

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IAH with a combination of steady and recurring income, whilst at the same time allowing the balances to be placed and withdrawn via the counter, cheque, internet banking channels and etc.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.

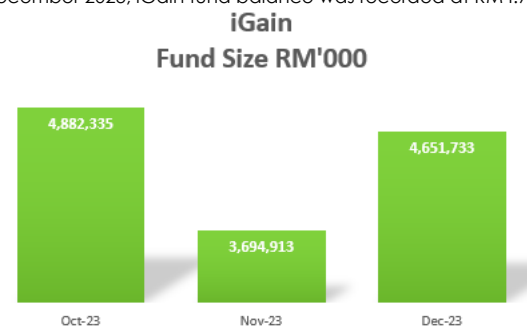
2.0 RISK STATEMENT

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 2023, iGain fund balance was recorded at RM4.7 billion.



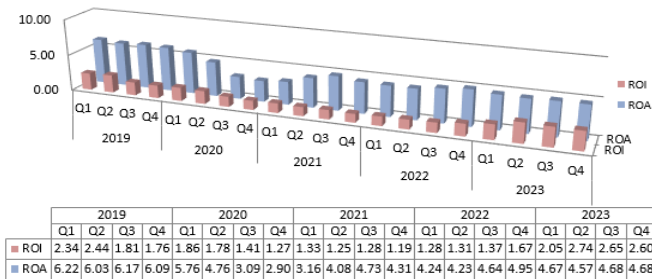
3.2 Rate of Return

Position 2023	Return on Asset (ROA)* % (p.a.)	Profit Sharing Ratio (Customer: Bank)	Return on Investment (ROI) % (p.a.)
October	4.65%	Based on the agreed profit-sharing ratio upon placement of fund, subject to Terms & Conditions	
November	4.69%		
December	4.69%		

*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).

3.3 Historical Rate of Return



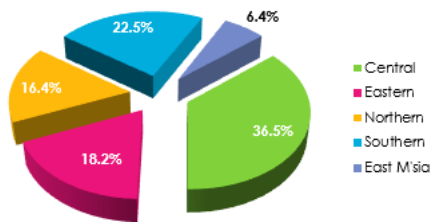
Note: The rates above are average annual rate of return on quarterly basis in percentage (%)

3.4 Income Statement

Profit & Loss Statement for the Quarter ended 31 December 2023			
	October	November	December
	RM'000	RM'000	RM'000
Profit from financing	18,924	14,620	14,180
Direct expenses*	-	-	-
Allowance for impairment on financing	362	417	427
Total Profit	19,287	15,037	14,607
Return on Asset (p.a.)	4.65%	4.69%	4.69%
Return on Investment (p.a.)	Based on the agreed profit-sharing ratio upon placement of fund, subject to Terms & Conditions		

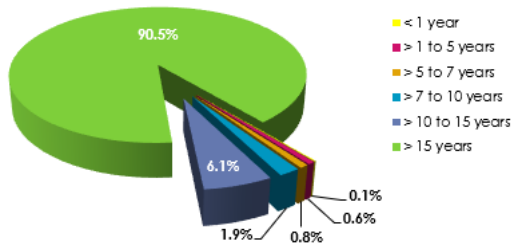
*Currently there are no charges imposed to this fund.

3.5 HFA Financing Portfolio by Geographical Location in Malaysia



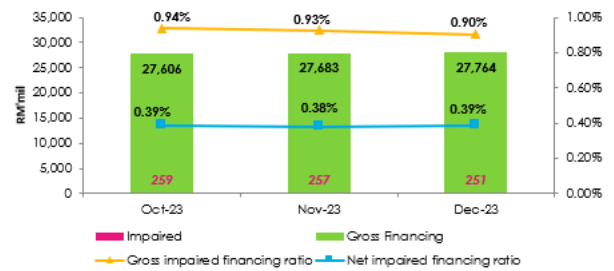
A total of 36.5% of the total HFA Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio to developed areas such as the Klang Valley.

