

1.0 KEY FUND INFORMATION

1.1. Product Type

The PrimeInvest Investment Account-i ("IA-i") is an Unrestricted Investment Account which refers to a type of investment account where the Investment Account Holder (IAH) provides the Bank with the mandate to make the ultimate decision without specifying any particular restrictions or conditions.

1.2. Investment Objective

The fund's objective is to generate attractive and steady return while taking into account the capital preservation factor.

1.3. Investment Strategy

The fund will be invested in selected Bank's portfolio of asset(s) with competitive pricing and with a conservative risk profile.

1.4. Investment Asset Allocation

The fund will be invested in Shariah-compliant Personal Financing ("PF-i") 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.

1.5. Valuation of Allocated Asset

The Bank will perform valuation of the underlying asset(s) of the fund in accordance with the Malaysian Financial Reporting Standards ("MFRS") which will be carried out on a monthly basis.

1.6. Nature of Investment

The Investment Account-i is offered to Non-individual IAH with minimum tenure of 1 day to a maximum of 60 months (5 years).

1.7. Profit Payment Policy

Profit is distributed upon maturity or on periodical basis.

1.8. Investor Profile

Type of investors:

- Business entities such as Corporations, Commercials, SMEs.
- Government bodies.
- All legitimate entities registered with Registrar of Business / Registrar of Companies / Registrar of Societies / Companies Commission of Malaysia.
- Local financial institutions.
- Foreign financial institutions that are permitted.

1.9. Statement of Any Changes

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

2.0 RISK STATEMENT

The Board of Directors of MBSB Bank has the ultimate responsibility to manage risks related to its operations and business activities by setting risk appetite and tolerance levels that are consistent with the Bank's overall business objectives and desired risk profile. The Board Risk and Compliance Committee, which is assisted by the Risk Management Division, ensures that there is an effective oversight on development of strategies, policies, procedures and infrastructure to manage the Bank's risks.

3.0 FUND PERFORMANCE

3.1. Fund Size and Growth

| Month | July | August | September |
|---------------------------|-----------|-----------|-----------|
| Fund Size (RM'000) | 1,031,392 | 1,298,459 | 1,316,630 |

3.2. Rate of Return (3Q 2021)

| Period | Rate of Return* (ROR) % p.a. | Return on Investment (ROI) % p.a. |
|-----------|------------------------------|---|
| July | 7.344 | Based on the Expected Profit Rate agreed upon placement of the fund |
| August | 7.668 | |
| September | 15.061 | |

*ROR of IA-i assets which consist of selected PF-i accounts.

3.3. Historical Return on Assets (ROA)

| Year | 2020 | 2019 | 2018 | 2017 | 2016 |
|--------------------|-------------|-------------|-------------|-------------|-------------|
| ROA* % p.a. | 6.31 | 5.71 | 7.23 | 4.73 | 5.73 |

*ROA of total PF-i portfolio of the Bank. Please refer to IA-i Product Disclosure Sheet for more explanation.

3.4. Income Statement

| Month | July | August | September |
|--------------------------|-----------|-----------|------------|
| Total Profit (RM) | 6,363,230 | 7,015,177 | 16,201,283 |
| ROR* % p.a. | 7.344 | 7.668 | 15.061 |

4.0 UNDERLYING ASSET OUTLOOK

The ROR showed good performance of 7.344% and 7.668% in July and August 2021 due to the Expected Credit Loss ("ECL") provisions write-back.

The ROR skyrocketed to 15.061% in September 2021 because of the substantial increase in ECL provision write-back for the month following a significantly higher take-up of MBSB Bank's Targeted Repayment Assistance programme which started in June 2021. Nonetheless, the ROR is expected to normalize in Q4 2021.

As at September 2021, MBSB Bank's Personal Financing-i portfolio stood at RM19.6 billion with optimistic outlook throughout the year.

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5.0 MARKET OUTLOOK

GDP contracts by 4.5% in 3Q 2021. Malaysia's GDP growth fell to -4.5% (2Q: 16.1%) as the imposition of MCO 3.0 saw a slip in economic activity across all sectors. The limitations to operating capacity as well as restrictions on non-essential subsectors had affected performance in manufacturing (3Q: -0.8%), services (3Q: -4.9%), and construction (3Q: -20.6%). Private consumption growth fell to -4.2% as the lockdowns impacted consumer spending activity. Public consumption growth decelerated to 8.1% partly due to slower growth in emoluments and 'supplies & services'. Exports grew at a slower pace of 5.1% but remained relatively strong with broad-based increases across products.

Preliminary estimates show Malaysia is projected to expand by 7.0% next year (2021 estimate: 3.8%). Manufacturing is expected to expand by 5.1% next year amid a continued rise in global demand and higher domestic production in non-essential sectors from the lifting of containment measures. Construction activity will pick up to a growth rate of 14.4%. The continuation of existing mega infrastructure projects would help buoy growth but the decline in planned property supply shown this year suggests muted activity in the near term. The services sector is seen to grow at a faster pace of 8.4%. As most economic and social restrictions have been lifted, consumer spending is expected to be buoyed by non-essential services being able to operate as well as pent up consumer demand. That said, several service activities such as international tourism and mass social activities may continue to face some limitations, thus placing a cap on the performance of affected businesses.

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