

1.0 KEY FUND INFORMATION

1.1 Shariah Concept

Wakalah Bil Istithmar

1.2 Investment

Currency

Ringgit Malaysia

1.3 Fund Inception

25 October 2023

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 to enhance the resilience of our environment and ensure inclusive growth across our society alongside financial returns for investors, financing customers and donation/Zakat recipients.

The growing impact investment market provides capital to address the nation's pressing challenges to support sectors such as renewable energy, clean transportation as well as 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, investing into non-retail financing and aligned to the United Nations' (UN) Sustainable Development Goals (SDG) objectives.

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 for a fixed twenty-four (24) months investment tenure.

1.9 Description of Underlying Assets

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

The sectors consist of renewable energy, green financing, clean transportation, clean water and sanitation as well as sectors that contribute to sustainable cities and communities' goals, amongst others.

1.10 Valuation of Allocated Asset

Valuation will be carried out at minimum on monthly basis in line with the recognition and measurement criteria of the applicable 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 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. 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 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.

1.11 Profit Payment Frequency

Profit 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).

Note: Investors are advised to carefully consider all risk factors before making an investment decision. Investors will be exposed to credit risk, market risk, liquidity 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 Management Risk Control Committee, 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

There are three (3) Offer Periods for three (3) different Investment Periods as follows:

No	Offer Period	Investment Period
1	25 Oct 2023 – 24 Nov 2023	27 Nov 2023 – 26 Nov 2025
2	27 Nov 2023 – 14 Dec 2023	15 Dec 2023 – 15 Dec 2025
3	15 Dec 2023 – 26 Dec 2023	27 Dec 2023 – 26 Dec 2025

As at September 2024, ISIA fund balance registered at RM 1.13 billion.

3.2 Rate of Return

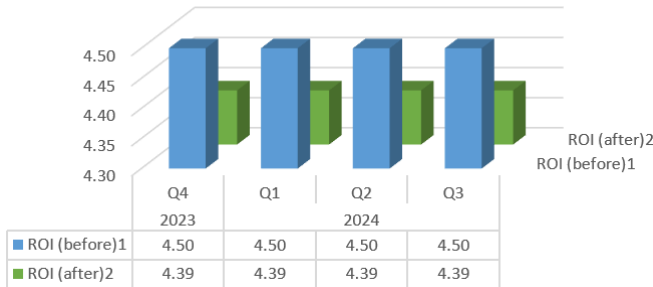
Period 2024	Return on Investment (ROI)' % (p.a.)
	Before Social Impact Contribution*
July	4.50%
August	4.50%
September	4.50%

'ROI - Based on the Expected Profit Rate (EPR) upon placement of fund or Actual Profit Rate (APR) (whichever is lower), subject to the Terms and Conditions.

**Social impact contribution of 2.50% from the investment return of ISIA 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



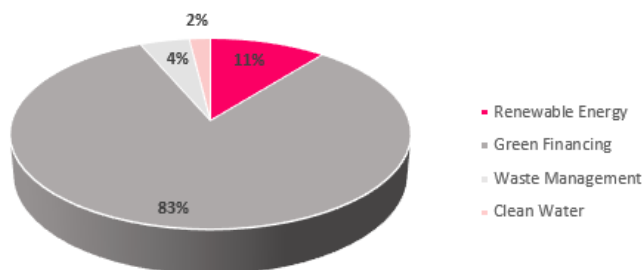
¹ ROI (before) - Return on Investment (ROI) % (p.a.) before social impact contribution
² ROI (after) - Return on Investment (ROI) % (p.a.) after social impact contribution

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

3.4 Income Statement

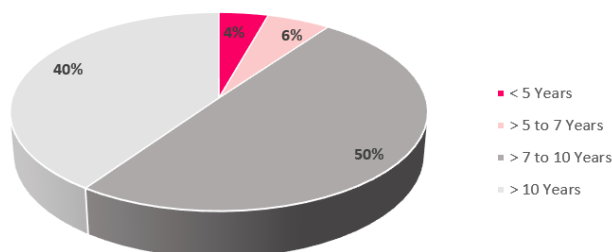
Income Statement for the Quarter ended 30 September 2024			
	July	August	September
	RM'000	RM'000	RM'000
Total Gross Income	4,983	4,957	4,722
Net Distributable Income	4,941	5,092	4,830
Amount attributable to IAH (before social impact contribution)	4,328	4,328	4,189

3.5 Asset Allocation by Sectors



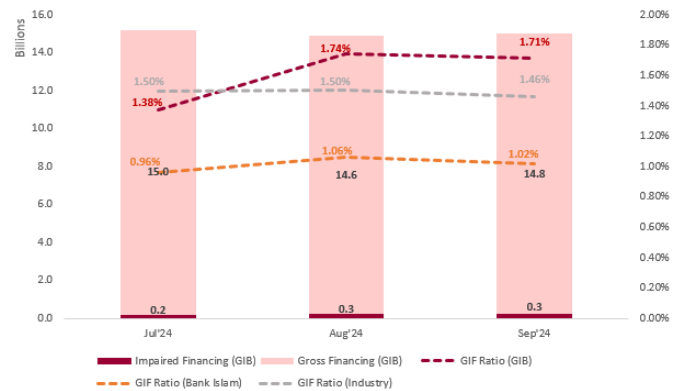
This allocation adheres to the approved investment objective and strategy.

