

Mudarabah Term Investment Account-i (MTIA-i)

Fund Performance Report for the Quarter Ended 31 December 2024

Dear Valued Investment Account Holder,

We are pleased to present the following fund performance report for the quarter ended 31 December 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 31 December 2024

3.1. Profit and Loss Statement for the Quarter ended 31 December 2024

	October (RM '000)	November (RM '000)	December (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 31 December 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
Oct	1,191	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)
Nov	1,192	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
Dec	1,193	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

In 2024, the global economy successfully mitigated the adverse effects of sustained high interest rates. However, 2025 presents a pivotal challenge, as recent elections in key nations, especially the United States (“US”), will shape economic policies and heighten market volatility. Economies will need to balance fiscal discipline with the necessity for stimulus, while policymakers may draw on past experiences to navigate the uncertain landscape.

At the December 2024 Federal Open Market Committee (“FOMC”) meeting, the Federal Reserve (“Fed”) reduced interest rates by 25 basis points, setting the target range to 4.25%-4.5% to support maximum employment and price stability. This move marks the third consecutive rate cut, with the Fed indicating a slower pace of cuts in 2025 due to stronger-than-expected economic growth and persistent inflation around 2.5%. The Summary of Economic Projections (“SEP”) showed upward revisions in 2025 growth and core inflation, while the unemployment rate was revised downward, suggesting a resilient economic outlook despite some labour market weaknesses. Fed Chair Jerome Powell emphasised that future monetary policy decisions will be data-driven and made on a meeting-by-meeting basis.

Following its final 2024 meeting, the European Central Bank (“ECB”) cut all policy rates by 25 bps, effective December 18. President Lagarde mentioned that a larger 50 bps cut was considered but deemed unnecessary due to high wage data. The ECB expects inflation to stabilise at 2% in 2025 but will remain data-dependent for future rate decisions. Despite the rate cut, market expectations for further cuts remain unchanged, with consensus predicting a neutral rate of 2.0% for the eurozone. New forecasts show lower growth and inflation projections through 2027, reflecting a cautious economic outlook. Thus, the global financial market is bound to face heightened volatility as the ‘US exceptionalism’ narrative would inflict diverging monetary policy between the US and the rest of the world against the backdrop of looming policy uncertainty.

Domestically, the economic landscape in 2024 showed resilience and steady progress, with GDP growth exceeding expectations and unemployment returning to pre-pandemic lows without high inflation. Malaysia's GDP growth is projected to rise from 3.6% in 2023 to 5.0% in 2024, within the government's revised range of 4.8% to 5.3%, driven by strong private consumption, an investment upcycles, and improved trade dynamics. In 2025, growth is expected to moderate to 4.6%, aligning with the lower bound of the official projection range of 4.5% to 5.5%. External risks, such as potential trade disruptions and geopolitical tensions, pose downside risks to growth. However, domestic factors, supported by proactive government measures, are expected to drive growth.

On the Overnight Policy Rate (“OPR”) front, Bank Negara Malaysia (“BNM”) has paused rate hikes since raising the OPR to 3.00% in May 2023, which is seen as neutral and supportive of economic growth. With stable growth and inflation, BNM is expected to maintain its accommodative stance and keep the OPR steady through at least 1H2025. However, if downside risks to growth manifest, BNM may have to act on rates, but unlikely before 2Q2025.

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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