



HARMONY

THROUGH UNITY

ANNUAL REPORT 2025

Embracing “Ihsan”
Banking:
**A COMMITMENT TO
ETHICAL AND
SOCIAL
RESPONSIBILITY**

Read more on pages 23 to 24

EXIM Bank's
**SUSTAINABILITY
JOURNEY**

Read more on pages 81 to 92

HARMONY THROUGH UNITY

The cover visual expresses Harmony Through Unity by integrating key elements of trade, infrastructure and urban growth into a single cohesive landscape. The port, cargo vessels and cranes symbolise global commerce and connectivity, while the illuminated roadway represents forward movement, efficiency and the journey towards opportunity. This path leads into a modern skyline that conveys strength, ambition and economic progress, reflecting EXIM Bank's role in supporting Malaysian businesses on the global stage. The warm light at the centre unifies the composition, representing shared purpose, optimism and collaboration, while subtle sustainable elements highlight a commitment to balanced growth.

FOREWORD

The coming together of BPMB, EXIM Bank and SME Bank on 1 May 2025 represents far more than an institutional milestone — it signals a renewed and strengthened commitment to driving meaningful, lasting change across Malaysia's economy.

As a unified Group, we are better placed to serve the businesses, communities and sectors that matter most. Our combined expertise spans the full spectrum of development finance: catalysing large-scale infrastructure investment, enabling Malaysian enterprises to compete on the global stage and empowering the small and medium businesses that form the backbone of the national economy.

This integration allows us to align our efforts with greater coherence, reduce duplication and direct our collective resources towards the areas where impact is most needed. Guided by shared values and a common purpose, the Group is committed to delivering financing solutions that are not only commercially sound but genuinely transformative — for businesses, for communities and for Malaysia as a whole.

Our work is grounded in the belief that development finance, done well, is one of the most powerful instruments available to a nation. Together we shall achieve greater heights.



Go online to our website at:
www.exim.com.my

Inside this Report

| | | |
|---|-----------------------|---|
| ● | About this Report | 2 |
| | Corporate Information | 3 |

| | | |
|----------|---|---|
| 1 | A VISION TO SERVE | |
| | Overview of Our Business Operations | 4 |
| | 5-Year Financial Highlights | 7 |
| | Credit Insurance/Takaful and Banking by Country | 8 |

| | | |
|----------|--|----|
| 2 | EMPOWERING GROWTH | |
| | Chairman's Statement | 10 |
| | President/Chief Executive Officer's Review | 12 |

| | | |
|----------|---|----|
| 3 | MANAGEMENT DISCUSSION & ANALYSIS | |
| | Our Business Review | 18 |
| | Strategic Direction | 23 |
| | Performance Measurement Framework | 25 |

| | | |
|----------|-----------------------------|----|
| 4 | COMMITMENT TO LEAD | |
| | Board of Directors | 28 |
| | Directors' Profile | 30 |
| | Shariah Committee | 37 |
| | Shariah Committee's Profile | 38 |
| | Key Senior Management | 43 |

| | | |
|----------|-----------------------------------|----|
| 5 | UPHOLDING ACCOUNTABILITY | |
| | Statement on Corporate Governance | 44 |
| | Disclosure on Shariah Governance | 56 |
| | Statement of Risk Management | 60 |
| | Statement on Internal Control | 78 |

| | | |
|----------|--------------------------------|----|
| 6 | ENSURING SUSTAINABILITY | |
| | Sustainability Journey | 81 |
| | Corporate Events | 93 |

| | | |
|----------|--|-----|
| 7 | FINANCIAL STATEMENTS | |
| | Directors' Report | 110 |
| | Shariah Committee's Report | 115 |
| | Statement by Directors | 120 |
| | Statutory Declaration | 120 |
| | Independent Auditors' Report | 121 |
| | Consolidated Statement of Financial Position | 126 |
| | Statement of Financial Position | 127 |
| | Statements of Profit and Loss | 128 |
| | Statements of Comprehensive Income | 129 |
| | Statements of Changes in Equity | 130 |
| | Statements of Cash Flows | 131 |
| | Notes to the Financial Statements | 133 |

About This Report

Our 2025 Annual Report outlines the key challenges and opportunities facing the Bank, together with the actions taken to address them. It provides stakeholders with a clear account of how we continue to fulfil our role as a Development Financial Institution (DFI), supporting cross-border ventures through the provision of financing and insurance solutions aligned with our mandate.

Performance delivery is guided by the Performance Measurement Framework (PMF), ensuring that we meet regulatory expectations while maintaining discipline in execution and accountability.

In line with established reporting practices, this report has been prepared in accordance with Bank Negara Malaysia's policies and applicable frameworks, including:

- The Malaysian Code on Corporate Governance (MCCG)
- The Malaysian Financial Reporting Standards (MFRS)
- The International Financial Reporting Standards (IFRS®)

Building on our initial steps towards integrated reporting through the introduction of sustainability reporting in FY2023, this year's report further reflects our ongoing commitment to transparency, accountability and long-term value creation. It highlights our sustainability priorities and strategic progress, with a focus on material matters relevant to our stakeholders.

As we continue to strengthen our reporting approach, we remain guided by recognised local and international standards, ensuring consistency and relevance in how we communicate our performance and impact.

We welcome feedback from our stakeholders to support continuous improvement. Please share your views at communications@exim.com.my.

AI-IMAGES DISCLOSURE

Certain visuals used within this report have been generated or digitally enhanced using AI-based tools.

Corporate Information

DIRECTORS

1. **Dato' Charon Wardini Mokhzani**
2. **Dato' Mastura Ahmad Mustafa**
(Appointed w.e.f 14 November 2025)
3. **Dr Mastura Abdul Karim**
4. **Encik Raymond Fam Chye Soon**
5. **Encik Abdul Aziz Abu Bakar**
6. **Encik Jeremy Lee Eng Huat**
7. **Datuk Bahria Mohd Tamil**
(Term ended w.e.f 1 October 2025)
8. **Dato' Muzaffar Hisham**
(Appointed w.e.f. 1 April 2026)

PRESIDENT/CHIEF EXECUTIVE OFFICER

1. **Datuk Nurbayu Kasim Chang**

SHARIAH COMMITTEE

1. **Dr. Ghazali Jaapar**
2. **Dr. Safinar Salleh**
3. **Dr. Muhammad Syahmi Mohd Karim**
4. **Prof. Dr. Muhammad Ridhwan Ab. Aziz**
5. **Ustaz Mohd Bahroddin Badri**
6. **Dr. Ahmad Zakirullah Mohamed Shaarani**
(Term ended w.e.f. 1 December 2025)

REGISTERED OFFICE

Level 15, EXIM Bank
Jalan Sultan Ismail
50250 Kuala Lumpur

COMPANY SECRETARIES

PUAN IRNAWATI BINTI ISMAIL
MAICSA7059317
PC No. 201908002305

REPRESENTATIVE OFFICES

PULAU PINANG
No. 2, Ground Floor
Lebuh Tenggara 2
Pusat Bandar Seberang Jaya
13700 Seberang Jaya, Perai, Pulau Pinang
Malaysia

JOHOR

No. 95, Ground Floor
Jalan Damai, Taman Setia
Off Jalan Stulang Darat
80300 Johor Bahru
Malaysia

SARAWAK

No. 67, Ground Floor
One Avenue Business Centre
Jalan Tun Jugah
93350 Kuching, Sarawak
Malaysia

AUDITOR

Ernst & Young (AF0039)
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Malaysia

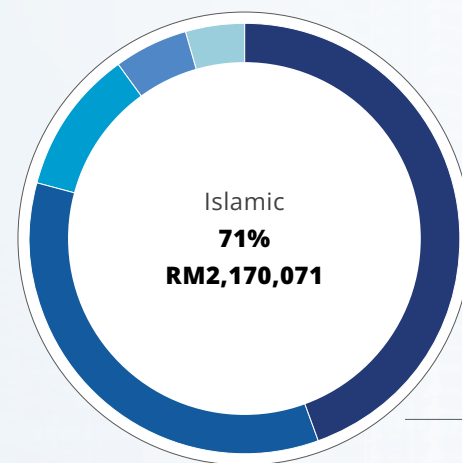
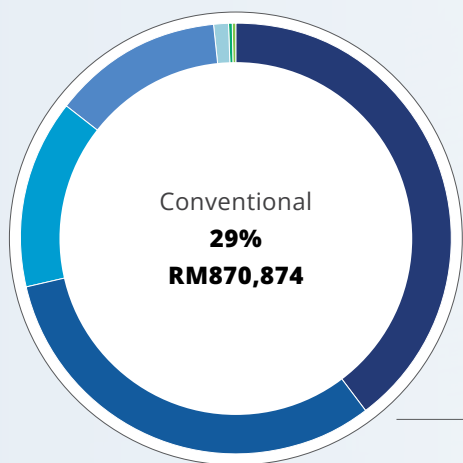
Overview of Our Business Operations

LOAN, ADVANCES AND FINANCING EXPOSURES (RM'000)

Breakdown by Conventional and Islamic Products Portfolio of

RM3,040,945

(including Impairment Exposures)

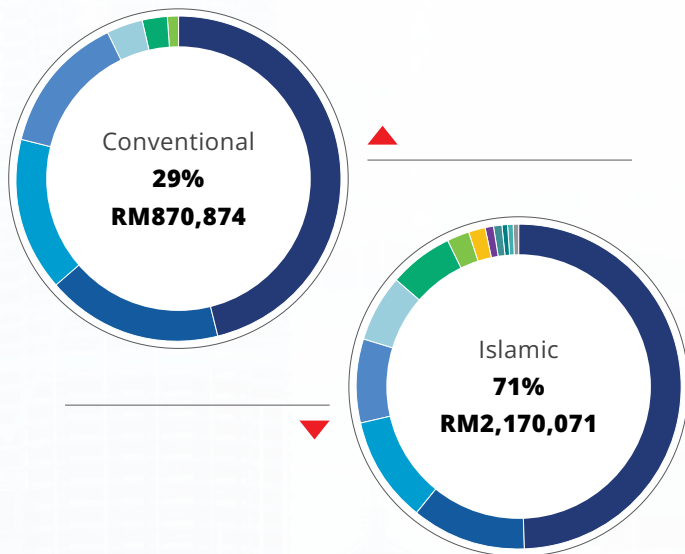


| | |
|-------------------------------|---------------------|
| Export Credit Refinancing | : RM347,038 (11.4%) |
| Overseas Project Financing | : RM276,226 (9.1%) |
| Buyer Credit | : RM122,712 (4.0%) |
| Term Loan | : RM112,740 (3.7%) |
| Overseas Investment Financing | : RM7,947 (0.3%) |
| Term Financing-i | : RM3,905 (0.1%) |
| Other | : RM307 (0.01%) |

| | |
|---------------------------------|---------------------|
| Term Financing-i | : RM966,892 (31.8%) |
| Supplier Financing-i | : RM756,889 (24.9%) |
| Overseas Project Financing-i | : RM233,160 (7.7%) |
| Overseas Investment Financing-i | : RM119,541 (3.9%) |
| Revolving-i | : RM93,589 (3.1%) |

Breakdown of Portfolio by Conventional and Islamic Sectoral of **RM3,040,945** (including Impairment Exposures)

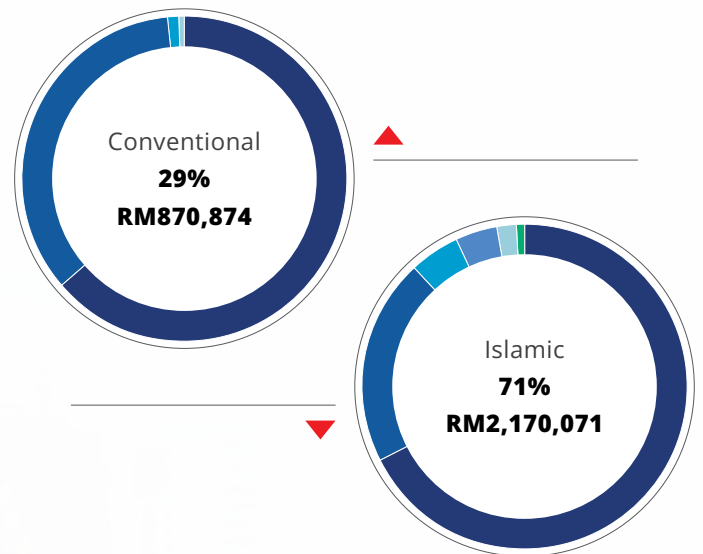
| | |
|---|---------------------|
| ● Financial and Insurance/Takaful Activities | : RM400,135 (13.2%) |
| ● Manufacturing | : RM151,742 (5.0%) |
| ● Transportation and Storage | : RM134,922 (4.4%) |
| ● Electricity, Gas, Steam and Air Conditioning Supply | : RM122,712 (4.0%) |
| ● Accommodation and Food Service Activities | : RM31,193 (1.0%) |
| ● Real Estate Activities | : RM21,672 (0.7%) |
| ● Construction | : RM8,498 (0.3%) |



| | |
|--|-----------------------|
| ● Manufacturing | : RM1,075,878 (35.4%) |
| ● Construction | : RM247,159 (8.1%) |
| ● Transportation and Storage | : RM230,371 (7.6%) |
| ● Financial and Insurance/Takaful Activities | : RM182,648 (6.0%) |
| ● Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles | : RM143,671 (4.7%) |
| ● Real Estate Activities | : RM138,546 (4.6%) |
| ● Information and Communication | : RM46,770 (1.5%) |
| ● Electricity, Gas, Steam and Air Conditioning Supply | : RM36,730 (1.2%) |
| ● Water Supply: Sewerage, Waste Management and Remediation Activities | : RM22,202 (0.7%) |
| ● Mining and Quarrying | : RM17,343 (0.6%) |
| ● Professional, Scientific and Technical Activities | : RM12,358 (0.4%) |
| ● Accommodation and Food Service Activities | : RM11,260 (0.4%) |
| ● Administrative and Support Service Activities | : RM5,134 (0.2%) |

Breakdown by Conventional and Islamic Region Portfolio of **RM3,040,945** (including Impairment Exposures)

| | |
|---------------|---------------------|
| ● Malaysia | : RM555,782 (18.3%) |
| ● East Asia | : RM306,594 (10.1%) |
| ● Africa | : RM7,743 (0.3%) |
| ● Middle East | : RM755 (0.02%) |



| | |
|---------------|-----------------------|
| ● Malaysia | : RM1,466,702 (48.2%) |
| ● East Asia | : RM446,203 (14.7%) |
| ● Europe | : RM106,055 (3.5%) |
| ● Middle East | : RM91,800 (3.0%) |
| ● Oceania | : RM43,751 (1.4%) |
| ● South Asia | : RM15,559 (0.5%) |

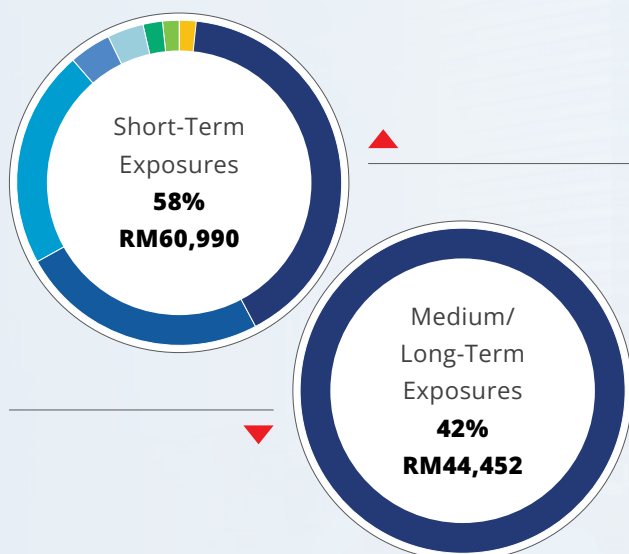
Overview of Our Business Operations

CREDIT INSURANCE/TAKAFUL PORTFOLIO (RM'000)

