

Mudarabah Term Investment Account-i (MTIA-i)

Fund Performance Report for the Quarter Ended 31 March 2024

Dear Valued Investment Account Holder,

We are pleased to present the following fund performance report for the quarter ended 31 March 2024.

1.0 Key Fund Information

1.1. Product Name

Mudarabah Term Investment Account-i (MTIA-i): MTIA-i is a type of an unrestricted investment account opened and maintained by the Investment Account Holder (“IAH”) with the Bank. Monies placed in MTIA-i (“Investment Amount”) is mandated by IAH to be utilized by the Bank, to fund its stable retail Shariah-compliant financing as investment assets of the Bank (“Investment Asset”). Distribution of returns of the Investment is based on the pre-agreed Profit Sharing Ratio (“PSR”), the amount of which dependent on the performance of the Investment Asset.

1.2. Investment Account Type

The MTIA-i is a form of an unrestricted investment account in which the Bank invests in the Investment Asset in accordance with the investment mandate given by IAH.

1.3. Fund Investment Objective

MTIA-i presents the opportunity to the public to invest in a low risk investment account product that funds the Investment Asset.

1.4. Fund Investment Strategies

MTIA-i fund is invested in Investment Asset with competitive pricing and good asset quality. The Investment Asset subscribes to the Bank’s internal credit controls as regulated by Bank Negara Malaysia (“BNM”).

1.5. Nature of Investment Account

Term Investment Account. For retail IAH, the tenure offered is 1 month, 3 months or 6 months. For corporate IAH, the minimum tenure is 1 day to a maximum of 6 months or

as specified by the Bank on a case-to-case basis.

1.6. Investment Asset Allocation

Investment Asset allocated is Shariah-compliant retail mortgage portfolio of the Bank. The Bank shall manage the investment return in a manner that is consistent with IAH investment objective and the related governing rules and regulations.

1.7. Investor Profile

Type of Investor:

- Individuals (Residents and Non-Residents)
- Small and Medium Enterprises (“SMEs”)
- Corporate
- Corporate Agencies
- Universities
- Companies & Partnerships
- Government
- Government Agencies
- Statutory Bodies
- Government-Linked Companies (“GLC”)
- Other Business & Non-Business Entities deemed fit by the Bank

1.8. Valuation of the Allocated Asset

Valuation methodology employed is in accordance with sound industry practice and consistent with the Malaysian Financial Reporting Standards (“MFRS”). The Bank will be monitoring the performance of the Investment Asset on monthly basis. The net returns/loss on the MTIA-i will be displayed at our branches and published on our website at www.ambank.com.my every 16th of the month.

In the event of any impairment assessment on illiquid Investment Asset, such

assessment shall be reflected in its current valuation. Adequate mechanism will be put in place by the Bank to ensure timely and fair recognition and measurement of impairment loss during the period in which it arises.

1.10. Statement on Any Changes

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

1.9. Profit Payment Policy

Profit distribution is upon maturity.

2.0 Risk Statement

The Board of Directors of AmBank Group, being the ultimate governing body, has the overall risk oversight responsibility within the AmBank Group. Amongst others, to manage risks in relation to the Group business strategy through desired target ratings, earnings volatility and risk limits, by setting risk appetite and tolerance levels, that are employed for the Bank's overall business objectives and desired risk profile to ensure preservation of capital and optimization of profit.

Notwithstanding, for safe and minimal risk investment strategy, the Bank shall ensure that the risk oversight for the major risk categories on development of strategies, core policies, procedures and infrastructure to manage credit risk, market risk, liquidity risk, operational risk, investment-decision risk, risk of capital loss, regulatory non-compliance risk, Shariah non-compliance risk, country risk, industry/sector risk and other industry-specific risk for the Bank are consistent and effective.

