

## FUND PERFORMANCE REPORT FOR THE QUARTER ENDED 31 May 2022

### SURIA ACCOUNT

Dear Valued Investment Account Holder (IAH),

We are pleased to present the following performance report for the quarter ended 31 May 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 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](http://www.muamalat.com.my).

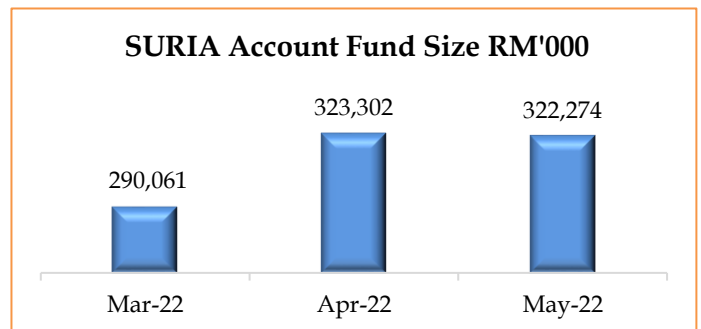
#### 2. RISK STATEMENT

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 May 2022, SURIA account fund balance was recorded at RM 322.274 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 0.06% p.a. for 4Q (March to May 2022). BMMB foresees the asset performance to remain stable during the 1Q 2022 (June to Aug 2022). Albeit its net impaired Financing ratio recorded a marginal increase ratio of 0.50% as at May 2022 (December 2021: 0.46%).

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

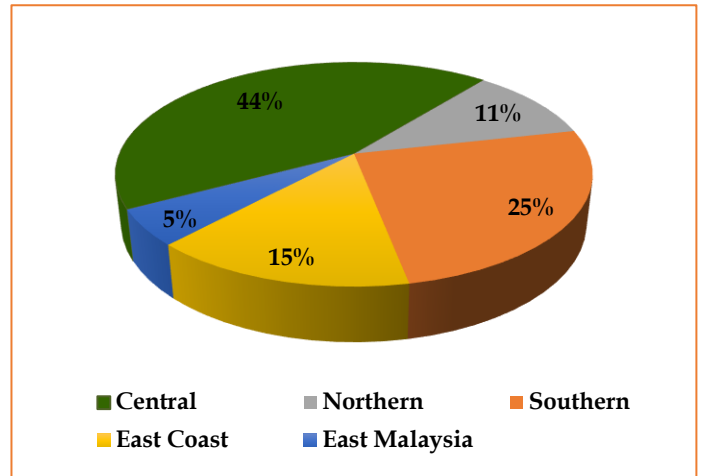
Notes:

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

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

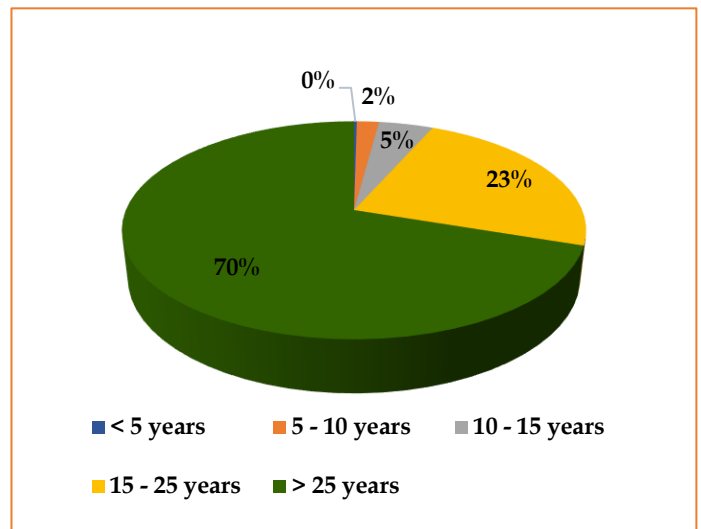
2. Past performance is not reflective of future performance.

### 3.6 Home financing Portfolio by Geographical Location



A total of 44% 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.

### 3.7 Home Financing Portfolio by Remaining Maturity



70% of total Home Financing Portfolio with remaining tenure more than 25 years.