Breakdown by Region for Short-Term and Medium/
Long-Term Exposures

RM105,442

| | |
|---------------|--------------------|
| ● Europe | : RM19,811 (18.8%) |
| ● South Asia | : RM14,244 (13.5%) |
| ● Malaysia | : RM11,536 (10.9%) |
| ● Americas | : RM10,123 (9.6%) |
| ● Africa | : RM1,991 (1.9%) |
| ● Middle East | : RM1,720 (1.6%) |
| ● East Asia | : RM822 (0.8%) |
| ● Oceania | : RM742 (0.7%) |

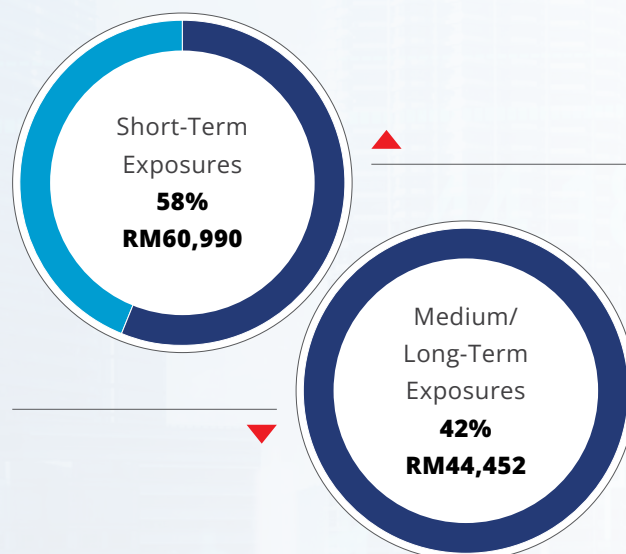


| | |
|--------------|--------------------|
| ● South Asia | : RM44,452 (42.2%) |
|--------------|--------------------|

Breakdown by Sectoral for Short-Term and Medium/
Long-Term Exposures

RM105,442

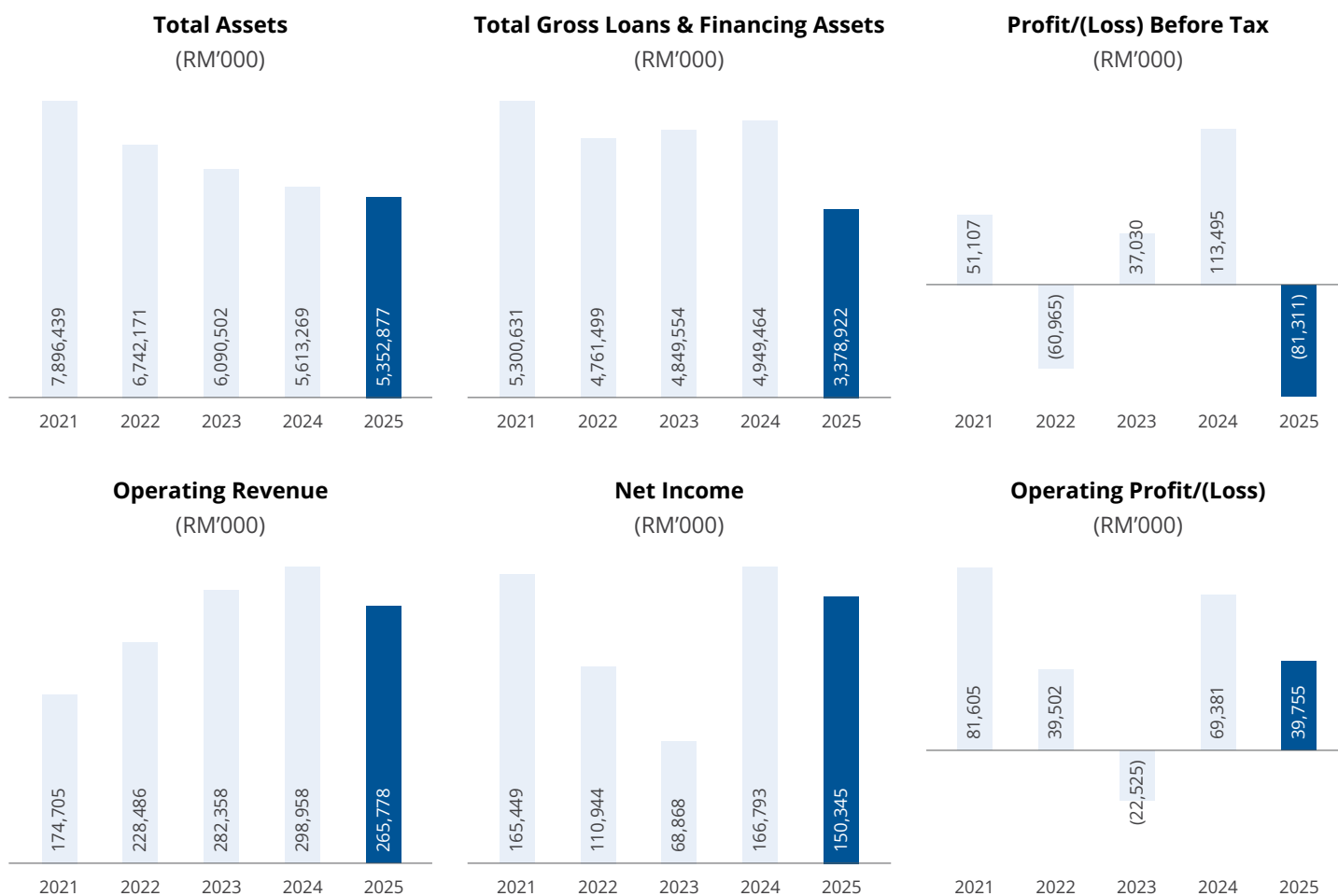
| | |
|--|--------------------|
| ● Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles | : RM34,327 (32.6%) |
| ● Manufacturing | : RM26,663 (25.3%) |



| | |
|-----------------|------------------|
| ● Manufacturing | : RM44,452 (42%) |
|-----------------|------------------|

5-Year Financial Highlights

| | 2021 (RM'000) Audited Restated | 2022 (RM'000) Audited Restated | 2023 (RM'000) Audited | 2024 (RM'000) Audited | 2025 (RM'000) Audited |
|--------------------------------------|---|---|-----------------------------|-----------------------------|-----------------------------|
| Total Asset | 7,896,439 | 6,742,171 | 6,090,502 | 5,613,269 | 5,352,877 |
| Total Disbursement | 5,733,471 | 4,821,531 | 4,323,466 | 2,556,908 | 5,358,262 |
| Operating Revenue | 174,705 | 228,486 | 282,358 | 298,958 | 265,778 |
| Total Gross Loans & Financing Assets | 5,300,631 | 4,761,499 | 4,849,554 | 4,949,464 | 3,378,922 |
| Net Income | 165,449 | 110,944 | 68,868 | 166,793 | 150,345 |
| Net Impaired Loans | 12.19% | 11.73% | 12.11% | 10.76% | 3.47% |
| Operating Profit/(Loss) | 81,605 | 39,502 | (22,525) | 69,381 | 39,755 |
| Profit/(Loss) Before Tax | 51,107 | (60,965) | 37,030 | 113,495 | (81,311) |



Credit Insurance/Takaful and Banking Portfolio Exposures Breakdown by Country

1 East Asia
RM2,795,914 million
 (88.9%)

2 Europe
RM114,428 million
 (3.6%)

3 Middle East
RM95,048 million
 (3.0%)

4 South Asia
RM62,002 million
 (2.0%)

- 1 Malaysia
- 2 Indonesia
- 3 Singapore
- 4 Japan
- 5 Lao People's Democratic Republic
- 6 Vietnam
- 7 Cambodia
- 8 China, People's Rep. of
- 9 Thailand
- 10 Brunei Darussalam
- 11 Hong Kong
- 12 Philippines
- 13 Korea (South)

- 14 United Kingdom
- 15 Netherlands (Holland)
- 16 France
- 17 Denmark

- 18 Saudi Arabia
- 19 United Arab Emirates
- 20 Turkiye
- 21 Iraq
- 22 Oman

- 23 India
- 24 Sri Lanka

Grand Total

RM3,146,387 million

EXIM Bank's Stand-Alone Credit Insurance/Takaful Exposure Extends to Over

23 countries

EXIM Bank's Banking Exposure Covers

38 countries



5 Oceania
RM55,288 million
 (1.8%)

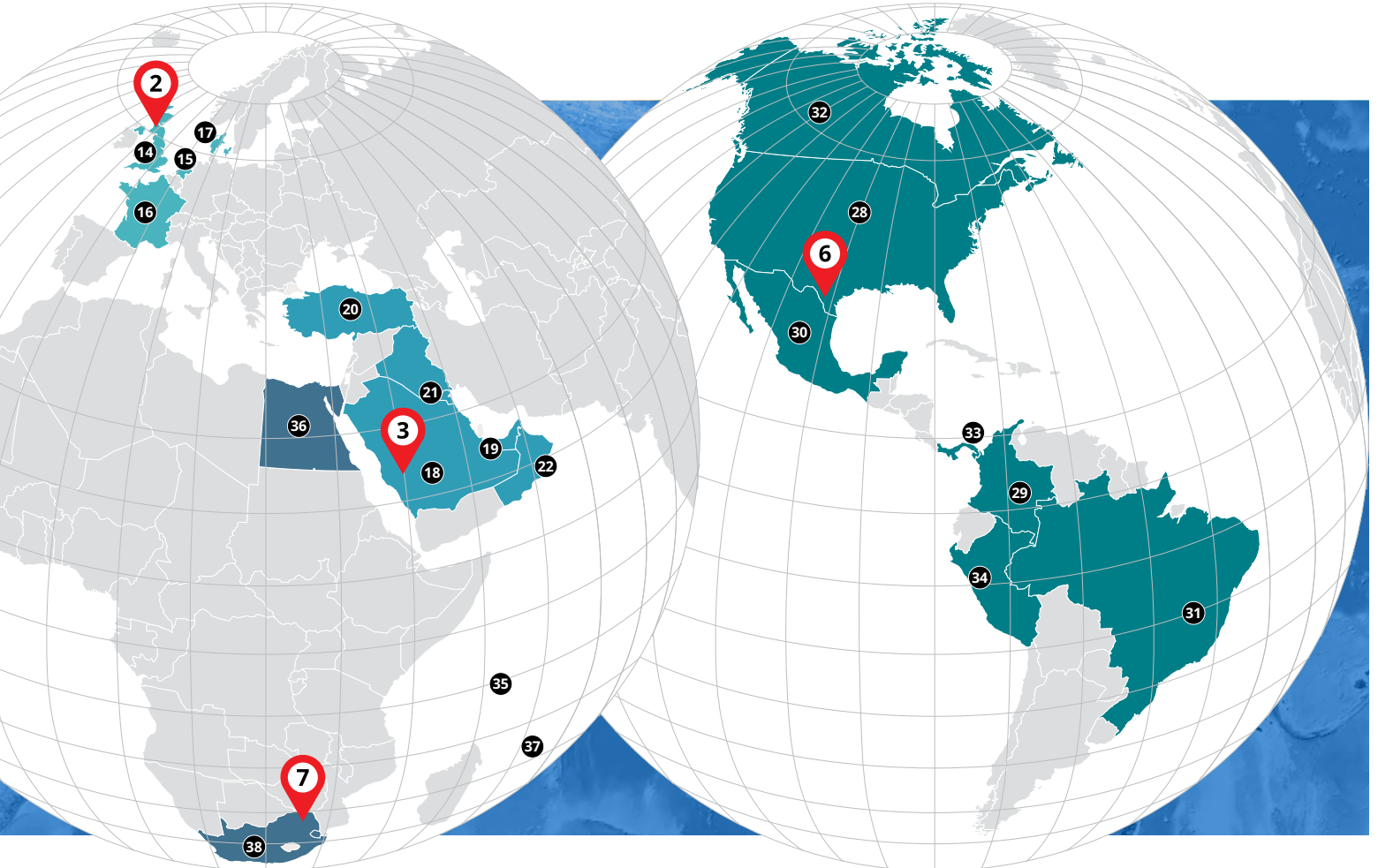
6 Americas
RM14,244 million
 (0.5%)

7 Africa
RM9,463 million
 (0.3%)

- 25 Australia
- 26 New Zealand
- 27 Fiji

- 28 U.S.A
- 29 Colombia
- 30 Mexico
- 31 Brazil
- 32 Canada
- 33 Panama, Republic of
- 34 Peru

- 35 Seychelles
- 36 Egypt
- 37 Mauritius
- 38 South Africa



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

President/Chief Executive Officer's Review

Dear Stakeholders,

ADVANCING THE MADANI VISION

At EXIM Bank Malaysia, our purpose has never been more clearly defined. For the better part of three (3) decades, this institution has served as a bridge between Malaysia and the global economy — financing ambitions, managing risk, and expanding the commercial horizons of Malaysian enterprises. That purpose finds its most compelling expression today in the MADANI economic framework, a national vision that asks us to do more than transact. It asks us to transform.

FY2025 was a year in which we took that call seriously. Every programme we designed, every partnership we forged, and every ringgit we deployed was guided by the conviction that development finance — when executed with discipline and clarity — can be a genuine force for national progress. We did not simply administer capital; we directed it with intent, toward exporters ready to scale, toward markets that have been underserved, and toward a future where Malaysia's presence on the global stage reflects the full weight of its economic potential.



THE GLOBAL MACROECONOMIC LANDSCAPE IN 2025

Let me be direct about the environment we navigated in 2025: it was not an easy one. The global economy continued to grapple with the aftershocks of a prolonged period of monetary tightening, with major central banks holding rates at elevated levels through much of the year before cautiously easing in select economies. Trade fragmentation — a trend that has been building for several years — accelerated meaningfully, as geopolitical fault lines reshaped supply chains and redrew the map of preferred trade corridors.

The US-China rivalry did not abate; if anything, it intensified, with technology, semiconductors, and critical minerals at its epicentre. This created genuine disruption but also real opportunity. Countries positioned to serve as alternative sourcing destinations, production hubs, or transit nodes found themselves in higher demand — and Malaysia, given its location, manufacturing base, and institutional credibility, was well placed to benefit.

Currency volatility added another layer of complexity. The strengthening of the Malaysian ringgit against the US dollar, while a reflection of improved domestic fundamentals, did exert pressure on translated foreign currency income across the export finance sector. The global commodity cycle was uneven, with energy and agricultural prices moving in divergent directions depending on weather patterns and geopolitical supply disruptions. Through all of this, the institutions that fared best were those with diversified mandates, disciplined risk frameworks, and the operational agility to redirect capital where it was most needed.

MALAYSIA'S ECONOMIC PERFORMANCE IN 2025

Domestically, Malaysia's macroeconomic story in 2025 was one of resilience with nuance. GDP growth held up reasonably well, anchored by robust domestic consumption, continued public investment under the Twelfth Malaysia Plan, and strong inflows from the technology and semiconductor sectors — the latter driven in no small part by the geopolitical realignment in global chip supply chains.

The government's fiscal consolidation agenda advanced steadily, and the rationalisation of fuel subsidies — while politically delicate — demonstrated a seriousness of purpose in reforming the public balance sheet for the long term. Inflation moderated compared to prior years, and Bank Negara Malaysia maintained a measured stance that supported credit conditions without compromising stability.

On the trade side, Malaysian exports showed commendable breadth, with electrical and electronic products, palm oil derivatives, and manufactured goods all contributing. Export growth to ASEAN markets was a particular bright spot, while new corridor opportunities — into the Middle East, Africa, and Central Asia — started gaining meaningful traction. It is in this context that our work at EXIM Bank found its clearest commercial and developmental justification: helping Malaysian businesses go further, with confidence and support, into markets that offer real but complex opportunities.

