

FUND PERFORMANCE REPORT FOR THE QUARTER ENDED 31 AUGUST 2021

SURIA ACCOUNT

Dear Valued Investment Account Holder (IAH),

We are pleased to present the following performance report for the quarter ended 31 August 2021.

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 to take 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 for the purpose to safeguard the investment and to generate stable return to IAHs.

1.5 Profit Distribution Frequency

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

1.6 Valuation

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

1.7 Investor's Criteria

- ◆ Individuals (Residents and Non-Residents)
- ◆ Investors who prefer low risk investment
- ◆ Investors who eager to win prizes
- ◆ 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 in the investment objectives, strategies, restriction and 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.

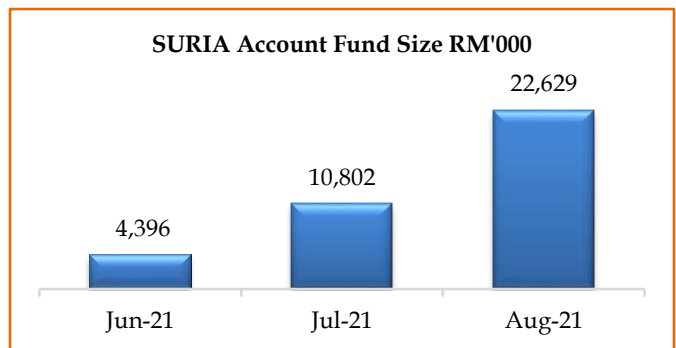
2. RISK STATEMENT

The Board of Directors of BMMB has the overall oversight on management of risks related to its business strategic and operations by approving risk management policies and procedures, methodologies including risk appetite and risk tolerance limit 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 comprehensive risk management framework, policies, processes and infrastructure.

3. FUND PERFORMANCE

3.1 Fund Size and Growth

As at August 2021, SURIA account fund balance was recorded at RM 22.629 million.



3.2 Asset Allocation

The fund is invested in Home Financing-i.

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3.3 Rate of Return

Based on the performance of the underlying asset, the rate of return to customers recorded an average of 0.07% p.a. for 1Q 2021. BMMB foresees the asset performance to remain stable during the 2Q 2021. This is in line with the BMMB's Net Impaired Financing ratio which recorded a healthy ratio of 0.54% as at August 2021 (December 2020: 0.59%).

Period	June	July	August
Rate of Return	0.06% p.a.	0.08% p.a.	0.07% 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:

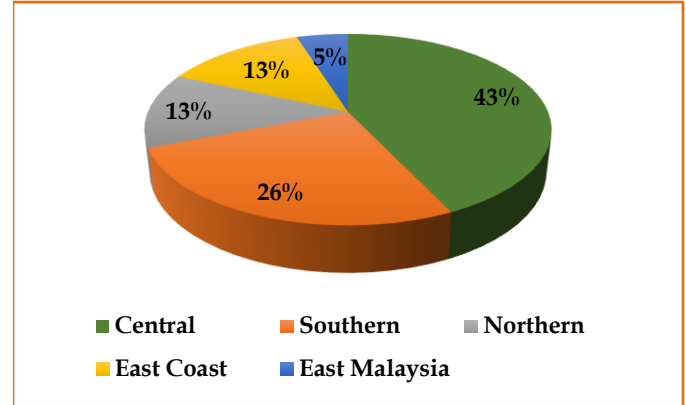
$$\text{Rate of Return} = (\text{Total Income} - \text{Impairment Allowances}) * \text{PSR}$$

2. Past performance is not reflective of future performance.

3.4 Income Statement

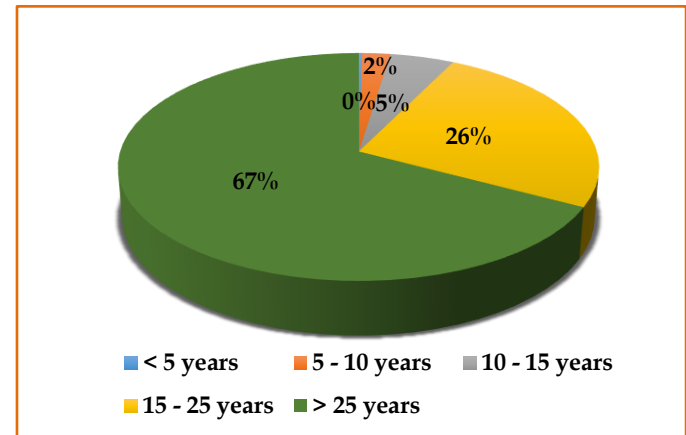
Profit & Loss Statement for the Quarter ended 31 August 2021			
	June RM'000	July RM'000	Aug RM'000
Profit from financing	4	20	45
Direct expenses	0.00	0.00	0.00
Allowance for impairment on financing	(1)	3	1
Total profit	4	23	43
Return on Asset(p.a.)	3.02%	3.93%	3.38%
Return on Investment (p.a.)	0.06%	0.08%	0.07%

3.5 Home financing Portfolio by Geographical Location



A total of 43% from the total Home Financing Portfolio originates from the Central region. This reflects the concentration of the Home Financing portfolio to developed areas such as the Klang Valley.

