

1.0 KEY FUND INFORMATION

1.1 Shariah Concept Wakalah	1.2 Investment Currency Ringgit Malaysia	1.3 Fund Inception May 2016 (Corporate) September 2016 (Retail)
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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), Personal Financing (PF) portfolios and Securities that are Guaranteed by the Government of Malaysia (GG) 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 IAHS' funds to its existing HFA, PF and GG portfolios, which 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 the movement of the 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 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.

1.10 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:
 - Corporation
 - Government Agencies
 - Government Accounts
 - Universities
 - Companies and Partnerships
 - Other Business and 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 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 & Growth

As at June 2024, Wafiyah Investment account fund balance was recorded at RM5.9bil.

**Wafiyah Investment Account
Fund Size RM'million**



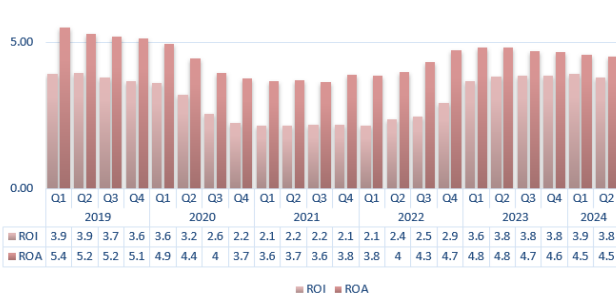
3.2 Rate of Return

Position 2024	Return on Asset (ROA)* % (p.a.)	Return on Investment (ROI) % (p.a.)
April	4.50%	Based on the agreed expected return upon placement of fund or actual return (whichever is lower), subject to Terms & Conditions
May	4.52%	
June	4.45%	

*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).

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3.3 Historical Rate of Return



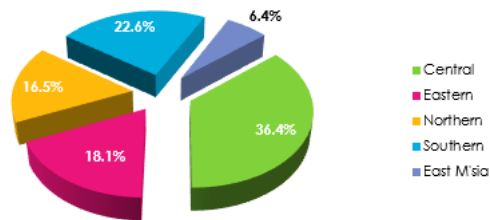
Note: The rates above are average annual rate of return on quarterly basis in percentage (%).

3.4 Income Statement

Income Statement for the Quarter ended 30 June 2024			
	April	May	June
	RM'000	RM'000	RM'000
Profit from financing	24,729	25,292	23,845
Direct expenses*	-	-	-
Allowance for impairment on financing	(3,318)	(3,360)	(3,410)
Total Profit	21,411	21,932	20,435
Return on Asset (p.a.)	4.50%	4.52%	4.45%
Return on Investment (p.a.)	Based on the agreed expected return upon placement of fund, subject to Terms & Conditions		

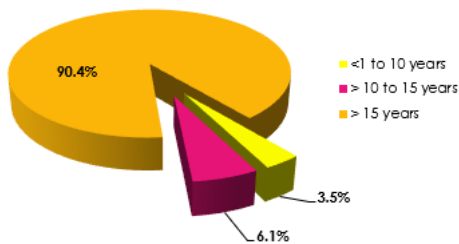
*Currently there are no charges imposed to this fund.

3.5 HFA Financing Portfolio by Geographical Location in Malaysia



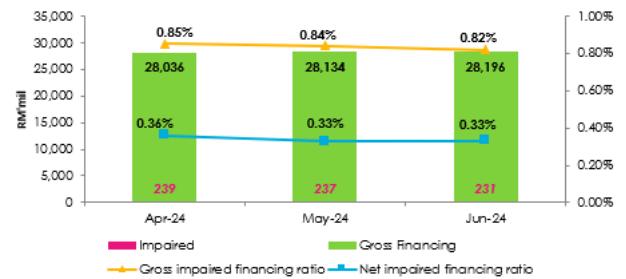
A total of 36.4% of the total HFA Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio in developed areas such as the Klang Valley.

3.6 HFA Financing Portfolio by Remaining Maturity of Facilities



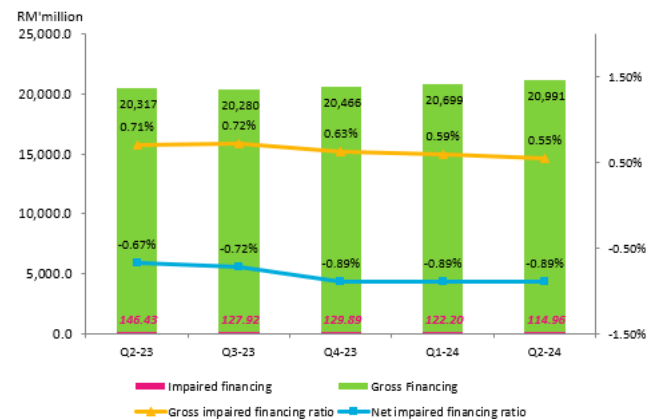
The majority of the HFA Financing Portfolio has a maturity of more than 15 years. This will ensure stability in the profit stream of the HFA portfolio which can then benefit the investment return expectations, especially for long-term IAH.

3.7 Asset Quality of HFA Portfolio



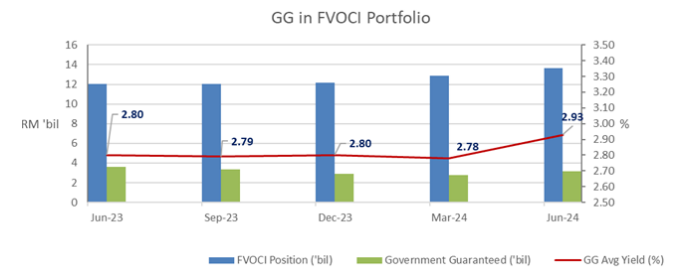
The portfolio's low impaired financing ratio reflects strong asset quality.

