

INVESTMENT-i ACCOUNT RAKYAT MUDARABAH FUND 1

Fund Performance Report for the Quarter Ended 31th March 2023

Dear Valued Investment Account Holder (IAH),

We are pleased to present the following Fund Performance Report of Investment-i Account RAKYAT MUDARABAH FUND 1 for the quarter ended 31th March 2023.

1.0 KEY FUND INFORMATION

<p>Type of Investment Account</p> <ul style="list-style-type: none"> Unrestricted Investment Account where the investor provides Bank Rakyat with the mandate to make ultimate investment decision without specifying any restrictions or conditions on the management of the funds. <p>Fund Investment Objective</p> <ul style="list-style-type: none"> To invest in low to medium risk investment which utilizing the Bank's stable retail financing asset. To provide capital stability and optimal return to the investors. The Bank's risk appetite is to invest into retail portfolio based on the Bank's expertise. <p>Fund Investment Strategies</p> <ul style="list-style-type: none"> The fund aims to give stable return to the investor mainly from profit distribution through diversified investment. 	<p>Type of Investor</p> <ul style="list-style-type: none"> Individual/ Joint/ Trustee <p>Profit Distribution Frequency</p> <ul style="list-style-type: none"> Profit will be paid on daily basis based on the profit rate which tentatively declared on every 15th of every month. <p>Valuation</p> <ul style="list-style-type: none"> The Bank will perform valuation of the underlying assets of the Fund in accordance with the Malaysia Financial Reporting Standards ("MFRS") which will be carried out on a monthly basis. <p>Statement on any changes</p> <ul style="list-style-type: none"> There have been no changes in the investment objectives, strategies, restrictions, and limitation during the quarter period.
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2.0 RISK STATEMENT

- Second Line of Defense Functions

The second line of defense functions assist the Bank in building and/or monitoring the first line of defense controls to ensure that the controls embedded in the operation processes are properly designed, in place, and functioning as intended.

- Risk Management Sector

Risk Management Sector performs independent assessment and monitoring of risk-taking activities and ensure the risk profile and policies remained accommodative for business growth without transgressing the Bank's Risk Appetite Statement.

In promoting sound implementation of risk management, the Bank has established relevant framework and policies in managing the risk-taking activities, for example, Group Risk Management Framework and dedicated policy for each type of risk (e.g., Credit Risk, Market Risk, Liquidity Risk, Operational Risk etc.).

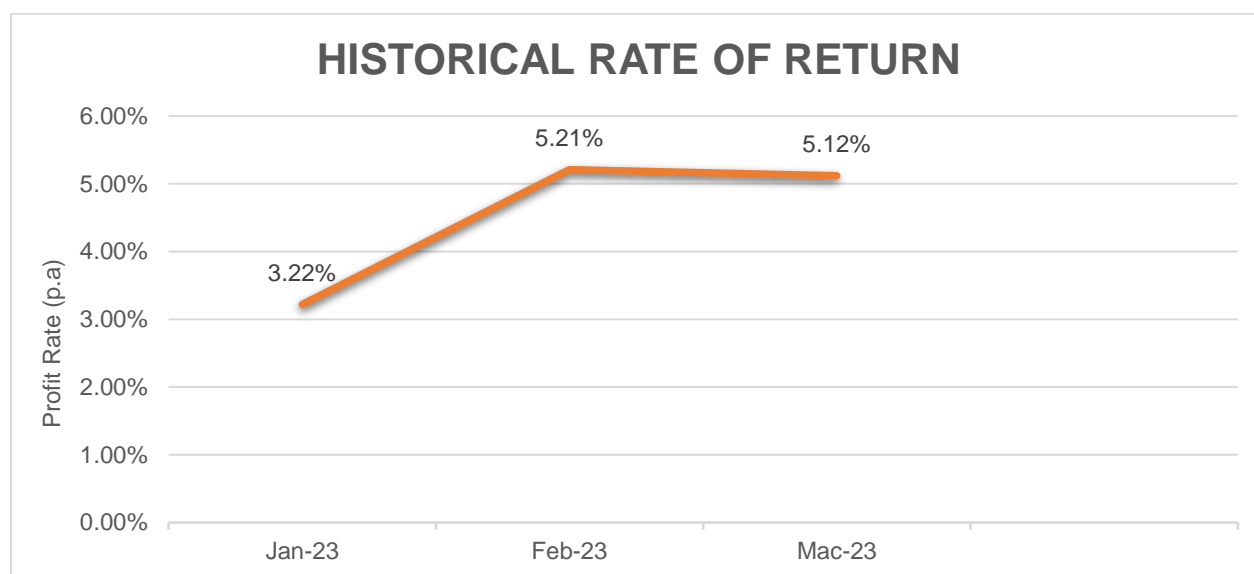
The framework and policies have been established in tandem with the relevant regulatory requirements issued by BNM.