3.6 Home Financing Portfolio by Remaining Maturity



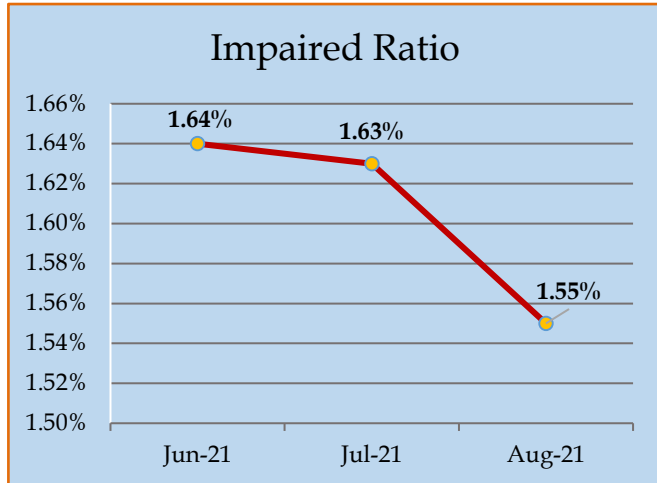
67% of total Home Financing Portfolio with remaining tenure more than 25 years.

Notes: Maximum tenure allowed for home financing is 35 years

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3.7 Asset Quality of Home Financing Portfolio



House Financing impaired ratio is at its lowest point as in August at 1.55% improved from 1.87% in Dec 2020. This reflects that the asset quality of HF portfolio is improving and well monitored as we continue our commitments to extend payment assistance measures to support our customers.

4 ECONOMIC REVIEW

The Malaysian economy grew by 16.1% year-over-year in 2Q2021 (vs. -0.5% in 1Q2021). Economic performance was supported mainly by the improvement in domestic demand and continued robust exports performance. The strong growth also reflected the low base from the significant decline in activity during 2Q2020. Economic activity picked up at the start of 2Q2021 but slowed down thereafter, following the re-imposition of stricter containment measures nationwide under Phase 1 of the Full Movement Control Order (FMCO). All economic sectors registered improvements, particularly the manufacturing sector. On the expenditure side, growth was driven by higher private sector spending and strong trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 2.0% (vs. 2.7% in 1Q2021), weighed by the tighter containment measures. Bank Negara Malaysia (BNM) Governor stated that while containment measures weighed on growth, greater adaptability to restrictions and ongoing policy support have partly mitigated the impact. Headline inflation increased to 4.1% during the quarter (vs. 0.5% in 1Q2021), mainly due to the base effect from fuel prices, as well as the lapse in the effect from the tiered electricity tariff rebate.

In the near term, headline inflation is projected to moderate as the base effect from fuel prices dissipates. For 2021 as a whole, headline inflation is expected to average between 2.0% and 3.0%.

Net financing to the private sector recorded annual growth of 4.4% during the quarter (vs. 4.7% in 1Q2021). Outstanding loan/financing growth moderated to 3.6% while outstanding corporate bond/Sukuk growth increased to 6.9%. Outstanding business loan/financing recorded annual growth of 1.3% amid slower outstanding investment-related loan/financing growth. For households, loan/financing demand continued to be forthcoming, particularly for the purchase of residential property.

In projecting the revised growth range for the year, BNM took into account the latest global economic developments, implementation of the first phase of the National Recovery Plan (NRP) and assumptions on gradual transitions to the second, third and fourth phases for each state based on the pace of vaccination rollouts and healthcare system capacities. Against this backdrop, the Malaysian economy is projected to expand between 3.0% and 4.0% in 2021.

5 PROPERTY MARKET REVIEW

Malaysia's property transactions dropped 11.6% in 1Q2021 (vs. growth of 2.3% in 4Q2020). Residential units formed the highest volume of transactions at 64.8%. In terms of value, residential units also represented the highest value at RM19.66 billion, i.e. 54.4% of the total RM36.12 billion transactions for 1Q2021.

Total residential new launches for the quarter stood at 5,919 units, comprising 3,669 units under landed category (62.0%) and 2,250 units under high rise category (38.0%). Out of which, 926 units (15.6%) have been sold, contributed by landed units at 13.6% and high-rise units at 2.0%. The highest component of the new launches was in the price range of below RM300,000 (40.0%), followed by RM300,000 to RM500,000 at 29.9%. States with highest new launches were Kuala Lumpur (24.1%), followed by Selangor (21.1%), Negeri Sembilan (12.9%) and Pahang (12.5%).

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Meanwhile, total residential property overhang was recorded at 27,468 units in 1Q2021, valued at RM18.48 billion, with high rise units formed the highest overhang at 58.1%. This was followed by terraced house at 25.7% and others at 16.3%. Residential units within the price range of RM500,000 to RM1.0 million formed the highest overhang at 34.3%, followed by those in price range of RM300,000 to RM500,000 at 27.7%. States with highest overhang volume were Johor (21.8%), followed by Penang (16.3%) and Kuala Lumpur/Selangor (13.4%).

The House Price Index (HPI) dropped to 0.3% y-o-y in 1Q2021 from 1.9% in 1Q2020, with detached units registered the biggest drop of -0.8%, followed by semi-detached and high-rise units (both at -0.7%). Meanwhile, terraced units recorded the smallest drop of -0.1%.

During 2Q2021, property sales momentum remained encouraging for most property developers up to May, as June saw the re-imposition of lockdowns. The signing of sales and purchase agreements was more aggressive in April and May, as buyers had earlier expected the Home Ownership Campaign to expire at end May. However, the campaign was later extended until end 2021 by the government. Nevertheless, sales activities continued, albeit at slower pace, as buyers were virtually signing such agreements during the lockdown period. On aggregate basis, property sales were flat q-o-q but grew 114% y-o-y, given the low base last year when MCO 1.0 was implemented. Property sales is projected to pick up again in 4Q2021, in tandem with more aggressive launches by the developers.