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 & PROSPECT

Malaysia's economy grew at 3.3% in 3Q2023 (2Q2023: 2.9%), a tad higher than our forecast of 3.2%, mainly driven by private consumption (3Q2023: 4.6% vs. 2Q2023: 4.3%). Overall, the Malaysian economy expanded by 3.9% in the first three quarters of 2023, and we are of the view that the government's expectation for 2023 full-year GDP growth of around 4.0% is achievable.

As for 2024, we anticipate growth to pick up to 4.7%, aligning with the official projection range of between 4.0% and 5.0%. Resilient labour market conditions, subdued inflation and the government's cash transfers should see the strength of consumer spending to persist into 2024. The faster-than-expected recovery in tourism sector, likely boosted further by the visa-free entry to citizens from China, India and several Middle Eastern countries beginning December 1, 2023, could represent an upside risk to the economy.

Investment will likely sustain its positive momentum in the coming quarters with the ongoing infrastructure projects and construction developments such as the East Coast Rail Link (ECRL), the Pan-Borneo Highway and the Penang Light Rail Transit (LRT) project in the pipeline. This will be added by the kick start of long-awaited mega projects like the MRT3, Flood Mitigation Plan, proposed Subang Regeneration Plan. The upswing will also be driven by the revival of the high-speed rail (HSR) and potential light rail transit (LRT) lines projects, encompassing a span of approximately 30km length in and around Johor Bahru. The LRT lines would complement the ongoing Johor Bahru-Singapore Rapid Transit System Link (RTS Link), set to conclude by early 2027, with planned extensions reaching Senai International Airport in Kulai. Net exports, which have been the main drag to growth in 2023, are bound to improve and even turn into a positive growth driver in the coming quarters as the global semiconductor downcycle has seemingly bottomed out.

Nevertheless, there are downside risks to our projections, mainly stemming from external developments. Global growth could slow sharper than we expect, and the intensifying geopolitical tensions as well as the resulting fragmentation could amplify the slowdown. Growth risk from China is also a major concern amid the country that is facing with rising bad debt on property and local government's non-performing loans (NPLs).

5.0 PROPERTY MARKET & HFA PORTFOLIO REVIEW

According to latest data published by National Property Information Centre's (NAPIC), Property market sector recorded 108,955 transactions worth RM57.15 billion in Q32023, up by 3.6% in volume and 22.5% in value as compared to Q32022 (105,204;RM46.63bil).

The residential segment remains the mainstay of the property market with 62.9% of total transaction. The residential sub-sector's market recorded 68,561 transactions worth RM28.36 billion in Q32023, an increase of 5.5% in volume and 13.3% in value as compared to Q3 2022 (64,989;RM25.03bil). Newly launched houses priced below RM300,000 leading the supply with 5,075 units (73.8%). By property type, high-rise dominated the new launches with 3,572 units (51.9%) of the total units. The primary market saw fewer new launches in Q32023. There were 6,881 units launched, down by 16.3% compared 8,226 units in Q32022. Sale performance for new launches recorded at 37.6%, higher compared to Q32022(26.0%).

As at Q32023, the number of residential overhang dropped in terms of volume and value. There were 25,311 units worth RM17.40 billion, a decrease of 3.7% in volume and 4.9% in value as compared to Q22023 (26,286;RM18.3bil). Johor retained the highest number of overhangs in the country with 17.7% (4,500 units). The Malaysian House Price Index (MHPI) Q32023 stood at 212.6 points (RM458,751), up by 0.1% year-on-year.

Bank Islam's Housing and Fixed Asset (HFA) portfolio stood at RM 27.76 billion in December 2023, increasing by 0.29% month-on-month (m-o-m) from RM27.68 billion in the previous month. The Gross Impairment Ratio (GIR) improved slightly to 0.90% in December 2023 from 0.93% in the preceding month. The ratio is considered low compared to the purchase of residential property's industry level of 1.36% in November 2023 (January 2023: 1.37%). The HFA asset yield marginally decreased at 4.54% in December 2023 compared to 4.55% in September 2023 (previous quarter).