

FUND PERFORMANCE REPORT FOR THE QUARTER ENDED 31 AUGUST 2023
SURIA ACCOUNT

Dear Valued Investment Account Holder (IAH),

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

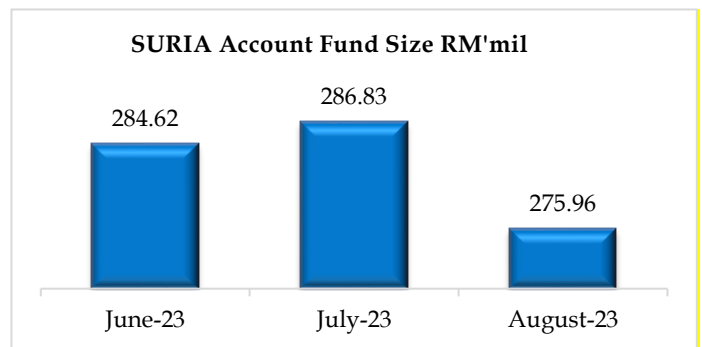
2. RISK STATEMENT

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 August 2023, SURIA account fund balance was recorded at RM275.96 mil.



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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 1Q of 2023/2024 (June 2023 to August 2023). BMMB foresees the asset performance to remain stable during the 2Q of 2023/2024 (Sept 2023 to Nov 2023). Albeit its net impaired financing ratio recorded a marginal increase financing of 0.57% as at August 2023 (December 2022: 0.42%).

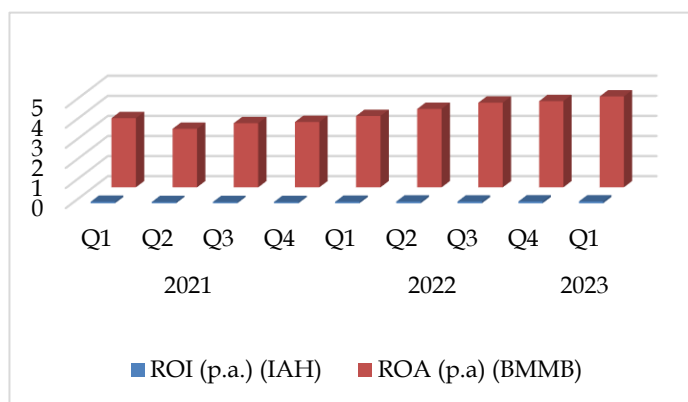
Period	June 2023	July 2023	August 2023
Rate of Return for IAH	0.09% p.a.	0.09% p.a.	0.09% p.a.
Profit Sharing Ratio (PSR) (IAH: BMMB)	2:98	2:98	2:98

Notes:

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

$$\text{Rate of Return} = (\text{Total Income} - \text{Impairment Allowances}) * \text{PSR}$$
- Past performance is not reflective of future performance.
- Effective from the 16th of the month to the 15th of the following month

3.4 Historical Rate of Return



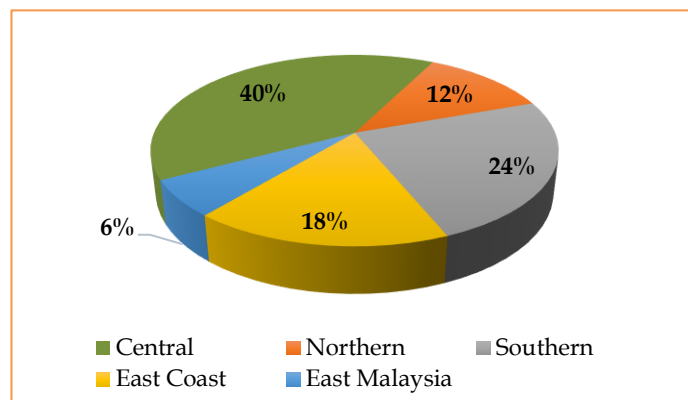
Period	2021				2022				2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
ROI	0.07	0.06	0.06	0.06	0.07	0.08	0.08	0.09	0.09
ROA	3.44	2.91	3.19	3.25	3.55	3.90	4.21	4.29	4.52

