



Fund Performance Report for the Quarter Ended 30 June 2023

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 (2Q 2023)

Month	April	May	Jun
Fund Size (RM'000)	921,391	875,412	848,278

3.2. Rate of Return on Underlying Assets (2Q 2023)

Month	Rate of Return (ROR) % p.a.	Return on Investment (ROI) % p.a.
April	6.443	Based on the Expected Profit Rate agreed upon placement of the fund
May	5.341	
Jun	6.774	

*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	April	May	June
Total Profit (RM)	5,843,978	4,017,480	4,733,694
ROR* % p.a.	6.443	5.341	6.774

Refer to 3.2 for explanation on the ROR

4.0 UNDERLYING ASSET OUTLOOK

Decrease from Apr-23 to May-23: There was a drop in Investment Account ("IA") placements month-on-month (May-23: RM865mil; Apr-23: RM914mil). This resulted in the Bank untagging accounts funded by IA. The PF-i accounts that were untagged had higher profit rates, as such this contributed to a drop in profit income during the month.

Increase from May-23 to Jun-23: In addition to the effect of the +25bps Overnight Policy Rate (OPR) hike on variable rate accounts on 3 May 2023 (effected by the Bank on 12 May 2023), there was also a writeback in the Expected Credit Losses ("ECL") balance of the PF-i accounts funded by IA during the month due to the realignment of months-in-arrears (MIA) to days past due (DPD) in the ECL model.

The Bank's PF-i portfolio stood at RM19.72 billion in Jun-23 with optimistic outlook throughout the year.

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5.0 MARKET OUTLOOK

Malaysia's economy expanded 2.9% yoy in Q2 of 2023, below market forecasts of 3.3% and slowing from a 5.6% growth in Q1 2023. It was the softest pace since Q3 of 2021, when the economy shrank by 4.2%, weighed mainly by slower external demand and global slowdown. Private consumption eased (4.3% vs 5.9% in Q1 2023), while net trade contributed negatively to the GDP, with exports falling by 9.4% and imports shrinking by 6.5%. Meanwhile, fixed investment (5.5% vs 4.9%) and government spending (3.8% vs -2.2%) rebounded. On the production side, activity eased for services (4.7% vs 7.3% in Q1 2023), manufacturing (0.1% vs 3.2%), and construction (6.2% vs 7.4%) amid falls in agriculture (-1.1% vs 1.0%) and mining (-2.3% vs 2.4%).

On a seasonally adjusted quarterly basis, the economy advanced 1.5% after a 0.9% gain in Q1 2023. For H1, the GDP grew at 4.2% compared to 6.8% in the same period of 2022. The GDP is projected to expand close to the lower end of 4.0% to 5.0% in 2023, supported by firm domestic demand. Source: Department of Statistics, Malaysia

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