

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 (4Q 2021)

Month	October	November	December
Fund Size (RM'000)	1,255,233	1,281,315	2,094,913

3.2. Rate of Return (4Q 2021)

Period	Rate of Return* (ROR) % p.a.	Return on Investment (ROI) % p.a.
October	6.582	Based on the Expected Profit Rate agreed upon placement of the fund
November	6.125	
December	7.896	

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

3.3. Historical Return on Assets (ROA)

Year	2021	2020	2019	2018	2017	2016
ROA* % p.a.	7.17	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	October	November	December
Total Profit (RM)	7,134,490	6,322,560	11,242,086
ROR* % p.a.	6.582	6.125	7.896

4.0 UNDERLYING ASSET OUTLOOK

The ROR had deteriorated on QnQ from 15.061% in Sep21 to 7.896% in Dec21 because of high write back in Sep21 due to moratorium accounts changed status to MIA 0 due to payments and repayment assistance (RA) in Sep21. There were also RA in Dec21 resulted in slightly higher ROR vis-à-vis Nov21.

ROR increased by 1.77% to 7.896% in Dec21 mainly due to a write-back in expected credit losses ("ECL") in the PF-i portfolio during the month due to repayment received from customers under Repayment Assistance program as well as favorable movements in the forward – looking elements (Government Debt and Import of Goods and Services) for the PF-i ECL model.

MBSB Bank's Personal Financing-i portfolio stood at RM19.6 billion in Dec21 with optimistic outlook throughout the year.

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5.0 MARKET OUTLOOK

The Malaysian economy registered a positive growth of 3.6% in the fourth quarter of 2021 (3Q 2021: -4.5%), as economic activities resumed with the easing of containment measures. The rebound in economic activity was aided by recovery in the labour market as well as continued policy support. In addition, strong external demand amid the continued upcycle in global technology provided a further lift to growth. On the supply side, all economic sectors recorded improvements in growth, led by the services and manufacturing sectors. On the expenditure side, growth was driven mainly by the improvement in household spending and trade activity. On a quarter-on-quarter seasonally-adjusted basis, the economy registered an increase of 6.6% . With the turnaround in growth in the fourth quarter, the economy grew by 3.1% for 2021 as a whole, and the unemployment rate declined to 4.6%.

As expected, headline inflation increased to 3.2% during the quarter (3Q 2021: 2.2%). The higher inflation during the quarter was due mainly to the normalisation in electricity prices following the lapse of the three-month electricity bill discount implemented in July 2021. Core inflation increased marginally to 0.8% during the quarter (3Q 2021: 0.7%) as economic reopening gathered momentum. For 2021 as a whole, average headline inflation was 2.5% (2020: -1.2%), while core inflation averaged at 0.7% (2020: 1.1%)

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