Key Highlights of the Year 2025

| Revenue | Profit before Tax | Disbursement | Net Impaired Loans |
|---------------------------|---------------------------|-----------------------------|--------------------|
| RM265,778 million | (RM81,311 million) | RM5,358,262 million | 3.47% |
| (2024: RM298,958 million) | (2024: RM113,495 million) | (2024: RM2,556,908 million) | (2024: 10.76%) |

President/Chief Executive Officer's Review

FINANCIAL PERFORMANCE

I want to engage honestly with our financial results for FY2025, because they tell an important story — one that is more constructive than the headline numbers might initially suggest.

Group revenue for the year came in at RM265.78 million. Total disbursements grew dramatically, rising 110% from RM2.56 billion in FY2024 to RM5.36 billion in FY2025. That figure deserves emphasis: we more than doubled the volume of financing deployed into the economy in a single year. This was driven by significant utilisation of trade lines by key customers, including a RM2.23 billion draw by FGV, alongside RM1.49 billion in new lending extended to major clients. The scale of deployment reflects the confidence that Malaysian businesses place in EXIM Bank as a financing partner when they are ready to move.

The Group recorded a loss before tax of RM81.31 million in FY2025, compared to a profit of RM113.49 million in the prior year. This outcome requires context. The result was principally driven by a RM395 million write-off exercise undertaken as part of a deliberate harmonisation of the Group's write-off policy across its entities following the formation of BPMB Group. This was not a reflection of deteriorating asset quality in the ordinary course; it was a conscious, one-time accounting action designed to establish a cleaner, more transparent baseline for the Group going forward. Housekeeping of this nature, done early and done properly, sets the foundation for more consistent and credible reporting in the years ahead.

Perhaps the most encouraging signal in our FY2025 results is the sharp improvement in asset quality. Net impaired loans fell from 10.76% in FY2024 to 3.47% in FY2025 — a reduction of more than seven (7) percentage points. Impaired balances declined to RM277.91 million as at 31 December 2025. This is a material improvement that reflects better credit discipline, active portfolio management, and the benefits of the write-off rationalisation. We enter FY2026 with a portfolio that is measurably cleaner and a balance sheet better positioned to support growth.



A DEFINING STRUCTURAL MILESTONE: THE BPMB GROUP FORMATION

One of the most consequential developments of FY2025 — and indeed in EXIM Bank's institutional history — was the completion of our acquisition by Bank Pembangunan Malaysia Berhad on 1 May 2025. Alongside SME Bank, we became a subsidiary of BPMB Group, forming what is now Malaysia's unified development finance institution.

I want to be clear about what this means in practice. This is not a merger for the sake of organisational tidiness. It is a strategic realignment that creates genuine scale, eliminates redundancy, and enables the kind of coordinated, high-impact financing that no single institution could achieve alone. With a combined workforce of over 2,000 professionals and an aggregate deployment mandate of RM8.3 billion for 2025, BPMB Group can now address the full spectrum of Malaysia's developmental financing needs — from SME formation to infrastructure development to export facilitation — through a coherent and integrated platform.

For EXIM Bank specifically, the new structure amplifies our capacity to pursue our core mandate: supporting Malaysian exporters and facilitating outbound investment. We now have access to deeper institutional resources, greater balance sheet strength, and a collaborative framework with BPMB and SME Bank that allows us to offer more complete solutions to clients whose financing needs span multiple segments. The transaction was completed based on net tangible asset values as of 31 December 2023, and the integration process is now actively underway. Early coordination across the three (3) institutions has already begun to yield insights about where synergies can be harvested most effectively.

PROGRESS UNDER THE 2025–2026 STRATEGY ROADMAP

Beyond the structural changes, FY2025 was a year of meaningful operational delivery under our 2025–2026 Strategy Roadmap. I want to highlight several areas where the progress was most tangible.

Our Malaysia Global Connect (MGC) programmes became a genuine engine of market development, particularly across the Middle East and Africa. We anchored a series of advisory, training, and business-matching initiatives that produced concrete outcomes — including successful investment workshops with Saudi Arabia and South Africa, and trade missions to World Expo Osaka and MIHAS Shanghai. These were not ceremonial activities. They generated real pipeline, real relationships, and real business results for Malaysian exporters.

On the exporter development side, we nurtured 56 new exporters through structured, outcome-driven programmes in FY2025, deliberately shifting away from simple participation metrics toward a more rigorous assessment of actual business progress. We achieved upward migration for 52 clients — meaning measurable improvements in their financial profiles and commercial performance. These numbers matter because they reflect real change in the businesses we serve, not just activity on our part.

We deepened our strategic partnership network meaningfully, signing new Memoranda of Understanding with Export Finance Australia, NAICO, and SINOSURE, among others. The Memorandum of Understanding (MOU) with Export Finance Australia, formalised on the sidelines of the ASEAN Summit in October 2025 — and timed to coincide with the 70th anniversary of Malaysia-Australia diplomatic relations — is particularly noteworthy. It creates a framework for co-financing, risk-sharing, and knowledge exchange across infrastructure, energy transition, digital economy, healthcare, and education, with an eye on the Australian government's Invested: Southeast Asia Economic Strategy to 2040. Given EXIM Bank's existing exposure of over RM181 million to Australia, this partnership has a solid foundation on which to build.

GOVERNANCE AND OPERATIONAL EXCELLENCE

Sound governance is not a compliance exercise at EXIM Bank — it is a competitive advantage. In a world where institutional credibility matters to counterparties, credit agencies, and development finance peers, the quality of our governance frameworks directly affects our ability to do business.

In FY2025, we improved business turnaround times by 34%, consistent with our annual performance targets. That is a meaningful operational achievement that reduces friction for clients and sharpens our positioning as a responsive and reliable financing partner. Faster decisions, executed with the same level of rigour, translate directly into better client experiences and stronger business relationships.

We continued to invest in our compliance, risk management, and internal audit frameworks throughout the year, with sustained focus on ensuring that our operational standards keep pace with the growing complexity of our mandate and portfolio. Our governance structures were further calibrated in anticipation of the new BPMB Group architecture, ensuring that the integration process is supported by clear lines of accountability and transparent reporting at every level.

ENVIRONMENTAL SUSTAINABILITY

The transition to a lower-carbon economy is not a distant aspiration for EXIM Bank — it is a present operational priority. In FY2025, we approved RM906.62 million in sustainability-linked financing, representing 60% progress toward our three-year commitment to support up to RM1.5 billion in sustainable financing by 2027. At the current pace, we are well on track to exceed that target.

One initiative from this year deserves particular recognition. Through a partnership with Wild Asia, EXIM Bank powered Malaysia's first globally recognised certified Carbon Sink Credits, achieved under Carbon Standards International — the leading international standard for verified carbon removals. The project has the capacity to scale to 100 certified carbon credits annually. This is a pioneering achievement, and it positions EXIM Bank at the frontier of nature-based solutions in Malaysian finance.

President/Chief Executive Officer's Review

It also signals to our international counterparties that we take environmental integrity seriously, not just in what we finance, but in how we operate.

Looking ahead, our sustainability financing pipeline is expanding, with growing interest from clients across the energy, agribusiness, and infrastructure sectors. We are developing the frameworks and products to meet that demand — because the transition economy is not just an environmental imperative; it is becoming a major commercial opportunity for Malaysian enterprises globally.

HUMAN CAPITAL AND ORGANISATIONAL DEVELOPMENT

No institution achieves its mandate through strategy alone. The quality of our people — their expertise, their values, and their sense of purpose — is what ultimately determines whether our programmes and partnerships deliver real-world impact.

At EXIM Bank, we are deliberate about building an organisation that is both technically excellent and values-driven. Our internal capability development programmes are designed to cultivate deep expertise in export finance, trade risk, and development economics — making EXIM Bank not just a lender but a genuine centre of knowledge in these fields. We invest in knowledge sharing and industry engagement, both to raise the bar internally and to contribute meaningfully to the broader export finance ecosystem in Malaysia.

We also place great importance on collaboration with academic institutions, multilateral bodies, and government agencies, creating pathways for talent to develop at the intersection of finance and public policy. The result, we believe, is a workforce that understands not just the mechanics of the transactions it handles, but the national significance of the work.

As part of the BPMB Group, we will maintain the full depth of our workforce while creating new opportunities for professional development that span the broader Group. Human capital is central to our developmental mission — and as our mandate grows, so too will our investment in the people who carry it forward.

PROGRESSING EXIM BANK MALAYSIA'S MANDATE

Everything we do is ultimately in service of a clear mandate: to support Malaysian exporters and investors as they take on the world, while channelling development capital into high-impact sectors that advance national priorities. In FY2025, we made measurable progress on both dimensions.

The Budget 2026 announcements reinforced this direction with two (2) significant new programmes. The RM500 million Skim Eksport Lonjakan (EXL) will provide targeted financing to help Malaysian exporters scale internationally and build resilience amid evolving global trade dynamics — directly addressing the cost pressures and competitive challenges that exporters face in fragmented markets. The Malaysia Global Connect (MGC) Go Export Cover programme, supported by a RM5 million grant, extends takaful protection to Malaysian exporters entering non-traditional markets, including Africa, Central Asia, ASEAN, and OIC member countries. This programme, bolstered by a strategic partnership with the Islamic Corporation for the Insurance of Investment and Export Credit under the Islamic Development Bank, is a practical response to one of the most significant barriers to export growth: political and commercial risk in frontier markets.

These programmes, combined with our existing suite of financing and risk mitigation tools, give us a robust and differentiated offering for the Malaysian exporter community. The ambition is clear — to make EXIM Bank the institution of choice for any Malaysian enterprise serious about going global.

OUTLOOK FOR 2026

I would be misleading you if I described 2026 as a year of smooth sailing. The global environment will continue to test institutions that operate across borders — trade policy unpredictability, shifting alliance structures, and the ongoing reconfiguration of global supply chains will all demand vigilance and adaptability. Protectionist currents are running stronger in many of our key markets, and the pace of technological disruption continues to accelerate across industries.

Against that backdrop, EXIM Bank's strategic focus in 2026 will be firmly anchored on developmental impact. We will deploy the new Budget 2026 programmes with speed and discipline, targeting disbursements that create measurable improvements in exporter capability, market access, and financial sustainability. Our Middle East, Africa, and Central Asia corridors — developed over several years of patient relationship-building — are now at a stage where they can generate meaningful transaction flow, and we intend to lean into that momentum.

We will expand our sustainable and transition financing activities, building on the progress made in FY2025. The global demand for green and climate-aligned financing is accelerating, and Malaysian enterprises with credible sustainability credentials are increasingly attractive to international capital. EXIM Bank can play a catalytic role in connecting those enterprises with the financing and risk mitigation tools they need to compete.

Risk management, as always, will be an enabler rather than an obstacle. The improvement in our asset quality metrics in FY2025 gives us a more solid foundation from which to extend new credit thoughtfully. We will pursue growth with clear eyes about where risks lie, and we will invest in the data, analytics, and governance infrastructure needed to manage a growing and more complex portfolio.

The integration with BPMB Group will also continue to deepen in 2026. As the three (3) institutions align their systems, processes, and client coverage, the synergies will become more tangible — and our collective capacity to address Malaysia's developmental financing gap will strengthen accordingly.

ACKNOWLEDGEMENTS

A statement like this cannot close without acknowledging the people and institutions who made our work in FY2025 possible.

To our Board of Directors: your counsel and oversight have been invaluable throughout a year of significant structural change. The decisions made in 2025 — to complete the Group formation, to harmonise policies, to accelerate programme deployment — required steady judgement and clear strategic vision. I am grateful for the guidance you provided and the confidence you placed in the management team.

To our Shariah Committee: your diligence in ensuring that our Islamic finance products and operations meet the highest standards of compliance is deeply appreciated. Your work underpins the trust that our clients and partners place in our offerings.

To our shareholders and key stakeholders — most notably the Ministry of Finance and Bank Pembangunan Malaysia Berhad: the mandate entrusted to EXIM Bank is a weighty one, and we take the responsibility of delivering on it seriously. We are grateful for the support, the resources, and the confidence that have been extended to us.

To our customers and business partners, both domestic and international: you are the reason this institution exists. The exporters who took the step of going global with our support, the investors who trusted us with their overseas ambitions, the multilateral and bilateral partners who co-deployed capital alongside us — all of you made FY2025 meaningful. We look forward to building on what we have started together.

And finally, to every member of the EXIM Bank Malaysia team: in a year that brought structural change, strategic pressure, and elevated operational demands, your professionalism, adaptability, and sense of purpose were evident at every turn. The results we achieved — the disbursements deployed, the exporters nurtured, the partnerships forged, the sustainability milestones reached — reflect your work, not mine. I am proud to lead this institution, and I am proud to lead it alongside you.

Datuk Nurbayu Kasim Chang

President/Chief Executive Officer

Our Business Review

Export-Import Bank of Malaysia Berhad (EXIM Bank) has its registered office at EXIM Bank, Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia. The Bank was initially established as the “International Division” of Bank Industri dan Teknologi Malaysia Berhad (BITMB) and was subsequently incorporated on 29 August 1995 as a government-owned Development Financial Institution (DFI), under the Companies Act 1965 [Act 125], through it becoming a subsidiary of BITMB.

As a DFI, the Bank is governed by the Development Financial Institutions Act 2002 [Act 618]. It was then spun off as an independent institution in 2005 to function as a standalone DFI focused on export credit activities. On 30 December 2005, EXIM Bank merged with Malaysia Export Credit Insurance Berhad (MECIB), retaining the name Export-Import Bank of Malaysia Berhad.

On 1 May 2025, the Bank became a subsidiary of Bank Pembangunan Malaysia Berhad (BPMB) which is wholly owned by MOF (Inc.).

As at 31 December 2025, the Bank had an issued and paid-up share capital of RM2,958,665,284 comprising the following:

- > **2,958,665,283 ordinary shares** owned by Bank Pembangunan Malaysia Berhad (BPMB)
- > **1 special right redeemable** preference share owned by MOF (Inc.)
- > **250,000,000 Redeemable Cumulative and Convertible Preference Share (RCCPS)** owned by BPMB (Incorporated)

MOF (Inc.), as the shareholder of the special right redeemable preference share, has the right to appoint no more than four (4) members out of the maximum 12 members to the Bank’s Board of Directors (the Board), including the appointment of the Chairman. Any appointment to the Board and the appointment of the Chief Executive Officer of the Bank is subject to the approval by MOF (Inc.). The Bank’s Board currently comprises the Chairman (who is also an independent non-executive director), three (3) other independent non-executive directors, and two (2) non-independent non-executive directors (one being a representative from MOF (Inc.) and the other being a representative from (MITI).

Business of the Bank

The Bank is the only Development Financial Institution (DFI) in Malaysia dedicated in promoting the development of cross-border ventures through the provision of financing and takaful/insurance facilities to Malaysian entities conducting their business overseas. The Bank became a subsidiary of Bank Pembangunan Malaysia Berhad (BPMB) on 1 May 2025 and continues its mandate to promote reverse investment and export of strategic sectors such as capital goods, infrastructure projects, shipping, value-added manufactured products and to facilitate the entry of Malaysian companies to new markets, particularly to the non-traditional markets, where there is limited participation from commercial banks. The Bank also provides export credit takaful, overseas investments and guarantee facilities.

The Bank is under the purview of Ministry of Investment, Trade and Industry (MITI).

The Bank is also a member of the Berne Union, an international organisation for Export Credit Agencies; a member of Asian EXIM Banks Forum, an association of EXIM Banks in Asia; and the Aman Union.

The facilities offered by the Bank fall into three (3) categories: banking solutions, credit takaful/insurance solutions and treasury solutions.

BANKING SOLUTIONS

EXIM Bank has established a wide range of Islamic and conventional banking solutions to cater for the financial needs of its customers. Throughout the year, the Bank placed strong emphasis on Shariah-compliant financing structures, reflecting continued demand for Islamic financing solutions. Among the banking solutions offered by the Bank are as follows:

1 Financing Solutions

Through overseas project, contract and investment financing facilities, the Bank provides term financing solutions to support Malaysian exporters, contractors or investors in undertaking overseas project or ventures in sectors such as manufacturing, infrastructure, and other developmental projects by Malaysian companies engaging in the supply of Malaysian goods and services and undertaking of investment overseas.

