FUND PERFORMANCE REPORT FOR THE QUARTER ENDED 31 MAY 2023

SURIA ACCOUNT

Dear Valued Investment Account Holder (IAH),

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

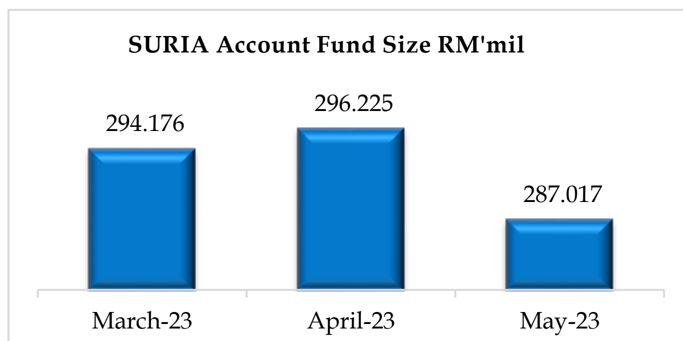
2. RISK STATEMENT

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 May 2023, SURIA account fund balance was recorded at RM287.017 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 0.09%p.a. for 4Q (March 2023 to May 2023). BMMB foresees the asset performance to remain stable during the 1Q 2023 (June 2023 to August 2023). Albeit its net impaired financing ratio recorded a marginal increase ratio of 0.56% as at May 2023 (December 2022: 0.42%).

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Period	March 2023	April 2023	May 2023
Rate of Return for IAH	0.08% p.a.	0.08% p.a.	0.09% p.a.
Profit Sharing Ratio (PSR) (IAH:BMMB)	2:98	2:98	2:98

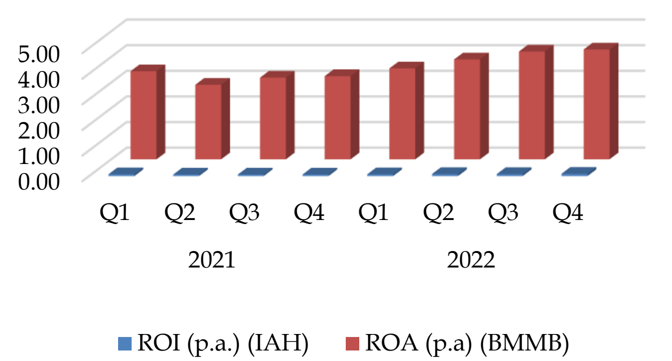
Notes:

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

   *Rate of Return = (Total Income – Impairment Allowances) * 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



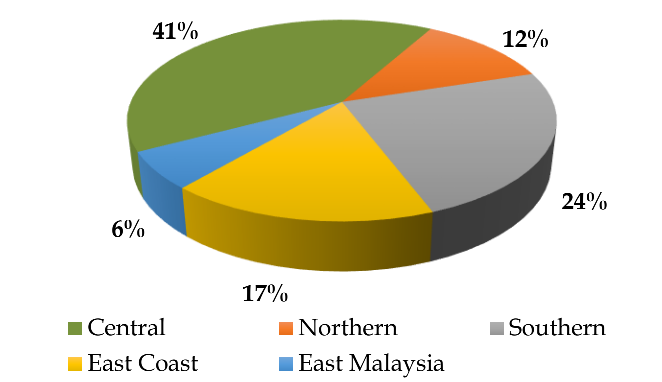
Period	2021				2022			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
ROI	0.07	0.06	0.06	0.06	0.07	0.08	0.08	0.09
ROA	3.44	2.91	3.19	3.25	3.55	3.90	4.21	4.29

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 31 May 2023			
	March 2023 RM'mil	April 2023 RM'mil	May 2023 RM'mil
Profit from financing	1,051	1,042	1,088
Direct expenses	0.00	0.00	0.00
Allowance for impairment on financing	(38)	(36)	(16)
Total profit	1,013	1,006	1,072
Return on Asset (p.a.)	4.22%	4.22%	4.43%
Return on Investment (p.a.)	0.08%	0.08%	0.09%

3.6 Home financing Portfolio by Geographical Location



A total of 41% 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.

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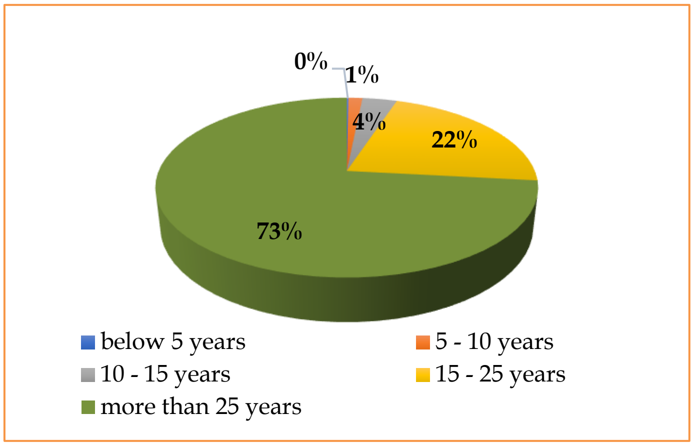
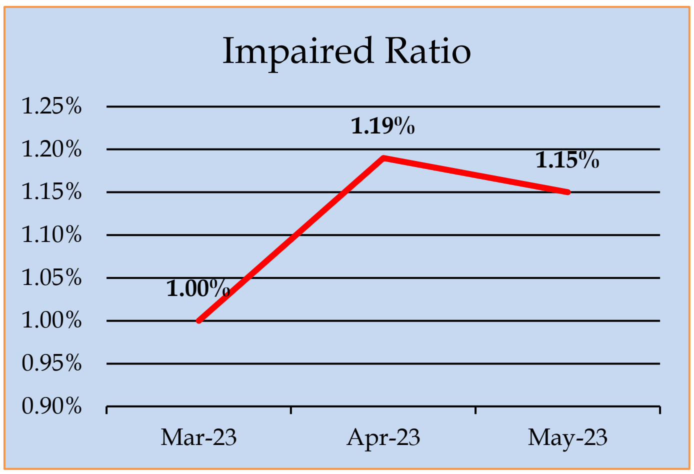
3.7 Home Financing Portfolio by Remaining Maturity