3.0 FUND PERFORMANCE

- Investment-i Account Rizq Plus performance for the Quarter Ended 31/03/2023:

PERIOD	ACCUMULATED FUND SIZE	RETURN ON ASSET (ROA) % p.a	PROFIT SHARING RATIO (CUSTOMER: BANK)	RETURN ON INVESTMENT (ROI)
15/01/2023 – 14/02/2023	26,455,730.74	3.22%	0 – 4,999.99: 1:99 5,000 - 9,999.99: 2:98 10,000 – 49,999.99: 3:97 50,000 – 999,999.99: 21:79 1,000,000 and above: 51:49	0 – 4,999.99: 0.03% 5,000 - 9,999.99: 0.06% 10,000 – 49,999.99: 0.09% 50,000 – 999,999.99: 0.67% 1,000,000 and above: 1.64%
15/02/2023 – 14/03/2023	30,796,653.99	5.21%		0 – 4,999.99: 0.05% 5,000 - 9,999.99: 0.10% 10,000 – 49,999.99: 0.15% 50,000 – 999,999.99: 1.09% 1,000,000 and above: 2.65%
15/03/2023 – 31/03/2023	52,924,019.23	5.12%		0 – 4,999.99: 0.05% 5,000 – 9,999.99: 0.10% 10,000 – 49,999.99: 0.15% 50,000 – 999,999.99: 1.07% 1,000,000 and above: 2.61%

- Historical rate of return for Investment-i Account as at Quarter Ended 31/03/2023 are as follows:

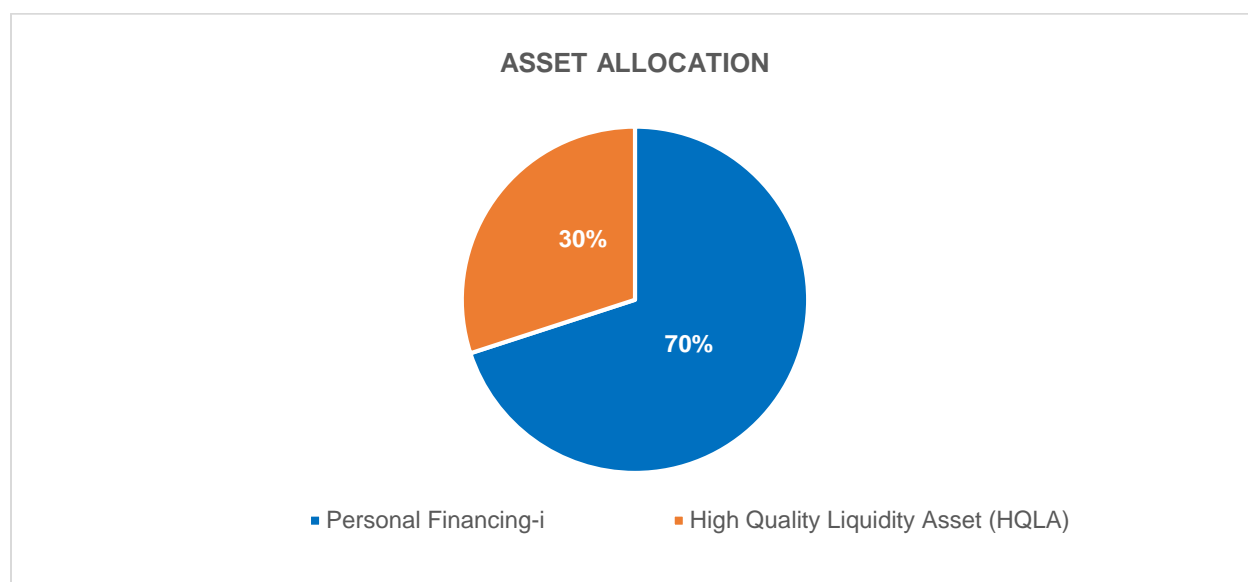


Note:

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

$$\text{Rate of Return} = (\text{Total Income} - \text{Impairment Allowances}) \times \text{PSR}$$
- Past performance is not reflective of future performance.

