

CHAIRMAN'S STATEMENT

Fortifying Readiness

Dear Stakeholders,

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

Geopolitical tensions continued to impact global recovery in 2022, but it was a revitalised year of recovery for Malaysia as our nation recorded encouraging GDP growth of 8.7% for 2022. This was anchored on recovery of business, consumer and investor confidence as a result of the transition to the endemic phase post COVID-19. For EXIM Bank Malaysia Berhad (EXIM or the Bank), it marked a shift back to full focus on our mandate and a period of strengthening our foothold in a new era of global volatilities and sustainable business aspirations.

On behalf of the Board of Directors, I am privileged to present to you EXIM BANK's annual report for the financial year ended 31 December 2022.

THE YEAR IN REVIEW

The challenges for 2022 were defined by the Russia-Ukraine hostilities and the resulting supply chain disruptions. Earlier in the year, the prolonged COVID-19 pandemic season also continued to cause uncertainty in several countries. As a result of these hurdles, the global economy expanded at a slower pace despite the gradual reopening of nations and markets throughout 2022, which is appropriately reflected by the IMF GDP growth estimation of 3.4% as compared to 2021's 6.2% estimation.

Malaysia however, recorded one of the fastest growth rates in Southeast Asia and robust export trade activity, which grew 25% from RM1.2 trillion in FY2021 to a record high of RM1.6 trillion in 2022. Trade surplus was achieved for the 25th consecutive year and was at an all-time high at RM255.1 billion. That said, Malaysia's headline inflation during the year increased to 3.3%, leading Bank Negara Malaysia (BNM) to raise Overnight Policy Rate (OPR) four times at 25bps each to 2.75% in 2022.

Having sustained impairment losses, the Bank thus placed priority on diligent credit management, while maintaining focus on growing loans and financing portfolio. More opportunities were sought through strategic alliances with other Development Financial Institutions (DFIs) and other Export Credit Agencies (ECAs), and there was continued investment in transforming people and technology.

Where investment in people is concerned, I take this opportunity to welcome Arshad Mohamed Ismail, who was appointed President and Chief Executive Officer of the Bank effective 1 August 2022. We look forward to his experience, especially in the areas of corporate banking, debt capital market, Islamic finance, asset management and development finance in effecting the change that EXIM needs at this point in time. The Bank is now focused on dynamically renewing industry engagements, re-strategising for portfolio growth, improving operational efficiencies and revitalising high performance service delivery.

SUPPORTING NATIONAL GOALS

During the year, there was a clarion call for the delivery of sustainable growth for the good of all Malaysians in tandem with the new national vision of Malaysia MADANI, whereby MADANI is the acronym for the core values: *keMampanan (Sustainability)*, *kesejAhteraan (Prosperity)*, *Daya cipta (Innovation)*, *hormAt (Respect)*, *keyakiNan (Trust)* and *lhsan (Compassion)*.

On 6 October 2022, The Ministry of Investment, Trade and Industry (MITI) launched the New Investment Policy (NIP) based on the National Investment Aspiration. The NIP focuses on bringing in high-value and high-quality investments which will create high-paying jobs.

The Bank is committed to contribute to this vision by helping to finance underserved companies' cross border venture and to grow their businesses. This brings about cascading impacts, such as more job opportunities and higher income levels.


In FY2022, EXIM Bank has extended RM312 million worth of financial assistance to underserved accounts, mainly covering the broad manufacturing sector, which comprises machinery, electronic components, rubber, plastics, motor vehicle parts, medical devices and chemicals industries.



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Supporting inclusive growth, the Bank provides outreach and advisory support by way of engagements with industry associations, such as Malaysian International Chambers of Commerce & Industry (MICCI), Malaysia South-South Association (MASSA), the Federation of Malaysian Manufacturers (FMM) and the MITI's agencies, such as MATRADE. EXIM also works to support the unique needs of minority-owned businesses, providing hands-on guidance on how to qualify and access EXIM financing in order to grow their exports.

During the year, the Bank also continued to support CSR initiatives that uplifted underserved communities and foster awareness on environmental issues.

 Refer to Specific Disclosure on Developmental Performance on page 43 and CSR report on page 46.

MAKING STRIDES IN GOVERNANCE AND SUSTAINABILITY

As the ultimate steward of the Bank, the Board rigorously steers the Bank towards good governance and practices that fortify a sustainable future for all our stakeholders. The Bank's implementation of a sound Anti-Bribery

Management System during the year under review was a critical step forward in ensuring EXIM's continued evolution as a responsible DFI. The establishment of a comprehensive Environmental, Social and Governance (ESG) Framework is also in the pipeline towards a future driven by positive impacts.

OUTLOOK FOR FY2023

The challenges and uncertainties in the global economy are expected to continue. Despite the uncertain environment, the Bank is committed to steadfastly step-up efforts to provide support needed by companies to stay resilient. The Board will ensure effective oversight in all undertakings by the Bank in ensuring that sound and prudent policies and practices are upheld, and that obligations to shareholders and stakeholders are met.

Proactive measures to be taken towards potentially affected sectors have been outlined within the strategy going forward. These include focusing on strengthening supply chains and support towards improving national self-sufficiency through vendor financing programmes. Support will be provided not only in terms of financing, but also includes guiding them to becoming export-ready companies.





Opportunities are also expected with the reopening of China's economy, which is anticipated to have positive cross-border spillover to trading partners like Malaysia. In addition, trade agreements like the Regional Comprehensive Economic Partnership (RCEP) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) offer opportunities for local SMEs to penetrate and to expand their businesses, as well as diversify their supply chain with the participating countries.

To that effect, the Bank is poised to intensify efforts in serving the underserved segment of SMEs and Commercials. Hence the Bank will work towards delivering its mandate in capturing these financing opportunities which will further help the Bank in making its mark in the industry.

ACKNOWLEDGEMENTS

The past years of pandemic turbulence have shifted the Bank slightly off-course our core mandate. As businesses resume normal operations and industries continue to evolve, it is important that EXIM realigns its focus with the right strategies on portfolio growth, service efficiency, workforce productivity and adaptability to thrive and make our mark. This will drive us into the next phase of growth.

I would like to convey my sincere appreciation to my fellow Board Members, Shariah Committee Members and EXIM Bank's top management for steering the Bank on course towards diligently discharging our mandate. To all EXIMers who have dedicatedly served through thick and thin, thank you for staying the course and helping the Bank meet the challenges of recent years. Your loyalty is recognised and appreciated.

Last but not least, as a development bank for the past 28 years, EXIM Bank has also been consistently supported and driven by the policies and schemes introduced by the government. My sincere gratitude goes out to all our stakeholders – the Ministry of Finance (MOF), MITI and BNM, for their ongoing and continuous guidance and assistance.

Thank you to all who have been a part of our journey to date and we look forward to reaching greater heights and further enhance EXIM Bank's role as a leading Development Financial Institution for cross-border financing and insurance for the country.

Thank you.

DATO' AZMAN MAHMUD
Chairman
EXIM Bank Malaysia