73% 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 1.15% in May 2023 deteriorated from 0.82% in December 2022 (1.18% @Dec 2021 and 1.87% @Dec2020). This reflects that the asset quality of HF portfolio is slightly deteriorated but well monitored. Nevertheless, it is still below industry's house financing impaired ratio of 1.48% as at May 2023.

4 ECONOMIC REVIEW

The Malaysian economy continue to remain resilient amidst higher cost of living and heightened economic uncertainties globally. The 1Q2023 GDP grew by 5.6% led by 5.9% expansion in private consumption. Higher spending among households which accounted for 61.5% has been the main driver for growth. Continuous improvement in the labour market condition would mean more Malaysians are being employed and receive stable income. This can be reflected in persistent decline in the jobless rate with seasonally adjusted unemployment rate fell to 3.4% as of May 2023 from as high as 5.2% in May 2020. Consequently, services-oriented industries indicator such as retail trade and accommodation expanded by a double-digit pace of 14.5% and 55.7% during the first three months of 2023.

As demand from households remain healthy, Malaysia's inflation rate has been fairly high during the first half of 2023 at 3.2% compared to 2.5%in the same period last year. The main driver was food and non-alcoholic beverages, utilities and restaurants & hotels which posted 6.2%, 1.7% and 6.7% from 4.5%, 0.9% and 3.3% in the same corresponding period last year. Following this, the BNM's Monetary Policy Committee (MPC) decided to raise the Overnight Policy Rate (OPR) to 3.00% in May. The normalization of OPR was in line with the ongoing economic recovery which warrants for the upward adjustment in the benchmark interest rate.

While consumers have been maintaining a healthy pace, businesses are becoming increasingly cautious on the outlook. This was premised on the Purchasing Managers Index (PMI) which is a measure for business sentiment in the manufacturing sector. The PMI index has fallen below the 50-point benchmark for 10 months in a row with the latest reading in June stood at 47.7 point. This would mean the number of pessimists is far larger than those who are optimists among the manufacturers. Such pessimism is also resonating well with exports of manufacturing industries which accounted for 85.4%of total exports. Manufacturing exports fell 3.2% during January to June 2023 from 21.7% growth in the 6M2022.

All in all, the Malaysian economy is set to achieve 4% to 5% growth in 2023 after recording 8.7% expansion in the 2022. Apart from the high base factor, the softening in the global demand is also the key factors that drives our economy to a lower trajectory especially in the second half of 2023. The latest IMF forecast showed that the global growth is likely to slow to 3.0% in 2023 and 2024 after rising 3.5%in 2022. The main reason would be the tightening of liquidity condition following series of interest rate hike by the major central banks. Furthermore, the balance of risks for inflation is tilted to the upside as possible intensification of military aggression in Ukraine along weather related events would exert pressure on food prices. Against such a backdrop, the BNM is expected to maintain their accommodative monetary stance while the federal government spending plans under the Budget 2023 allocation would provide support to the domestic demand via development expenditure.

5 PROPERTY MARKET REVIEW

Total property transaction fell by 5.7% year-on-year (y-o-y) to 89,179 unit during the 1Q2023. Similarly, total property transaction by value moderated by 0.9% y-o-y to RM42.3 billion in the 1Q2023. The main underpinning factor was the residential property which accounted for 60.5% of total transaction. The residential property sector transaction declined 6.6% to 53,923 units in the 1Q2023. Meanwhile, the property overhang for the residential unit has been generally on a decline. The total unsold unit for the residential property fell to 26,872 units during the 1Q2023 from as high as 36,863 units in the 4Q2021. Such trend suggests that the overall property market is slowing based on the number of property transaction. However, the decline in the property overhang indicates that the property sector is healthy as developers are able to sell their inventories. Additionally, the house price appreciation has moderated. The House Price Index (HPI) grew by 2.0% year-on-year to 210.1 points in the 1Q2023 after rising by 3.9% in the preceding quarter. The trend suggests there are no excessive asset price bubble within the property market.

Thus far, property developer has been recording a good sales performance although they are cognizant in the potential challenges brought by the higher OPR and rising cost of living. Apart from that, the recovery in the supply of foreign labour would mean they are able to execute their projects in a timely manner. Overall, the property sector is expected to remain healthy this year. The accommodative monetary policy stance would result in stability in the benchmark interest rate going forward. Furthermore, the expansionary fiscal policies would translate into more spending on infrastructure projects that will have a spillover effects to the residential localities.