

FUND PERFORMANCE REPORT FOR THE QUARTER ENDED 31 AUGUST 2022

SURIA ACCOUNT

Dear Valued Investment Account Holder (IAH),

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

1.5 Profit Distribution Frequency

Profit will be distributed 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 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 are 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.

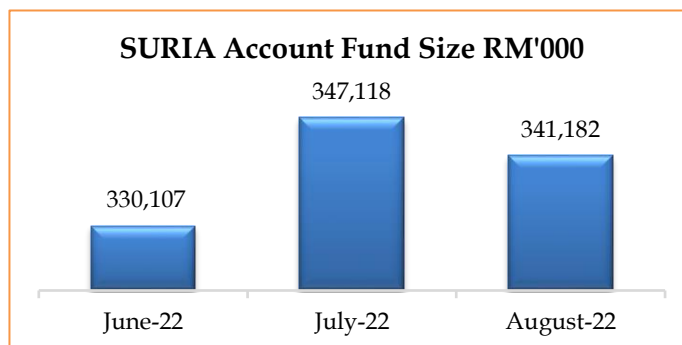
2. RISK STATEMENT

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 2022, SURIA account fund balance was recorded at RM 341.182 million.



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 0.07%p.a. for 1Q (June to August 2022). BMMB foresees asset performance to remain stable during the 2Q 2022 (September to November 2022). This is in line with the BMMB's Net Impaired Financing ratio which recorded a healthy ratio of 0.45% as at August 2022 (December 2021: 0.46%).

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Period	June'22	July'22	August'22
Rate of Return for IAH	0.07% p.a.	0.07% 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.

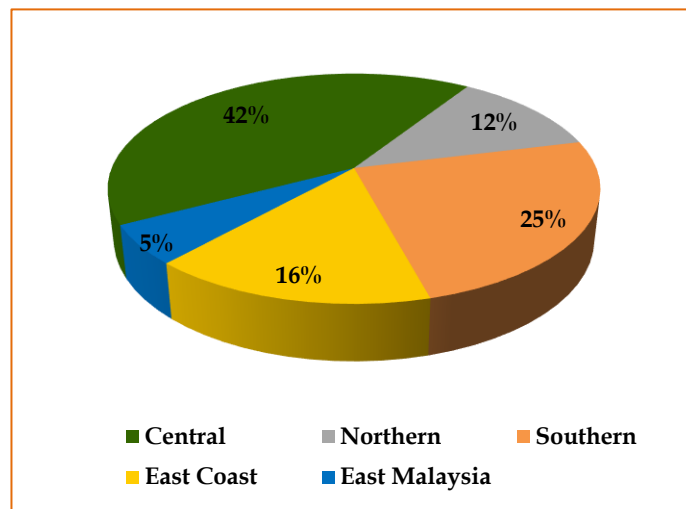
3.4 Historical Rate of Return

Period	March'22	April'22	May'22
Rate of Return for IAH	0.06% p.a.	0.06% p.a.	0.07% p.a.
Profit Sharing Ratio (PSR) (IAH:BMMB)	2:98	2:98	2:98

3.5 Income Statement

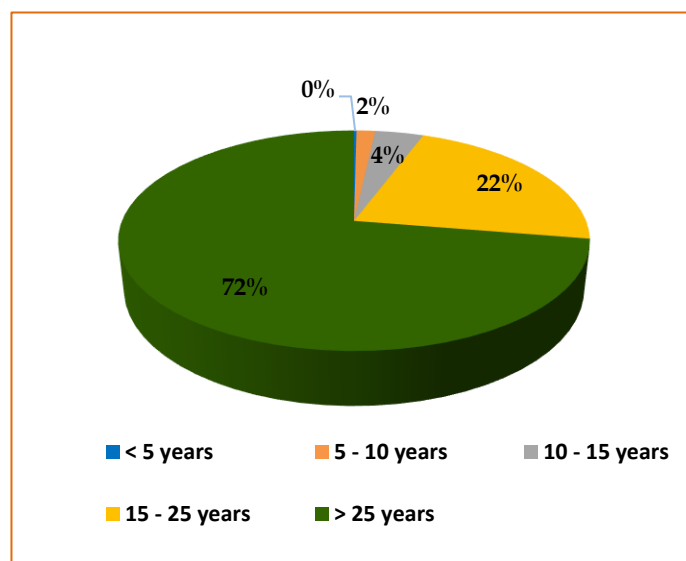
Profit & Loss Statement for the Quarter ended 31 August 2022			
	June'22 RM'000	July'22 RM'000	August'22 RM'000
Profit from financing	946	1,049	1,107
Direct expenses	0.00	0.00	0.00
Allowance for impairment on financing	(67)	(67)	(73)
Total profit	879	982	1,034
Return on Asset (p.a.) (BMMB)	3.43%	3.56%	3.66%
Return on Investment (p.a.) (IAH)	0.07%	0.07%	0.07%