3.6 Financing Portfolio by Remaining Maturity of Facilities



Majority of the Financing Portfolio has maturity of more than 7 years. This will ensure stability in the profit stream of the portfolio for the 2-year investment tenure, which can then benefit the investment return expectations of the IAHs.

3.7 Asset Quality Overview



The Gross Impaired Financing (GIF) ratio for Bank Islam's Group Institutional Banking (GIB) stood at 1.71% as at Sep'24 due to lower total financing compared to 2Q2024. Should the total financing remain unchanged, the GIB GIF for 3Q2024 will remain stable. Further improvement in the GIB GIF is expected in 4Q2024, as total financing is anticipated to grow. Meanwhile, the ISIA Underlying Assets portfolio remains strong, reflecting robust asset quality with no signs of deterioration.

4.0 SOCIAL IMPACT CONTRIBUTION

ISIA empowers investors to foster a nature-positive economy that fortifies environmental resilience and promotes inclusive societal growth, embedding a unique feature of social impact contribution. Aligned with its objective as a purposeful investment, ISIA aspires to make a meaningful difference for its beneficiaries, while also creating wealth for its investors. ISIA includes a special feature whereby 2.50% from the Investment Return of ISIA will be channelled to either Zakat or Sadaqa House, paid on yearly basis, where Bank Islam acts as an agent to the IAH in managing the allocation and payment of Zakat or Sadaqa House contribution on IAHs' behalf:

- **For Muslim Individuals:** 2.5% of the profit will be contributed to Pusat Pungutan Zakat Majlis Agama Islam Wilayah Persekutuan (PPZ MAIWP) as Zakat payment on a yearly basis.
- **For non-Muslim Individuals and non-Individuals:** 2.5% of the profit will be contributed to selected changemakers via Sadaqa House. Alternatively, non-Individuals may opt to contribute 2.5% of the profit to the iTEKAD fund via Sadaqa House.

Sadaqa House at a Glance

Through Sadaqa House, the Bank provides value-added services to collect, manage and distribute donations from the public by channelling such funds towards identified projects that result in positive outcomes for underserved communities in selected focus sectors.

Sadaqa House started as a charity crowdfunding platform where potential donors and charity projects meet at a common point facilitated by Bank Islam since 2018. It has now become the catalyst of the social finance agenda of Bank Islam. Since its inception to 31 December 2023, Sadaqa House have accumulated over RM33.26 million in donations and recorded disbursement of RM22.94 million in total, reaching over 17,000 beneficiaries. From the total disbursement, RM18.22 million was disbursed to 851 underbanked and B40 micro entrepreneurs under iTEKAD programmes and, through collaboration with selected changemakers, Sadaqa House empowered 29 women entrepreneurs in Kedah by providing business equipment grants of RM73,345.79 cumulatively.

5.0 MARKET OUTLOOK

5.1 Economic Outlook

Malaysia's final 2Q24 GDP growth exceeded expectations, achieving a 5.9% YoY increase. This is significantly higher than the 1Q24's 4.2% growth and BNM's estimated potential growth of 3.5%-4.5% for 2024. This strong performance in 2Q24 brought GDP growth to 5.1% for 1H24.

Key drivers of this growth include the upturn in global tech cycle, increasing tourism activities, continued government cash aid for targeted groups and ongoing implementation of budget measures and catalytic initiatives outlined in the national master plans. Export recoveries and robust foreign direct investment (FDI) inflows also contributed towards the manufacturing sector's recovery.

Despite the accelerated economic growth in the first half of 2024, it is expected to moderate in the second half of the year (2H24). Our growth forecast for 2024 remains at 4.7%. The headline inflation rate forecast has been lowered from 2.7% to 2.0% for 2024, mainly primarily due to the postponement of fuel subsidy rationalization to later part in the year.

Looking ahead, economic growth is projected to remain strong. Although high-frequency indicators of private spending have slowed, private consumption is expected to be bolstered by future job opportunities from anticipated investment projects and income support measures. Investment and construction momentum will continue, driven by the government's efforts to fast-track infrastructure projects and its goal to become a regional digital hub. Additionally, there has been substantial growth in tourist arrivals.

Policy support, such as the restructuring of the Employees Provident Fund (EPF) and plans to increase civil servant wages at the end of 2024, will further boost spending. Additionally, robust investment and construction activities are expected to create more job opportunities. The strong growth momentum has continued to support the labour market, with unemployment rate steady at 3.3% and a record labour force participation rate of over 70%.

Upsides to growth could come from more significant spillovers from the technology upcycle and greater realization of investments while downside risks primarily stem from uncertainties in the external environment.

5.2 Sustainability & Climate Outlook

The general outlook for sustainability and climate is closely tied to efforts by governments and the private sector in advance sustainability targets as outlined in the Sustainable Development Goals. Amid escalating climate issues and focus on ensuring a just climate transition, key stakeholders are under pressure to align strategies and enhance collaborative efforts to allow for equitable and sustainable growth.

Dynamic & Evolving Regulatory Landscape

As the regulatory environment evolves and shapes sustainability and climate priorities, industries and sectors must develop coherent long-term climate transition plan that consider sustainable growth. Priority is being placed on effective climate risk management, including scenario analysis that enables the financial sector to seek opportunities for sustainable finance to align with global climate goals.

.