

FUND PERFORMANCE REPORT FOR THE QUARTER ENDED 30 NOVEMBER 2022

SURIA ACCOUNT

Dear Valued Investment Account Holder (IAH),

We are pleased to present the following performance report for the quarter ended 30 November 2022.

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.

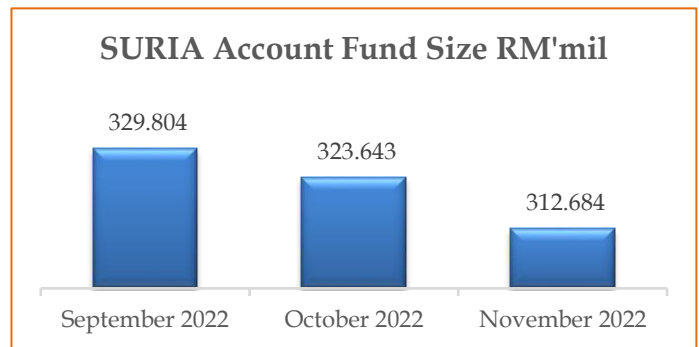
2. RISK STATEMENT

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 November 2022, SURIA account fund balance was recorded at RM 312.684 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 2Q (September to November 2022). BMMB foresees the asset performance to remain stable during the 3Q of 2022 (December 2022 to February 2023). This is in line with the BMMB's Net Impaired Financing ratio which recorded a healthy ratio of 0.38% as of November 2022 (December 2021: 0.46%).

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Period	September 2022	October 2022	November 2022
Rate of Return for IAH	0.08% p.a.	0.08% p.a.	0.08% p.a.
Profit Sharing Ratio (PSR) (IAH:BMMB)	2:98	2:98	2:98

Notes:

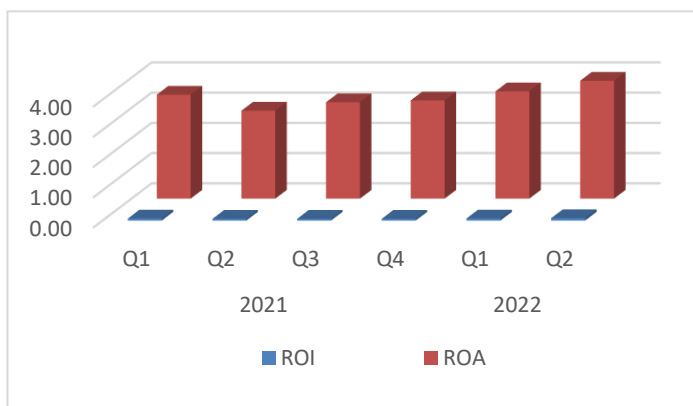
1. The fund rate of return represents the net rate of return to the IAH and is computed based on the following formula:

$$\text{Rate of Return} = (\text{Total Income} - \text{Impairment Allowances}) * \text{PSR}$$

2. Past performance is not reflective of future performance.

3. Effective from the 16th of the month to the 15th of the following month

3.4 Historical Rate of Return



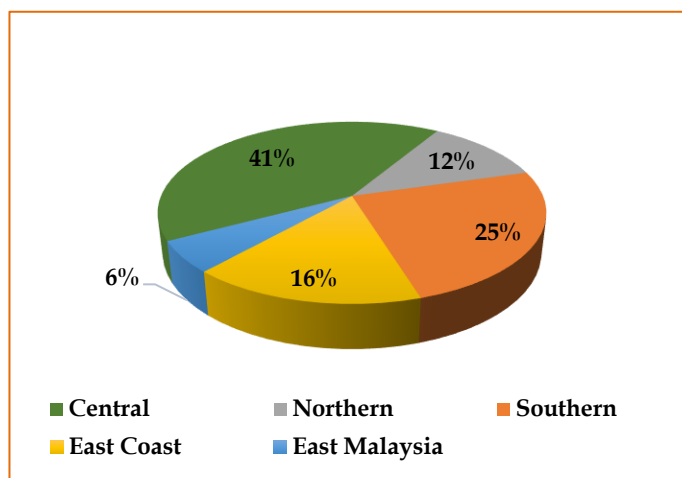
Period	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
ROI	0.07	0.06	0.06	0.06	0.07	0.08
ROA	3.44	2.91	3.19	3.25	3.55	3.90