3.6 Home financing Portfolio by Geographical Location



A total of 42% of 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.

3.7 Home Financing Portfolio by Remaining Maturity



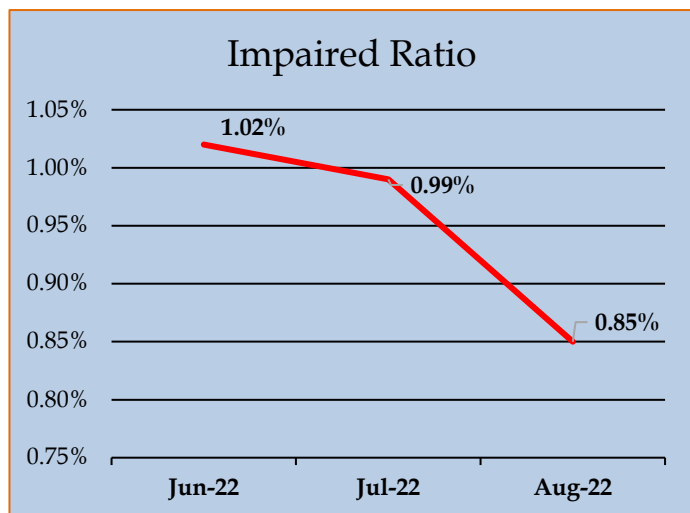
72% of total Home Financing Portfolio with remaining tenure more than 25 years.

Notes: Maximum tenure allowed for home financing is 35 years

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3.8 Asset Quality of Home Financing Portfolio



House Financing impaired ratio is at 0.85% in August 2022 improved from 1.18% in December 2021 (1.87% in December 2020). This reflects that the asset quality of HF portfolio is improving and well monitored.

4 ECONOMIC REVIEW

The Malaysian economy grew by 8.9% y-o-y in 2Q2022 (vs. 5.0% in 1Q2022). The growth is mainly attributed to higher private consumption (+18.3% y-o-y improvement) coupled with the nation's economic openness and relaxation of containment measures. Exports also continued to grow y-o-y by 10.4%. On a quarter-on-quarter seasonally-adjusted basis, the economy registered an increase of 3.5% (1Q2022: 3.8%), attributed to continued strong growth contributions from the services and manufacturing sectors.

On the domestic demand side, private consumption grew at a quicker pace of 18.3% (1Q2022: 5.5%). This was primarily made possible by a significant increase in private spending during a period of increasing economic normalisation and strengthening labour market conditions. Public consumption on the other hand, moderated to 2.6% (1Q2022: 6.7%). Spending on goods and services has decreased, suggesting a decrease in COVID-19 related expenses.

Headline inflation increased to 2.8% during the second quarter of 2022 (vs. 2.2% in 1Q2022), contributed mainly by the increase in core inflation and higher fuel and price-

volatile inflation. Meanwhile, core inflation rose to 2.5% in the second quarter of 2022 (vs 1.7% in 1Q2022).

