

**1.0 KEY FUND INFORMATION**

<b>1.1 Shariah Concept</b> Wakalah	<b>1.2 Investment Currency</b> Ringgit Malaysia	<b>1.3 Fund Inception</b> 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**

Profits 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**

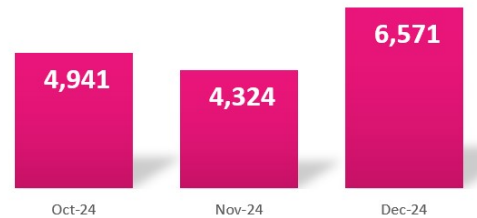
The Board of Directors of Bank Islam has the ultimate responsibility to manage risks related to its operations and business activities by setting risk appetite and tolerance levels that are consistent with the Bank's overall business objectives and desired risk profile. The Board Risk Committee, assisted by the Management Risk Control Committee, ensures that there is an effective oversight on the development of strategies, policies, procedures and infrastructure to manage the Bank's risks.

**3.0 FUND PERFORMANCE**

**3.1 Fund Size & Growth**

As at December 2024, Wafiyah Investment account fund balance was recorded at RM6.6 billion.

**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.)
October	4.42%	Based on the agreed expected return upon placement of funds, subject to Terms & Conditions
November	4.41%	
December	4.38%	

\*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

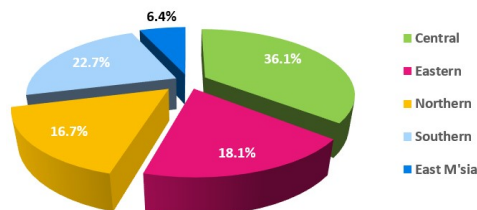


Note: The rates above are the average annual rate of return on a quarterly basis in percentage (%).

**3.4 Income Statement\*** Currently there are no charges imposed on this fund.

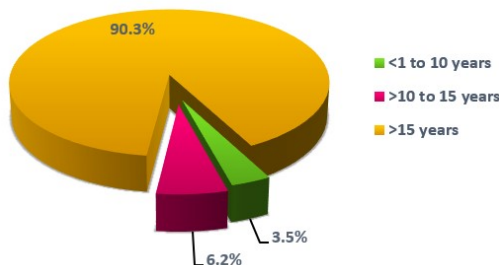
Income Statement for the Quarter ended 31 December 2024			
	October	November	December
	RM'000	RM'000	RM'000
Profit from financing	26,185	20,755	19,135
Direct expenses*	-	-	-
Allowance for impairment on financing	(3,692)	(3,151)	(2,741)
<b>Total Profit</b>	<b>22,493</b>	<b>17,604</b>	<b>16,394</b>
Return on Asset (p.a.)	4.42%	4.41%	4.38%
Return on Investment (p.a.)	Based on the agreed expected return upon placement of funds, subject to Terms & Conditions.		

### 3.5 HFA Financing Portfolio by Geographical Location in Malaysia



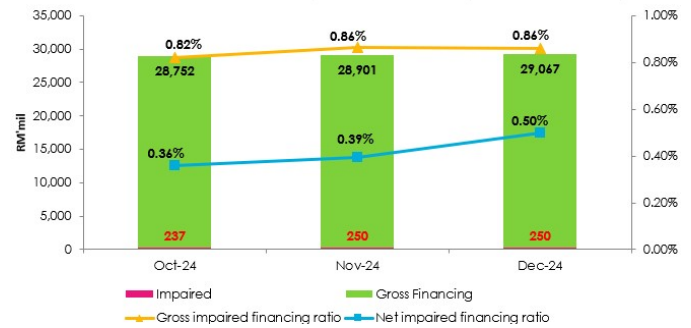
A total of 36.1% of the total HFA Financing Portfolio originates from the Central region. This reflects the concentration of the HFA portfolio in developed areas such as Klang Valley.

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



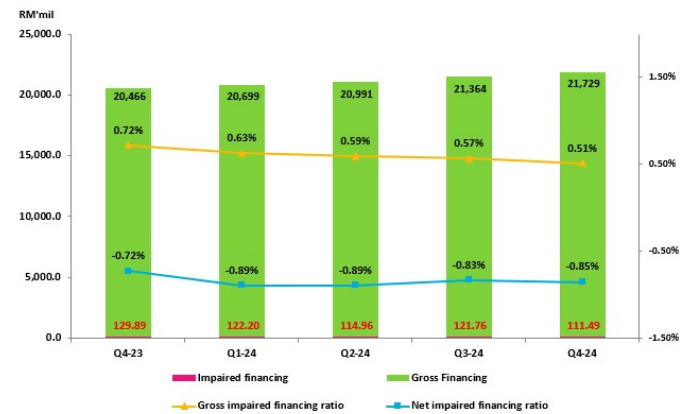
The majority of the HFA Financing Portfolio has a maturity of more than 15 years. This will ensure stability in the profit stream of the HFA portfolio which can then benefit the investment return expectations, especially for long-term IAH.

