

FUND PERFORMANCE REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2023

SURIA ACCOUNT

Dear Valued Investment Account Holder (IAH),

We are pleased to present the following performance report for the quarter ended 28 February 2023.

1. FUND INFORMATION

This is an unrestricted investment account based on the concept of Mudarabah. Without any restrictions or conditions from IAH, the investment decision is the ultimate decision of Bank Muamalat Malaysia Berhad (BMMB).

1.1 Investment Currency

Ringgit Malaysia

1.2 Fund Inception

June 2021

1.3 Investment Objectives

To invest in a low-risk investment avenue with the privilege of taking part in the campaign for an opportunity to win prizes. This is a low-risk investment to achieve capital preservation and steady returns.

1.4 Investment Strategy

To invest in a secured and low-risk retail asset, the existing Home Financing is for the purpose of safeguarding the investment and generating a stable return for IAHs.

1.5 Profit Distribution Frequency

Profit will be distributed on a monthly basis, with daily calculation. The profit is based on the performance of Home Financing Portfolio.

1.6 Valuation

To be performed on a monthly basis for the determination of returns to IAH based on the valuation of the portfolio assets of the Fund in accordance with Malaysian Financial Reporting Standards (MFRS).

1.7 Investor's Criteria

- ◆ Individuals (Residents and Non-Residents)
- ◆ Investors who prefer low-risk investment
- ◆ Investors who are looking for Shariah-compliant investment.
- ◆ Investors who prefer short- or medium-term investment.

Note: Investors are advised to really consider all risk factors before making any investment decision.

1.8 Statement of Changes

There are no changes to the investment objectives, strategies, restriction, or limitations during the quarter period.

1.9 Other Information

For fees, charges and other details on the product, please refer to www.muamalat.com.my.

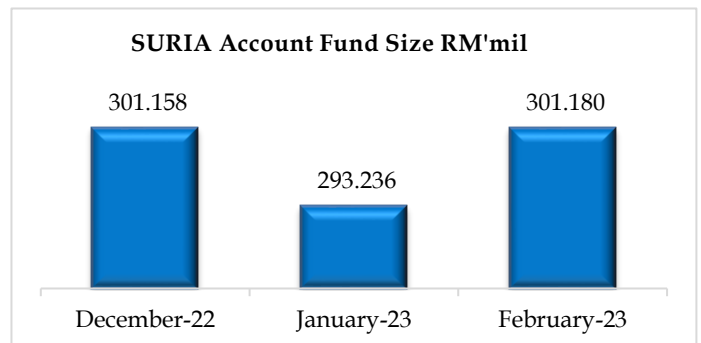
2. RISK STATEMENT

The Board of Directors of BMMB has the overall oversight on the management of risks related to its business strategy and operations by approving risk management policies and procedures, methodologies including risk appetite and risk tolerance limits that align with BMMB's strategic business objectives and stakeholders' expectations. BMMB shall ensure the oversight of various types of risks are consistent and effective through the development and establishment of a comprehensive risk management framework, policies, processes and infrastructure.

3. FUND PERFORMANCE

3.1 Fund Size and Growth

As at February 2023, SURIA account fund balance was recorded at RM301.180 mil.



3.2 Asset Allocation

The fund is invested in Home Financing-i.

3.3 Rate of Return

Based on the performance of the underlying asset, the rate of return to customers recorded an average of 0.08%p.a. for 3Q (December 2022 to February 2023). BMMB foresees the asset performance to remain stable during the 4Q 2023 (March 2023 to May 2023). Albeit its net impaired financing ratio recorded a marginal increase ratio of 0.51% as at February 2023 (December 2022: 0.42%).

FUND PERFORMANCE REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2023

SURIA ACCOUNT

Period	December 2022	January 2023	February 2023
Rate of Return for IAH	0.08% p.a.	0.08% p.a.	0.08% p.a.
Profit Sharing Ratio (PSR) (IAH:BMM B)	2:98	2:98	2:98

Notes:

- The fund rate of return represents the net rate of return to the IAH and is computed based on the following formula:

$$\text{Rate of Return} = (\text{Total Income} - \text{Impairment Allowances}) * \text{PSR}$$
- Past performance is not reflective of future performance.
- Effective from the 16th of the month to the 15th of the following month