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 30 November 2022			
	September 2022 RM'mil	October 2022 RM'mil	November 2022 RM'mil
Profit from financing	1,072	1,127	1,093
Direct expenses	0.00	0.00	0.00
Allowance for impairment on financing	(61)	(67)	(62)
Total profit	1,012	1,060	1,031
Return on Asset (p.a.) (BMMB)	3.79%	3.89%	4.03%
Return on Investment (p.a.) (IAH)	0.08%	0.08%	0.08%

3.6 Home financing Portfolio by Geographical Location

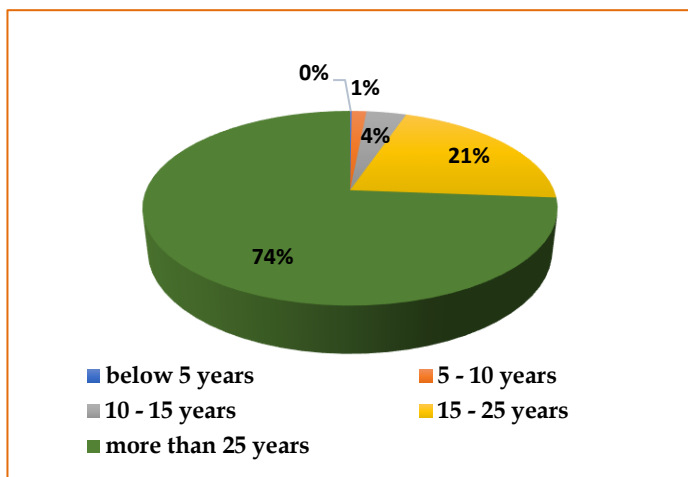


41% of the total home financing portfolio are for properties residing in Central Region (Klang Valley). The properties are generally has higher demand in both for primary and secondary markets.

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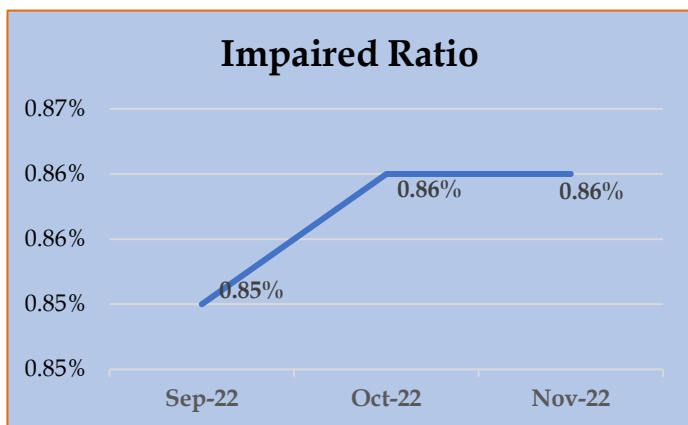
3.7 Home Financing Portfolio by Remaining Maturity



74% 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 was 0.86% in November 2022 improved from 1.18% in December 2021 (1.87% in December 2020). This reflects that the asset quality of the HF portfolio is improving and being well monitored.

4 ECONOMIC REVIEW

The Malaysian economy grew by 14.2% y-o-y in 3Q2022 (vs. 8.9% in 2Q2022). The growth is mainly attributed to strong consumer spending coupled with the nation's economic openness and relaxation of containment measures. Exports are also increasing by 10.4% year on year. On a quarter-on-quarter seasonally adjusted basis, the economy registered growth of 1.9% (2Q2022: 3.5%), attributed to continued strong growth contributions from the services and manufacturing sectors.

On the domestic demand side, private consumption remained strong at 15.1% (2Q2022: 18.3%). Spending on both necessities and discretionary products contributed to the strong result. Consumer spending was boosted by policy support, which included the increase in the minimum wage and Bantuan Keluarga Malaysia. Public consumption grew at a faster rate during the quarter, recording growth of 4.5% (2Q2022: 2.6%) attributed to higher growth in spending on goods and services.

Headline inflation increased to 4.5% during the third quarter of 2022 (vs. 2.8% in 2Q2022), contributed mainly by the increase in core inflation and price-volatile inflation. Meanwhile, core inflation rose to 3.7% in the third quarter of 2022 (vs. 2.5% in 2Q2022).

