

## 1.0 KEY FUND INFORMATION

<b>1.1 Shariah Concept</b> Wakalah Bil Istithmar	<b>1.2 Investment Currency</b> Ringgit Malaysia	<b>1.3 Fund Inception</b> 15 July 2024
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### 1.4 Product Classification

Unrestricted Investment Account refers to a type of investment account whereby the Investment Account Holder (IAH) provides the Bank with the mandate to make the ultimate decision without specifying any particular restrictions or conditions.

### 1.5 Overview of Product

A value-based impact investment which is designed to foster a nature-positive economy, enhance environmental resilience and promote inclusive growth across society, while ensuring financial returns for investors, financing customers and donation/zakat recipients.

The growing impact investment market provides capital to address the nation's pressing challenges, supporting sectors such as renewable energy, clean transportation and affordable and accessible basic services including housing, healthcare, utilities and education.

### 1.6 Investment Objectives

To provide differentiated investment solutions based on new asset classes, focusing on non-retail financing and aligned to the United Nations' (UN) Sustainable Development Goals (SDG).

### 1.7 Investment Strategies

Moderate risk investment to achieve capital preservation and steady returns.

### 1.8 Nature of Investment Account

Term Investment Account where customers can invest in a fixed tenure of twenty-four (24) months or thirty-six (36) months.

### 1.9 Description of Underlying Assets

The fund will be invested in a diversified portfolio of the Bank's non-retail assets aligned with the UN's SDG and the Climate Change and Principle Based Taxonomy (CCPT) classification as per Bank Negara Malaysia's (BNM) framework.

The sectors include renewable energy, green financing, clean transportation, clean water and sanitation as well as other sectors contributing to sustainable cities and communities.

### 1.10 Valuation of Allocated Asset

Valuation will be conducted at least once a month, in accordance with the recognition and measurement criteria outlined in the Malaysian Financial Reporting Standards (MFRS). The returns on this investment account will be affected by the performance of the allocated assets including, but not limited to, the asset quality (e.g. impairment) and fluctuations in the

Effective Profit Rate (EPR), particularly financing assets priced using the floating rate methods.

The principal and returns are not guaranteed, and an IAH may be exposed to the risk of no returns at all. This investment account is not protected by Perbadanan Insurans Deposit Malaysia (PIDM). However, the product structure is designed to mitigate the risk of losing the principal amount. In the event of liquidation, the IAHs are ranked ahead of depositors.

### 1.11 Profit Payment Frequency

Profits will be paid semi-annually.

### 1.12 Statement on Any Changes

There have been no changes in the investment objectives, strategies, restrictions and limitations during the quarter period.

### 1.13 Investor Profile

- **Non-Retail:** Exclude interbank counterparties, sole proprietorship and Small & Medium Enterprise (SME).
- **Retail:** Limited to High-Net-Worth Individuals.

### 1.14 Investment Risk

Investors are advised to carefully consider all risk factors before making an investment decision. Investors will be exposed to credit risk, concentration risk, market risk, liquidity risk, legal risk and Shariah non-compliance risk. For further explanation of each risk, please visit Bank Islam's website at [www.bankislam.com](http://www.bankislam.com).

One of the key risks unique to this fund is the investment concentration risk. Investment concentration risk is a risk that arises from excessive exposure to a particular type of asset, a single counterparty, a single geographical location or others which may produce losses that are substantial enough to threaten the financial condition of the fund or entity. Due to the investment in non-retail assets, the exposure of the fund to a single counterparty is higher leading to greater investment concentration risk and consequently greater adverse impact on the investment returns in the case of asset impairment. As an effort to mitigate the risk, the investment concentration risk is monitored closely at the asset level on a monthly basis to not exceed 25% as guided by Bank Negara Malaysia Investment Account Framework.

## 2.0 RISK STATEMENT

The Board of Directors of Bank Islam holds the ultimate responsibility for managing risks associated with the Bank's 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, supported by the Management Risk Control Committee, ensures effective oversight of the development of strategies, policies, procedures, and infrastructure to manage the Bank's risks.

### 3.0 FUND PERFORMANCE

#### 3.1 Fund Size

Ihsan Sustainability Investment Account (ISIA) 2.0  
Fund Size RM'billion



As at December 2025, ISIA 2.0 fund balance registered at RM0.66 billion.

#### 3.2 Rate of Return

Period	Return on Investment (ROI) <sup>1</sup> % (p.a.)	
	Before Social Impact Contribution*	
	2 Years Tenure	3 Years Tenure
October	4.20%	4.30%
November	4.20%	4.30%
December	4.20%	4.30%

<sup>1</sup> ROI - Based on the Expected Profit Rate (EPR) upon placement of funds or the Actual Profit Rate (APR) (whichever is lower), and subject to the Terms and Conditions.

\*Social impact contribution of 2.50% from the investment return of ISIA 2.0 will be channeled to either zakat or Sadaqa House.

**Note:** For further illustration, please refer to the Product Disclosure Sheet (PDS) and Terms & Conditions (where applicable).

