

Mudarabah Term Investment Account-i (MTIA-i)

Fund Performance Report for the Quarter Ended 30 September 2024

Dear Valued Investment Account Holder,

We are pleased to present the following fund performance report for the quarter ended 30 September 2024.

1.0 Key Fund Information

1.1. Product Name

Mudarabah Term Investment Account-i (MTIA-i): MTIA-i is a type of an unrestricted investment account opened and maintained by the Investment Account Holder (“IAH”) with the Bank. Monies placed in MTIA-i (“Investment Amount”) is mandated by IAH to be utilized by the Bank, to fund its stable retail Shariah-compliant financing as investment assets of the Bank (“Investment Asset”). Distribution of returns of the Investment is based on the pre-agreed Profit Sharing Ratio (“PSR”), the amount of which dependent on the performance of the Investment Asset.

1.2. Investment Account Type

The MTIA-i is a form of an unrestricted investment account in which the Bank invests in the Investment Asset in accordance with the investment mandate given by IAH.

1.3. Fund Investment Objective

MTIA-i presents the opportunity to the public to invest in a low risk investment account product that funds the Investment Asset.

1.4. Fund Investment Strategies

MTIA-i fund is invested in Investment Asset with competitive pricing and good asset quality. The Investment Asset subscribes to the Bank’s internal credit controls as regulated by Bank Negara Malaysia (“BNM”).

1.5. Nature of Investment Account

Term Investment Account. For retail IAH, the tenure offered is 1 month, 3 months or 6 months. For corporate IAH, the minimum tenure is 1 day to a maximum of 6 months or

as specified by the Bank on a case-to-case basis.

1.6. Investment Asset Allocation

Investment Asset allocated is Shariah-compliant retail mortgage portfolio of the Bank. The Bank shall manage the investment return in a manner that is consistent with IAH investment objective and the related governing rules and regulations.

1.7. Investor Profile

Type of Investor:

- Individuals (Residents and Non-Residents)
- Small and Medium Enterprises (“SMEs”)
- Corporate
- Corporate Agencies
- Universities
- Companies & Partnerships
- Government
- Government Agencies
- Statutory Bodies
- Government-Linked Companies (“GLC”)
- Other Business & Non-Business Entities deemed fit by the Bank.

1.8. Valuation of the Allocated Asset

Valuation methodology employed is in accordance with sound industry practice and consistent with the Malaysian Financial Reporting Standards (“MFRS”). The Bank will be monitoring the performance of the Investment Asset on monthly basis. The net returns/loss on the MTIA-i will be displayed at our branches and published on our website at www.ambank.com.my every 16th of the month.

In the event of any impairment assessment on illiquid Investment Asset, such

assessment shall be reflected in its current valuation. Adequate mechanism will be put in place by the Bank to ensure timely and fair recognition and measurement of impairment loss during the period in which it arises.

1.10. Statement on Any Changes

There have been no changes in the investment objectives, strategies, restrictions and limitations during the quarter period.

1.9. Profit Payment Policy

Profit distribution is upon maturity.

2.0 Risk Statement

The Board of Directors of AmBank Group, being the ultimate governing body, has the overall risk oversight responsibility within the AmBank Group. Amongst others, to manage risks in relation to the Group business strategy through desired target ratings, earnings volatility and risk limits, by setting risk appetite and tolerance levels, that are employed for the Bank's overall business objectives and desired risk profile to ensure preservation of capital and optimization of profit.

Notwithstanding, for safe and minimal risk investment strategy, the Bank shall ensure that the risk oversight for the major risk categories on development of strategies, core policies, procedures and infrastructure to manage credit risk, market risk, liquidity risk, operational risk, investment-decision risk, risk of capital loss, regulatory non-compliance risk, Shariah non-compliance risk, country risk, industry/sector risk and other industry-specific risk for the Bank are consistent and effective.

3.0 Fund Performance for the Quarter ended 30 September 2024

3.1. Profit and Loss Statement for the Quarter ended 30 September 2024

	July (RM '000)	August (RM '000)	September (RM '000)
Total Profit	5	5	5
Return on Asset (p.a.) % *	5.00	5.00	5.00
Return on Investment (p.a.) %	As mutually agreed based on Profit Sharing Ratio (PSR) between the Bank and the IAH, subject to the Terms and Conditions.		

*Average returns of all tenures of placement

3.2. Performance for the Quarter ended 30 September 2024

Month	Fund Size (RM' 000)	Return on Asset (ROA)* % p.a.	Return on Investment (ROI) **% p.a. based on Board PSR		
			1 month	3 months	6 months
Jul	1,256	1 month: 5.00%	2.34 (46.89: 53.11)		
		3 months: 5.00%		2.46 (49.26: 50.74)	
		6 months: 5.00%			2.54 (50.87: 49.13)
Aug	1,238	1 month: 5.00%	2.34 (46.89: 53.11)		
		3 months: 5.00%		2.46 (49.26: 50.74)	
		6 months: 5.00%			2.54 (50.87: 49.13)

Month	Fund Size (RM' 000)	Return on Asset (ROA)* % p.a.	Return on Investment (ROI) ***% p.a. based on Board PSR		
			1 month	3 months	6 months
Sept	1,196	1 month: 5.00%	2.34 (46.89: 53.11)		
		3 months: 5.00%		2.46 (49.26: 50.74)	
		6 months: 5.00%			2.54 (50.87: 49.13)

*ROA: Return on Asset of the allocated portfolio to the Investment Account fund.

