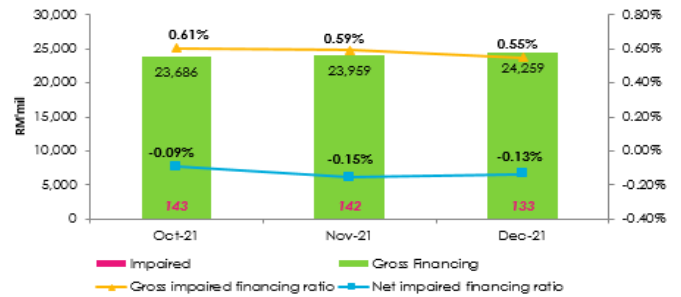
A total of 37.3% of the total House and Fixed Asset Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio to developed areas such as the Klang Valley.

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



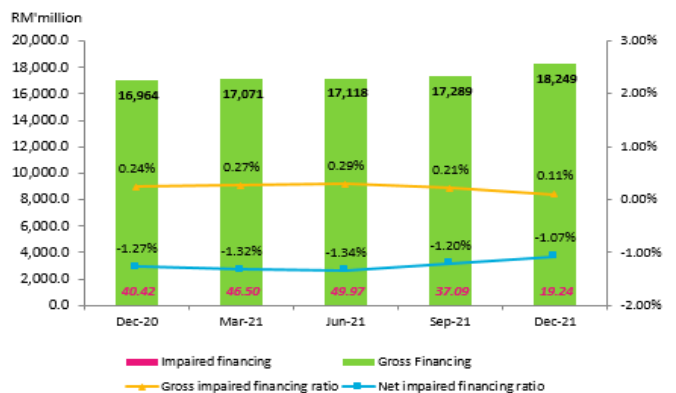
The majority of the House and Fixed Asset Financing Portfolio has a maturity of more than 15 years. This will ensure stability in the profit stream of the HFA portfolio which can then benefit the investment return expectations, especially for long-term IAH.

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



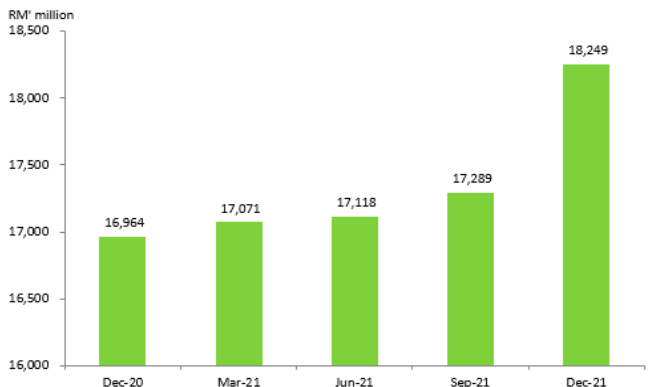
The portfolio's low impaired financing ratio reflects strong asset quality.

**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 7.58% per annum. Asset Allocation for Wafiyah only comprises Personal Financing customers employed in the public sector.

#### 4.0 ECONOMIC REVIEW AND PROSPECT

Global economic recovery would continue this year despite uncertainties surrounding the spread of the new Covid-19 variant. Already, World Bank projected that Malaysian economy to expand by 5.8% in 2022 from an estimated of 3.3% growth in 2021, driven by healthy domestic demand and continued growth in exports. Business sentiments have also been improving amid higher new orders and expansion in production level following the lifting of pandemic restrictions. This was in tandem with Malaysia Manufacturing Purchasing Manager's Index (PMI) which has been hovering above the 50-point threshold for the third straight month since October last year (December: 52.8 points vs. November: 52.3 points). Apart from that, the Industrial Production Index (IPI) recovered by 7.5% in first 11 month of 2021 from 5.0% contraction in the same period last year. Similarly, total exports jumped by 25.7% in first 11 month of 2021 after falling by 2.3% during the same period of 2020.

#### 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 61,311 transactions worth RM35.98billion in Q32021, down by 31.3% in volume but value up by 6.5% as compared to Q32020 (89,232;RM33.78billion). With regard to residential properties, 42,620 transactions worth RM17.82billion were recorded in Q32021, a decrease of 23.7% in volume and 8.0% in value as compared to Q32020 (55,845;RM19.37billion). As at Q32021, the number of residential overhang dropped in term of volume and value. There were 30,358 units worth RM19.80billion, a decrease of 2.4% in volume and 1.4% in value as compared to Q22021 (31,112;RM20.09billion). Newly launched houses priced below RM300,000 leading supply with 2,564 units (51.7%). By property type, terraced houses dominated the new launches with 2,182 units (44.1%) of the total units. The Malaysian House Price Index (MHPI) Q32021 stood at 198.6 points (RM428,458), down by 0.7% year-on-year. Quarterly movements saw a decline of 1.9%. The property market performance especially residential subsector will continue to be affected by affordability, overhang issues and also slowing economy.

Bank Islam's Housing and Fixed Asset (HFA) portfolio stood at RM24.26 billion in December, increasing by 1.3% month-on-month (m-o-m) from RM23.96 billion in the previous month. The HFA portfolio rose by 3.6% quarter-on-quarter (q-o-q) to RM24.26 billion in 4Q2021 (3Q2021: RM23.42 billion), attributable to the lower Overnight Policy Rate (OPR) which has been maintained at 1.75%. Subsequently, this should augur well for the housing market, specifically for property seekers who are looking for a lower home financing rate. Meanwhile, Gross Impairment Ratio (GIR) declined to 0.55% in December from 0.59% in the preceding month. The trend is much lower as compared to 1.21% at the industry level as of November 2021. Moving into 2022, the financing impairment trend is expected to improve amid a broad-based recovery in the economy and labour market conditions.

#### 6.0 PERSONAL FINANCING PORTFOLIO REVIEW

Total PF portfolio rose by 7.6% year-on-year (y-o-y) in December 2021 to RM18.25 billion (December 2020: RM16.96 billion) compared to a 4.1% y-o-y growth seen in September 2021. It increased by 5.6% from RM17.29 billion as at September 2021 to RM18.25 billion as at December 2021. On the other hand, the Gross Impairment Ratio (GIR) fell to 0.11% in December 2021 from 0.21% in September 2021. The bank's GIR remained low compared to industry level for personal use at 1.85% during November 2021 (October 2021: 1.92%), suggesting the bank remained prudent in credit assessment.