

# Mudarabah Term Investment Account-i (MTIA-i)

## Fund Performance Report for the Quarter Ended 31 December 2022

### Dear Valued Investment Account Holder,

We are pleased to present the following fund performance report for the quarter ended 31 December 2022.

### 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](http://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 December 2022

#### 3.1. Profit and Loss Statement for the Quarter ended 31 December 2022

	October (RM '000)	November (RM '000)	December (RM '000)
<b>Total Profit</b>	36	30	30
<b>Return on Asset (p.a.) %</b>	4.53*	4.67*	4.76*
<b>Return on Investment (p.a.) %</b>	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 December 2022

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
Oct	7,945	1 month: 4.58%	2.15 (46.89: 53.11)		
		3 months: 4.45%		2.19 (49.26: 50.74)	
		6 months: 4.28%			2.18 (50.87: 49.13)
Nov	7,929	1 month: 4.58%	2.15 (46.89: 53.11)		
		3 months: 4.51%		2.22 (49.26: 50.74)	
		6 months: 4.38%			2.23 (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
Dec	4,500	1 month: 4.78%	2.24 (46.89: 53.11)		
		3 months: 4.65%		2.29 (49.26: 50.74)	
		6 months: 4.48%			2.28 (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 global economy is in a very tight spot with some economies are already feeling the contractionary environment including both, manufacturing and services segments. The risk of recession grows higher, largely led by lethargic performance among the European region economies due to the energy crisis drawn out from the Ukraine-Russia conflict. This is also in parallel with the risks of overtightening by global central banks and emerging tension in geopolitical stage which are putting downside pressure over the already deteriorating global economic climate and prospects. Nonetheless, part of the downside will be cushioned by the reopening in China and strong labour market condition in the US.

Currently, the central banks' move in tightening its monetary policy to tame down multi-year high inflation had shown the intended impact, indicating that the rate hike cycle is nearing its peak. In relation to that, easing global supply chain disruption and lower commodity have anchored inflation expectations. As such, the market is now expecting central banks to pause its tightening path by mid 2023 where we will see the US dollar to trade range bound or even lower, giving opportunities for other currencies to gain, a stark difference of the "dollar play" narratives in 2022.

Aggressive rate hikes which started largely in 2022 coupled with slower economic momentum shall help to keep inflation in check. For the year 2022, global GDP is projected to slow down to 3.2% in 2022 (6.0% in 2021) and 2.5% in 2023 according to the International Monetary Fund (IMF).

On the domestic side, the economy has shown a healthy post-Covid recovery so far, boosted mainly by the strong domestic demand and robust external trade. Looking at the monthly GDP data, the economy expanded by 15.8% y/y in July, 15.3% in August, and 11.6% in September boosted by the low base effects. Throughout the quarter, the exports value grew by double digit and reached new highs, distributive trades rose by double digit as well while the unemployment rate already at 3.6%, down from pandemic peak of 5.2%.

Heading into 2023, the economy will continue to be supported by private consumption albeit at more moderate pace with the unemployment rate converging further towards its pre-pandemic average while consumer balance sheets remain relatively healthy.

But there are more downside risks to the economic growth. External headwinds will weigh on the economic performer. We expect first half of 2023 would be far noisier as monetary policy tightening among global central bank continues and the prospect should improve in the second half as rate hike cycles are expected to be concluded by then. We project the GDP in 2023 should grow around 4.5%.

## 5.0 Underlying Asset Outlook

As the current Investment Assets allocated is retail mortgage portfolio, any changes or revision of BNM's Overnight Policy Rate ("OPR") will have impact on the Return on Assets ("ROA") of the underlying assets. This is reflected with the increasing ROA due to the revision of OPR in May, July, September and November 2022. The gradual rate hikes are expected for 2023 in order to manage the rising inflation and support the weakening ringgit.

### **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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