

MUDARABAH INVESTMENT ACCOUNT - DAILY FUND-i (SME & BB)*

Fund Performance Report for the Quarter Ended 31 March 2021

Dear Valued Investment Account Holder (“IAH”),

We are pleased to present the following fund performance report for the quarter-ended 31 March 2021

FUND INFORMATION

Type of Product

- This is an unrestricted investment account known as Mudarabah Investment Account under the Daily Fund-i (SME & BB), where the customers provide the Bank with the mandate to invest in the Bank’s selected portfolio of Shariah compliant assets.

Applicable Product

- Premier Mudarabah Account-i (“PMA-i”)
- SME First Investment Account-i (SME First IA-i”)

Type of Investors

- Small and Medium Enterprises (“SME”)
- Business Banking (“BB”)

Fund Inception

- 16 July 2015

Fund Investment Objectives

- The Fund’s objective is to preserve capital while providing stable returns through low risk investments

Fund Investment Strategy

- The Fund will be invested in a blended portfolio of the Bank’s assets
- This is a low risk investment to achieve capital preservation and steady returns

Profit Distribution Frequency

- Monthly

Valuation

- The Bank will perform valuation of the underlying assets of the Fund in accordance with the Malaysian Financial Reporting Standards (“MFRS”) which will be carried out on a monthly basis

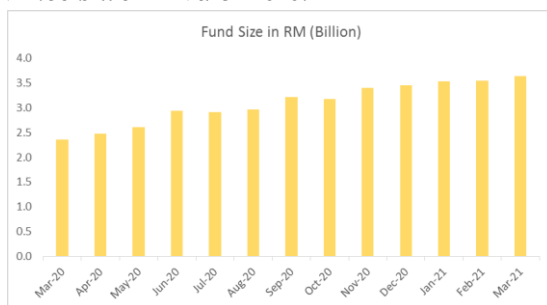
Other Information

- For fees, charges and other details on the product, please refer to www.maybank2u.com.my

FUND PERFORMANCE

Fund Size and Growth of Daily Fund-i (SME & BB)

As at March 2021, the Daily Fund-i (SME & BB) balance was recorded at RM 3.64 billion, which is a 54.1% growth year-on-year from RM 2.36 billion in March 2020.



*SME & BB refers to small and medium enterprises & business banking respectively

FUND PERFORMANCE

Asset Allocation of Daily Fund-i (SME & BB)

The fund is invested in a portfolio of the Bank’s retail and non-retail assets¹ and the asset allocation for the past two quarters is per the table below. The asset allocation is within the stated investment objective and strategy.

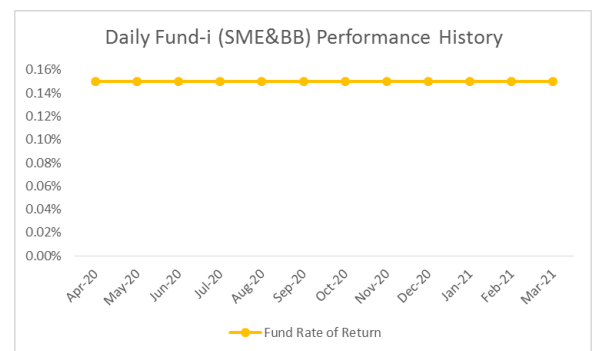
Type of Assets	December 2020	March 2021
Retail Financing	94%	94%
Non-Retail Financing	6%	6%
Marketable Securities	-	-
	100%	100%

Notes:

¹Retail assets consist of Unit Trust, Automobile, Home, Personal and Credit Card Financing while non-retail assets consists of SME, BB and CB Financing

Profit Rate of Daily Fund-i (SME & BB)

Based on the performance of the underlying assets, the profit rate to customers recorded an average rate of 0.15% p.a. for the past 12 months and an average rate of 0.15% p.a. for Q1 2021.