Notes: Maximum tenure allowed for home financing is 35 years

### 3.4 Historical Rate of Return

Period	Dec'21	Jan'22	Feb'22
Rate of Return	0.06% p.a.	0.06% p.a.	0.06% p.a.
Profit Sharing Ratio (PSR) (IAH:BMMB)	2:98	2:98	2:98

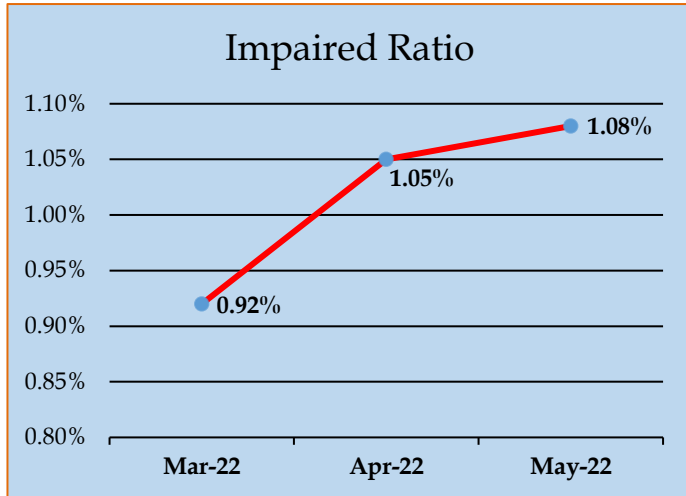
### 3.5 Income Statement

Profit & Loss Statement for the Quarter ended 31 May 2022			
	Mar'22 RM'000	Apr'22 RM'000	May'22 RM'000
Profit from financing	784	834	948
Direct expenses	0.00	0.00	0.00
Allowance for impairment on financing	(62)	(60)	(57)
Total profit	723	774	891
Return on Asset(p.a.)	3.19%	3.20%	3.36%
Return on Investment (p.a.)	0.06%	0.06%	0.07%

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#### 3.8 Asset Quality of Home Financing Portfolio



House Financing impaired ratio is at 1.08% in May 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 5.0% y-o-y in 1Q2022 (vs. 3.6% in 4Q2021). The growth is mainly attributed to higher domestic demand with less restrictive containment measures. Greater economic openness and relaxation of containment measures on a local level boosted private consumption while exports continue to grow y-o-y by 8.0%. On a quarter-on-quarter seasonally-adjusted basis, the economy registered an increase of 3.9% (4Q2021: 4.6%), attributed to strong growth contributions from the services and manufacturing sectors.

On the domestic demand side, the recovery of the labour market contributed to the faster growth of private consumption of 5.5% (4Q2021: 3.7%). Public consumption increased by 6.7% (4Q2021: 1.6%). The increase was primarily fuelled by stronger growth in supply and services, with ongoing assistance from COVID-19-related expenses including logistics and vaccination purchases.

Headline inflation moderated to 2.2% during the first quarter of 2022 (vs. 3.2% in 4Q2021), contributed mainly by the dissipating base effect from fuel prices (RON 95 for 1Q2022: RM2.05/litre, 1Q2021: RM1.96/litre) with the government's policy to end electricity tariff rebates

implemented in 2020. Meanwhile, core inflation rose to 1.7% in the first quarter of 2022 (vs 0.8% in 4Q2021).

Net financing recorded an annual growth of 4.5% by the end of 1Q2022 (vs. 4.7% in 4Q2021). This minimal moderation was mainly due to lower growth in outstanding corporate sukuk of 4.6% (4Q2021: 5.4%). Outstanding financing growth maintained at 4.4%. Outstanding business financing moderated to 4.3% (4Q2021: 4.8%), reflected by lower growth in working capital financing. With stronger growth seen across the majority of financing purposes, outstanding financing growth for households increased (4.8% vs. 4.2% in the fourth quarter of 2021). Financing demand among households continued to be strong, especially for the acquisition of residential properties and passenger cars, as growth in financing disbursements increased to 12.7% (4Q2021: 9.5%; 2017-19 quarterly average: 5.8%). Financing repayments recorded higher growth of 3.3% (4Q2021: -4.6%) as moratorium and repayment assistance measures are gradually lapsing.

