

Mudarabah Term Investment Account-i (MTIA-i)

Fund Performance Report for the Quarter Ended 31 March 2023

Dear Valued Investment Account Holder,

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

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

	January (RM '000)	February (RM '000)	March (RM '000)
Total Profit	17	14	12
Return on Asset (p.a.) %	4.78*	4.78*	4.78*
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 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
Jan	3,986	1 month: 4.78%	2.24 (46.89: 53.11)		
		3 months: 4.71%		2.32 (49.26: 50.74)	
		6 months: 4.58%			2.33 (50.87: 49.13)
Feb	3,780	1 month: 4.78%	2.24 (46.89: 53.11)		
		3 months: 4.78%		2.35 (49.26: 50.74)	
		6 months: 4.65%			2.37 (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	2,740	1 month: 4.78%	2.24 (46.89: 53.11)		
		3 months: 4.78%		2.35 (49.26: 50.74)	
		6 months: 4.71%			2.40 (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 Malaysian economy gained 8.7% in 2022 (2021: +3.1%), the strongest growth momentum in more than 25 years. Economic activities were largely supported by the full reopening of international borders as well as improving labour market which had translated into a rebound in private consumption while signs of recovery in tourism industry also emerged. Moreover, strong external trade performance also helped to put the economy on a positive trajectory in 2022. Strong economic growth also witnessed Bank Negara Malaysia (“BNM”) raising the benchmark Overnight Policy Rate (OPR) by 100 bps to 2.75% as part of normalisation in domestic monetary policy in 2022.

Operating condition in 2023 is expected to be more challenging, largely driven by external factors as major economies have to deal with the impact from steep interest rate hikes that had taken place since last year. Already, we are seeing signs of slowing global trade and the end of pandemic-driven tech bubble. Moreover, manufacturing output and activities in service sectors are likely to be impacted by higher interest rate levels and translating into slower global Gross Domestic Product (“GDP”) growth. Inflation remain elevated in most part of the world which means further hikes in monetary policy rates among major central banks cannot be discounted. Nonetheless, the recent banking sector turmoil from the United States to Europe partly reflects the impact of higher interest rate and this could be the factor that expedite the conclusion of present cycle or in a more pressing scenario, interest rate cut could be initiated. The turmoil certainly adds a new risk factor to global growth particularly if confidence in lending activities is significantly suppressed. Furthermore, the US Federal Reserve is really in tough position now as balancing between price stability and financial market stability is an uphill task which requires some compromises.

On the domestic front, continuous recovery in tourism industry is expected to persist with China’s reopening as an added catalyst while domestic demand continues to be supported by improved job market situation. Moreover, the realisation of investments following the record high Foreign Direct Investment (“FDI”) injected back in 2021 and still accommodative monetary policy are additional factors to support the Malaysian economy as the global outlook remains cloudy. Against this backdrop, we expect the Malaysian economy to grow by 4.5% in 2023. Inflation meanwhile is expected to moderate to 3.0% in 2023 from 3.3% in 2022, given the easing commodity prices trend and improving supply chain and logistics.

On the monetary policy front, cumulative interest rate hikes in Malaysia have been gradual compared to the outcome seen across other major economies. The Monetary Policy Committee (“MPC”) meeting which had already taken place twice this year saw the Overnight Policy Rate (“OPR”) left unchanged on both occasions. At this juncture, we still see the potential of 25 bps hike in the OPR to 3.00%, a level that is still accommodative and supportive of economic growth. Our rate hike expectation is largely due to relatively high core inflation which stood at 3.9% as at February 2023.

5.0 Underlying Asset Outlook

Return on Assets ("ROA") is showing a stable return since there is no further revision of Overnight Policy Rate ("OPR") for the past few months. The bank will continue to institute measures to reduce the impact of any change in the market price due to revision of OPR or other monetary policies.

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.

The rest of the page is intentionally left blank.