

Chairman's Statement

Dear Stakeholders,

Over the past 30 years, the Bank has strengthened its role as a development finance institution, supporting Malaysia's economic aspirations through our financing activities. We remain focused on creating value by expanding access to financing for underserved segments and underserved markets. This commitment underpins our mandate to provide credit financing, export credit takaful and guarantee services and facilities to finance and support exports and imports of goods, services and overseas projects and investments with emphasis on non-traditional markets.

We enter 2025 amid heightened uncertainty, including the impact of new US tariff and non-tariff measures that may disrupt global supply chains. Concerns over potential cost increases and reduced export competitiveness have led some businesses to take a more cautious approach to new orders linked to US demand. In response, the Bank has proactively identified portfolios that may be directly or indirectly affected, enabling early engagement and targeted risk mitigation.

The rollout of the Thirteenth Malaysia Plan 2026–2030 (RMK13) charts key national priorities for the next five years and supports the country's long-term sustainability agenda. Delivering investment-led growth will require resilient, uninterrupted manufacturing capacity and strong supply-chain continuity. This, in turn, underscores the important role of development finance institutions (DFIs), including EXIM Bank, in supporting national development objectives. For EXIM Bank, advancing export growth remains central to our mandate particularly as Malaysia attracts new investments to strengthen domestic manufacturing. As a trading nation, Malaysia's future growth will continue to be closely linked to the pace and direction of global trade.

Work to formalise the merger process is progressing steadily. As part of our readiness efforts, the Bank is integrating internal work processes, while policies



and procedures are being harmonised to support consistent governance at the group level. We look forward to becoming part of a larger group with a strategic mandate to advance national development priorities. In this context, a strengthened development finance institution (DFI) platform — offering multi-layered financial services and enhanced capacity — will be well positioned to deliver greater impact, including by supporting Malaysia's deeper economic engagement within the region.

In preparation for the integration, the Bank implemented measures to strengthen its financial position and to enter the next phase from a firmer footing, consistent with constructive market expectations. In this regard, the Bank took a deliberate decision to comprehensively address legacy asset-quality matters, including the write-off of long-outstanding non-performing loans (NPLs) amounting to RM1.45 billion. This initiative will enable the Bank to focus on performing accounts and to commence the year 2026 with a clearer balance sheet. Consequently, the Bank recorded a net loss of -RM81.31 million in 2025, compared with a net profit of RM113.50 million in 2024, on revenue of RM265.78 million (2024: RM298.96 million). The write-off also contributed to a -5.56% year-on-year reduction in capital; nevertheless, the Bank remained well-capitalised, with capital of RM1.58 billion as at December 2025 and retains capacity to expand financing by an estimated RM5.1 billion in the year ahead.

Against this backdrop, Malaysia's economy continues to chart a path towards sustainable, long-term growth, supported by stronger regional cooperation. In 2025, Malaysia assumed the ASEAN Chairmanship, placing the country at the forefront of regional diplomacy and economic engagement. Under the theme of inclusivity and sustainability, Malaysia is advancing deeper strategic cooperation among ASEAN Member States. This renewed emphasis on regional economic integration is timely, particularly in strengthening the enabling environment for intra-regional business, trade and investment. As ASEAN marks its 58th year of establishment, initiatives that support innovation and cross-border development, especially for small and medium enterprises (SMEs), can further enhance regional supply-chain capabilities. In this context, EXIM Bank remains committed to expanding access to financing for SMEs. During FY2025, the Bank approved total financing of RM233.18 million to eligible SME customers. Looking ahead, continued economic stability and industrial transformation across ASEAN are expected to create opportunities for SMEs to increase their visibility and participation in regional supply chains. At the same time, the accelerating adoption of artificial intelligence and technology-driven business models will raise the complexity of the operating landscape, underscoring the importance of capability-building and targeted support. These developments will further strengthen the Bank's

role in advancing the strategic development of Malaysian companies in this important sector.

The significance of the ASEAN market to the Bank is reflected in the continued strength of our regional financing portfolio. In 2025, the Bank approved facilities totalling RM204.33 million to Malaysian businesses expanding into ASEAN markets. As at year-end, the Bank's outstanding financing exposure to ASEAN stood at RM833.44 million, underscoring ASEAN's importance as a core regional focus for the Bank. Looking ahead, the Bank expects its developmental financing presence in ASEAN to strengthen further, supported by Malaysia's expanding economic engagement with the region. In 2025, Malaysia recorded RM777.61 billion in trade with ASEAN Member States.

Moving forward, the Bank will further strengthen the execution of its mandate to reflect its role under the merged entity. The Bank's longstanding support for export, trade and overseas project financing has advanced Malaysia's internationalisation agenda and enabled domestic businesses to compete more effectively in global markets. Going forward, this role will be pursued in a more cohesive manner, with the Bank's developmental mandate strategically aligned to the country's long-term economic plans. Under the merged entity, the Bank will be better positioned to deliver a mandate that supports both domestic and international market development, promotes local entrepreneurship, enhances foreign exchange earnings, and contributes to investment-led growth.

In 2025, the Bank navigated challenges and made key strategic decisions to position for future growth. This was made possible by the dedication of our team and management, and the Board's oversight. I also extend my appreciation to the Shariah Committee for its guidance on Shariah compliance in support of our Islamic First Policy. I record my sincere thanks to YBHG. Datuk Bahria Mohd. Tamil and Dr. Ahmad Zakirullah Mohamed Shaarani for their contribution and wisdom during their tenure. I also welcome YBHG. Dato' Mastura Ahmad Mustafa, who joined the Board in 2025, and look forward to drawing on the Board's valuable industry experience as we advance the nation's trade agenda. Finally, I thank the Ministry of Finance (MOF), the Ministry of Investment, Trade and Industry (MITI) and Bank Negara Malaysia (BNM) for their continued guidance and support.

DATO' CHARON WARDINI MOKHZANI
Chairman