In the first quarter of 2022, global growth slowed. Omicron-led resurgences first hindered the recovery of services activity, but it later improved as advanced economies (AEs) and the majority of emerging market economies (EMEs) eased restrictions. As the volatility of Covid-19 cases becomes a current constant in the economy, the current military conflict in Ukraine, as well as renewed lockdowns in China is expected to have an impact on the overall performance of the global economy. Due to rising commodity prices, stretched supply chains, and strong demand conditions, notably in the US, inflationary pressures have dramatically grown. In order to lessen inflationary pressures, numerous central banks are anticipated to change their monetary policy settings more quickly.

The Malaysian economy is predicted to continue its path to economic improvement in 2022. Latest assessments on the reopening of the global economy as well as the improvements in the labour market supporting the economic recovery, concluded with an OPR hike of 25 basis points in May 2022 from 1.75% to 2.00%. According to the most recent data available, the Malaysian economy is growing more steadily thanks to steady export growth and stronger domestic demand. Headline inflation is estimated to average between 2.2% and 3.2% in 2022, due to high input costs and increased demand. Core inflation on the other hand, is expected to record higher figures in

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2022 compared to last year, averaging around 2.0% to 3.0%.

#### 5 PROPERTY MARKET REVIEW

Malaysia's property transactions contracted by 4.9% Q-o-Q in 1Q2022 (vs. 62.3% in 4Q2021), recording a total of 94,544 transactions. Residential units formed the highest volume of transactions for 1Q2022 at 61.1% (57,750 units). In terms of value, residential units also represented the highest value at RM22.98 billion, i.e. 54.8% of the total RM41.91 billion transacted during the first quarter of 2022.

Total residential new launches for 1Q2022 stood at 2,936 units, comprising 2,657 units under landed category (90.5%) and 279 units under high rise category (9.5%) out of which, 164 units (6.2%) of landed properties have been sold. The highest component of the new launches was in the price range of RM300,000 to RM500,000 at 40.8% (1,197 units), followed by price range below RM300,000 at 35.0% (965 units). States with highest new launches in the first quarter of 2022 were Johor (604 units), followed by Malacca (562 units), and Pahang (466 units).

Meanwhile, total residential property overhang was recorded at 35,592 units as at 1Q2022, valued at RM22.45 billion, with high rise units forming the highest overhang within residential property type at 58.1% (20,680 units). This was followed by others category at 21.1% and terraced house at 20.8%. Residential units priced from RM300,000 to RM500,000 formed the highest residential overhang at 29.5%, followed by those in price range of RM500,000 to RM1,000,000 at 28.7%. States with highest residential overhang volume were Johor (5,992 units), followed by Pulau Pinang (5,816 units) and Selangor (5,215 units).

The House Price Index (HPI) decreased by 0.1% y-o-y in 1Q2022, with detached units registering the biggest q-o-q drop of -4.1%, followed by semi-detached units (-2.6%) and terraced units (-2.2%). Meanwhile, high rise units recorded the only q-o-q improvement at 0.1%.

With lockup restrictions being loosened and the Home Ownership Campaign (HOC) coming to an end in December 2021, the dynamics of the real estate market have changed compared to last year.

As we head into 2022, COVID-19 is still a concern that will affect consumer behaviour. However, provided the

country meets its vaccine goals and infection rates continue to be within acceptable bounds, we may anticipate a gradual improvement in consumer confidence as well as a more positive job market picture as the year goes on.

Looking ahead, the promising pricing indicators from the second half of 2021 indicate that the market will be more stable in the first quarter of the following year. It was widely acknowledged that demand remained strong among those looking for property, many of whom, at the time, were simply priced out of the market, notwithstanding difficulties surrounding the pricing mismatch encountered by the sector prior to the outbreak of the pandemic.

In light of this, the current environment of low entry costs for houses may encourage some early activity among first-time home purchasers who had previously put plans on hold due to the unfavourable financing environment.