These facilities, including buyer facility and import financing, are designed to facilitate and support Malaysian exporters' global expansion plans, as aligned with the national trade and investment objectives under the Malaysia MADANI economic framework and the New Industrial Master Plan 2030 (NIMP 2030). Buyer financing is a facility extended directly to a foreign government or foreign buyers to facilitate the import of Malaysian goods and services. These shall include those goods that are produced in Malaysia, or services rendered in Malaysia or overseas for the overseas buyers. Import financing support Malaysian companies with strategic imports, such as capital goods and specialised professional services which are unavailable in Malaysia, to promote Malaysia's socioeconomic development.

The Bank also offers export of services facilities to support Malaysian businesses in exporting their professional services abroad. These typically include construction, information communication technology, green technology, and other professional services such as consultancy, engineering, architecture, and legal services.

➤ As at 31 December 2025, the Bank's total portfolio for term financing, encompassing both Islamic and conventional facilities, amounted to RM2.18 billion (FY2024: RM4.09 billion).

Our Business Review

2 Trade Finance Solutions

The Bank makes available various trade finance facilities in support of cross-border trade, such as working capital financing under the supplier credit or financing facilities, enabling Malaysian exporters to boost their exports into non-traditional markets underserved by commercial bank and international markets. Such facilities offer pre-shipment financing as working capital for the production of goods prior to shipment and post-shipment financing as working capital after the shipment of goods, pending the receipt of proceeds for the exported goods.

Apart from this, the Bank also provides direct and indirect exporters with competitively priced short-term trade credit facilities under the Export Credit Refinancing (ECR) scheme which is provided through participating banks. The scheme is also categorised into pre-shipment and post-shipment financing. Pre-shipment ECR is an advance provided to facilitate the production of goods prior to shipment and to encourage backward linkages between exporters and Malaysian suppliers in support of industrial development. Post-shipment ECR provides exporters with immediate working capital by financing export proceeds after shipment, enabling them to maintain liquidity while awaiting payment from overseas buyers.

The Bank also offers short-term trust receipt financing to importers to bridge their working capital requirements through the extension of credit under documentary credit transactions until the receipt of sales proceeds. This financing is particularly valuable for imported goods not readily available in the importing country, enhancing the competitiveness of the imported products.

Further to this, the Bank offers financing to Malaysian manufacturers engaged in or are supporting export-related industries in selected vendor programmes developed by the Government or its agencies. This involves financing the working capital needs of the manufacturers' post-delivery of goods or services supplied to their customers.

> As at 31 December 2025, the Bank's total portfolio for trade finance, including both conventional and Islamic facilities, stood at RM1.20 billion (FY2024: RM854.38 million).

3 Guarantees

Guarantees are made available by the Bank to facilitate the issuance of advance payment bonds, performance bonds and standby letters of credit required by overseas contracts undertaken by Malaysian contractors. Such guarantees may also be offered to Malaysian investors seeking to raise funds overseas.

The Bank facilitates the import of strategic goods, being goods that will enhance the manufacturing capability of Malaysian companies, or which are unavailable in Malaysia, through the issuance of letters of credit and other trade facilities.

> As at 31 December 2025, the Bank's total guarantees exposure, which include guarantee facilities, amounted to RM205.58 million (FY2024: RM129.70 million).

TRADE CREDIT TAKAFUL/INSURANCE FACILITIES

The Bank provides Islamic Takaful solutions covering both short-term trade credit insurance and medium- to long-term trade credit financing.

In line with its commitment to strengthening exporter resilience, the Bank continued to enhance its trade credit risk mitigation capabilities through strategic international partnerships. Notably, the collaboration with the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) is intended to strengthen the Bank's global underwriting capacity and expand protection coverage for Malaysian exporters. The collaboration strengthens risk management by sharing and diversifying political and commercial risks, enabling Malaysian exporters to safely expand into higher-risk and frontier markets. Simultaneously it supports Malaysian SMEs by improving access to financing and protection tools, while offering Shariah-compliant solutions that appeal to a wider global market.

1 Short-Term Credit Takaful/Insurance

The Bank provides a range of trade credit and insurance facilities to support clients' domestic and international trade activities, including:

- Bankers Trade Credit Takaful/Insurance (BTCT) provides Shariah-compliant protection for trade receivables.
- The Bank Letter of Credit Policy (BLCP) facilitates secured payment obligations under letters of credit.
- The Multi-Currency Trade Financing Scheme enables trade transactions in multiple currencies, helping to manage foreign exchange exposure.
- The Indirect Exporters' Financing Scheme supports exporters operating through intermediaries by ensuring liquidity and facilitating smooth trade operations.

2 Medium/Long-Term Credit Takaful/Insurance

The Bank also offers specific takaful and insurance solutions to support risk management in investment and contractual obligations, including:

- Overseas Investment Takaful and Insurance provides coverage for clients' investments abroad.
- Bond Risk Insurance provides protection against risks associated with bonds and performance guarantees.

Our Business Review

TREASURY SOLUTIONS

The Bank offers a comprehensive suite of Islamic and conventional treasury solutions, encompassing hedging products and money market instruments to support clients' liquidity management and risk mitigation needs.

1 Hedging Instrument

The Bank offers two (2) hedging products to clients to mitigate foreign currency risks arising from export and import business activities, namely Forward Foreign Exchange-i and Forward Foreign Exchange. Forward Foreign Exchange-i is based on the Shariah contracts of *Bay al-Sarf* and *Wa'd*, providing a Shariah-compliant solution for managing foreign exchange exposures. Both Forward Foreign Exchange-i and Forward Foreign Exchange enable clients to minimise foreign currency risks associated with trade transactions and support improved financial planning for exporters and importers.

2 Money Market Instruments

The Bank offers two (2) wholesale deposit products, namely Commodity Murabahah Deposit-i (CMD-i) and Money Market Deposit (MMD).

- Commodity Murabahah Deposit-i (CMD-i) is structured based on the Shariah concept of Commodity Murabahah (Tawarruq). The product provides a competitive profit rate upon confirmation of placement, with tenures ranging from overnight up to one (1) year. The brokerage fee for Tawarruq transactions is absorbed by the Bank. In the event of premature withdrawal, only the principal amount will be returned to the client.
- Money Market Deposit (MMD) offers a competitive interest rate upon confirmation of placement, with tenures ranging from overnight up to one (1) year. Premature withdrawals will result in the return of the principal amount only.

Strategic Direction

Embracing “Ihsan” Banking:

A COMMITMENT TO ETHICAL AND SOCIAL RESPONSIBILITY

Ihsan Banking goes beyond simple compliance with Shariah principles, encouraging financial institutions to enhance their operations by integrating elevated standards of moral and ethical considerations. As EXIM Bank advances towards the adoption of Islamic banking principles while intertwining them with sustainability initiatives, the strategic theme of Ihsan Banking aligns seamlessly with this vision. This vision is anchored on four (4) strategic pillars:

1. **Business Growth:** Driving sustainable financing and trade facilitation to empower exporters and SMEs, aligned with the Maqasid Shariah objective of preserving wealth (*Hifz Al-Mal*) by fostering equitable economic growth and supporting ethical trade practices.
2. **Developmental Mandate:** Championing national trade and export development to achieve socioeconomic advancement, upholding *Hifz Al-Nafs* (protection of life) and *Hifz Al-Nasl* (protection of progeny) by creating opportunities for communities and future generations.
3. **Operational Excellence & Governance:** Enhancing efficiency, digitalisation, and governance in line with *Hifz Al-Aql* (protection of intellect), ensuring transparency, innovation, and accountability in all operations.
4. **Environment (Sustainability & ESG Alignment):** Embedding ESG principles into business strategies to support projects with significant socioeconomic and environmental impact, fulfilling *Hifz Al-Bi'ah* (protection of the environment) and *Hifz Al-Din* (protection of faith) by promoting stewardship and ethical responsibility.

This alignment highlights a commitment to evolving into a more conscientious and responsible financial institution. By embracing the principles of Ihsan Banking, EXIM Bank aspires not only to uphold the tenets of Islamic finance but also to foster a culture of integrity, empathy, and societal stewardship. Through dedicated efforts, the Bank aims to make a meaningful contribution to the development of a more ethical and sustainable financial ecosystem that benefits all stakeholders. Beyond its essential roles as financiers and providers of takaful/insurance services, EXIM Bank seeks to take on a more profound responsibility in safeguarding the well-being of Malaysians and promoting the overall economic prosperity of Malaysia.

Strategic Direction

STRATEGY 2026

In 2026, EXIM Bank continues the momentum built under its previous three-year strategic roadmap, further refining its approach in alignment with evolving business requirements and the national development agenda. Anchored by our enduring theme, “Towards Ihsan Banking,” the strategy reflects our commitment to ethical, purposeful, and high-impact banking that supports Malaysia’s trade and export ecosystem.

The Bank’s 2026 strategy is aligned with BPMB Group’s strategic thrusts which encompasses the following core focus areas; Islamic Finance, Efficiencies, Governance and Merger Integration, ensuring that our priorities are aligned with the Group’s direction. Taking the lead as a key driver of the BPMB Group for international banking and trade, the Bank aims to drive value through Group-wide synergies while staying true to our export-driven mandate. Through our Islamic first foreign currency financing, Islamic trade finance structures and offerings, the Bank’s cross-border trade solutions are reinforced by our international connectivity as a founding member of Aman Union, a member of the Berne Union, and a key player in the Asian Exim Banks Forum (AEBF) network of EXIM Banks.

In parallel, the Bank will continue strengthening Malaysia’s global trade competitiveness through a strategy anchored in disciplined growth, enhanced operational agility by embracing automation, stronger governance, and deeper value creation across the export ecosystem by targeting high-impact strategic sectors. By placing emphasis on key sectors such as semiconductors, renewable energy, electrical & electronics (E&E), the Halal industry and sustainability-aligned financing, the Bank is prioritising sectors with strong export potential and alignment with Malaysia’s low-carbon trajectory.

The Bank will also continue to explore expanding its reach into China under the One Belt and Road Initiative. In addition, the Bank remains committed to nurturing new exporters through targeted advisory services, market intelligence and capacity building programmes.

To support the international expansion of local companies, under Belanjawan 2026, the Government has also allocated RM500 million in soft loans to be disbursed by EXIM Bank through an export financing scheme, as well as RM5 million for a trade credit takaful scheme. These will respectively be carried out by the Bank through its Export Leap (ExL) Scheme and the Go-Export Malaysian Global Connect (MGC) Cover Scheme.



Performance Measurement Framework

VALUE CREATION IMPACT

As a Development Financial Institution (DFI) in Malaysia, the Bank's value creation is anchored in its mandate to advance national development objectives by supporting Malaysia's trade ambitions through financing, protection and facilitation, with particular emphasis on priority and underserved segments, as well as non-traditional markets.

Our value creation approach goes beyond financial performance, underpinned by an outcome-based Performance Measurement Framework (PMF) used to assess and demonstrate the Bank's mandate delivery and developmental impact beyond traditional growth indicators. Ensuring that the Bank's activities extend beyond facilitating trade and investment to deliver meaningful development outcomes — advancing inclusive economic growth, expanding exports across both traditional and non-traditional markets, supporting strategic national priority sectors and future-ready export industries, and enabling our customers to succeed at every stage of their export journey.

The PMF is embedded within EXIM Bank's integrated value creation process, strengthening the link between strategy, execution and impact. By applying the PMF, the Bank is able to:

- Translate its developmental mandate into measurable outcomes,
- Enhance transparency and accountability to stakeholders, and
- Inform decision-making, risk management and portfolio strategy with a clearer understanding of developmental impact.

In FY2025, the Bank continued to strengthen the institutionalisation of PMF by improving data accuracy, enhancing internal awareness and aligning PMF considerations closely with business operations and governance structures, consistent with evolving regulatory expectations.

HIGHLIGHTS OF EXIM BANK'S IMPACT IN FY2025

During the year, the Bank played a pivotal role in advancing Malaysia's trade and development objectives by providing targeted financing, credit insurance and takaful, and advisory solutions. These interventions empowered Malaysian businesses, especially SMEs, to expand into new markets, manage trade risks more effectively and undertake overseas ventures with greater confidence — supporting export diversification, business resilience and a more robust trade ecosystem.

The following highlights illustrate the key outcomes and impact delivered by the Bank in FY2025.

| | |
|---|---|
| RM1.90 Billion | |
| Approved Financial Additionality-related Financing | |
| Approved Sustainability-linked Financing | Approved Financing to New Markets and Non-Traditional Markets |
| RM906.62 Million | RM552.37 Million |
| RM106.87 Million | |
| Approved Financial Additionality-related Takaful/Insurance | |
| Approved Sustainability-linked Insurance/Takaful | Approved Insurance/Takaful for buyers in New Markets and/or Traditional Markets |
| RM234.46 Million | RM95.87 Million |

The Bank delivered strong financial additionality in FY2025, with RM1.90 billion in approved financing and RM106.87 million in takaful and insurance support, underscoring its role in bridging financing gaps and managing trade-related risks. Sustainability-linked solutions and support for new and non-traditional markets constituted a significant share of approvals, reinforcing the Bank's commitment towards sustainability and market diversification.

Performance Measurement Framework

Client Upliftment

52 Upward Migration of Clients

Clients achieved increase of revenue

27 Clients

Clients improved in internal credit rating

25 Clients

The Bank achieved a total upward migration of 52 customers to higher-value segments through improved financial profiles, operations or enhanced creditworthiness. It underscores the Bank's commitment to not only provide financial services but actively facilitate the improvement of customers' financial positions.

Advisory Solution

24%

Leads Generated

6

Signing of MOUs

56

New Nurtured Exporters

MGC Trade Mission: From Engagement to Export Opportunities

EXIM Bank strengthened its role beyond financing by delivering advisory services, market access initiatives, and strategic partnerships. In 2025, 20 initiatives were undertaken with trade events and capacity building programmes under Malaysia Global Connect (MGC), benefitting 56 businesses and 129 Bumiputera entrepreneurs with targeted training and export readiness support.

MGC delivered tangible results with 24 percent leads generation, six (6) memoranda of understanding signed, and 56 new exporters nurtured. These achievements will continue to propel EXIM Bank's impact in driving export growth and empowering Malaysian companies to expand globally.

Highlights include MIHAS Shanghai, which generated RM242 million in potential export orders, particularly in durian and halal certified food products, and the Osaka mission where a facility agreement with

Pertama Ferroalloys marked a milestone in bilateral trade relations. Business matching workshops with Saudi Arabia and South Africa opened new market opportunities, helping Malaysian exporters better understand and penetrate these markets, while initiatives such as the Corporate Heroes Experience Sharing Session (CHESS) built competency and inspired exporters through shared success stories.

Strategic partnerships further amplified MGC's reach. MOUs with Marrybrown, NAICO, Export Finance Australia, SINOSURE, PTRB, and MNS Credit Management Group enhanced financing access, risk management, and market intelligence, reinforcing EXIM Bank's role as a facilitator of cross-border growth.

Through these efforts, Malaysia Global Connect has become a catalyst for export opportunities, delivering measurable business outcomes and strengthening Malaysia's global presence.

Strategic Policy Contribution Initiated in FY2025**Policy Additionality****The Belt and Road Bankers Cooperation Network: BRBR Working Group on SMEs**

EXIM Bank Malaysia was announced as a new member of the Belt and Road Bankers Roundtable (BRBR) Working Group on Small and Medium Enterprises (SMEs). As the first Malaysian financial institution to join this working group, the inclusion positions the Bank to actively support Malaysian SMEs to expand into international markets and is in alignment with Malaysia's development agenda to raise SMEs' contribution to the nation's GDP by 2030. Through this participation, the Bank is expected to strengthen Malaysia's presence in the Belt and Road community across 11 member countries and enhance its role as a key enabler of export-led growth.