Period	16 Jan 2021 to 15 Feb 2021	16 Feb 2021 to 15 Mar 2021	16 Mar 2021 to 15 Apr 2021
Fund Profit Rate to IAH (p.a.)	0.15% p.a.	0.15% p.a.	0.15% p.a.
Profit Sharing Ratio (“PSR”) (IAH: Bank)	4:96	4:96	4:96

Notes:

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

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

2. Past performance is not reflective of future performance.

MARKET OUTLOOK

Bank Negara Malaysia (“BNM”) adjusted key official macro forecast for 2021 i.e. real GDP growth to 6.0%-7.5% from 6.5%-7.5%; inflation rate to 2.5%-4% from 2.5%; jobless rate to 4%-5% from 3.5%. BNM says monetary policy to stay accommodative to support recovery amid subdued core inflation of 0.5%-1.5%, implying no change in record-low 1.75% OPR. BNM announced FX liberalization measures to attract FDI and global supply chain hub as it advocates reforms for durable, sustainable and inclusive future growth. BNM expects 2021 real GDP to rebound by 6.0%-7.5% (2020:-5.6%) on broad-based expansions in all economic sectors and demand aggregates, reflecting global economic recovery, tech upcycle, easing of COVID-19 containment measures and rollout of COVID-19 vaccines, and continued accommodative macro policies, with BNM assuming COVID-19 vaccine coverage of 80% of domestic adult population by end-2021 and continued closure of international boarder to non-essential travels this year. Point growth forecast derived from BNM’s projection of real GDP value for 2021 is 7.0%, little changed from 6.9% previously. Nonetheless, the revision in 2021 real GDP growth forecast to a wider range with lower low bound vs 6.5%-7.5% previously reflects upsides and downsides to outlook, with the balance tilted to the downsides. Downsides include escalation in COVID-19 cases casing prolonged containment measures; slower rollout for ineffectiveness of COVID-19 vaccines; commodity supply shocks; and greater financial market volatility. Upsides include faster than expected global growth; pent-up demand after relaxation of COVID-19 containment measures; and stronger than expected impact from policy supports (Ilias, Dzulkafli, Lankanathan & Poh Chee Keong, 2021).

Furthermore, Prime Minister announced a MYR20b stimulus package (1.3% of GDP) dubbed PEMERKASA to empower economic recovery this year by focusing on 4 areas via 20 initiatives. The MYR20b total contains MYR11b direct fiscal injection that include MYR2b extra for National COVID-19 vaccination to achieve “herd immunity” by Dec 2021 vs 1Q 2022 target previously; MYR2.5b for small-scale public infrastructure works and projects; over MYR1b grants and funding schemes for micro, small & medium enterprise (MSMEs) and foster entrepreneurship

among target groups which are women, youths, disabled, urban low income and poor; MYR1.33b additional cash assistances to lower income groups, urban poor and healthcare access; MYR0.8b in “digital subsidy & incentives; MYR0.15m to encourage digitalization, automation and mechanisation. Services sectors and business such as tourism, retail, entertainment, leisure & wellness that are hardest hit by MCO2.0 and inter-state/inter-district travel restrictions are also key beneficiaries via extensions of existing tax incentives, reliefs, exemptions and deferrals. Major off-budget stimulus include MYR3.65b SME financing, micro-credits and matching grants by BNM and development financial institutions (DFIs) and agencies such as BSN, MIDF, MARA, SME Corp and TEKUN, plus MYR 3.2b from Malaysia Communication & Multimedia Commission (MCMC) to improve broadband services quality especially in rural areas (Ilias, Dzulkafli, Lankanathan & Poh Chee Keong, 2021).

References:

Suhaimi Ilias, Dr Zamros Dzulkafli, Ramesh Lankanathan, William Poh Chee Keong (2021), *Malaysia Economic & Monetary Review 2020: Wider forecast ranges for 2021 key macro variables*. Research, Maybank IB Research.

Suhaimi Ilias, Dr Zamros Dzulkafli, Ramesh Lankanathan, William Poh Chee Keong (2021), *Malaysia Economic Update: Another MYR20b stimulus package (PEMERKASA) to empower recovery*. Research, Maybank IB Research.