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 August 2023			
	June 2023 RM'000	July 2023 RM'000	August 2023 RM'000
Profit from financing	1,044	1,068	1,057
Direct expenses	0.00	0.00	0.00
Allowance for impairment on financing	(2)	(38)	(33)
Total profit	1,042	1,030	1,024
Return on Asset (p.a.)	4.61%	4.46%	4.48%
Return on Investment (p.a.)	0.09%	0.09%	0.09%

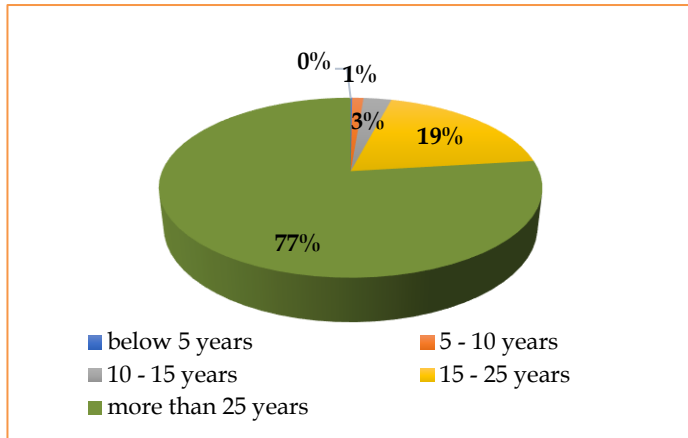
3.6 Home financing Portfolio by Geographical Location



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A total of 40% from the total Home Financing Portfolio originates from the Central region. This reflects the Home Financing portfolio's primary focused on developed areas such as the Klang Valley.

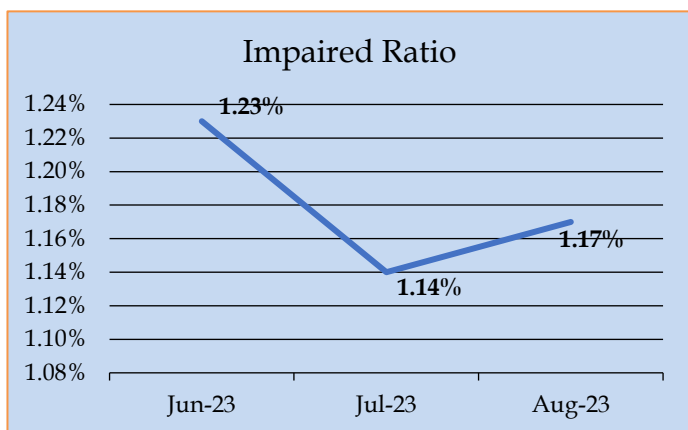
3.7 Home Financing Portfolio by Remaining Maturity



77% 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



Home Financing impaired ratio is at 1.17% in Aug 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 home financing impaired ratio of 1.49% as at July 2023.

4 ECONOMIC REVIEW

Malaysia's second quarter (2Q2023) Gross Domestic Product (GDP) growth came in lower at 2.9% year-on-year (y-o-y) from 5.6% expansion in the preceding quarter. The main factor for slowing economy was the contraction in the net exports by 3.7% during quarter under review as external demand continues to exhibit challenging prospect. Real exports and imports declined 9.4% (1Q2023: -3.3%) and 9.7% (1Q2023: -6.5%) respectively in the April-June quarter. Weaker exports were led by the fall in manufacturing related products which accounted for 86.5% of total exports. Products such as Electrical & Electronics (41.6% of total exports), Petroleum (10.9% of total exports) and Chemical & Chemical Products (4.8% of total exports) fell by -0.4% (1Q2023: 3.3%), -4.5% (1Q2023: 58.7%) and -17.8% (1Q2023: -6.3%) respectively. As for imports, Intermediate Goods (50.3% of total imports) and Consumption Goods (8.5% of total imports) dropped by -20.7% (1Q2023: -3.8%) and -3.3% (1Q2023: 0.9%) respectively during the 2Q2023. However, imports of Capital Goods rose 2.6% in the 2Q2023 from 0.2% in the previous quarter, suggesting investment activities are picking up. This was reflected in the 5.5% growth in total investment during the 2Q2023 from 4.9% in the preceding quarter.