 Policymakers or Stakeholders Involved

ICBC

Looking ahead, EXIM Bank remains committed to strengthening its role as Malaysia's Development Financial Institution by continuously enhancing how value creation and impact are defined, measured and delivered. Through the continued institutionalisation of the Performance Measurement Framework, the Bank will further embed developmental considerations into strategy, operations and governance, ensuring that its interventions remain purposeful, targeted and aligned with national development priorities.

Board of Directors

DATO' CHARON WARDINI MOKHZANI

Independent Non-Executive Chairman



DR. MASTURA ABDUL KARIM

Non-Independent Non-Executive Director



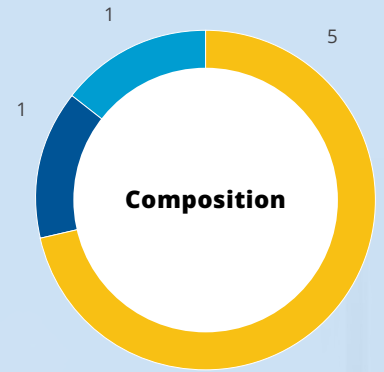
DATO' MASTURA AHMAD MUSTAFA

Non-Independent Non-Executive Director

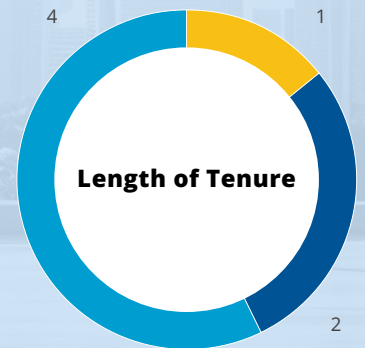


ENCIK RAYMOND FAM CHYE SOON

Independent Non-Executive Director



- Non-Independent Non-Executive Directors
- Non-Independent Executive Directors
- Independent Non-Executive Directors



- Over 5 years
- 2-5 years
- Below 2 years

**ENCIK ABDUL AZIZ
ABU BAKAR**

Independent Non-Executive
Director



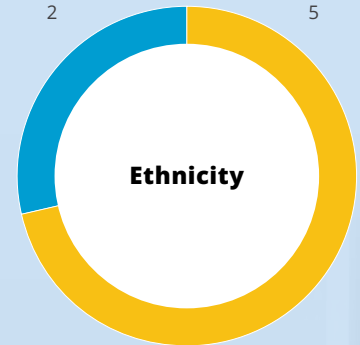
**ENCIK JEREMY LEE
ENG HUAT**

Independent Non-Executive
Director



**DATO' MUZAFFAR
HISHAM**

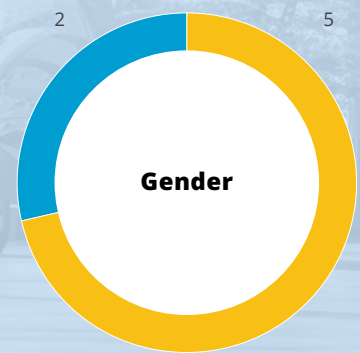
Non-Independent Executive
Director



- Malay
- Chinese



- Finance & Banking
- Legal
- Public Administration
- Business





- Male
- Female

Directors' Profile

Dato' Charon Wardini Mokhzani

Independent Non-Executive Chairman

Nationality  Gender  Age  63

Date of Appointment: 4 January 2024

Number of Board Meetings Attended: 18/18 (100%)



Membership of Board Committee(s)

- Nil

Academic/Professional Qualification(s)

- Fellow, the Asian Institute of Chartered Bankers
- Advocate & Solicitor of the High Court of Malaya
- Barrister of the Middle Temple, United Kingdom
- LLB (Hons), School of Oriental and African Studies, University of London
- BA (Hons) in Philosophy, Politics and Economics, University of Oxford

Present Appointment

- Nil

Working Experience

- Group Managing Director, Malaysian Industrial Development Finance Bhd ("MIDF")
- Chief Executive Officer ("CEO"), MIDF Amanah Investment Bank Bhd
- Executive Director of Managing Director's Office, Khazanah Nasional Berhad
- Managing Director/Trustee, Khazanah Research Institute
- CEO/Executive Director, CIMB Investment Bank Bhd
- Deputy CEO Corporate & Investment Banking of CIMB Group Holdings Berhad
- Managing Partner/Partner, Zaid Ibrahim & Co.
- Corporate Finance Manager, Rashid Hussain Securities Sdn Bhd
- Legal Assistant, Shearn Delamore & Co.
- Pupil barrister, 4 Brick Court Middle, Temple (Barristers' Chambers) United Kingdom

Present Directorship(s) in other Public Companies/Bodies and its subsidiaries

- Bank Pembangunan Malaysia Berhad
- Syarikat Takaful Malaysia Keluarga Berhad
- Kuala Lumpur Business Club
- Yayasan Tuanku Fauziah
- Yayasan Tuanku Syed Putra Perlis

Past Directorship(s) in other Public Companies/Bodies and its subsidiaries




- MIDF, Amanah Investment Bank Bhd
- MIDF, Amanah Asset Management Bhd
- CIMB Investment Bank Bhd
- CIMB Berhad
- Khazanah Nasional Berhad

Shareholding in EXIM Bank

- Nil

Dr. Mastura Abdul Karim

Non-Independent Non-Executive Director
Ministry of Finance ("MOF") Representative

Nationality  Gender  Age  **58**

Date of Appointment: 3 June 2023

Number of Board Meetings Attended: 16/18 (89%)



Membership of Board Committee(s)

- Board Audit Committee
- Board Risk Committee

Academic/Professional Qualification(s)

- Doctor of Philosophy (Finance), University of Putra Malaysia ("UPM")
- Master of Business Administration (Finance), UPM
- Bachelor of Science in Business Administration (Accountancy), University of Hartford, USA

Present Appointment

- Undersecretary of Fiscal and Economics Division, Ministry of Finance ("MOF")

Working Experience

- 30 years serving the Government in various ministries including Ministry of Finance, Economic Planning Unit, Ministry of Economic Affairs and Ministry of Science, Technology and Innovation
- 2 years' experience as Alternate Executive Directors in the World Bank Group

Present Directorship(s) in other Public Companies/Bodies and its subsidiaries

- Investment Panel Member, Pertubuhan Keselamatan Sosial ("PERKESO")
- Investment Panel, Kumpulan Wang Simpanan Pekerja ("KWSP")/Ministry of Finance Representative
- Member of Board of Governors, University Science of Malaysia ("USM")
- Danainfra Nasional Berhad ("DINB")

Past Directorship(s) in other Public Companies/Bodies and its subsidiaries

- Bank Simpanan Nasional (BSN)
- Perbadanan Nasional Berhad (PERNAS)
- Perbadanan Perdagangan Luar Malaysia ("MATRADE")
- Malaysia Sovereign Sukuk Berhad ("MSSB")
- Malaysia Sukuk Global Berhad ("MSGB")
- Malaysia Wakala Sukuk Berhad ("MWSB")
- Wakala Global Sukuk Berhad ("WGSB")


Shareholding in EXIM Bank

- Nil

Directors' Profile

Dato' Mastura Ahmad Mustafa

Non-Independent Non-Executive Director
Ministry of Investment, Trade and Industry ("MITI") Representative

Nationality  Gender  Age 

Date of Appointment: 14 November 2025

Number of Board Meetings Attended: 2/2 (100%)



Membership of Board Committee(s)

- Board Credit Committee
- Nomination and Remuneration Committee
- Board Tender Committee

Academic/Professional Qualification(s)

- Master of Arts (Policy Studies and Security Analysis), Universiti Kebangsaan Malaysia
- Bachelor of Laws (Hons), Manchester Metropolitan University, United Kingdom

Present Appointment

- Deputy Secretary General (Trade), Ministry of Investment, Trade and Industry ("MITI")

Working Experience

- Deputy Secretary General (Strategic Communications and Creative Industries), Ministry of Communication and Digital
- Deputy Secretary General (Management), Ministry of Defence ("MinDef")
- Deputy Secretary General (Development), MinDef
- Senior Director, ASEAN Economic Integration Division, MITI
- Director, Trade Practices Section, Multilateral Policy & Negotiation Division, MITI
- Minister Counsellor (Economy), MITI Geneva
- Director, Sectoral Policy Division, MITI
- Director, Trade Practices Division, MITI
- Senior Principal Assistant Director, Service Sector Development Division, MITI
- Principal Assistant Director, Economic & Trade Relations Division, MITI

- Assistant Director, Bilateral & Regional Relations Division, MITI
- Assistant Director, Multilateral Trade Relations Divisions, MITI

Present Directorship(s) in other Public Companies/Bodies and its subsidiaries

- Malaysia Automotive Robotics and IOT Institute ("MARii")
- Federal Government Representative, Perbadanan Kemajuan Negeri Pahang ("PKNP")
- Islamic Centre for the Development of Trade ("ICDT")

Past Directorship(s) in other Public Companies/Bodies and its subsidiaries

- BERNAMA
- National Film Development Corporation Malaysia ("FINAS")
- Perbadanan Hal Ehwal Bekas Angkatan Tentera ("PERHEBAT")
- Perbadanan Perwira Harta Malaysia ("PPHM")
- Halal Development Corporation ("HDC")

Shareholding in EXIM Bank

- Nil

Encik Raymond Fam Chye Soon

Independent Non-Executive Director

Nationality  Gender  Age  63

Date of Appointment: 15 February 2023

Number of Board Meetings Attended: 17/18 (94%)



Membership of Board Committee(s)

- Board Credit Committee (Chairman)
- Board Tender Committee (Chairman)
- Board Audit Committee

Academic/Professional Qualification(s)

- Member of the Malaysian Institute of Certified Public Accounts ("MICPA")
- Member of the Malaysian Institute of Accountants ("MIA")
- Master of Financial Planning, University of Sunshine Coast, Australia
- Corporate Finance (Adv Diploma), ICAEW and Securities & Investment Institute, United Kingdom
- Certified Financial Planner
- Certificate in Digital Marketing, National University of Singapore
- Certificate in Oxford Learning Sustainable Corporations Programme
- Member of Singapore Institute of Directors

Present Appointment

- Nil

Working Experience

- Deputy Chief Executive Officer, Jotech Holdings Berhad
- Senior Vice President of Group Corporate Services, AIC Corporation Berhad
- Assistant General Manager, Commerce International Merchant Bankers Bhd
- Accounting Manager and Company Secretary, John Holland (M) Sdn Bhd
- Qualified Assistant of Audit Department, Hanafiah, Raslan & Mohamad

Present Directorship(s) in other Public Companies/Bodies and its subsidiaries

- General Life Insurance Malaysia Berhad
- Generali Insurance Malaysia Berhad
- Riverstone Holdings Ltd

Past Directorship(s) in other Public Companies/Bodies and its subsidiaries

- AmBank (M) Berhad
- AmGeneral Insurance Berhad
- Octagon Consolidated Berhad

Shareholding in EXIM Bank

- Nil

Directors' Profile

Encik Abdul Aziz Abu Bakar

Independent Non-Executive Director

Nationality  Gender  Age  49

Date of Appointment: 20 May 2024

Number of Board Meetings Attended: 18/18 (100%)



Membership of Board Committee(s)

- Board Risk Committee (Chairman)
- Nomination & Remuneration Committee (Chairman)
- Board Credit Committee

Academic/Professional Qualification(s)

- Masters in Business Administration, Harvard Business School, United States of America ("USA")
- Masters of Science in Software Engineering, Carnegie Mellon University, USA
- Bachelors of Science in Mechanical Engineering, Kettering University, USA

Present Appointment

- Chief Executive Officer ("CEO"), Ilham Capital Ventures Sdn Bhd

Working Experience

- Managing Director, QuantePhi Sdn Bhd
- Executive Vice President, Malaysia Airlines Berhad
- Senior Vice President, CIMB Investment Bank
- Associate, Blackrock
- Project Engineer, General Motors Corporation

Present Directorship(s) in other Public Companies/Bodies and its subsidiaries

- Nil

Past Directorship(s) in other Public Companies/Bodies and its subsidiaries

- Nil

Shareholding in EXIM Bank

- Nil

Encik Jeremy Lee Eng Huat

Independent Non-Executive Director

Nationality  Gender  Age  63

Date of Appointment: 1 July 2024

Number of Board Meetings Attended: 18/18 (100%)



Membership of Board Committee(s)

- Board Audit Committee (Chairman)
- Board Risk Committee
- Nomination and Remuneration Committee
- Board Tender Committee

Academic/Professional Qualification(s)

- Advocate and Solicitor, High Court of Malaya
- Master of Laws (LL.M) Boston University School of Law, United States of America ("USA")
- Certified Legal Practice (CLP), Legal Profession Qualifying Board of Malaysia (LPQB)
- Bachelor of Jurisprudence, University of Malaya ("UM")
- Bachelor of Economics, UM

Present Appointment

- Partner, Messrs. Jason Teoh & Partners

Working Experience

- Partner, Messrs. Skrine
- Director, Consumer and Market Conduct, Bank Negara Malaysia ("BNM")
- Chief Executive Officer, Ombudsman for Financial Services
- Director, Special Investigation Unit, BNM
- General Counsel, Legal Department, BNM
- Director, Financial Intelligence Unit, BNM
- Deputy Director, International Department, BNM
- Deputy Director, Bank Regulation Department, BNM

Present Directorship(s) in other Public Companies/Bodies and its subsidiaries

- Bank Pembangunan Malaysia Berhad
- AmMet Life Insurance Berhad

Past Directorship(s) in other Public Companies/Bodies and its subsidiaries

- Wise Pilipinas Incorporation (Wise Philippines)
- Wise Payments Malaysia Sdn Bhd
- Persatuan Insurans Am Malaysia (PIAM)
- Ombudsman for Financial Services

Shareholding in EXIM Bank

- Nil

Directors' Profile

Dato' Muzaffar Hisham

Non-Independent Executive Director

Nationality  Gender  Age  54

Date of Appointment: 1 April 2026

Number of Board Meetings Attended: N/A



Membership of Board Committee(s)

- Nil

Academic/Professional Qualification(s)

- Bachelor of Science (Economics), University of Bristol, United Kingdom
- Chartered Banker, Asian Institute of Chartered Bankers
- Leadership Excellence Awareness & Practice, INSEAD, Singapore
- LEAP Module X, IMD Business School, Lausanne, Switzerland

Present Appointment

- Group Chief Executive Officer, Bank Pembangunan Malaysia Berhad

Working Experience

- Group Chief Executive Officer, Islamic Banking Group, Maybank
- Chief Executive Officer, Maybank Islamic Berhad
- Head, Group Islamic Banking, Maybank
- Group Chief Executive, Group Global Banking, Maybank
- Deputy Chief Executive Officer, CIMB Islamic Bank Berhad

Present Directorship(s) in other Public Companies/Bodies and its subsidiaries

- INCEIF University

Past Directorship(s) in other Public Companies/Bodies and its subsidiaries

- Cagamas Berhad
- Etiqa General Takaful Berhad
- Maybank Islamic Asset Management Sdn Bhd
- Maybank AGEAS Holdings Berhad
- Persatuan Insurans Am Malaysia

Shareholding in EXIM Bank

- Nil

Shariah Committee



DR. GHAZALI JAAPAR
Chairman



DR. SAFINAR SALLEH
Committee Member



DR. MUHAMMAD SYAHMI MOHD KARIM
C.A. (M), ACMA, CGMA
Committee Member



PROF. DR. MUHAMMAD RIDHWAN AB. AZIZ
Committee Member



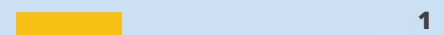
USTAZ MOHD BAHRODDIN BADRI
Committee Member

Gender:

Male



Female



Length of Tenure:

Over 5 years



2-5 years



Below 2 years



Skills and Experience Matrix:

| | |
|----------------------------|---|
| 1. Shariah | 3 |
| 2. Takaful | 4 |
| 3. Accounting/Economics | 2 |
| 4. Islamic Capital Markets | 2 |
| 5. Sustainability | 1 |

Note: Dr. Ahmad Zakirullah Mohamed Shaarani completed his tenure as a Shariah Committee member of EXIM Bank on 31 December 2025.