3.4 Historical Rate of Return



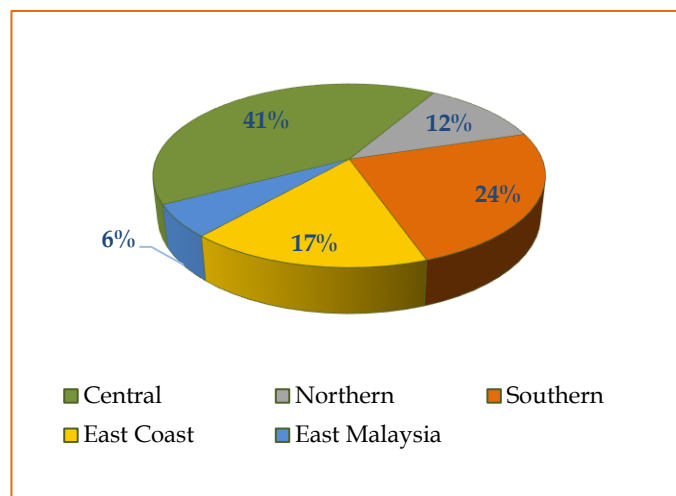
Period	2021				2022		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
ROI	0.07	0.06	0.06	0.06	0.07	0.08	0.08
ROA	3.44	2.91	3.19	3.25	3.55	3.90	4.21

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

3.5 Income Statement

Profit & Loss Statement for the Quarter ended 28 February 2023			
	December 2022 RM'mil	January 2023 RM'mil	February 2023 RM'mil
Profit from financing	1,131	1,089	960
Direct expenses	0.00	0.00	0.00
Allowance for impairment on financing	(41)	(47)	(39)
Total profit	1,090	1,042	921
Return on Asset (p.a.)	4.23%	4.19%	4.20%
Return on Investment (p.a.)	0.08%	0.08%	0.08%

3.6 Home financing Portfolio by Geographical Location

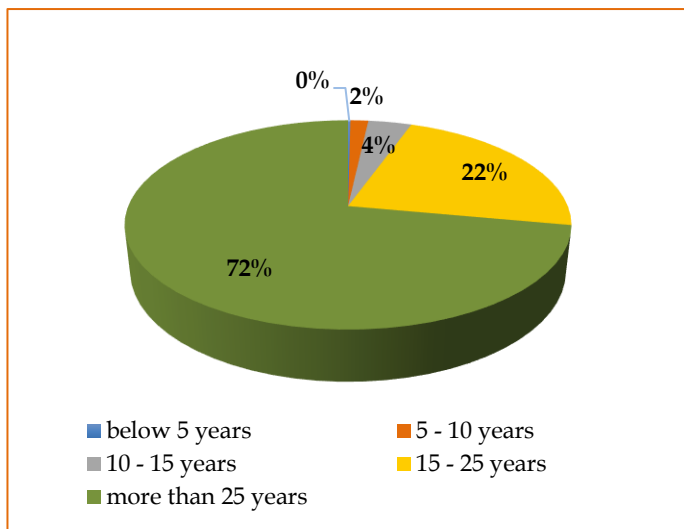


41% of the total home financing portfolio are for properties residing in Central Region (Klang Valley). The properties are generally having higher demand in both for primary and secondary markets.

FUND PERFORMANCE REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2023

SURIA ACCOUNT

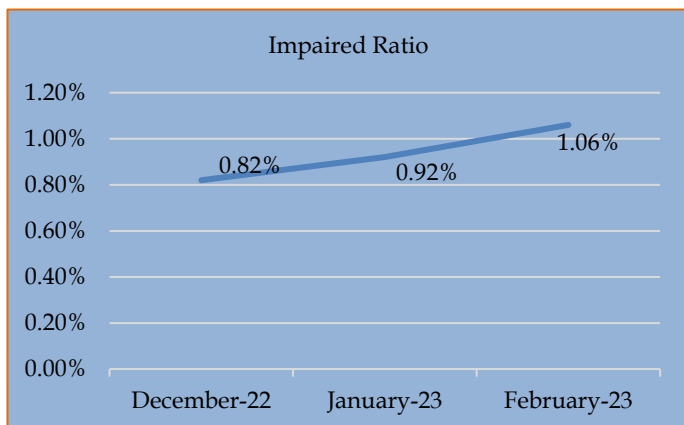
3.7 Home Financing Portfolio by Remaining Maturity



72% of the total Home Financing Portfolio has remaining tenure more than 25 years.

Note: Maximum tenure allowed for home financing is 35 years

3.8 Asset Quality of Home Financing Portfolio



House Financing impaired ratio is at 1.06% in February 2023 deteriorated from 0.82% in December 2022 (1.18% @ December 2021 and 1.87% @ December 2020). This reflects that the asset quality of HF portfolio is slightly deteriorated but well monitored.

4 ECONOMIC REVIEW

The Malaysian economy grew by 7.0% y-o-y in 4Q2022 (vs. 14.2% in 3Q2022). The growth is mainly attributed to higher private consumption (+7.4% y-o-y improvement), strong continuance of private investments (10.3% y-o-y improvement) and resilient demand for exports of goods and services (9.6% y-o-y improvement). On a quarter-on-quarter seasonally-adjusted basis, the economy registered a contraction of -2.6% (3Q2022: 1.9%). In 2022, the Malaysian economy grew by 8.7% (2021: 3.1%).

