

CHAIRMAN'S STATEMENT



In the Name of Allah, the Most Beneficent, the Most Merciful.

It has been nearly six months since I was appointed as Chairman of EXIM Bank. During this period, I have had the opportunity to meet and interact with many people across the Bank and business community.

My previous role has been closely linked with the economic development of the country, and having gained a better understanding of the Bank with each new experience, I feel honoured to be a part of an organisation that remains true to its mandated role as a development bank, particularly in providing opportunities for Malaysian businesses to penetrate the global market, while also delivering value to the Bank's stakeholders for the past 27 years.

The Bank is committed in undertaking efforts that will strengthen its foundation and enable robust and sustainable growth over the long term.

Since its incorporation, EXIM Bank has managed to establish a significant presence in key economic sectors such as transportation, storage & communication (30%), manufacturing (18%) and construction (17%). The Bank has been essential in ensuring Malaysia's economic expansion and will continue to work with a diverse range of clients and industries in providing trade and non-trade financing, trade credit insurance/takaful, and advisory services for cross-border ventures. The year ahead is expected to be challenging, but I am optimistic about our growth trajectory.

FY2021 – THE CONTINUING GLOBAL CRISIS

The global economy grew 5.5% in 2021, limited by supply chain disruptions, although this was partly offset by near-term

prospects among some commodity-exporting economies. As highlighted by Bank Negara Malaysia ("BNM"), Malaysia's economy expanded to 3.1% from negative growth the year before. Growth was supported by the increase in economic activities, as containment measures were progressively relaxed amid continued policy support.

Taking stock of the year in review, the prolonged pandemic had shaken the global economy and affected businesses, made worst by border control and closures. Amidst the challenges, the Bank carried on engaging with its affected customers by providing much-needed financial relief by rescheduling and restructuring its existing financing and providing moratorium to eligible customers. In December 2021, EXIM had assisted 10.38% of its customers, who had applied for these supports. During the major flood that took place in December, the Bank had also utilised the BNM Disaster Relief Fund of RM1.4 million, in providing further support to EXIM Bank's customers impacted by the disaster.

Despite the challenges due to the pandemic, the Bank managed to record a revenue of RM174.7 million and a profit before tax of RM51.1 million for the financial year 2021. This achievement indicated the Bank's commitment in managing and preserving the fund that it was entrusted with, to deliver its mandate.

The Bank continued to prospect for new businesses and closed its financial year 2021 by successfully issuing USD Bond offering of USD350 million five years Senior Unsecured Notes from the Bank's programme of USD3.0 billion Multicurrency Medium Term Notes ("MMTN"). This signified optimism towards potential awaiting as the market recovered.

FY2022 – NEW HOPE AND ASPIRATION

Global GDP growth is expected to slow to 3.6% while 5.6% is anticipated for Malaysia, following liberalisation of pandemic safety measures and widespread achievement of high herd immunity.

Amidst this background, EXIM aspires to deliver high level shareholder value creation in line with its mid- to long-term plan for FY2022 to FY2026. This aspiration will provide EXIM Bank with the push to collaborate with relevant agencies to further develop Malaysia's economy. Additionally, the Bank is also aligning its developmental role to key national blueprints such as the 12th Malaysia Plan ("12MP"), National Investment Aspirations ("NIA") and Malaysia National Trade Blueprint ("NTB"). This will augment the aspiration of the Bank in its long-term projection as a key financier in sustaining Malaysia as the preferred investment destination and strong trading nation.

Whilst the year 2022 will be the year for capturing growth, priority will be placed on the loans book portfolio, while preserving loans and financings through diligent credit management. The Bank is looking forward to creating strategic alliances with other Development Financial Institutions ("DFI") and other Export Credit Agencies ("ECA") in enhancing its international footprint.

In doing so, the Bank will continue to invest in transforming people and technology. Enhancement of end-to-end credit value chain will be made through technical and capacity building of the staff.

The Bank plans to expand its portfolio in various industries to accomplish diversity in its financing. In increasing its developmental role, the Bank shall intensify efforts in serving the underserved segment of SMEs and Commercials in providing financial assistance to these groups of businesses.

ESG- THE NEW INITIATIVE OF THE BANK

The Prime Minister has announced Malaysia's intention to achieve net zero carbon emissions by 2050 in the 12MP. In supporting this target, the Bank has embarked in implementing the Sustainable Development Goals that was introduced by United Nations' 2030 Agenda for Sustainable Development. The Framework is designed to capture the broader contributions of the Bank towards environmental, social, and governance ("ESG"). With the enhanced framework, the Bank is in a position to drive its performance in line with the sustainable and green growth agenda.

The Bank is committed to reducing its carbon footprint through the financing of green, technology-based and renewable sectors that facilitate meeting the social needs in sustainable living and overcome the environmental challenges through stakeholder-prescribed governance practices in providing financial access to capable Malaysian companies in pursuit of export markets. In extending the commitment, the Bank will be guided by the internal policy and effective risk management framework that integrate all material risks in respect to climate change and policies issued by the governing body such as BNM and other government agencies.

The Bank targets to finance sectors complying with ESG guidelines such as renewable energy, recycling or sustainable agriculture, which will support and to catalyse its developmental role in ESG.

EXIM also strongly advocates deserving causes. In the year 2022, the Bank will continue working towards achieving selected UN SDGs namely:

SDG 1 – No Poverty, whereby the Bank continues to embark on programmes that benefit the underserved.

SDG 12 – Responsible Consumption and Production, wherein the Bank supports sustainable consumption initiatives.

SDG 15 – Life on Land, which prompts the Bank to focus on the protection and care of wildlife.

SDG 17 – Partnership for the Goals, towards causes that are closest to our hearts.

ACKNOWLEDGEMENTS

Each passing year, the Bank is more aware of the importance of the support from its stakeholders towards achieving long-term success. With the outbreak of the pandemic, the interdependence of organisations and their ecosystems have become even more apparent, stressing the value of multi-stakeholders' engagements and cooperation.

In recognising this, I would like to express my sincere gratitude to all our stakeholders – the Ministry of Finance ("MOF"), the Ministry of International Trade and Industry ("MITI") and BNM, for their continuous guidance and assistance. Heartfelt thanks goes out to my fellow Board Members, Shariah Committee Members and EXIM Bank's top management for their commitment and dedication in ensuring that the Bank continues to diligently discharge its mandate.

Finally, I would like to take this opportunity to express my utmost appreciation to all EXIMers who unwaveringly uphold our core values and, in doing so, foster positivity to the lives we encounter along the way.

Thank you.

DATO' AZMAN MAHMUD

Chairman
EXIM Bank Malaysia