

FUND PERFORMANCE REPORT FOR THE QUARTER ENDED 31 MAY 2024
SURIA ACCOUNT

Dear Valued Investment Account Holder (IAH),

We are pleased to present the following performance report for the quarter ended 31 May 2024.

1. FUND INFORMATION

This is an unrestricted investment account based on the concept of Mudarabah. Without any restrictions or conditions from IAH, the investment decision is the ultimate decision of Bank Muamalat Malaysia Berhad (BMMB).

1.1 Investment Currency

Ringgit Malaysia

1.2 Fund Inception

June 2021

1.3 Investment Objectives

To invest in a low-risk investment avenue with the privilege of taking part in the campaign for an opportunity to win prizes. This is a low-risk investment to achieve capital preservation and steady returns.

1.4 Investment Strategy

To invest in a secured and low-risk retail asset, the existing Home Financing is for the purpose of safeguarding the investment and generating a stable return for IAHS.

1.5 Profit Distribution Frequency

Profit will be distributed on a monthly basis, with daily calculation. The profit is based on the performance of Home Financing Portfolio.

1.6 Valuation

To be performed on a monthly basis for the determination of returns to IAH based on the valuation of the portfolio assets of the Fund in accordance with Malaysian Financial Reporting Standards (MFRS).

1.7 Investor's Criteria

- ◆ Individuals (Residents and Non-Residents)
- ◆ Investors who prefer low-risk investment
- ◆ Investors who are looking for Shariah-compliant investment.
- ◆ Investors who prefer short- or medium-term investment.

Note: Investors are advised to really consider all risk factors before making any investment decision.

1.8 Statement of Changes

There are no changes to the investment objectives, strategies, restriction, or limitations during the quarter period.

1.9 Other Information

For fees, charges and other details on the product, please refer to www.muamalat.com.my.

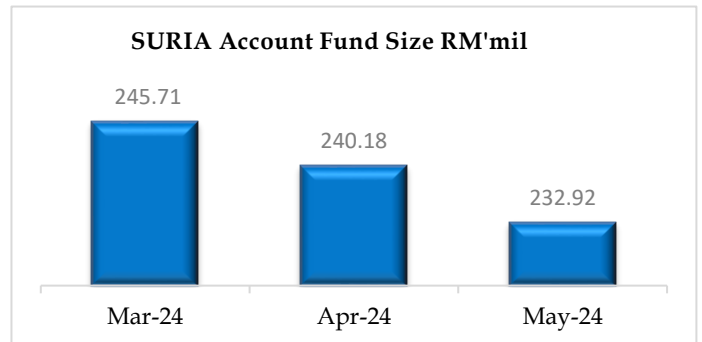
2. RISK STATEMENT

The Board of Directors of BMMB has the overall oversight on the management of risks related to its business strategy and operations by approving risk management policies and procedures, methodologies including risk appetite and risk tolerance limits that align with BMMB's strategic business objectives and stakeholders' expectations. BMMB shall ensure the oversight of various types of risks are consistent and effective through the development and establishment of a comprehensive risk management framework, policies, processes and infrastructure.

3. FUND PERFORMANCE

3.1 Fund Size and Growth

As at May 2024, SURIA account fund balance was recorded at RM232.92 mil.



3.2 Asset Allocation

The fund is invested in Home Financing-i.

3.3 Rate of Return

Based on the performance of the underlying asset, the rate of return to customers recorded an average of 0.09%p.a. for 4Q of 2023/2024 (March 2024 to May 2024). BMMB foresees the asset performance to remain stable during the 1Q of 2024/2025 (June 2024

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to August 2024). Albeit its net impaired overall financing ratio recorded a marginal increase ratio of 0.85% as at May 2024 (December 2023: 0.65%).

Period	March 2024	April 2024	May 2024
Rate of Return for IAH	0.09% p.a.	0.09% p.a.	0.09% p.a.
Profit Sharing Ratio (PSR) (IAH: BMMB)	2:98	2:98	2:98

Notes:

1. The fund rate of return represents the net rate of return to the IAH and is computed based on the following formula:

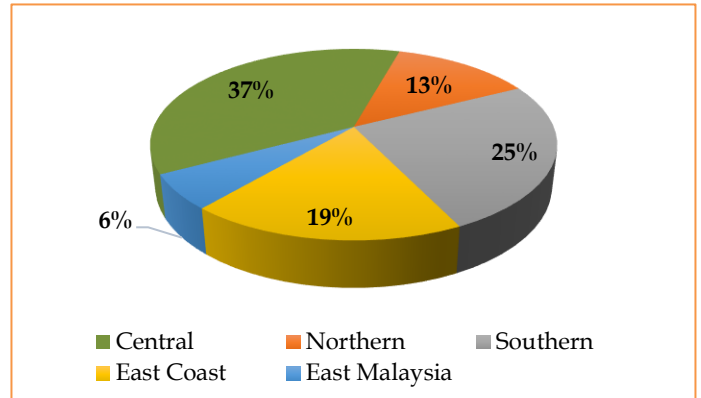
$$\text{Rate of Return} = (\text{Total Income} - \text{Impairment Allowances}) * \text{PSR}$$