Private consumption increased by 7.4% (3Q 2022: 15.1%), helped by policy changes and further improvement in the labour market condition. Spending was fueled by the consumption of basic needs, mainly for transportation, housing, and utilities, as well as other discretionary spending like entertainment and culture. Continuing assistance from Government spending on emoluments, supplies, and services led to public consumption growing by 2.4% (3Q 2022: 4.5%).

The Consumer Price Index (CPI) moderated to 3.9% year-on-year during the quarter (3Q 2022: 4.5%). As anticipated, the decline in the base effect of electricity inflation was a major factor in the reduced headline inflation. The slowdown also coincided with a decline in the price of major world commodities, which in part contributed to decreased inflation for other CPI components, particularly fuel. During the quarter, inflation for some important core foods, like fresh meat and eggs, moderated as well.

On an annual basis, credit to the private non-financial sector increased by 4.7% in the fourth quarter (3Q 2022: 5.3%). This slowdown was brought on by the lower growth in outstanding financing (4.7%) compared to the third quarter of 2022 (5.7%), while the rise in outstanding corporate sukuk remained positive at 4.6%. Although financing payment growth remained strong and outpaced financing disbursements, especially for non-SMEs, outstanding business financing increased by 3.3% (3Q 2022: 4.8%). Financing disbursements increased despite a slower growth in financing applications (12.0%; 3Q 2022: 18.0%), especially for working capital financing as businesses continue to use their existing credit facilities.

In light of the strong economic performance, the MPC decided to gradually remove the monetary accommodation by raising the OPR by 25 basis points to 2.75% at its meeting in November 2022. Through the

FUND PERFORMANCE REPORT FOR THE QUARTER ENDED 28 FEBRUARY 2023

SURIA ACCOUNT

recalibration of monetary policy settings that balances the risks to domestic inflation and sustainable growth, the adjustment was intended to control the danger of excessive demand on price pressures in advance. The MPC kept the OPR at 2.75% at its subsequent meeting in January 2023. Given the lag effects of monetary policy on the economy, the decision enables the MPC to evaluate the consequences of the cumulative effects of the past OPR changes. The stance of monetary policy is still accommodating and supportive to economic growth at the current OPR level.

The Malaysian economy is anticipated to grow more slowly in 2023 due to the challenging global economic prospects. Gains will be supported by domestic demand, assisted by the ongoing recovery in the labour market and the completion of long-term investment projects. The manufacturing and service sectors will keep driving the economy. Moreover, increased tourism will help to partially offset the decline in exports brought on by a lower global demand.

5 PROPERTY MARKET REVIEW

Malaysia's property transactions increased by 29.5% y-o-y in terms of transactions and 23.6% y-o-y in terms of value in 2022 compared to 2021, recording a total of 389,000 transactions amounting to RM179.07 billion. Residential units formed the highest volume of transactions for 2022 at 62.5% (243,190 transactions). In terms of value, residential units also represented the highest value at RM94.28 billion, i.e. 52.6% of the total RM179.07 billion transacted during the whole of 2022.

Total residential new launches for 2022 stood at 54,118 units, comprising 29,752 units under landed category (55.0%) and 24,366 units under high rise category (45.0%) out of which, 11,485 units (38.6%) of landed properties and 8,012 units (32.9%) of high-rise properties have been sold. The highest component of the new launches was in the price range of below RM300,000 at 44.3% (23,993 units), followed by price range RM300,000 to RM500,000 at 30.9% (16,737 units), followed by price range RM500,001 to RM1 million at 21.5% (11,652 units) and lastly price range above RM1 million at 3.2% (1,736 units). States with highest new launches in 2022 were Selangor (11,176 units), followed by WP Kuala Lumpur at (10,324 units), and Johor (7,718 units).

Meanwhile, total residential property overhang was recorded at 27,746 units as at year end 2022, valued at RM18.41 billion. Residential units priced between RM500,000 to RM1 million formed the highest residential overhang at 33.6%, followed by those in price range of RM300,000 to RM500,000 at 29.3% and below RM300,000 at 23.5%. States with highest residential overhang volume were Johor (5,258 units), followed by Selangor (3,698) and Pulau Pinang (3,593 units). Compared to 2021, the overhang volume in each of the three states decreased, falling by 13.8%, 39.3%, 34.6%, respectively. This is largely because supplies in the low-price range have been absorbed (RM300,000 and below).

The Malaysian House Price Index (MHPI), which had a meagre annual growth of 2.8%, was 208.4 points in 2022. Terraced Homes Price Index managed to maintain growth at 3.7%. High-Rise Price Index came in second (3.4%), followed by Semi-Detached Price Index (2.9%), with Detached Home Price Index, however, showed a small fall of 2.9%.

Given the unpredictability of the external environment, the performance of the real estate market is anticipated to increase in line with the moderately weaker economic growth anticipated for 2023. Even so, it is anticipated that the property sector will continue to benefit from accommodating policies, ongoing government support, well-executed plans for all measures specified in Budget 2023, and the proper implementation of strategies and initiatives under RMK-12.