Both private and public investment grew by 5.1% (1Q2023: 4.7%) and 7.9% (1Q2023: 5.7%). The implementation of key infrastructure projects such as Pan Borneo Highway Phase 2, East Coast Rail Link (ECRL) and JB-Singapore RTS Link among others are expected to underpin the growth in the construction, manufacturing and services sector. Despite that, rising cost of living is taking a toll on consumer confidence, leading to a cautious spending among households. The private consumption which accounted for 60.7% moderated to 4.3% in the 2Q2023 after gaining modestly at 5.9% during the 1Q2023 (4Q2022: 7.3%). Having said that, labour market condition has remained

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positive with unemployment rate persistently on a declining trend to 3.4% as of July 2023 from 3.6% at the beginning of the year. Additionally, the number of jobs vacancies continued to remain sizeable at 146,608 jobs as of July 2023 which outpaced the number of loss employment of 4,283 jobs.

Going forward, the Malaysian economy will continue to be affected by the possible slowdown in the global economy. The International Monetary Fund (IMF) in their latest World Economic Outlook in July 2023 has projected that the world's GDP grow at 3.0% in 2023 and 2024 from 3.5% in 2022. The main premise for their projection is the tight global liquidity condition as the major central banks have raised their policy rates substantially since early 2022. Apart from that, the ongoing War in Ukraine coupled with extreme weather condition could result in higher inflation rate which necessitates for central banks to keep their restrictive monetary policy in place to subdue the inflation expectation. On that note, Malaysia's domestic demand will be the driver for growth. The government through the Mid-Term Review of 12th Malaysian Plan (MTR12MP) has indicated that the development expenditure (DE) ceiling for 2021-2025 will be raised from RM400 billion to RM415 billion. This would mean higher DE will have positive impact to the construction, manufacturing and services sector in the next two years. Furthermore, the BNM is seen to be keeping the Overnight Policy Rate (OPR) unchanged at 3.00% for the remainder of 2023, indicating that the monetary policy will be supportive to the domestic demand.

the newly launched of residential property has gone up to 9,458 units in the 1H2023 compared to the same period last year of 6,6261 units with Single Storey Terrace and 2-3 Storey Terrace forms 20.8% and 34.4% of total newly launched residential property. The Budget 2023 which was retabled on 24 February 2023 saw measures to promote homeownership especially for the first-time buyer. Full stamp duty exemption for the purchase of house valued RM500,000 and below will be granted until end of 2025. For house prices RM500,000 to RM1,000,000, the current exemption of 50% will be increased to 75% until 31 December 2023. This may have created interest among the house buyer as the stamp duty exemption would help them to reduce the cost of house purchases. Thus far, the state of residential property is healthy with House Price Index (HPI) continued to moderate to 2.2% year-on-year in the 2Q2023 from 4.8% previously while the unsold units (completed) persistently on a downward trajectory to 26,286 units in the 2Q2023 after reaching its high at 36,863 units in the 4Q2021. In that sense, there is no excessive speculative activities given that prices have been rising at a slower pace while the unsold units remained on a declining trend. With the OPR is expected to remain stable for the remainder of 2023, demand for the residential property is likely to be resilient.

5 PROPERTY MARKET REVIEW

Total property transaction in the 2Q2023 stood at RM43.3 billion, representing an increase of 0.8% from the same period last year (2Q2022: RM42.9 billion). Of this amount, Residential Property accounted for 55.3% of total property transaction during the April-June quarter with total sales growth 5.5% to RM23.9 billion. Apart from that,