2. Past performance is not reflective of future performance. Effective from the 16th of the month to the 15th of the following month

3.5 Income Statement

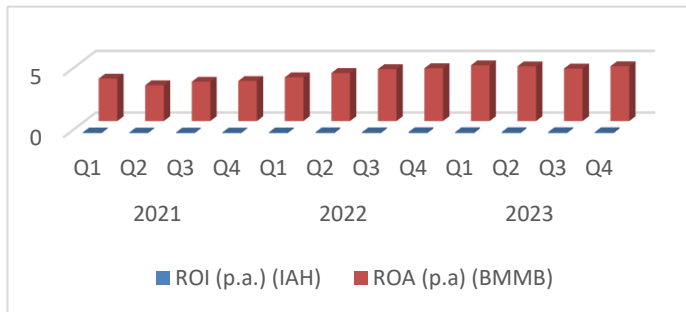
Profit & Loss Statement for the Quarter ended 31 May 2024			
	March 2024 RM'000	April 2024 RM'000	May 2024 RM'000
Profit from financing	945	879	881
Direct expenses	0.00	0.00	0.00
Allowance for impairment on financing	(57)	(39)	9
Total profit	888	841	890
Return on Asset (p.a.)	4.32%	4.39%	4.63%
Return on Investment (p.a.)	0.09%	0.09%	0.09%

3.6 Home financing Portfolio by Geographical Location



A total of 37% from the total house financing portfolio originates from the central region. This reflects the concentration of the house financing portfolio to developed areas such as the Klang Valley.

3.4 Historical Rate of Return

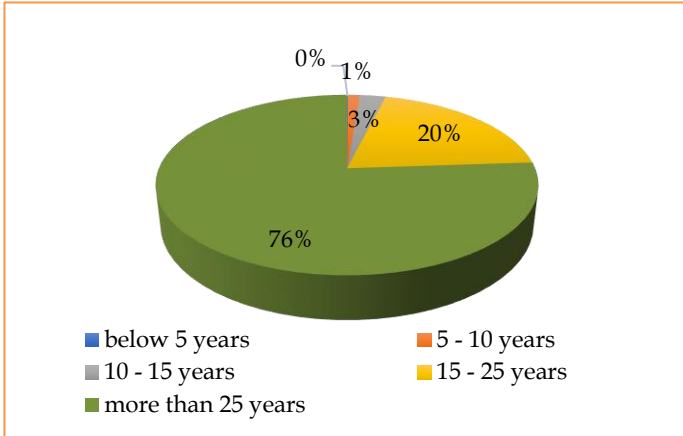


Year	2021				2022				2023		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
ROI	0.07	0.06	0.06	0.06	0.07	0.08	0.08	0.09	0.09	0.09	0.09
ROA	3.44	2.91	3.19	3.25	3.55	3.90	4.21	4.29	4.52	4.44	4.26

Note: The rates above are average annual rate of return on quarterly basis in percentage (%).

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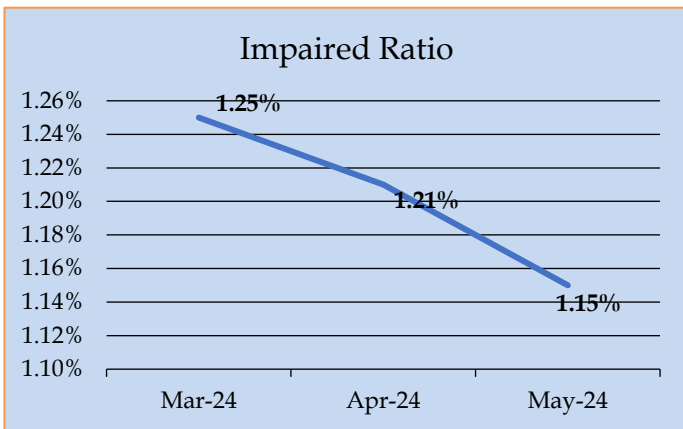
3.7 Home Financing Portfolio by Remaining Maturity



76% of total house financing portfolio with remaining tenure more than 25 years.

Note: Maximum tenure allowed for home financing is 35 years

3.8 Asset Quality of Home Financing Portfolio



House Financing impaired ratio is maintained at 1.15% for May 2024 (1.15% December 2023). This reflects that the asset quality of HF portfolio is well monitored. It is still below industry's house financing impaired ratio of 1.32% as at April 2024.