3.8 Asset Quality for PF Portfolio



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

3.9 Asset Quality of Government Guaranteed Securities in FVOCI Portfolio



4.0 ECONOMIC REVIEW & PROSPECT

Malaysia's growth momentum thus far has aligned with our expectations at the start of the year. According to the official advance estimates, GDP growth in 2Q2024 have accelerated to 5.8% y-o-y, up from 4.2% in 1Q2024, bringing overall growth in 1H2024 to 5.0% (1H2023: 4.1%). Recent data releases indicate robust economic conditions, supporting our view that the economy will remain well-supported due to the bottoming out of the global semiconductor downcycle, increased investment spending in line with the government's medium-term economic development agenda, and resilient household spending. Notably, exports of electronics and electrical products (E&E) turned positive in 2Q2024, rising by 2.0% after four consecutive quarters of declines. This upturn is expected to continue and bolster net exports, which have been a drag to growth in 2023, and could potentially become a positive contributor in the coming months.

Investments are also gaining traction with increasing news flow about FDIs into Malaysia's integrated circuit (IC) design parks, data centres and renewable energy projects to date. While concerns about higher living costs could weigh on consumer sentiment, the newly implemented Employee Provident Fund (EPF) Flexible Account 3, which allows anytime withdrawals, is likely to provide an additional support to private consumption alongside the healthy labour market conditions and the government's cash transfers. Retail sales came in higher-than-expected in June, rising at a faster pace of 8.7% compared to a 5.5% expansion recorded in May.

5.0 PROPERTY MARKET & HFA PORTFOLIO REVIEW

According to the latest data published by the National Property Information Centre (NAPIC), the property market sector recorded 104,297 transactions worth RM56.53bil in Q12024, up by 17.2% in volume and 34.2% in value as compared to Q12023 (89,024;RM42.11bil).

The residential segment remains the mainstay of the property market with 60.2% of total transaction. The residential sub-sector's market recorded 62,823 transactions worth RM25.25bil, up by 16.5% in volume and 21.0% in value as compared to Q12023 (53,923;RM20.87bil). By price range, demand continued to focus on properties worth RM300K and below, as indicated by almost 53.0% of the total residential transactions. There were 5,585 units residential launched in Q12024. Terraced houses dominated the new launches with 52.5% (2,933 units), followed by high-rise units at 35.1% (1,961 units) and semi-detached units at 9.3% (518 units).

As at Q12024, the number of residential overhang dropped in terms of volume and value. There were 24,208 units worth RM16.49bil, down by 6.2% in volume and 6.7% in value as compared to Q42023 (25,816;RM17.68bil). Perak recorded the highest number of overhang in the country with 18.95% (4,588 units). High-rise units dominated overhang with 61.0% (14,771 units). The Malaysian House Price Index (MHPI) in Q12024 stood at 216.9 points (RM467,997).

Bank Islam's Housing and Fixed Asset (HFA) portfolio stood at RM28.19bil, reflecting a month-on-month increase of 0.21% from RM28.13bil in the previous month. The Gross Impairment Ratio (GIR) remained stable at 0.82% in June 2024, slightly lower than the previous month's figure. This ratio is considered low compared to the industry level for the purchase of residential property, which was 1.33% in May 2024. The HFA asset yield slightly decreased to 4.54% in June 2024 from 4.55% in March 2024 (the previous quarter)

6.0 PF PORTFOLIO REVIEW

As of June 2024, the PF portfolio stood at RM20.99bil, marking a month-on-month increase of 0.23% from RM20.94bil in the previous month. The Gross Impairment Ratio (GIR) decreased to 0.55% in June 2024 from 0.72% in the preceding month. The bank's GIR remained low compared to the industry level for personal use, which was 2.44% in May 2024, suggesting the bank's prudent credit assessment. The PF asset yield marginally decreased to 6.10% in June 2024 from 6.15% in March 2024 (the previous quarter).

7.0 BOND/SUKUK MARKET REVIEW

Quarter 2 started with a bearish tone as the global bond market weakened in April, with a US Treasuries (UST)-led the surge on the yield curve. Stronger than expected economic data and US March CPI had led to doubts over whether the inflation has eased significantly for US Fed to embark on aggressive rate cuts path. The anticipation of delayed rate cut by the Fed had led to modest weakening in the local bond market with IRS levels rose in tandem with the rising global yields. However, the bond market recovered in May as the UST was traded firmer, sending the yields lower between 6-13bps after the softer than expected April job numbers as well as unexpected contraction in ISM Services Index.

Locally, the bond/sukuk market saw MGS/GII yields traded lower amid BNM decision to leave the OPR unchanged with neutral tone in the statement accompanying the rate decision. Slight profit taking activities were seen as some players focused on BNM signalling an upside to inflation of 3.5%, assuming potential fuel subsidy rationalization and rising fuel prices. The overall bond market remained steady in June as UST as well as MGS/GII traded mixed amid cautious market sentiment as US Fed held the interest rates steady and Malaysian government's announcement of the subsidy rationalization. Some policymakers made statements that Fed tends to prolong the higher-for-longer interest rate outlook as latest dot-plots seemed to indicate the potential rate cut is now down to just one for 2024.