#### 3.3 Historical Rate of Return



<sup>1</sup>ROI (before) - Return on Investment (ROI) % (p.a.) before social impact contribution

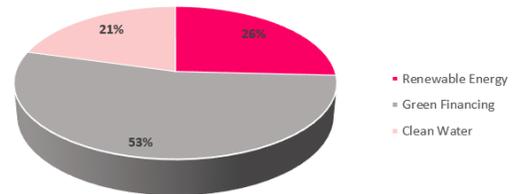
<sup>2</sup> ROI (after) - Return on Investment (ROI) % (p.a.) after social impact contribution

**Note:** The rates above are average the annual rate of return in percentage (%) for each quarter.

#### 3.4 Income Statement

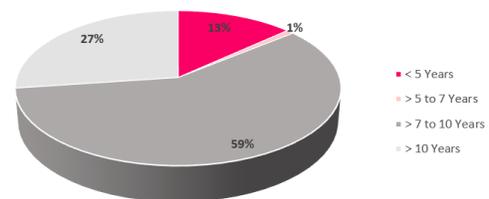
Income Statement for the Quarter Ended 31 December 2025			
	Oct	Nov	Dec
	RM'000	RM'000	RM'000
Total Gross Income	2,642	2,526	2,689
Net Distributable Income	2,658	2,539	3,939
Amount attributable to IAH (before social impact contribution)	2,377	2,300	2,377

#### 3.5 Asset Allocation by Sectors



This allocation adheres to the approved investment objective and strategy.

#### 3.6 Financing Portfolio by Remaining Maturity of Facilities



The majority of the financing portfolio has maturity of more than 7 years. This will help ensure stability in the profit stream over the 2 to 3-year investment tenure, thereby supporting the investment return expectations of the IAHS.

#### 3.7 Asset Quality Overview



As at December 2025, the Gross Impaired Financing (GIF) ratio for Bank Islam's Group Institutional Banking (GIB) stood at 1.55%. ISIA Underlying Assets portfolio remains strong, with robust asset quality and no signs of deterioration.

## 4.0 SOCIAL IMPACT CONTRIBUTION

ISIA empowers investors to foster a nature-positive economy that strengthens environmental resilience and promotes inclusive societal growth. As a purposeful investment, ISIA embeds a unique feature of social impact contribution, striving to deliver meaningful benefits to communities while creating sustainable wealth creation for investors.

ISIA incorporates a distinctive mechanism whereby 2.5% of investment returns are channelled annually to either zakat or Sadaqa House. Bank Islam, acting as agent for the IAHS, manages the allocation and disbursement of these contributions on their behalf.

### • For Muslim Individuals:

2.5% of profit is contributed annually to Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan (PPZ MAIWP) as zakat payment.

### • For Non-Muslims:

- **Individuals:** 2.5% of the profit is channelled to selected changemakers via Sadaqa House.
- **Non-Individuals:** 2.5% of the profit is contributed to selected changemakers via Sadaqa House, with the option to allocate to the iTEKAD fund via Sadaqa House.

### Sadaqa House at a Glance

Sadaqa House is a globally recognised social finance driver that mobilizes philanthropic funds such as *sadaqah* and Zakat to generate positive impact and tangible change for the unbanked and vulnerable groups within Malaysia's inclusive Islamic economic ecosystem.

Since its establishment in January 2018 until December 2025, Sadaqa House has raised more than RM73.9 million and disbursed over RM79 million to more than 13,000 beneficiaries. It operates with two core agendas:

- **Entrepreneurship** (microfinancing, grants and development programs): RM5.51 million was disbursed in Q4 2025 to 223 micro-entrepreneurs. The iTEKAD portfolio maintains a deterioration rate below 5%.
- **Education** (scholarships and financial aid): RM2.22 million was awarded in Q4 2025 to 172 students pursuing higher education.

### Impact Highlights for 2025

In 2025, Sadaqa House continued to mobilise funds to deliver meaningful, measurable and sustainable impact for underserved communities.

- More than RM28.6 million channeled to over 3,400 beneficiaries, including RM75,000 contributed by ISIA investors.
- Introduction of Marginalised Group Benefits Fund, supporting quality education for children from marginalised communities,

including Persons with Disabilities.

- Collaboration with Persatuan Orang-orang Cacat Penglihatan Islam Malaysia (PERTIS) to relocate their centres in Brickfields and Gombak to a new premise at Menara PERKIM, Kuala Lumpur.

Your continued support helps transform contributions into opportunities and build a more inclusive future.

Visit [www.sadaqahouse.com](http://www.sadaqahouse.com) to learn more about our impact initiatives.

## 5.0 MARKET OUTLOOK

### 5.1 Economic Outlook

Malaysia's economic growth in Q3 2025 exceeded expectations, expanding significantly by 5.2% y-o-y compared with 4.4% in each of the previous two quarters, bringing average growth to 4.7%. The stronger performance was driven by a modest improvement in net exports, alongside a recovery in the mining sector. However, growth is expected to moderate in Q4 2025 as front-loading effects fade and US tariffs begin to weigh more visibly on trade flows, though year-end sales and festive seasons may provide partial support.