3.0 Fund Performance for the Quarter ended 31 March 2024

3.1. Profit and Loss Statement for the Quarter ended 31 March 2024

	January (RM '000)	February (RM '000)	March (RM '000)
Total Profit	6	6	6
Return on Asset (p.a.) % *	5.00	5.00	5.00
Return on Investment (p.a.) %	As mutually agreed based on Profit Sharing Ratio (PSR) between the Bank and the IAH, subject to the Terms and Conditions.		

*Average returns of all tenures of placement

3.2. Performance for the Quarter ended 31 March 2024

Month	Fund Size (RM' 000)	Return on Asset (ROA)* % p.a.	Return on Investment (ROI) **% p.a. based on Board PSR		
			1 month	3 months	6 months
Jan	1,462	1 month: 5.00%	2.34 (46.89: 53.11)		
		3 months: 5.00%		2.46 (49.26: 50.74)	
		6 months: 5.00%			2.54 (50.87: 49.13)
Feb	1,464	1 month: 5.00%	2.34 (46.89: 53.11)		
		3 months: 5.00%		2.46 (49.26: 50.74)	
		6 months: 5.00%			2.54 (50.87: 49.13)

Month	Fund Size (RM' 000)	Return on Asset (ROA)* % p.a.	Return on Investment (ROI) ***% p.a. based on Board PSR		
			1 month	3 months	6 months
Mar	1,441	1 month: 5.00%	2.34 (46.89: 53.11)		
		3 months: 5.00%		2.46 (49.26: 50.74)	
		6 months: 5.00%			2.54 (50.87: 49.13)

*ROA: Return on Asset of the allocated portfolio to the Investment Account fund.

** Subject to Profit Sharing Ratio between the Bank and the IAH as well as the Terms and Conditions.

Note: For further information, please refer to the Specific Terms and Conditions, Product Disclosure Sheet and Term Investment Account Placement Summary/ Confirmation Notice.

4.0 Economic Review and Prospect

The Department of Statistics Malaysia (“DOSM”) advance estimate projects that the Malaysian economy grew by 3.9% year on year (“YoY”) in 1Q2024. This is a slight uptick from 4Q2023, which came in at 3.0%. Sectoral-wise, we saw all sectors posted gains, with the largest growth coming from construction (9.8% YoY), followed by mining & quarrying (4.9% YoY) and services (4.4% YoY).

The prospects for global economic conditions in 2024 appear to be mixed. Despite the prolonged high interest/profit rate environment, the latest International Monetary Fund’s World Economic Outlook expects the global economy to grow by 3.2% (projection revised higher from 3.1% in January 2024). Globally, the outlook on the manufacturing sector has slightly improved as the latest Global Manufacturing Purchasing Manager’s Index (“PMI”) has reached a growth threshold of 50, the first time it has done that since August 2022. Furthermore, inflation in most major economies continues to show a downward trend, but remains sticky, after it peaked in 2022. In the United States, the Federal Reserve’s (“Fed”) fight against inflation seems well underway as inflation and core inflation are receding, albeit remaining elevated and above the central bank’s target of 2%.

Conversely, the World Bank anticipates global growth to slow to 2.4% in 2024 from an estimated 2.6% in 2023 as concerns regarding the full effects of unprecedentedly tight monetary policy on local economies and slump in global trade remain. Nonetheless, we expect the Federal Funds Rate to remain high with a vague rate cuts outlook as the disinflation path towards 2.0% continues to be bumpy and the US economy still shows signs of resiliency. Similarly, rates will likely remain high in the United Kingdom and the Eurozone. However, policymakers already opened the door for June’s rate cut from the European Central Bank (“ECB”) and Bank of England (“BoE”), and signs of soft economic activity amid a tight monetary environment are already becoming apparent in those economies.

On the local front, we expect continued support for growth from domestic demand and a recovery in Malaysia’s external trade for 2024. Despite the already moderating private consumption as the “revenge spending” effect from the pandemic has dissipated, tourism and related sectors are still improving and have yet to reach their pre-pandemic levels. Furthermore, we expect exports to slowly recover in 2024 amid the global semiconductor upcycle. Malaysia’s leading index and S&P Manufacturing PMI are slowly on an uptrend. For now, we posit that Malaysia’s economy is anticipated to grow by 4.5% in 2024, within BNM growth projection of 4.0% - 5.0%.