- Asset Allocation as at Quarter Ended 31/03/2023 are as follows:



4.0 MARKET OUTLOOK

The Malaysia's economy registered a growth of 7.0% YoY in the 4Q22 (3Q22: 14.2% YoY), as support from the stimulus measures and low base effect waned. For 2022, Malaysia's economy registered a higher GDP growth of 8.7% YoY in 2022 (2021: 3.1% YoY), exceeding the government's forecast of 6.5% - 7.0% YoY driven by domestic demand, steady expansion in external sectors, and ongoing recovery in labour market conditions following the pandemic's transition to endemicity. Growth was further supported by the government's policy support, particularly with the implementation of initiatives under Budget 2022. The year also saw Malaysia's 15th General Election (GE15) was held on 19 November 2022 which resulted in a hung parliament, the first time in history with no single party securing a clear majority to form the new government. Subsequently, a unity government between Pakatan Harapan (PH), Barisan Nasional (BN), and Borneo Pact was finally founded on 25 November 2022 with PH as the lead coalition.

For 2023, the economy is poised to achieve moderate growth approximately at 4.5% YoY¹. This projection is supported by stable domestic demand, mainly from household spending in line with the labour market recovery. Additionally, the contribution of the tourism-related sector is expected to improve following reopening of China. Meanwhile, the export growth is expected to moderate to 2.5% - 3.5% YoY this year (2022: 12.8% YoY) in tandem with slower global growth outlook. Several downside risks to the trade outlook could come from weaker global demand, elevated inflation, policy tightening, and possible re-escalation in geopolitical and trade tensions.

Meanwhile, private consumption is projected to increase by 6.1% YoY in 2023 (2022: 11.3% YoY), albeit moderately, due to diminishing pent-up demand and lag effect from the increases in Overnight Policy Rate (OPR). Nonetheless, the growth will be supported by continued cash transfer programmes (i.e. Sumbangan Tunai Rahmah) and special financial assistance (e.g. to civil servants and government pensioners). On the investment front, the improvement in construction activity coupled with various measures to reduce the cost of doing business as well as improvement in the competitiveness and investment ecosystem, will help to support the growth in private investment of 5.8% YoY in 2023 (2022: 7.2% YoY). Moreover, the government

¹ Ministry of Finance (MOF)'s estimate which in tandem with BNM's forecast of 4% - 5% YoY.

targets a 20% growth in foreign direct investment (FDI) and domestic direct investment (DDI) this year, up from the RM163.3 billion and RM101.3 billion recorded in 2022, respectively.

According to the latest International Monetary Fund (IMF)'s World Economic Outlook January 2023 report, the global economy is expected to soften to 2.9% YoY in 2023 (2022: 3.4% YoY). Some central banks are expected to continue raising interest rates, albeit at a slower pace to manage inflationary pressures. The Fed's Federal Open Market Committee (FOMC) had announced a smaller rate hike of 25bps in March 2023, following four consecutive 75bps hikes since Jun'22, pushing the rate to the highest level since 2007 to 4.75% - 5.00%. This marks the ninth increase by the Fed so far whereby it had raised a total of 475 bps since March 2022.

The global growth outlook remains subject to downside risks, mainly from anticipation of recession in some major economies, escalation in geopolitical tensions, higher-than-anticipated inflation outturns, elevated inflation, and sharp tightening in financial market conditions. Nonetheless, there were some positive developments due to reopening of China's economy, anticipation of better-than-expected growth in emerging economies, easing of supply chain disruptions, and recovery in the labour market which would support the global growth outlook.