### 3.7 Asset Quality of HFA Portfolio



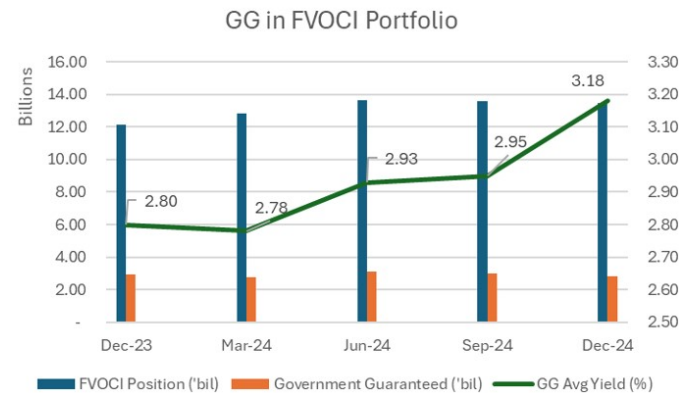
The portfolio's low impaired financing ratio reflects strong asset quality.

### 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 GDP growth moderated to 5.3% YoY in Q3 2024, down from 5.9% in Q2 2024. The slowdown was primarily attributed to weaker household spending and a subdued mining sector, though it was partially offset by higher investments, rising manufacturing output, and a robust construction sector.

Despite this moderation, Malaysia's economic outlook for 2024 remains optimistic, underpinned by solid sectoral and demand-side performance in Q3 2024. Growth across key sectors, including manufacturing, construction, and services, showcased resilience, supported by strong domestic demand and improving exports, particularly in agriculture and electronics.

For the first three quarters of 2024, the economy expanded by 5.2%. While a slight moderation in growth is expected in Q4 2024, the sustained economic momentum has led to an upward revision of our 2024 GDP growth forecast from 4.7% to 5.0%. This adjustment reflects robust domestic consumption, a stable labor market, and the continued expansion of tourism and investment activities, all of which are expected to drive growth into the new year.

However, downside risks persist, including weaker-than-expected global demand, volatile commodity prices, and ongoing geopolitical tensions, which could pose challenges to Malaysia's growth trajectory in Q4 2024.

### 5.0 PROPERTY MARKET & HFA PORTFOLIO REVIEW

According to the latest data published by the National Property Information Centre's (NAPIC), the property market sector recorded 112,305 transactions worth RM57.31 billion in Q3 2024, up by 3.1% in volume and 0.3% in value compared to Q3 2023 (108,933; RM57.14 billion).

The residential sub-sector led the overall property market, contributing 62.8% in volume. It recorded 70,520 transactions worth RM28.74 billion in Q3 2024, an increase of 2.8% in volume and 1.3% in value compared to Q3 2023 (68,561; RM28.36 billion). Newly launched houses priced between RM500,001 to RM1.0 million led the supply with 5,836 units (42.6% of the total units). By property type, landed properties dominated the new launches with 9,605 units (70.1% of the total units). The primary market performance was more encouraging in Q3 2024, with 13,708 units launched, up by 99.2% compared to 6,881 units in Q3 2023. However, the sale performance for new launches was 22.0%, slightly lower compared to Q3 2023 (37.6%).

As of Q3 2024, the number of residential overhangs dropped in terms of volume and value. There were 21,968 units worth RM13.85 billion, a decrease of 3.0% in volume and 2.8% in value compared to Q2 2024 (22,642; RM14.24 billion). WPKL recorded the highest number of overhangs in the country with 14.9% (3,273 units). The Malaysian House Price Index (MHPI) Q3 2024 stood at 220.2 points (RM475,126), up by 0.4% year-on-year.

As of December 2024, Bank Islam's HFA portfolio reached RM29.07 billion, marking a month-on-month increase of 0.58% from RM28.90 billion in the previous month. The Gross Impairment Ratio (GIR) remained stable at 0.86% in December 2024, consistent with the figure reported in November. This ratio is notably lower than the industry average for residential property purchases, which stood at 1.17% in November 2024.

The HFA asset yield slightly decreased to 4.51% in December 2024, compared to 4.53% in the previous quarter.

### 6.0 PF PORTFOLIO REVIEW

As of December 2024, the PF portfolio reached RM21.73 billion, reflecting a month-on-month growth of 0.41% from RM21.64 billion in the previous month. The Gross Impairment Ratio (GIR) improved to 0.51% in December 2024, down from 0.71% in the preceding month. This ratio remains significantly lower than the industry average for personal financing which stood at 2.32% in November 2024, highlighting the bank's prudent credit assessment practices.

The PF asset yield slightly decreased to 6.01% in December 2024, compared to 6.05% in September 2024 (the previous quarter).

### 7.0 BOND/SUKUK MARKET REVIEW

Quarter 4 saw global bond market on sell-off mode, driven by the hawkish stance of the US Fed amid a strong and resilience US economy.

President Donald Trump's victory in securing a return to the White House had ignited bets on an economic policy shift that could boost deficits and inflation, dampening bond market sentiment, especially on longer-dated bond yields. Despite the 25-basis point cut by the Fed in its December FOMC meeting, UST yields continued to rise as Fed Chair Powell appeared less dovish, with the US economy showing stronger data, including better-than expected retail sales and robust consumer spending.

Locally, the MGS/GII yields traded mostly mixed amid geopolitical volatility in Syria and political instability in South Korea, with the yield curve inclined towards upward pressure in tandem with the increasing trend in the global bond yields. MGS/GII yields steadied towards year-end as some foreign investors turned to shorter-dated MGS/GII, despite RM1.2 billion in foreign outflows in December due to strong US labor market data and uncertainties surrounding Trump's return to power.