Shariah Committee's Profile

Dr. Ghazali Jaapar

Chairman

Nationality  Gender 

Date of Appointment: 1 May 2021



Academic/Professional Qualification(s)

- PhD in Islamic Jurisprudence, University of Birmingham, United Kingdom
- Master of Comparative Laws, International Islamic University Malaysia (IIUM)
- Bachelor of Shariah (First Class), Faculty of Shariah and Law, Academy of Islamic Studies, University of Malaya

Present Appointment(s)

- Assistant Professor at the Department of Islamic Law, Ahmad Ibrahim Kulliyah of Laws, International Islamic University Malaysia (IIUM)
- Chairman of Shariah Committee for Kenanga Investment Bank Berhad
- Shariah Committee Member of Sun Life Malaysia Takaful Berhad

Past Appointment(s)

- Chairman of Shariah Committee, RHB Islamic Bank
- Shariah Committee Member of FWD Takaful Berhad
- Shariah Committee Member of HSBC Amanah Takaful (Malaysia) Berhad
- Head, Department of Islamic Law, Ahmad Ibrahim Kulliyah of Laws, IIUM
- Deputy Director Harun M. Hashim Law Centre
- Director, Harun M. Hashim Law Centre
- Ahli Penasihat Syariah Perbadanan Tabung Pendidikan Kemahiran (PTPK) Kementerian Sumber Manusia
- Ahli Jawatankuasa Teknikal Perbadanan Tabung Pendidikan Kemahiran (PTPK)

Expertise and Experience

- Active in internal IIUM committees, having held positions as Head of Department of Islamic Law, Ahmad Ibrahim Kulliyah of Laws IIUM (2017-2018), Director (2009-2011) and Deputy Director (2008-2009) of Harun M. Hashim Law Centre.
- Published articles in Islamic Political Psychology, Maqasid al-Syariah, Tazkiyah al-Syuhud in Evidence Enactment of the Syariah Court.
- Published legal articles on Tazkiyah al-Syuhud in Evidence Enactment of the Syariah Court and the Influence of Majallah al-Ahkam al-Adliyyah of Ottoman Empire and The Influence of Majallah al-Ahkam al-Adliyyah on the Administration of Islamic Law in Malaysia.
- Presented Islamic banking research paper such as Shariah Non-Compliance (SNC) Incidents in Islamic Bank; Its Reporting Requirement and Purification of Income.
- Presented a paper entitled "Influence of Majallah al-Ahkam al-Adliyyah on the Administration of Islamic Law" at the "International Symposium on Majalla: Codification Enforcement and Its Impact on Today", in Bursa, Turkey on 25-27 September 2017.
- Presenter for conferences and seminars in and outside Malaysia, such as for Cabaran Perlaksanaan Undang-undang Islam dalam Seminar Antarabangsa Undang-undang Syariah in Brunei Darussalam (2010).
- Panellist on TV Al-Hijrah for "Bicara Fail Syariah Jenayah Syariah", sponsored by Jabatan Kehakiman Syariah Malaysia, 2022.

Dr. Safinar Salleh

Committee Member

Nationality  Gender 

Date of Appointment: 1 January 2019



Academic/Professional Qualification(s)

- Doctor of Philosophy, University of Glasgow Caledonian, United Kingdom
- Master in Shariah, University of Malaya
- Bachelor of Shariah, Al-Azhar University, Egypt

Present Appointment(s)

- Assistant Professor at the Department of Islamic Law, Ahmad Ibrahim Kulliyah of Laws, International Islamic University Malaysia (IIUM)
- Shariah Committee Member of Hong Leong Islamic Bank Berhad
- Shariah Committee Member of MNRB Holdings Berhad

Past Appointment(s)

- Shariah Committee Member of MUA Life Ltd. (Mauritius)
- Shariah Committee Member of Swiss Re Asia Pte. Ltd., Malaysia Branch (Swiss Re Takaful)
- Shariah Committee Member of Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad
- Shariah Committee Member of Bank Simpanan Nasional Malaysia
- Member of Board of Trustee, Islamic Da'wah Foundation Malaysia (YADIM)
- Chairman, Muslim Women's Council of the Islamic Da'wah Foundation Malaysia (MAYA)

Expertise and Experience

- Published various local and global articles/publication in Islamic Finance.
- Her conference/seminar papers have been presented locally and globally.
- Head of Programme, LLM in Islamic Banking and Finance, Harun M. Hashim Law Centre, AIKOL, IIUM.
- Served as Chairman of Pertubuhan Nur Fitrah and Chairman of Persatuan Pendidikan Bushra Selangor.
- Participated as an invited Member in the Meeting of Technical Committee for Islamic Pawn Broking Act, Ministry of Urban Wellbeing, Housing and Local Government and in the Workshop for Drafting of the Islamic Pawn Broking Act.

Shariah Committee's Profile

Dr. Muhammad Syahmi Mohd Karim

C.A. (M), ACMA, CGMA
Committee Member

Nationality  Gender 

Date of Appointment: 1 May 2021



Academic/Professional Qualification(s)

- PhD in Islamic Banking and Finance, Durham University, United Kingdom
- Master of Science in Finance, International Islamic University Malaysia (IIUM)
- Bachelor of Accounting (Hons), International Islamic University Malaysia (IIUM)
- Certified Global Management Accountant, Certified Institute of Management Accountants (CIMA), United Kingdom
- Certificate in Islamic Law, International Islamic University Malaysia (IIUM)
- Executive Education, ESG and Sustainable Financial Strategy, Saïd Business School, Oxford University, United Kingdom
- Certified Capital Market Professional – Sustainable & Responsible Investment (CCMP-SRI 1) – Securities Industry Development Corporation (SIDC)
- Chartered Accountant, Malaysian Institute of Accountants (MIA)
- Associate Member, Chartered Institute of Management Accountants (CIMA) UK
- Member, Institute of Corporate Directors Malaysia (ICDM)
- Member, Association of Shariah Advisors in Islamic Finance Malaysia (ASAS)
- Senior Associate Member, Chartered Professional in Islamic Finance (CPIF)

Present Appointment(s)

- Shariah Committee Member, HSBC Amanah Malaysia Berhad
- Shariah Committee Member, Malaysian Life Reinsurance Group Berhad

Past Appointment(s)

- Deputy President Operations (DPO), INCEIF University
- Board of Directors, USIM Holding Sdn Bhd
- Shariah Committee Member, Co-op Bank Pertama Malaysia Berhad
- Deputy CEO/Senior Consultant, ISRA International Consulting Sdn Bhd
- Global Lead Islamic Finance Expert, Advisory and Technical Assistance Division, Islamic Financial Sector Development

- Department for Islamic Development Bank, Jeddah, Saudi Arabia
- Head/Manager, Islamic Finance/Shariah Risk Section, Operational Risk Unit, Specialist Risk Department for Bank Negara Malaysia (BNM)
- Board of Directors, YaPIEM Smart Ventures Sdn Bhd
- Member of Investment Committee, Yayasan Dakwah Islam Malaysia
- Member, Islamic Financial Services Board (IFSB) Working Group
- Member of Risk Management Committee, Yayasan Pembangunan Ekonomi Islam Malaysia (Islamic Economic Development Foundation of Malaysia – Governmental National Level Agency)
- Board of Directors, YaPEIM Gold Sdn. Bhd.
- External Expert in Islamic Finance, International Monetary Fund, Washington DC
- Independent Member of Jawatankuasa Bersama Wakaf Yayasan Pelajaran Mara (YPM) – Majlis Agama Islam Wilayah Persekutuan (MAIWP)

Expertise and Experience

- Has vast banking and management experiences locally and internationally for the past 25 years.
- Research team leader for Bank Negara Malaysia (BNM) - Investment Account Concept in Banking; Analysing the Perceptions and Behaviors of the stakeholders.
- Chapter writer and reviewer for the ISRA/Securities Commission Malaysia Islamic Capital Market textbook (First Edition).
- Research member in Shariah Risk Management for Islamic Financial Institutions by International Islamic University Malaysia.
- Internal trainer with BNM, Islamic Development Bank and presenter for international conferences at Durham University-ISRA-IRTI Strategic Roundtable Discussion in Durham and Jeddah, IDB Annual Meeting in Jakarta and World Bank-Association Participation Banks of Turkey Product Innovation in Istanbul.

Prof. Dr. Muhammad Ridhwan Ab. Aziz

Committee Member

Nationality  Gender 

Date of Appointment: 1 June 2022



Academic/Professional Qualification(s)

- PhD in Islamic Banking, University of Malaya
- Master of Islamic Studies (with Distinction), University of Malaya
- Bachelor of Business Administration (with Honours), University of Malaya
- Certified Shariah Practitioner (CSP), Association of Shariah Advisors in Islamic Finance (ASAS)

Present Appointment(s)

- Professor, Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia (USIM)
- Shariah Committee Member, Citibank Berhad (Malaysia)
- Internal Shariah Advisory Board, Citibank N.A. Labuan Branch
- Registered Shariah Adviser, Labuan Financial Services Authority (LFSA)
- Panel of Arbitrator (Hakam), Negeri Sembilan Shariah Judiciary Department
- Panel of Assessor, Malaysian Qualification Agency (MQA) (Field: Islamic Banking and Islamic Finance)
- External Advisor, Bachelor of Business Administration (Islamic Finance), Universiti Sultan Zainal Abidin
- Academic Advisor, Master in Islamic Finance, Selangor Islamic University (UIS)
- Editorial Board Member, The Journal of Muamalat and Islamic Finance Research (JMIFR), Universiti Sains Islam Malaysia (USIM)
- Advisory Board Member, The Journal of Management and Muamalah (JMM), Selangor Islamic University (UIS)

Past Appointment(s)

- Shariah Supervisory Board Member, Shuaa Funds OEIC ICC Limited, United Arab Emirates
- Dean (Faculty of Economics and Muamalat, USIM)
- Deputy Dean (Research and Innovation)
- Acting Dean (Faculty of Economics and Muamalat)
- Acting Deputy Dean (Student Development and Performance Management)
- Associate Researcher, University of Malaya
- Technical Committee Member for Professional Certification, Ministry of Higher Education, Malaysia
- Senator, Universiti Sains Islam Malaysia, USIM

- External Assessor for Academic Promotion (Professor), Universiti Sultan Zainal Abidin (UniSZA)
- Panel of Assessor, Bachelor of Muamalat, Universiti Teknologi MARA Cawangan Machang, Kelantan
- FAA Assessor, Finance Accreditation Agency (FAA)
- Vice Chairman, Dean's Council for Islamic Studies, Department of Higher Education, Ministry of Higher Education Malaysia
- Visiting Professor, Universitas Muhammadiyah Palembang, Indonesia, Field: Islamic Banking and Finance
- Chairman for Panel of Interview (BYDPA Scholarship/Biasiswa Yang Dipertuan Agong), Public Service Department, Malaysia/Jabatan Perkhidmatan Awam Malaysia (JPA)
- Associate Research Fellow, International Research Centre of Islamic Economics and Finance (IRCIEF), International Islamic University College Selangor (KUIS)
- International Editorial Board, *Jurnal Ekonomi Dan Keuangan Islam*, UIN Ar-Raniry Banda Aceh, Indonesia

Expertise and Experience

- Active in internal USIM committee members and having held positions among others USIM Senator, Dean, Peer Review Assessor (Academic Promotion), Chief Invigilator, Editorial Board Member, Committee Member for various committees.
- Involved in numerous research grants, book publications, chapter in books and journals.
- Presenter for various international and local conferences in Islamic Banking, Islamic Finance and Islamic Social Finance.
- Internal and External Examiner for USIM and other universities - Master and PHD research.
- Has been awarded for various research and innovation awards such as best paper award, USIM top 100 researchers award, award for most selling book, publication award for prolific writer in social science cluster, active book writer award for English category as well as best research award in social science and ihtisas arts.
- Won gold and silver medal awards in local and international research and innovation competitions.
- Obtained certificate of copyright from Intellectual Property Corporation of Malaysia or Perbadanan Harta Intelek Malaysia for two (2) innovative products namely Bank Wakaf and Wakaf Kepakaran Profesional for a duration of 100 years.

Shariah Committee's Profile

Ustaz Mohd Bahroddin Badri

Committee Member

Nationality  Gender 

Date of Appointment: 5 January 2024



Academic/Professional Qualification(s)

- Master of Shariah (Economics), University of Malaya (UM)
- B.IRK Islamic Jurisprudence (Fiqh & Usul Fiqh), International Islamic University Malaysia (IIUM)
- Fellow of Certified Shariah Adviser and Auditor (CSAA), Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain
- Certified Shariah Advisor (CSA) Association of Shariah Advisors in Islamic Finance (ASAS)

Present Appointment(s)

- Principal Consultant, ISRA Consulting, INCEIF University
- Chairman, Shariah Committee of Swiss Re (Retakaful)
- Chairman, Shariah Committee of Perbadanan Nasional Berhad (PERNAS)
- Deputy Chairman, Shariah Supervisory Committee of Siraj Finance, Abu Dhabi, UAE
- Shariah Committee Member, RHB Islamic Bank Berhad

Past Appointment(s)

- Chairman, Shariah Advisory Committee of MBSB Bank Berhad
- Deputy Chairman, Shariah Committee of Citibank Malaysia Berhad
- Shariah Committee Member of Citibank Labuan
- EXCO of Association of Shariah Advisors in Islamic Finance (ASAS)

Expertise and Experience

- Being a Shariah consultant, he has been involved in various high-impact local and international Shariah consultancy projects across the globe including Europe, South America, Middle East, North Africa, Central Asia, Southeast Asia and Australia. His areas of specialisations are on product structuring and innovation, governance, policy development, Shariah audit and Shariah review as well as module development for professional training and capacity building in Islamic banking, takaful and Islamic capital markets.
- His significant contributions to the Islamic finance industry, include developing Shariah-related Policy Guidelines (Shariah Standards) and Shariah-compliant Schemes issued by Malaysian regulators and Shariah governance framework for a foreign central bank.
- He is the co-author of two (2) textbooks on Islamic finance: "Islamic Financial System: Principles & Operations" (2nd Edition) and "Sukuk: Principles and Practices".
- He has also actively conducted various corporate trainings, written articles and research papers in Shariah and Islamic finance, spoken or participated in various international conferences around the world, including Turkey (Istanbul), Canada (Toronto), Morocco (Casablanca), Bahrain, Oman (Salalah), Indonesia (Jakarta), Thailand, Brunei, Singapore etc., to contribute to the spread of da'wah in Islamic finance and spur the development of the industry globally.

Key Senior Management



DATUK NURBAYU KASIM CHANG
President/Chief Executive Officer



HASRIN ABDUL RAHIM
Chief Operating Officer



FAIZAH MUSTAPA
Chief Business Officer



DR LIZA MYDIN
Chief Strategy Officer



ABDUL HADI JUSOH
Chief Risk Officer



MOHAMMAD NIZAM ABDUL SAMAD
Chief Compliance Officer



SHHRUL FARELLI ZULKIFLI
Chief Internal Audit



**WAN NOORAZLI MAULA WAN
SULEIMAN**
Head of Legal, Governance & Recovery



MASSITAH IBRAHIM
Acting Head of Human Capital
Management Division



IRNAWATI ISMAIL
Company Secretary

Statement on Corporate Governance

INTRODUCTION

The Board of Directors (“Board”) of Export Import Bank of Malaysia Berhad (“EXIM Bank” or “the Bank”) is committed to maintaining the highest standards of corporate governance. This commitment is reflected in the following key points:

Commitment to Corporate Governance

- The Board diligently adheres to the principles and best practices of corporate governance in accordance with Bank Negara Malaysia’s (“BNM”) Corporate Governance Policy Document (“CGPD”), the Malaysian Code on Corporate Governance (“the Code”), as well as all applicable legislative and regulatory requirements.

