

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 2022)

Month	April	May	June
Fund Size (RM'000)	1,562,671	1,821,885	1,812,098

3.2. Rate of Return on Underlying Assets (2Q 2022)

Period	Rate of Return (ROR) % p.a.	Return on Investment (ROI) % p.a.
April	5.739	Based on the Expected Profit Rate agreed upon placement of the fund
May	5.654	
June	5.472	

*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	April	May	June
Total Profit (RM)	7,460,628	7,655,456	7,675,757
ROR* % p.a.	5.739	5.654	5.472

Refer to 3.2 for explanation on the ROR

4.0 UNDERLYING ASSET OUTLOOK

The decrease in ROR from 5.68% in Mar-22 to 5.47% in Jun-22 mainly due to decrease in effective profit rate ("EPR") adjustments due to lower unwinding of modification losses.

ROR increased by 0.06% from 5.68% in Mar-22 to 5.74% in Apr-22 mainly due to ECL movement in the portfolio. The ECL was a charge in Mar-22 but a write back (i.e. income) in Apr-22 for the PF-i portfolio tagged to Investment Account.

MBSB Bank's PF-i portfolio stood at RM19.7 billion in Jun-22 with optimistic outlook throughout the year.

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5.0 MARKET OUTLOOK

GDP Annual Growth Rate in Malaysia is expected to be 5.9% by the end of this quarter, according to Trading Economics global macro models and analysts' expectations. In the long-term, the Malaysia GDP Annual Growth Rate is projected to trend around 4.8% in 2023 and 4.3% in 2024, according to our econometric models.

Malaysia's economy expanded by 5.0% year on year in Q1 of 2022, accelerating from a 3.6% gain in Q4 and beating market consensus of a 4.0% rise, supported by improving domestic demand as economic activity continued to normalize with the easing of COVID-19 restrictions. Household consumption rose faster (5.5% vs 3.7% in Q4), amid a strong pickup in government spending (6.7% vs 1.6%), and an increase in fixed investment (0.2% vs -3.0%).

Meanwhile, net external trade contributed negatively to the GDP, as exports rose 8.0% while imports grew 11.1%. On the production side, output grew further for services (6.5% vs 3.2%), manufacturing (6.6% vs 9.1%) and agriculture (0.2% vs 2.8%). By contrast, output fell for mining (-1.1% vs -0.6%); construction (-6.2% vs -12.2%). On a seasonally adjusted quarterly basis, the GDP grew 3.9%, slowing from a downwardly revised 4.6% rise in Q4. For 2022, the central bank maintained its GDP outlook at 5.3%-6.3% with inflation projected to average between 2.2% and 3.2%.

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