

Fund Performance Report for the Quarter Ended 31 March 2022

PrimeInvest Investment Account-i

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 (1Q 2022)

Month	January	February	March
Fund Size (RM'000)	2,089,561	2,030,084	1,710,773

3.2. Rate of Return on Underlying Assets (1Q 2022)

Period	Rate of Return* (ROR) % p.a.	Return on Investment (ROI) % p.a.
January	6.775	Based on the Expected Profit Rate agreed upon placement of the fund
February	7.548	
March	5.679	

*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	January	February	March
Total Profit (RM)	11,958,923	11,859,587	8,985,937
Rate of Return % p.a.	6.775	7.548	5.679

4.0 UNDERLYING ASSET OUTLOOK

The decrease in Rate of Return (ROR) from 7.90% in Dec-21 to 5.68% in Mar-22 was mainly due to deterioration in quality of the underlying PF-i asset portfolio attracting more ECL. Additional ECL was also due to unfavorable forward looking macroeconomic variables (Brent Crude Oil) in the model following the Russian-Ukraine invasion and global sanctions imposed.

ROR increased by 0.77% from 6.78% in Jan-22 to 7.54% in Feb-22 mainly due to higher effective profit rate ("EPR") adjustments which have increased profit income recognized over the selected PF-i assets.

MBSB Bank's PF-i portfolio stood at RM19.8 billion in Mar-22 with optimistic outlook throughout the year.

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5.0 MARKET OUTLOOK

Bank Negara Malaysia (BNM) has projected Malaysia's economy to grow by between 5.3% and 6.3% in 2022. This is slightly lower than the government's official forecast of a 5.5% to 6.5% growth in the nation's gross domestic product (GDP) for the year. The Malaysian economy is expected to gain recovery momentum in 2022. This is underpinned by several factors including continued expansion in external demand, full upliftment of containment measures, reopening of international borders, and further improvement in labour market conditions.

The external sector will continue to be supported by global demand, with gross exports projected to grow by 10.9%, compared with 26% in 2021. Strong demand from major trade partners for electrical and electronic (E&E) products amid the continued technology up-cycle and 5G infrastructure rollouts globally, will provide support to manufacturing, investment and exports.

Malaysia will also be affected by the impact of the military conflict in Ukraine on global growth. The corresponding rise in global commodity prices is expected to provide support to commodity exports and some lift to nominal incomes. Meanwhile, gross imports are expected to increase by 8.1%, compared with 23.3% in 2021, reflecting in part the demand for exports of manufactured goods, an improvement in domestic investment activity and consumer spending, which will lead to higher imports of consumer and capital goods

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