4 ECONOMIC REVIEW

During the first quarter of 2024, Malaysia's economy experienced robust growth, with GDP rising to 4.2% compared to 2.9% in the previous quarter. This acceleration was driven primarily by strong domestic demand, which grew by 6.1% (up from 4.9% in Q4 2023). Investment played a key role in this surge, with both private and public investments increasing significantly by 9.2% (from 4.0% in Q4 2023) and 11.5% (up from 11.3% in Q4 2023), respectively. The boost in investment was largely due to the implementation of infrastructure projects and the construction of residential properties, leading to notable gains in Structures and Machinery & Equipment, which grew by 10.7% (from 4.2% in Q4 2023) and 9.2% (compared to 9.7% in Q4 2023), respectively, during the quarter.

Simultaneously, as the economy continued to grow, the number of unemployed individuals steadily declined to 566.4k in April 2024 (down from 586.9k in April 2023). Consequently, the unemployment rate stabilized at 3.3% from November 2023 to April 2024, improving from 3.6% at the beginning of 2023. This decrease in unemployment further supported consumer spending, which accounted for 61.9% of total GDP. Consumer spending grew by 4.7% in Q1 2024, up from 4.2% in the previous quarter. Despite this growth, Malaysian consumers appeared cautious in their spending due to the rising cost of living, which is affecting their purchasing power. This cautious sentiment was reflected in the Consumer Sentiment Index (CSI), which remained below 100 points for five consecutive quarters, with the latest reading at 87.1 points (down from 89.4 points in Q4 2023).

Between January and June, the government introduced several policy reforms. A major change was the rationalization of diesel subsidies, which led to a significant increase in diesel prices at the pump from RM2.15 per litre to RM3.35 per litre, effective June 10. This measure is expected to save the government up to RM4.1 billion, which can be redirected towards enhancing cash transfer programs and investing in productive sectors such as education, healthcare, and infrastructure. Additionally, in March, the government raised the service tax rate from 6% to 8%. Earlier, on January 1, 2024, a Low Value Goods tax was introduced at a rate of 10%.

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The present administration remains committed to its reformist agenda, focusing on improving the livelihoods of the rakyat and businesses in the mid to long term. Although these measures are expected to impact the cost of living, increased allocations for Sumbangan Tunai Rahmah (STR) and Sumbangan Asas Rahmah (SARA) are likely to partially mitigate the adverse effects on Malaysian purchasing power. These reform initiatives are anticipated to boost investor confidence. In the first quarter of 2024, total approved investments increased by 13.0% to RM83.7 billion, with the manufacturing sector, which comprised 51.3% of total approved investments, surging by 174.9%. Additionally, foreign funds inflow into the equities market turned net positive, reaching RM1.5 billion in May 2024 after experiencing net sales in March and April. Similarly, foreign investors were net buyers in March, April, and May, with net purchases totaling RM1.7 billion, RM581 million, and RM5.5 billion, respectively.

Amid this backdrop, the Malaysian economy is projected to grow between 4.0% and 5.0%. The government's ability to spend has been bolstered by their commitment to implementing economic reforms. Concurrently, Bank Negara Malaysia's (BNM) monetary policy is expected to remain supportive of the economy, with the Overnight Policy Rate (OPR) likely to stay unchanged at 3.00% throughout the year.

5 PROPERTY MARKET REVIEW

In the first quarter of 2024, Malaysia's property transactions saw a year-on-year increase of 17.2%, reaching 104,297 units, compared to 12.6% growth in the fourth quarter of 2023. This growth was primarily driven by the residential property segment, which grew by 16.6% (up from 10.5% in Q4 2023) and accounted for 60.2% of total property transactions. In terms of value, total property transactions in Q1 2024 amounted to RM56.5 billion, representing a growth rate of 34.3% (compared to RM54.3 billion in Q4 2023). The residential property segment saw transactions worth RM25.2 billion, rising by 21.0% (up from 17.6% in Q4 2023) over the same period last year.

The increase in property transactions indicates that developers were able to clear some of their unsold units. In the first quarter of 2024, the total number of completed unsold units dropped to 24,208, down from 25,816 in the fourth quarter of 2023, representing a year-on-year decline of 9.9% (compared to a 7.0% decline in Q4 2023). Unsold units in the price range of RM500,000 to RM1,000,000 experienced a more significant decline.

Overall, Malaysia's property market remains stable, with the House Price Index (HPI) increasing moderately by 0.5% (4Q2023: 3.8%) year-on-year in the first quarter. Despite rising living costs, buying interest among house buyers remains strong. This is evidenced by a 14.8% year-on-year increase in total financing applications for residential property purchases in April, following contractions in the previous two months. Similarly, total financing approvals for residential property purchases rose by 11.9% year-on-year, indicating that financial institutions maintain a healthy appetite for residential property financing.

Looking ahead, house buyers are expected to be more cautious with their finances as policy adjustments, such as fuel subsidy rationalization, may negatively impact consumer sentiment. However, a healthy labor market ensures that more Malaysians receive a steady income, enabling them to consider purchasing a house. Additionally, government-backed credit guarantee schemes are likely to encourage first-time home buyers to enter the market. Moreover, the ongoing implementation of infrastructure projects is anticipated to positively influence property values, attracting Malaysians interested in making long-term investments in the property market.