Commitment to Transparency and Integrity

- The Board places significant importance on transparency, accountability, responsibility, and integrity throughout its decision-making processes, financial disclosures, and stakeholder communications. Upholding these principles is essential for fostering trust and promoting the Bank’s long-term growth and sustainability.

Strategic Intent

- The Board is responsible for ensuring that the Bank’s business strategies are aligned with sustained financial stability and growth, while adhering to national economic objectives and regulatory requirements. Additionally, the Board guides the Bank in balancing its mandated responsibilities with dynamic market conditions and regulatory developments, supporting resilience and advancing contributions to the wider economy.

Delegation of Authority

- The Board has implemented well-defined frameworks for decision-making, effectively delegating authority to Senior Management while retaining oversight and accountability. Board Committees support the Board in fulfilling its duties and responsibilities. These governance structures facilitate effective decision-making and ensure rigorous control mechanisms are maintained, upholding the highest standards of corporate governance.

Legal and Regulatory Compliance

- The Board, pursuant to its Board Charter, considers the roles, authorities, fiduciary responsibilities, and functions conferred upon it by the Development Financial Institutions Act 2002 (“DFIA 2002”), the Companies Act 2016, and the Bank’s Constitution. Furthermore, the Board ensures adherence to all applicable primary legislative and regulatory requirements relevant to the Bank. The Board Charter further integrates corporate governance principles and best practices as prescribed in the BNM CGPD and the Code, thereby ensuring that the Bank’s operations consistently align with prevailing industry standards and regulatory expectations.

The statement affirms the Board’s dedication to maintaining strong corporate governance standards, adhering to legal and regulatory requirements, and upholding ethical principles while carrying out its obligations to shareholders and stakeholders.

The following are the key Corporate Governance practices adopted by the Bank as per its Board Charter:

PART 1: ROLES AND RESPONSIBILITIES OF THE BOARD

Roles and Responsibilities

The Board acknowledges the fundamental significance of corporate governance in the Bank's operations and is committed to the consistent application of these principles across all stakeholder engagements.

The Board and Management work together to define the Bank's strategic direction, oversee its development, and ensure effective controls are in place. Management is responsible for the Bank's day-to-day operations, activities, and the administration of financial and non-financial matters, operating within the authority delegated by the Board.

Independent Directors are highly regarded by the Bank for their role in promoting balanced and objective decision-making. These Directors must satisfy established suitability criteria and serve as critical check and balance on Board decisions. Their separation from Management ensures impartial judgements made in the best interests of the Bank. Additionally, their varied experience across industries contributes significantly to the overall effectiveness of the Board.

The Board Charter outlines the roles and responsibilities of the Board which includes providing oversight on Management. The Board is guided, amongst others, with the following core responsibilities in performing its duties for the Bank:

- **Leading and Managing the Bank:** The Board is responsible for leading and managing the bank in an effective and responsible manner. The Directors have, individually and collectively, a legal duty to act in the best interest of the Bank and set the Bank's values and standards, to ensure the Bank's obligations to its shareholders and stakeholders are understood and met.
- **Upholding Sound and Prudent Policies:** The Board is entrusted with ensuring that the Bank consistently applies sound and prudent policies and practices. Through its oversight functions, the Board ensures effective management and serves as an important check and balance mechanism, while remaining uninvolved in the Bank's daily operations.
- **Stewardship of the Bank:** The Board bears ultimate responsibility for the proper stewardship of the Bank. This includes ensuring good corporate governance, maximising shareholders' value, safeguarding stakeholders' interests, establishing corporate values, vision, and strategies, and being aware of significant financial activities.
- **Fiduciary Duty and Corporate Governance:** The Board has a fiduciary duty to act in the best interest of the bank and strives to ensure the highest standards of corporate governance are practiced.
- **Oversight of Shariah Governance:** Beyond its conventional governance duties, the Board is responsible for supervising the Shariah governance structure and ensuring the Bank's adherence to Shariah compliance in accordance with the Shariah Governance Framework for Islamic Financial Institutions. This encompasses approving policies pertaining to Shariah matters and confirming their effective implementation in collaboration with the Shariah Committee.

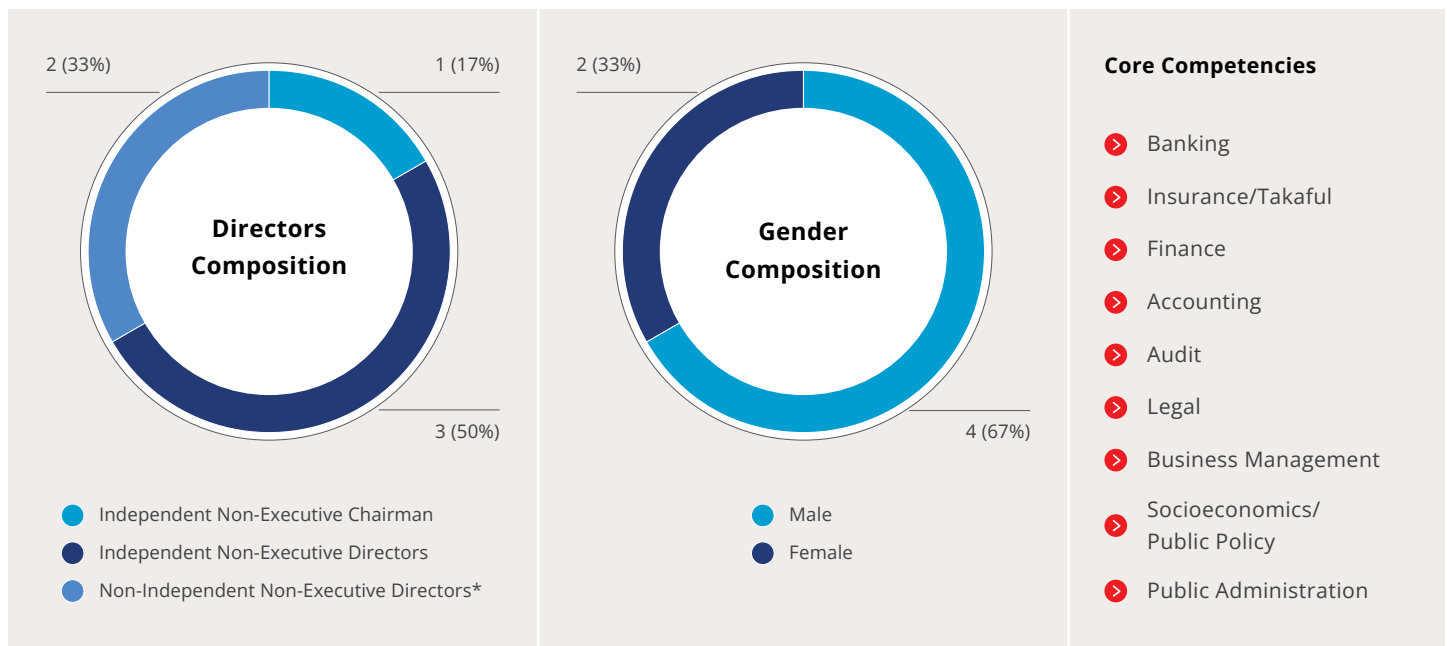
These responsibilities indicate the comprehensive role of the Board in guiding the Bank's operations, ensuring compliance with regulations and standards, and safeguarding the interests of shareholders and stakeholders.

Statement on Corporate Governance

PART 2: BOARD COMPOSITION

Board Size, Composition and Diversity

Overall, the composition and structure of the Board is aligned with regulatory requirements and best practices of Corporate Governance. Article 94(1) of the Constitution of the Bank provides that the number of Directors should be between two (2) and twelve (12). As at 17 March 2026, the Board consists of:



* Nominees from Menteri Kewangan Diperbadankan ("MKD") and Ministry of International Trade and Industry ("MITI")

During the Financial Year 2025, the Board welcomed one (1) Non-Independent Non-Executive Director from MITI, reflecting its dedication to robust leadership and governance. The Board also extended its appreciation to the departure of one (1) Non-Independent Non-Executive Director for her significant contributions. These changes underscore the Bank's ongoing commitment to sustaining a dynamic and effective Board.

The current composition of the Board complies with BNM's Policy Document on Corporate Governance, with Independent Directors constituting more than half of its members. The Board is dedicated to fostering diversity in its membership across gender, age, skills, backgrounds, and expertise. This diversity enhances the Board's effectiveness by incorporating varied perspectives and supporting well-informed decision-making.

A brief profile of each member of the Board is presented on pages 30 to 36 of this Annual Report.

The current Directors are as follows:

| | | | |
|----|--|----|-----------------------------|
| 1. | Dato' Charon Wardini Mokhzani (Chairman) | 4. | Encik Raymond Fam Chye Soon |
| 2. | Dr. Mastura Abdul Karim | 5. | Encik Abdul Aziz Abu Bakar |
| 3. | Dato' Mastura Ahmad Mustafa ¹ | 6. | Encik Jeremy Lee Eng Huat |

The following Directors served and ceased to be directors during the Financial Year 2025:

| | |
|----|--------------------------------------|
| 7. | Datuk Bahria Mohd Tamil ² |
|----|--------------------------------------|

¹ Appointed as Director with effect from 14 November 2025

² Term ended with effect from 1 October 2025

Separation of Roles of the Chairman and the President/Chief Executive Officer




The Board ensures a clear separation of power between the Chairman and the P/CEO, with distinct roles and responsibilities for each position. This promotes good governance, transparency, and effective checks and balances between the Board and the Bank's operations.

PART 3: BOARD APPOINTMENT/REAPPOINTMENT PROCESS

The appointment and reappointment of Directors adhere strictly to the policies established by BNM, the MKD Guideline, the Bank's Constitution, as well as the internal policies and procedures of the Bank.

The Nomination and Remuneration Committee ("NRC") reviews the overall desired composition and required mix or expertise/experience on the Board. The NRC shall conduct a fit and proper assessment ("FAP") of the candidates to be appointed or reappointed before a recommendation is made to the Board for approval. The application for the appointment/reappointment will be submitted to BNM for verification, and to the Ministry of Finance ("MOF") for final approval.

In respect of the FAP assessment of a candidate, the NRC considers the following criteria with:

| | | |
|--|--|--|
|  |  |  |
| <p>Probity and reputation the candidate must have the requisite qualities such as honesty, integrity, diligence and independence.</p> | <p>Competency the candidate must have the necessary qualifications, skills, experience, ability and commitment to carry out the role.</p> | <p>Financial Integrity the candidate must be able to manage his debts or financial affairs prudently.</p> |

The assessment to determine the fitness and propriety involves an independent screening process and self-declaration by Directors who are to be appointed or reappointed. The Bank shall take reasonable steps to verify the information against independent sources.

Statement on Corporate Governance

PART 4: BOARD AND BOARD COMMITTEES

Board Meetings

According to the Board Charter, the Board must meet at least six (6) times annually to discharge its duties and responsibilities. Board meetings are scheduled at the start of each year and the meeting calendar is circulated to all Directors to help them to plan ahead. Additional meetings are held as required throughout the year.

As mandated by the BNM CGPD, Directors must attend at least 75% of Board meetings annually. In the financial year ended 31 December 2025, the Bank held 18 Board meetings, and all Directors met this minimum attendance requirement.

Senior Management, or other relevant individuals, may be invited to participate in Board meetings, providing the Board with the opportunity to request clarifications or obtain additional information directly regarding the proposals or reports submitted.

Meeting minutes must accurately and impartially record all raised issues, discussions, deliberations, decisions, and conclusions, including any dissenting views, along with clear action items for the relevant parties.

Subject to the urgency of the issues presented, the Board may grant its approval through a written circular resolution in accordance with the Bank's Constitution.

The Roles of the Chairman at Board Meetings

The Chairman's main responsibility is to lead the Board and ensure its effective functioning, while upholding the highest standards of corporate governance. In fulfilling this role, the Chairman's duties include, but are not limited to, the following:

-
- Leading the Board and Management in setting the values and standards of the Bank along with the Directors to create an environment of trust.

 - To promote the highest standards of corporate governance, probity and integrity with respect to the deliberations and decisions made.

 - To ensure that complete, timely, relevant, accurate, honest and accessible information is placed before the Board to enable directors to reach an informed decision.

The Bank adheres to the Code and MKD's requirement that the Chairman only leads Board and General meetings and does not serve as Chairman or member of any Board Committees. This practice fosters open and robust Board discussions while ensuring effective checks and balances on matters originating from the Board Committees.

Board Committees

The Board has delegated specific governance responsibilities to several Board Committees, namely the Board Credit Committee, Board Audit Committee, Board Risk Committee, Nomination and Remuneration Committee, and Board Tender Committee. These committees operate under clearly defined Terms of Reference, primarily to support the Board in carrying out its roles and responsibilities. The aforesaid TORs are reviewed from time to time to ensure they remain relevant and up to date.

The Board remains fully accountable for any authority delegated to the Board Committees. The Chairpersons of each committee will report back to the Board on the matters discussed and decided in their respective meetings.

Board Credit Committee (BCC)

The BCC is responsible for overseeing and supervising financing and credit-related proposals and approvals, in accordance with the Credit Risk Policy and the Bank's current Approving Authorities and Authority Limits.

The BCC comprises three (3) members, a majority of whom are Independent Non-Executive Directors ("INEDs") and is chaired by an INED. The Terms of Reference of BCC is available on the Bank's corporate website at <https://www.exim.com.my>.

The BCC has held twenty-two (22) meetings during the financial year. Details of the BCC members and their meeting attendance are available on page 51 of this Annual Report.

Board Audit Committee (BAC)

The BAC is responsible for reviewing the Bank's financial health, internal controls, performance, and internal audit findings. They recommend appropriate corrective actions, typically during meetings held at least once every two (2) months, or more frequently as needed.

The BAC comprises three (3) members, a majority of whom are INEDs and is chaired by an INED. The Terms of Reference of BAC is available on the Bank's corporate website at <https://www.exim.com.my>.

The BAC met twelve (12) times during the financial year. Details regarding the BAC members and their meeting attendance can be found on page 51 of this Annual Report.

Board Risk Committee (BRC)

The BRC helps the Board manage risks according to BNM's Risk Governance Policy Document. It also oversees Management's risk management activities related to credit, market, liquidity, and other risks, ensuring a functional risk management process.

The BRC comprises three (3) members, a majority of whom are INEDs and is chaired by an INED. The Terms of Reference of BRC is available on the Bank's corporate website at <https://www.exim.com.my>.

The BRC held fifteen (15) meetings during the financial year. Details of the BRC members and their meeting attendance are available on page 51 of this Annual Report.

Statement on Corporate Governance

Nomination and Remuneration Committee (NRC)

The NRC's primary objectives are as follows:

- (i) Providing a formal and transparent procedure and support to the Board in carrying out its function in overseeing the following matters concerning the Board, Board Committees, Directors, SC, P/CEO and Senior Management:-
 - (a) Appointments, reappointments and removals.
 - (b) Composition.
 - (c) Performance evaluation and development.
 - (d) Fit and proper assessments.
- (ii) Supporting the Board in overseeing matters relating to the remuneration policy and packages for the Directors, SC members, P/CEO and Senior Management of the Bank including various incentives or retention schemes implemented by the Bank.

The NRC comprises three (3) members, a majority of whom are INEDs and is chaired by an INED. The Terms of Reference of NRC is available on the Bank's corporate website at <https://www.exim.com.my>.

The NRC met twelve (12) times during the financial year. Details of the NRC members and their meeting attendance can be found on page 51 of this Annual Report.

Board Tender Committee (BTC)

The BTC is responsible for overseeing the Bank's procurement process, ensuring it adheres to the Approving Authorities and Authority Limits (AA) and the Bank's Procurement Policy. This oversight aims to maintain the highest ethical standards, legal and regulatory compliance, and strong governance of all procurement activities.

The BTC comprises three (3) members, a majority of whom are INEDs and is chaired by an INED. The Terms of Reference of BTC is available on the Bank's corporate website at <https://www.exim.com.my>.