Net financing recorded an annual growth of 4.9% by the end of 1Q2022 (vs. 4.5% in 1Q2022). This minimal increase was mainly due to higher outstanding financing growth in both business and household sectors. Growth in outstanding corporate sukuk moderated to 3.4% (1Q2022: 4.6%) as bond redemption growth kept outpacing new bond issuances. Outstanding business financing increased to 5.5% (1Q2022: 4.3%), reflected by higher disbursements of working capital financing. With stronger growth seen across the majority of financing purposes, outstanding financing growth for households increased (5.7% vs. 4.8% in the first quarter of 2022). The demand for financing among households remained high, particularly for the purchase of residential properties and passenger cars, and the growth in finance disbursements grew to 29.0% (1Q2022: 12.7%; 2017-19 quarterly average: 5.8%). Subsequently, financing payments recorded higher growth of 13.3% (1Q2022: 3.3%) as moratorium and payment assistance measures have lapsed.

Global growth is expected to moderate. The war and related sanctions imposed by Western nations on Russia have caused a disruption in commodities production and trade, which has resulted in higher commodity prices. Higher global inflation as a result has had a detrimental influence on consumer morale and expenditure while also increasing cost pressures on businesses. In a setting of high commodity prices and competitive labor markets, it is anticipated that the majority of major economies will endure significant and ongoing inflationary pressures. Major central banks have accelerated the tightening of monetary policy to combat inflation and guarantee that inflation expectations are well-anchored. It is anticipated that financial conditions would worsen and growth may be hampered by all of these reasons.

The Malaysian economy is anticipated to continue its path of economic growth in 2022. BNM increased the OPR by another 25 basis points in July 2022, bringing it to 2.25% (OPR: 2.00% in May 2022). The balance of risks to Malaysia's economy is still skewed to the negative, though. This is primarily due to supply chain problems getting worse, slower-than-expected global growth, and escalating geopolitical crises.

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5 PROPERTY MARKET REVIEW

Malaysia's property transactions increased by 13.5% Y-o-Y in 1H2022 (vs. 21.0% in 1H2021), recording a total of 188,002 transactions. Residential units formed the highest volume of transactions for 1H2022 at 61.8% (116,178 units). In terms of value, residential units also represented the highest value at RM45.62 billion, i.e. 54.1% of the total RM84.40 billion transacted during the first half of 2022.

Total residential new launches for 1H2022 stood at 10,552 units, comprising 8,543 units under the landed category (81.0%) and 2,009 units under the high-rise category (9.0%) out of which, 1,892 units (22.1%) of landed properties and 249 units (12.4%) of high-rise properties have been sold. The highest component of the new launches was in the price range of RM300,000 to RM500,000 at 41.5% (4,380 units), followed by the price range RM500,001 to RM1 million at 30.1% (3,176 units). States with the highest new launches in the first half of 2022 were Johor (2,509 units), followed by Sabah (1,335 units), and Perak (1,317 units).

Meanwhile, total residential property overhang was recorded at 34,092 units as at 1H2022, valued at RM21.73 billion, with high-rise units forming the highest overhang within residential property type at 59.5% (20,273 units). This was followed by terraced houses at 20.8% and semi-detached houses at 8.6%. Residential units priced between RM500,000 to RM1 million formed the highest residential overhang at 29.6%, followed by those in the price range of RM500,000 to RM1,000,000 at 28.7% and below RM300,000, both at 28.3%. States with highest the residential overhang volume were Johor (6,040 units), followed by Pulau Pinang (5,508 units) and Selangor (5,156 units).

The House Price Index (HPI) increased by 0.5% y-o-y in 1H2022, with detached units registering a drop of -2.3%, followed by high-rise units (-0.5%). Meanwhile, terraced and semi-detached units recorded Y-o-Y improvements of 1.3% and 0.9% respectively.

According to the National Property Information Centre's (NAPIC) semi-annual report, the property market showed indications of recovery in the first half of this year (1H2022) as the economy reopened, but the office and retail sectors remained difficult due to a supply glut.

Despite the fact that the year began on a promising note, with the real estate market ready to make a long-overdue

comeback alongside the post-pandemic economic recovery, the mood has nonetheless deteriorated recently.

Bank Negara Malaysia's interest rate upcycle as well as the rising inflationary pressure, is anticipated to negatively impact buyers' purchasing power. On property developers' perspective, they are also facing a few challenges of their own, including high building material prices, a labor shortage, and growing financing costs.