Overall, the stronger-than-expected performance in Q3 2025 has prompted us to revise Malaysia's 2025 GDP growth forecast upward to 4.6% from 4.2%. Heading into 2026, downside risks persist amid higher tariffs and ongoing geopolitical tensions. However, government policy support measures and the Visit Malaysia Year 2026 initiative could help cushion the slowdown in external demand.

### 5.2 Sustainability & Climate Outlook

Bank Islam's sustainability commitment is firmly rooted in the principles of Maqasid Shariah and guided by the Value-Based Intermediation (VBI) framework. These foundational values shape the Bank's mission to deliver long-term, responsible value that extends beyond financial returns, creating meaningful impact across social, environmental and economic dimensions.

By upholding the preservation of faith, life, intellect, lineage and property, the Bank embeds fairness, transparency and responsible risk-sharing across its financial offerings, while avoiding practices involving excessive uncertainty (*gharar*) or non-permissible sectors (*haram*). Through this values-driven approach, Bank Islam continues to position itself as a leader in ethical finance, fostering inclusive growth, empowering communities and advancing Malaysia's transition toward a resilient, low-carbon economy.

### Finance with Purpose: VBI-Led Growth in Ethical & Sustainable Finance

Bank Islam's sustainable finance is closely aligned with national aspirations, regulatory requirements and innovative industry-leading practices. This reinforces the ISIA, which focuses on financing initiatives that support Malaysia's shift toward a green,

circular and innovation-led economy.

ISIA, a value-based impact investment offering, provides Shariah-compliant investors with a unique avenue to support UN SDG-aligned assets while contributing to social impact through a built-in zakat and Sadaqa House feature. Each year, 2.5% of investors' profits are channelled to charitable causes via Pusat Pungutan Zakat and Sadaqa House, ensuring tangible social impact alongside competitive returns.

Since inception, ISIA has attracted strong investor participation, raising over RM1.8 billion through ISIA 1.0, 2.0, 3.0 and 4.0, contributing meaningfully toward Bank Islam's RM28 billion Sustainable Finance target by 2025. Building on this momentum, ISIA 3.0 and 4.0, launched in 2025, enhance impact transparency, investor reporting and alignment with national frameworks such as BNM's Climate Change and Principle-based Taxonomy (CCPT). ISIA continues to adopt the Wakalah Bil Istithmar structure, reinforcing Shariah compliance while deepening ESG integration.

As of Q4 2025, Bank Islam has surpassed its Sustainable Finance target of RM28 billion, achieving a total outstanding portfolio of RM28.8 billion across financing and treasury assets aligned with sustainability criteria. These assets are channelled into investments and projects promoting renewable energy, energy efficiency, affordable housing and community development – reinforcing the Bank's commitment to mobilising capital for a just and inclusive transition.

### National Energy Shift: Transition Signals & Opportunity

Malaysia's Thirteenth Malaysia Plan (13MP), launched in July 2025 under the Ekonomi MADANI framework, marks a bold step in reshaping national development priorities. Central to this plan is the National Energy Transition Roadmap (NETR), which sets the direction for Malaysia's low-carbon transition.

Key NETR initiatives – including a commitment to no new approvals for unabated coal power – signal an accelerated pivot toward clean energy systems.

Bank Islam echoes this national direction by pledging a complete exit from coal financing by 2030, reinforcing its role in supporting Malaysia's low-carbon transition. This pledge forms part of the Bank's broader effort to mitigate exposure to high-risk sustainability sectors, in alignment with its Group Climate Risk Management Framework and Net Zero 2050 commitment.

This proactive approach safeguards financial stability by reducing climate-related risks while strengthening the Bank's reputation as a responsible, Shariah-compliant institution dedicated to long-term value creation and sustainable economic growth.

To complement its climate and net zero ambitions, Bank Islam has implemented a comprehensive operational emissions management strategy to achieve carbon neutrality by 2030. Through initiatives such as energy efficiency retrofitting and solar photovoltaic (PV) installations, the Bank has achieved a 55% reduction in operational carbon emissions compared to the 2023

baseline of 12,099 tCO<sub>2</sub>e –tangible progress in decarbonising operations while promoting responsible environmental practices.

### Regulatory Alignment & Climate Governance

The Bank continues to integrate climate considerations into its governance and risk frameworks in response to evolving regulations, including Climate Change and Principle-based Taxonomy (CCPT), Climate Risk Management and Scenario Analysis (CRMSA 2.0) and National Sustainability Reporting Framework (NSRF).

These regulatory shifts encourage financial institutions to strengthen oversight of climate risks and opportunities, quantify financed emissions and establish effective transition strategies.

In response, Bank Islam has embarked on its Climate Transition Plan (CTP) project, aimed at prioritising high-emission exposures, setting decarbonisation targets and expanding green and transition finance.

Looking ahead, the Bank will continue to scale up ethical and responsible financing, strengthen climate risk governance and support Malaysia's transition to low-carbon, sustainable economy. Through ISIA, investors are empowered to drive inclusive prosperity, enhance environmental resilience, and foster ethical, long-term value creation.