Net financing recorded an annual growth of 5.4% by the end of 3Q2022 (vs. 4.9% in 2Q2022). This increase was mainly due to higher outstanding financing growth in household sectors. Growth in outstanding corporate sukuk sustained at 3.5% (2Q2022: 3.4%). Outstanding business financing moderated to 5.0% (2Q2022: 5.5%), as repayments outpaced financing disbursements. Due to a significant increase in financing disbursed to families for the purchase of homes and cars, outstanding financing for households increased by 6.2%. This demonstrated that despite some policies, like the sales tax exemption for new cars, having expired, there was still a need for financing. The substantial growth in financing/loan repayments also indicates that consumers' ability to repay their debts is still strong, particularly given that most repayments have completely resumed this quarter after a gradual lapse in repayment aid programs.

In 2023, there will likely be a slowdown in global economic and financial growth. The recovery from the economies' reopening will diminish, and tighter global financial conditions and high inflation will probably drag down

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growth. In order to keep inflation under control, central banks have accelerated monetary policy changes, particularly in economically advanced nations.

Through weaker currencies, tighter financial conditions, and slower exports, this has had major spillover effects on emerging market economies. Although inflation is predicted to decline in 2023, given the high cost of commodities and the tight labour market, it is likely to stay above average. Gas shortages and increasing energy costs could exacerbate Europe's inflationary pressure. Consumer expenditures and industrial output would decline as a result. These negative factors are likely to overshadow the positive effects of improved supply chain conditions and increased economic growth in China as a result of the lifting of its nationwide lockdowns.

The Monetary Policy Committee (MPC) decided to increase the OPR to 2.75% at its sessions in September and November 2022, significantly reducing the level of monetary accommodation. Albeit, the local demand will keep growing in the future, supporting Malaysia's economic growth. The strengthening of labour market conditions, completion of multi-year projects, and increased inbound tourism activities would all be beneficial to the economy. Although it is anticipated that foreign demand will slow down, Malaysia's diverse export industry will help to mitigate this.

5 PROPERTY MARKET REVIEW

Malaysia's property transactions increased by 12.6 % q-o-q in 3Q2022 (vs. -1.1% in 2Q2022), recording a total of 105,204 transactions amounting to RM46.63 billion. Residential units formed the highest volume of transactions for 3Q2022 at 61.8% (64,989 units). In terms of value, residential units also represented the highest value at RM25.03 billion, i.e. 53.7% of the total RM46.63 billion transacted during the third quarter of 2022.

Total residential new launches for 3Q2022 stood at 8,226 units, comprising 2,645 units under the landed category (32.2%) and 5,581 units under the high-rise category (67.8%) out of which, 826 units (31.2%) of landed properties and 1,313 units (23.5%) of high-rise properties have been sold. The highest component of the new launches was in the price range of below at 48.2% (3,966 units), followed by the price range RM300,000 to RM500,000 at 20.4% (1,679 units), followed by the price

range RM500,001 to RM1 million at 29.1% (2,397 units) and lastly the price range above RM1 million at 2.2% (184 units). States with the highest new launches in the first half of 2022 were Penang (2,560 units), followed by WP Kuala Lumpur (1,236 units), Selangor (1,062 units) and Johor (973 units).

Meanwhile, total residential property overhang was recorded at 29,534 units as of 3Q2022, valued at RM19.95 billion, with high rise units forming the highest overhang within residential property type at 64.2% (18,962 units). This was followed by terraced houses at 19.5% and other house-types at 16.3%. Residential units priced between RM500,000 and RM1 million formed the highest residential overhang at 31.6%, followed by those in the price range of RM300,000 to RM500,000 at 29.3% and below RM300,000 at 24.0%. States with the highest residential overhang volume were Johor (5,348 units), followed by Pulau Pinang (5,222 units) and Selangor (4,386 units).

The House Price Index (HPI) decreased by -2.1% q-o-q in 3Q2022, with drops across all housing types, where semi-detached units registered a drop of -2.9%, followed by terraced units (-2.2%), detached units (-1.7%), and high-rise units (-1.5%).

Both the rising inflationary pressure and the increase in interest rates set by Bank Negara Malaysia are expected to have a detrimental effect on consumers' purchasing power. From the standpoint of real estate developers, they too are dealing with a number of difficulties, such as rising financing costs, inflationary pressure, a labour shortage, and expensive building materials.