

1.0 KEY FUND INFORMATION

1.1 Shariah Concept	1.2 Investment Currency	1.3 Fund Inception
Mudarabah	Ringgit Malaysia	April 2017 (Corporate) September 2018 (Retail)

1.4 Product Classification

Unrestricted Investment Account refers to a type of investment account where 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 provide IAH with a combination of steady and recurring income, whilst at the same time allowing the balances to be placed and withdrawn via the counter, cheque, internet banking channels and etc.

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 and Fixed Asset Financing (HFA) Portfolio which is aimed at protecting the principal and generating stable returns.

1.7 Nature of Investment Account

On demand whereby IAH is able to withdraw at any point of time.

1.8 Investment Asset Allocation

The Bank will allocate IAH's funds 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 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 to be distributed on a monthly basis, but the profit 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:
 - Retail:
 - Individuals (Residents and Non-Residents)
 - 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 2022, iGain fund balance was recorded at RM 2.2 billion.



3.2 Rate of Return

Position 2022	Return on Asset (ROA)* % (p.a.)	Profit Sharing Ratio (Customer: Bank)	Return on Investment (ROI) % (p.a.)
October	4.87%	Based on the agreed profit sharing ratio upon placement of fund, subject to Terms & Conditions	
November	5.22%		
December	4.74%		

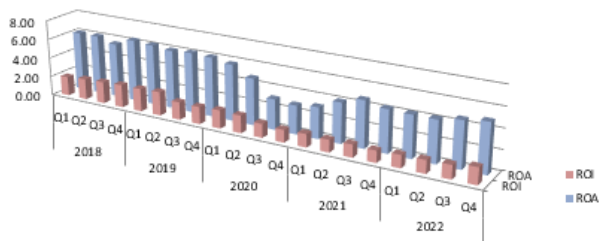
* ROA - allocated asset of the fund.

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



	2018				2019				2020				2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
ROI	1.98	2.14	2.24	2.34	2.34	2.44	1.81	1.76	1.86	1.78	1.41	1.27	1.33	1.25	1.28	1.19	1.28	1.31	1.37	1.67
ROA	6.10	6.10	5.62	6.37	6.22	6.03	6.17	6.09	5.76	4.76	3.09	2.90	3.16	4.08	4.73	4.31	4.24	4.23	4.64	4.95

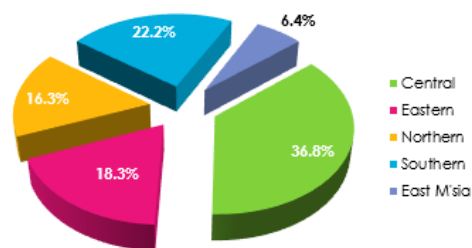
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

3.4 Income Statement

Profit & Loss Statement for the Quarter ended 31 December 2022			
	October	November	December
	RM'000	RM'000	RM'000
Profit from financing	6,220	6,469	7,678
Direct expenses*	-	-	-
Allowance for impairment on financing	243	317	226
Total Profit	6,463	6,786	7,904
Return on Asset (p.a.)	4.87%	5.22%	4.74%
Return on Investment (p.a.)	Based on the agreed profit sharing ratio upon placement of fund, subject to Terms & Conditions		

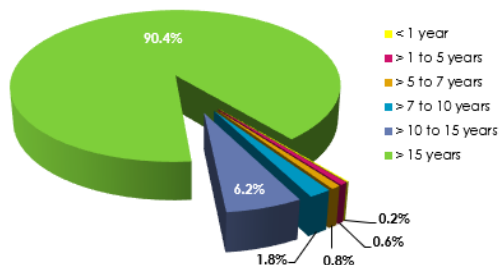
*Currently there are no charges imposed to this fund.

3.5 HFA Financing Portfolio by Geographical Location in Malaysia



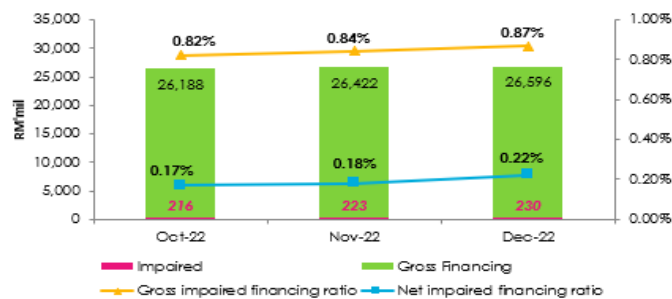
A total of 36.8% of the total HFA Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio to developed areas such as the Klang Valley.

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 AND PROSPECT

On the global front, all multilateral development banks such as International Monetary Fund (IMF), World Bank and The Organisation for Economic Co-operation and Development (OECD), are projecting the global economy to fare lower this year as compared to 2022. While last year might have left us with unprecedented events unseen in decades, on the flip side, China's exit from the zero-COVID plan could set a rebound in consumer and business activity, thus preventing the global economy from tumbling into recession. Malaysia cannot exclude itself from the rapid changes in the worldwide economy, but we believe the positive domestic outlook can support its economic growth. Additionally, we expect the FY2022 growth to come in at 8.1%, exceeding the official projections of the range between 6.5%-7.0%. The higher growth for 2022 estimation given the stronger-than-expected 3Q2022 performance, which saw the economy outpacing its ASEAN neighbours. Nevertheless, in line with the global estimation, we believe Malaysia's real GDP growth will moderate to 4.5% following growth headwinds in 2023.

5.0 PROPERTY MARKET AND HFA PORTFOLIO REVIEW

According to the latest data published by National Property Information Centre's (NAPIC), Property market sector recorded 105,204 transactions worth RM46.63bil in Q32022, up by 71.6% in volume and 29.6% in value as compared to Q32021 (61,311;RM35.98billion). With regard to residential sub-sector, 64,989 transactions worth RM25.03bil were recorded in Q3 2022, an increase of 52.5% in volume and 40.5% in value as compared to Q3 2021 (42,620;RM17.82billion). As at Q32022, the number of residential overhang dropped in term of volume and value. There were 29,534 units worth RM19.95bil, a decrease of 13.4% in volume and 8.2% in value as compared to Q22022 (34,092;RM21.73billion). Johor retained the highest number of overhang in the country with 18.1% (5,348 units). Newly launched houses priced below RM300,000 leading supply with 3,966 units (48.2%). By property type, high-rise dominated the new launches with 5,581 units (67.8%) of the total units. The Malaysian House Price Index (MHPI) Q32022 stood at 203.5 points (RM438,967), up by 0.7% year-on-year. The property market performance especially residential subsector will continue to be affected by affordability, overhang issues and raising financing cost amidst uncertain global economy. Bank Islam's Housing and Fixed Asset (HFA) portfolio stood at RM26.60 billion in December 2022, increasing by 0.7% month-on-month (m-o-m) from RM26.42 billion in the previous month. The HFA portfolio rose by 2.3% quarter-on-quarter (q-o-q) to RM26.60 billion in 4Q2022 (3Q2022: RM26.01 billion). The Gross Impairment Ratio (GIR) increased slightly to 0.87% in December 2022 from 0.84% in the preceding month, along with portfolio growth. However, the figure is relatively low compared to the purchase of residential property's industry level of 1.38% during November 2022 (October 2022: 1.35%). The labour market continued to recover, reaching closer to the pre-pandemic levels. The unemployment rate is on its downward trend amid the services sector recovery but is currently flat at

3.6% from September to November 2022. As such, we expect the financing payment could be affected in anticipation of higher OPR during 1Q2023.