

Mudarabah Term Investment Account-i (MTIA-i)

Fund Performance Report for the Quarter Ended 31 December 2023

Dear Valued Investment Account Holder,

We are pleased to present the following fund performance report for the quarter ended 31 December 2023.

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 December 2023

3.1. Profit and Loss Statement for the Quarter ended 31 December 2023

	October (RM '000)	November (RM '000)	December (RM '000)
Total Profit	9	8	7
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 December 2023

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	1,924	1 month: 5.00%	2.34 (46.89: 53.11)		
		3 months: 5.00%		2.46 (49.26: 50.74)	
		6 months: 4.96%			2.52 (50.87: 49.13)
Nov	1,765	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
Dec	1,639	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

According to the advance estimate by the Department of Statistics Malaysia (DOSM), during the final quarter of 2023, Malaysia's economy expanded by 3.4% year-on-year ("yoy"), a slightly faster pace compared to the previous quarter's 3.3% based on DOSM's final numbers. The faster growth can be attributed to the strong expansion in the services sector, which rose by 4.7% yoy, alongside the mining & quarrying sector's growth (+3.7% yoy) and the construction sector (+2.5% yoy). The manufacturing sector managed to chalk up a marginal 0.1% yoy growth, while agriculture posted a further recovery of 1.2% yoy growth. A full account of Malaysia's latest GDP performance will be published in mid-February 2024.

We expect the global economic condition in 2024 will be modest, as the International Monetary Fund expects the global economy to grow by 2.9%, which is lower than 2023's forecast of 3.0%. The World Bank published its latest global growth projections in early January, the latest among the multilateral development banks, where they estimate global growth to come in lower at 2.4% in 2024. Globally, the outlook on the manufacturing sector remains pessimistic, as reflected in the latest Global Purchasing Manager's Index ("PMI"), which has been under the contractionary level since March 2023. As most major central banks have reached the final cycle of monetary policy tightening, advanced economies are now facing the effects of the steep rate hike. Furthermore, inflation in most major economies continues to show a downward trend. In the United States, the Federal Reserve's ("Fed") fight against inflation seems successful as inflation and core inflation are receding. The Federal Funds Rate is expected to remain high at the moment, perhaps longer than earlier anticipated. Similarly, rates are likely to remain high in the United Kingdom and Eurozone, and signs of softer economic activity have become apparent in these economies. In China, the signs of economic recovery were mixed as the industrial production grew 6.8% yoy, faster than the market forecast of 6.6% yoy. However, the retail sales annual growth rate fell short of market expectations (7.4% yoy vs 8.0% yoy consensus).

We anticipate continued support for growth from domestic demand and recovery in the external trade for 2024. Wage growth in the services and manufacturing sectors appears to have peaked, and employment growth has moderated for the past few months. However, the vacancy-to-unemployment ratio remains higher than pre-pandemic levels, suggesting room for improvement in private spending while Malaysia's unemployment rate moves towards the pre-pandemic levels. Furthermore, tourism and related sectors are improving but have yet to reach their pre-pandemic level. On the external front, we expect external trade activities to recover in 2024. Malaysia's economy is expected to grow by 4.5% in 2024.

On the Overnight Policy Rate (“OPR”), with core inflation being modest so far due to slower hiring activities and the lag effect from the 125 bps cumulative rate hikes, we expect the OPR to stay at 3.00% until the end of 2024. Inflation is expected to be between 2.5 – 3.5% in 2024. Nevertheless, the upside risk to inflation is expected to come from subsidiary rationalisation affecting fuel which is expected to be implemented as early as in 2Q2024. The case to revisit our current OPR call will prompt only if Malaysia’s inflation and unemployment rate are under pressure following subsidy rationalisation.

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. Monetary Policy Committee (MPC) of Bank Negara Malaysia 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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