

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 2022)

Month	October	November	December
Fund Size (RM'000)	2,186,279	2,013,615	2,080,767

3.2. Rate of Return on Underlying Assets (4Q 2022)

Period	Rate of Return (ROR) % p.a.	Return on Investment (ROI) % p.a.
October	7.576	Based on the Expected Profit Rate agreed upon placement of the fund
November	6.815	
December	8.805	

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

3.3. Historical Return on Assets (ROA)

Year	2022	2021	2020	2019	2018	2017	2016
ROA* % p.a.	5.36	7.60	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)	13,427,810	11,671,185	13,026,054
ROR* % p.a.	7.576	6.815	8.805

Refer to 3.2 for explanation on the ROR

4.0 UNDERLYING ASSET OUTLOOK

The ROR dropped from 7.58% in Oct-22 to 6.82% in Nov-22 due to a reduction in expected credit loss ("ECL") writeback as well as a revision in the methodology for modification cost computation. Thereafter, ROR increased in Dec-22 to 8.81% mainly due to significant increase in ECL writeback during the month of Dec-22.

MBSB Bank's PF-i portfolio stood at RM19.2 billion in Dec-22 with optimistic outlook throughout the year.

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5.0 MARKET OUTLOOK

Malaysia's economy expanded 7% yoy in Q4 of 2022, compared with market forecasts of 6.6% but slowing from a 14.2% growth in Q3, amid the ongoing stimulus measures and waning low base effect. Still, the GDP growth was above the long-term average of 5.1%. On the expenditure side, all the activities eased: private consumption (7.4% vs 15.1% in Q3), fixed investment (8.8% vs 13.1%), and government spending (2.4% vs 4.5%).

Meantime, exports grew moderated (9.6% vs 23.9%) while imports rose 8.1% (24.4% in Q3). On the production side, activity slowed for all sectors: services (8.9% vs 16.7% in Q3), manufacturing (3.9% vs 13.2%), agriculture (1.1% vs 1.2%), mining (6.8% vs 9.2%), and construction (10.1% vs 15.3%). On a seasonally adjusted quarterly basis, the economy shrank 2.6%, the first decline since the third quarter of 2021, reversing from a 1.9% gain in Q3. Considering the 2022 full year, the GDP advanced by 8.7%, the strongest growth in 22 years, compared to a 3.1% rise in 2021.

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