** Subject to Profit Sharing Ratio between the Bank and the IAH as well as the Terms and Conditions.

Note: For further information, please refer to the Specific Terms and Conditions, Product Disclosure Sheet and Term Investment Account Placement Summary/ Confirmation Notice.

4.0 Economic Review and Prospect

As the global economy is expected to perform better than expected, the IMF and the World Bank have upgraded Malaysia's 2024 Gross Domestic Product ("GDP") to 4.8% and 4.9%, from 4.4% and 4.3%, respectively. Domestic factors also help, given positive economic momentum, rising political stability and a conducive policy environment, contributing to the revised growth projection. Furthermore, the World Bank opines that Malaysia's high-income status could materialise earlier than the set target of 2028, should the ringgit stay at RM4.20 against the USD.

Meanwhile, the Federal Open Market Committee's ("FOMC") September meeting, the most heavily anticipated of the year, saw the bold move taken by the United States ("US") Federal Reserve ("Fed") to lower the borrowing cost by a half-point amid greater confidence about disinflation progress. It marked a significant shift in US monetary policy, allowing the Fed to focus on the other side of its dual mandate to ensure its labour market remains resilient. Though the decision to cut was widely anticipated, the quantum of the cut took many by surprise. Based on the newly released Summary of Economic Projections ("SEP"), policymakers are pencilling in a 100 bps cut by year-end, suggesting two more 25 bps cuts this year. As of the time of writing, the market is pricing in the same number of cuts as the SEP, which is 25 bps lower than it previously anticipated.

On the other hand, the European Central Bank ("ECB") reduced its key interest/profit rate by 25 bps in October, which is in line with market expectations, reflecting its third-rate cut this year following those in June and September amid an easing inflation outlook. With inflation undershooting the 2.0% target across the eurozone and low growth, the market expects the ECB to continue with the easing trajectory or even quicken the pace of cuts should headwinds to growth become more apparent.

Looking ahead, we foresee Malaysia's growth in the upcoming two quarters of this year to still record reasonable growth rates given the low base effect from last year. While 2023 saw net export as a main drag for the said year, we believe it would contribute to dynamic growth in the coming months following a robust recovery in the global semiconductor upcycle and steady improvement in industrial production. As such, we maintain Malaysia's 2024 GDP outlook to 4.9%, with an upside risk should private consumption come in higher in 4Q2024 amid steady wage growth.

On the Overnight Policy Rate ("OPR") front, we posit that the OPR will stay at 3.00% throughout this year following Malaysia's subdued inflation and a flattish unemployment rate. Also, the latest Monetary Policy Committee ("MPC") September meeting stated that the monetary policy stance should remain supportive of the economy and consistent with the current assessment of inflation and growth prospects. We think the extended pause on the OPR at 3.00% will persist at least until 1H2025, barring any unforeseen circumstances from the external headwinds.

5.0 Underlying Asset Outlook

As the current Investment Assets allocated is retail mortgage portfolio, any changes or revision of BNM's OPR will have an impact on the Return on Assets ("ROA") of the underlying assets. However, Monetary Policy Committee ("MPC") of BNM have decided to maintain the OPR level citing the need to remain supportive of the economy and is consistent with the current assessment of inflation and growth prospect. Consequently, the underlying assets ROA recorded a more stable and consistent level.

IMPORTANT

MTIA-i IS AN INVESTMENT ACCOUNT PRODUCT. THE PROFIT AND LOSS OF WHICH IS BASED ON THE PERFORMANCE OF INVESTMENT ASSETS AND THEREFORE, IS NOT A DEPOSIT PRODUCT. THE RETURNS ON MTIA-i WILL BE BASED UPON THE PERFORMANCE OF THE INVESTMENT ASSETS. THE PRINCIPAL AND RETURNS ARE NOT GUARANTEED AND IAH HAS THE RISK OF EARNING NO RETURNS AT ALL AND AT WORST, RISK OF LOSING THE INVESTMENT AMOUNT AT ANY POINT OF TIME UPON MATURITY OR EARLY WITHDRAWAL. NONETHELESS, SUCH RISKS ARE MITIGATED BY THE BANK'S PRUDENT INTERNAL CREDIT AND RISK POLICIES. MTIA-i IS NOT PROTECTED BY PERBADANAN INSURANS DEPOSIT MALAYSIA (PIDM).

THIS PERFORMANCE REPORT HAS BEEN PREPARED FOR THE BENEFIT AND INTERNAL USE OF THE IAH TO INDICATE, ON A PRELIMINARY BASIS, THE PERFORMANCE OF THE INVESTMENT AS DESCRIBED HEREIN. IT IS FURNISHED SOLELY TO THE IAH AND MAY NOT BE REPRODUCED OR OTHERWISE DISSEMINATED IN WHOLE OR IN PART WITHOUT THE BANK'S PRIOR WRITTEN CONSENT.

THE INFORMATION IN THIS PERFORMANCE REPORT REFLECTS PREVAILING CONDITIONS AND OUR VIEWS AS OF THIS DATE. NOTHING CONTAINED IN THIS REPORT IS, OR SHALL BE, RELIED UPON AS A PROMISE OR REPRESENTATION AS TO THE FUTURE. PAST PERFORMANCE OF THE INVESTMENT IS NOT A GUARANTEE OF FUTURE PERFORMANCE. THE BANK ACCEPTS NO RESPONSIBILITY TO ANYONE OTHER THAN THE PARTIES IDENTIFIED IN THE FUND PERFORMANCE REPORT FOR THE INFORMATION CONTAINED IN THIS DOCUMENT.

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