While our projection for inflation falls within the 2.5% - 3.5% range, we anticipate it to be on the higher side of this range due to the government's planned supply-side interventions. It is important to note that the wide range of our projection is due to the complexities involved in estimating inflation this year, where there is a lack of information on subsidy rationalisation. At present, we estimate that for 10 cents increase in the current RON95 price (RM2.05), inflation will increase by 0.3% higher than the baseline. We also need to be cautious about the impact of the prolonged unfavourable USD/MYR exchange rate on food imports, as the greenback may maintain its strength throughout 2024, putting pressure on emerging market currencies such as the ringgit. However, our current inflation outlook is based on global oil prices of around USD80-90 per barrel.

As it stands, we believe that BNM will keep the overnight policy rate ("OPR") steady at 3.0% throughout 2024. While this is increasingly becoming an industry viewpoint, we cannot discount the possibility of a rate hike as BNM expects Malaysia's output gap to be positive in 2024.

5.0 Underlying Asset Outlook

As the current Investment Assets allocated is retail mortgage portfolio, any changes or revision of BNM's OPR will have impact on the Return on Assets ("ROA") of the underlying assets. Monetary Policy Committee ("MPC") of BNM have decided to maintain the OPR level since the last revision citing the need to support the recovery of the economy. Consequently, the underlying assets ROA recorded a more stable and consistent level.

IMPORTANT

MTIA-i IS AN INVESTMENT ACCOUNT PRODUCT. THE PROFIT AND LOSS OF WHICH IS BASED ON THE PERFORMANCE OF INVESTMENT ASSETS AND THEREFORE, IS NOT A DEPOSIT PRODUCT. THE RETURNS ON MTIA-i WILL BE BASED UPON THE PERFORMANCE OF THE INVESTMENT ASSETS. THE PRINCIPAL AND RETURNS ARE NOT GUARANTEED AND IAH HAS THE RISK OF EARNING NO RETURNS AT ALL AND AT WORST, RISK OF LOSING THE INVESTMENT AMOUNT AT ANY POINT OF TIME UPON MATURITY OR EARLY WITHDRAWAL. NONETHELESS, SUCH RISKS ARE MITIGATED BY THE BANK'S PRUDENT INTERNAL CREDIT AND RISK POLICIES. MTIA-i IS NOT PROTECTED BY PERBADANAN INSURANS DEPOSIT MALAYSIA (PIDM).

THIS PERFORMANCE REPORT HAS BEEN PREPARED FOR THE BENEFIT AND INTERNAL USE OF THE IAH TO INDICATE, ON A PRELIMINARY BASIS, THE PERFORMANCE OF THE INVESTMENT AS DESCRIBED HEREIN. IT IS FURNISHED SOLELY TO THE IAH AND MAY NOT BE REPRODUCED OR OTHERWISE DISSEMINATED IN WHOLE OR IN PART WITHOUT THE BANK'S PRIOR WRITTEN CONSENT.

THE INFORMATION IN THIS PERFORMANCE REPORT REFLECTS PREVAILING CONDITIONS AND OUR VIEWS AS OF THIS DATE. NOTHING CONTAINED IN THIS REPORT IS, OR SHALL BE, RELIED UPON AS A PROMISE OR REPRESENTATION AS TO THE FUTURE. PAST PERFORMANCE OF THE INVESTMENT IS NOT A GUARANTEE OF FUTURE PERFORMANCE. THE BANK ACCEPTS NO RESPONSIBILITY TO ANYONE OTHER THAN THE PARTIES IDENTIFIED IN THE FUND PERFORMANCE REPORT FOR THE INFORMATION CONTAINED IN THIS DOCUMENT.

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