The BTC held two (2) meetings during the financial year. Details of the BTC members and their meeting attendance are provided on page 51 of this Annual Report.

Board and Board Committees Attendance

Details of attendance of each Director at the Board and respective Board Committees meetings during the financial year ended 31 December 2025 are as follows:

| Name of Directors | Number of Meetings | | | | | | | | | | | |
|---|--------------------|----------|-------------|----------|-------------|----------|-------------|----------|-------------|----------|-------------|----------|
| | Board Meetings | | BCC | | BRC | | NRC | | BAC | | BTC | |
| | Held | Attended | Held | Attended | Held | Attended | Held | Attended | Held | Attended | Held | Attended |
| Dato' Charon Wardini Mokhzani (DCWM) | 18 | 18 | - | - | - | - | - | - | - | - | - | - |
| % of attendance | 100% | | - | | - | | - | | - | | - | |
| Dr. Mastura Abdul Karim (DMAK) ³ | 18 | 16 | - | - | 15 | 15 | 1 | 1 | 12 | 12 | - | - |
| % of attendance | 89% | | - | | 100% | | 100% | | 100% | | - | |
| Dato' Mastura Ahmad Mustafa (DMAM) ⁴ | 2 | 2 | 1 | 1 | - | - | - | - | - | - | - | - |
| % of attendance | 100% | | 100% | | - | | - | | - | | - | |
| Encik Raymond Fam Chye Soon (RFCS) ⁵ | 18 | 17 | 22 | 22 | 4 | 4 | - | - | 12 | 12 | 2 | 2 |
| % of attendance | 94% | | 100% | | 100% | | - | | 100% | | 100% | |
| Encik Abdul Aziz Abu Bakar (AAAB) ⁶ | 18 | 18 | 22 | 22 | 13 | 13 | 12 | 12 | 3 | 3 | 1 | 1 |
| % of attendance | 100% | | 100% | | 100% | | 100% | | 100% | | 100% | |
| Encik Jeremy Lee Eng Huat (JLEH) ⁷ | 18 | 18 | 5 | 5 | 15 | 15 | 12 | 12 | 12 | 12 | 2 | 2 |
| % of attendance | 100% | | 100% | | 100% | | 100% | | 100% | | 100% | |
| Directors who have ceased/resigned since the last report | | | | | | | | | | | | |
| Datuk Bahria Mohd Tamil (DBMT) ⁸ | 15 | 15 | 16 | 16 | - | - | 11 | 11 | - | - | 1 | 1 |
| % of attendance | 100% | | 100% | | - | | 100% | | - | | 100% | |

³ DMAK appointed as NRC member with effect from 1 October 2025 and ceased as NRC member with effect from 1 December 2025

⁴ DMAM appointed as Director with effect from 14 November 2025. Appointed as BCC, NRC and BTC member with effect from 1 December 2025

⁵ RFCS ceased as BRC Chairman effective on 27 February 2025

⁶ AAAB appointed as BRC chairman and ceased as BAC member with effect from 27 February 2025. Appointed as BTC member with effect from 1 October 2025 and ceased as BTC member with effect from 1 December 2025

⁷ JLEH appointed as BTC member effective on 27 February 2025. Appointed as BCC member with effect from 1 October 2025 and ceased as BCC member with effect from 1 December 2025

⁸ DBMT ceased as Director, BCC, NRC and BTC member with effect from 1 October 2025

Statement on Corporate Governance

Supply and Access of Information

All Directors have unrestricted access to the relevant information, advice and resources needed to carry out their roles effectively. The meeting agenda and reports are uploaded to a secure portal prior to Board meetings, which Directors can access via devices provided by the Bank. Reports to the Board typically cover financial matters, corporate strategy, business direction, operations, annual budgets, risk management, significant policies, management oversight, shariah governance and compliance. Senior Management is responsible for providing the Board with the information in an appropriate and timely manner.

The Bank provides the Board with access to third-party expert advice on any matter as needed, with the cost covered by the Bank.

PART 5: BOARD CULTURE & CONTINUING PROCESSES

Ethical Standards

The Directors are expected to maintain the highest ethical standards and act fairly with customers, employees, and regulators in the communities where the Bank operates. They must also ensure compliance with all applicable laws, rules, and regulations relevant to the Bank's operations.

In addition to the Board Charter, the Directors are further guided by the Bank's Code of Conduct for Directors in discharging their duties. The Code of Conduct should be interpreted in conjunction with the Board Charter.

The Board endorsed the Whistleblowing Policy that allows employees of the Bank, Directors, Shareholders, Customers, Consultants, Vendors, Contractors, agencies, and any party with a business relationship with the Bank to report unethical conduct or malpractice. The policy outlines reporting procedures and protects those who report allegations from retaliation or reprisal.

The Directors are also guided by the following policies in carrying out their duties:

1. No Gift Policy;
2. Entertainment Policy;
3. Anti-Bribery and Corruption Policy;
4. Policy on Financing Facilities with Connected Party; and
5. Organisational Anti-Corruption Plan.

Directors' Conflict of Interest

Directors are required to declare any direct or indirect interest they may have in any transaction the Bank plans to enter at every Board and Board Committee meeting. Any Director with an interest or conflict, or who is considered a "connected party", must abstain from both the discussion and voting on that transaction.

Training and Development of Directors

The Board places significant importance on continuous professional development for its Directors and actively encourages their engagement in pertinent courses and activities to strengthen their expertise and effectiveness in advancing the Bank's best interests. The Company Secretary routinely notifies Directors of suitable training opportunities and systematically monitors and records all Board training undertakings.

All Directors of EXIM Bank are required to complete the Financial Institutions Directors' Education (FIDE) Core Programme as well as any suitable training programme on Islamic Finance. As at 31 December 2025, all Directors have completed the mandatory programmes except for Dato' Mastura Ahmad Mustafa who will complete the FIDE Core Programme and ISRA Consulting Programme in 2026.

In addition, the newly appointed Directors are required to attend an induction programme/session coordinated by the Bank. The Director will be briefed by Management and provided with materials on the Bank's history, operations, and financial performance to gain a first-hand understanding of its operations. Induction programme for new Director, namely Dato' Mastura Ahmad Mustafa was conducted on 5 February 2026 at the Bank's premises.

Other than the mandatory programme, the Directors have also attended various training programmes, conferences, seminars, briefings and/or workshops on subject matters relevant to their duties and responsibilities to further enhance their skills and knowledge as well as to keep abreast with the latest developments in the industry and changes in the new statutory and regulatory requirements. During the financial year 2025, the list of training programmes attended by the Directors are as follows:

| Training Focus | List of Conferences/Seminars and Training Programmes |
|-----------------------------|--|
| Corporate Governance | <ul style="list-style-type: none"> • Training for EXIM Bank Board Members on Cooling-Off Period • Navigating Board Effectiveness: Tackling Governance and Ethics Challenges • Best Practices in Governance for the Board of Directors of EXIM Bank • Board Briefing on IFRS S1, IFRS S2 & CRMSA Disclosure Requirements • FIDE Core – Banking (Module A and B) • Group Board and Management Training – Governance • Training for EXIM Bank Board Members on The Role of NRC as the Disciplinary Committee for the Senior Leadership Team (SLT) • Governance & Compliance Mastery: AMLA, Conflict of Interest, and Integrity for Leadership |
| Finance | <ul style="list-style-type: none"> • Engagement with Chairpersons and CEOs of Banking Institutions and Associations – Economic and Monetary Review 2024 and Financial Stability Review for 2nd Half 2024. • Breakfast Talk – e-Invoice I Service Tax Impact on Independent Directors • Briefing on US Tariff – Impact to Malaysia Trade and Economy • Masterclass Navigating High-Tech Financial Crime: Key Risks and Board Responsibilities • Breakfast Talk – Engagement Session with FIDE FORUM Members on Bank Negara Malaysia Annual Report 2024, Economic and Monetary Review 2024 and Financial Stability Review for Second Half 2024 • Special Lecture: How Global Events Will Affect the Outlook for the Financial Industry in 2025 • Regulating Cryptocurrencies and Digital Assets: Current Issues and Emerging Trends |

Statement on Corporate Governance

| Training Focus | List of Conferences/Seminars and Training Programmes |
|--|---|
| Audit, Compliance and Risk Management | <ul style="list-style-type: none"> • Annual Cyber Security Awareness Programme • Regulating Cryptocurrencies and Digital Assets: Current Issues and Emerging Trends • Anti Money Laundering/Countering Financing of Terrorism (“AML/CFT”) |
| Shariah-related topics | <ul style="list-style-type: none"> • Board and Shariah Committee Engagement Session – Navigating Key Insights of Hajah and Darurah Principles And Applications • Board and Shariah Committee Engagement Session – Islamic-Only Approach: Towards A Full-Fledged Islamic Bank • Muzakarah Cendekiawan Shariah Nusantara Ke-19 |
| Sustainability-related topics | <ul style="list-style-type: none"> • Pre-Interview and Training on Sustainability Board Governance • Biochar Workshop for EXIM Bank Malaysia’s Board of Directors, Senior Management and EXIM Sustainability Leaders (“ESL”) • Board Engagement on Sustainability – Trends and Evolving Board Practices |
| Others | <ul style="list-style-type: none"> • Board Culture and Leadership with Shariah Committee Members and Senior Management • Asean Business & Investment Summit 2025 Unifying Markets for Shared Prosperity • ASEAN Indo-Pacific Forum (AIPF) 2025 • 2025 Global Conference – Towards A Flourishing Future • MYFINTECH Week 2025 |

Board Evaluation and Declarations

The Board undertakes an annual Board Effectiveness Evaluation (“BEE”) with the purpose of assessing the performance and efficacy of the Board as a whole, its Committees, and individual Directors. This process is integral for identifying opportunities for professional development and process enhancement. Outcomes from this evaluation contribute to the considerations for Director re-appointments.

The BEE comprises both self-assessment and peer review, utilising comprehensive questionnaires. The exercise is managed internally and facilitated by the Corporate Secretarial Department (“CSD”). Results are subsequently presented to, and deliberated upon by, the NRC and the Board, enabling the identification of strengths, areas requiring improvement, and potential matters warranting further attention. Furthermore, the Board engages an external consultant to carry out an independent BEE at least once every two (2) years.

Apart from that, the Board, through the NRC, assess the fitness and propriety of the Directors annually. The independence of INEDs is also assessed annually and benchmarked against regulatory provisions. These assessments involve a self-declaration by the Directors as well as independent screening to confirm their ability to continue serving as Directors of the Bank. The other self-declarations regarding connected parties, other directorships and asset declarations are made by the Directors at least once a year or whenever there is a change.

PART 6: DIRECTORS' REMUNERATION

The remuneration package for Non-Executive Directors ("NEDs") is generally commensurate with the accountabilities, roles and responsibilities of both Board and Board Committees. The provisions of the directors' remuneration are in accordance with the MKD Guidelines and directives issued by the MOF from time to time. In general, the Directors receive monthly fees, meeting allowances, reimbursement for expenses incurred while performing official duties and other benefits-in-kind, including Directors & Officers Liability coverage and medical benefits.

Details of the total remuneration of the Directors for the financial year ended 31 December 2025 is set out on page 199 of this Annual Report.

PART 7: COMPANY SECRETARY

The Board is supported by a qualified Company Secretary, who is assisted by the CSD to ensure the Board operates efficiently. Responsibilities include advising on corporate governance issues and promoting effective communication between the Board and Senior Management. The Company Secretary is obligated to uphold the confidentiality of the Bank's affairs.

Disclosure on Shariah Governance

EXIM Bank offered Shariah compliant products and services which include Islamic financing and takaful facilities alongside its conventional business facilities in meeting cross-border business requirements. The conduct of Islamic financing business by EXIM Bank is regulated mainly by the relevant provisions in the Development Financial Institutions Act (“DFIA”) 2002 and governed by regulations issued by Bank Negara Malaysia (“BNM”) and Securities Commission Malaysia (“SCM”) from time to time.

Shariah compliant businesses of EXIM Bank are being well guided by robust Shariah governance framework which aligns with BNM’s Shariah Governance Policy Document (“SGPD”). EXIM Bank’s Shariah governance ensures compliance through oversight from the Board of Directors (“the Board”), day-to-day management responsibilities, and support from an independent Shariah Committee and its secretariat. This framework manages Shariah non-compliance (“SNC”) risk through various functions like Shariah risk management, Shariah review, and Shariah audit.

SHARIAH COMMITTEE

Shariah Committee has the responsibility to provide objective and sound advice to EXIM Bank to ensure that its business, affairs, and activities are conducted in compliance with Shariah requirements. The Board holds ultimate responsibility for Shariah governance and compliance at EXIM Bank, with guidance from the Shariah Committee on matters concerning Islamic finance.

Duties & Responsibilities

The functions and responsibilities of the Shariah Committee are, inter alia:

1. Providing decision or advice to EXIM Bank on the application of any Shariah Advisory Council (“SAC”) of BNM and SCM rulings or standards on applicable Shariah matters for the business, affairs and activities of EXIM Bank.
2. Providing a decision or advice on the business, affairs and activities of EXIM Bank which may trigger an SNC event and to be accountable for the quality, accuracy and soundness of its own decision or advice.
3. Deliberating SNC findings from any relevant functions and endorsing rectification measures for SNC events.
4. Establishing robust methodology to guide its decision-making process. The Shariah Committee must take into account relevant business and risk practices in arriving at a decision or advice.
5. Exercising objectivity in coming up with its judgement and be free from associations or circumstances that may impair the exercise of its professional objectivity. In fulfilling its responsibility, the Shariah Committee must ensure that its judgement in arriving at a Shariah decision or advice is not affected by other professional commitments.
6. The Shariah Committee is expected to provide assistance to the external/third party appointed by EXIM Bank such as legal counsel, auditor or consultant, in the event they seek advice on Shariah matters from the Shariah Committee to ensure compliance with the Shariah principles.

7. Advising EXIM Bank to refer the SAC on any Shariah matters that could not be resolved. Upon obtaining any advice of the SAC, the Shariah Committee will ensure that all SAC's decision is properly implemented by EXIM Bank.
8. The Shariah Committee is empowered to delegate some of its functions to Shariah & Social Finance Department ("SSFD") and the Shariah control functions of EXIM Bank.

When delegating Shariah Committee's responsibilities, the following procedure will be followed:

- i) Areas of delegated authority by the Shariah Committee and operating procedures are set out clearly in EXIM Bank's internal policies.
- ii) Reporting arrangements are established to keep the Shariah Committee informed of the work, key deliberations, and decisions on delegated matters.
- iii) The Shariah Committee remains fully accountable for the decisions and any ensuing implications arising from the delegated responsibility.

Training Requirements for Shariah Committee

Shariah Committee members have attended selected programmes and seminars to keep them abreast with Islamic financial business developments such as 19th Muzakarah Cendekiawan Syariah Nusantara, 20th International Shari'ah Scholars Forum and Sustainability Governance, etc.

Composition & Background

As of 2025, the Shariah Committee of EXIM Bank consists of six (6) members. The majority (four (4) members) are Shariah-qualified scholars, while the remaining two (2) members have non-Shariah backgrounds. This diverse composition ensures a robust and well-balanced deliberation process in Shariah Committee meetings, integrating both Shariah expertise and industry perspectives.

Meetings & Attendance

During the financial year ended 31 December 2025, the Shariah Committee held 14 meetings, including four (4) sessions of special meetings.

| Shariah Committee Members | No. of Meetings Attended |
|---------------------------------------|--------------------------|
| Dr. Ghazali Jaapar | 14/14 |
| Dr. Safinar Salleh | 14/14 |
| Dr. Muhammad Syahmi Mohd Karim | 14/14 |
| Prof. Dr. Muhammad Ridhwan Ab. Aziz | 14/14 |
| Dr. Ahmad Zakirullah Mohamed Shaarani | 14/14 |
| Ustaz Mohd Bahroddin Badri | 14/14 |

SECRETARIAT TO THE SHARIAH COMMITTEE

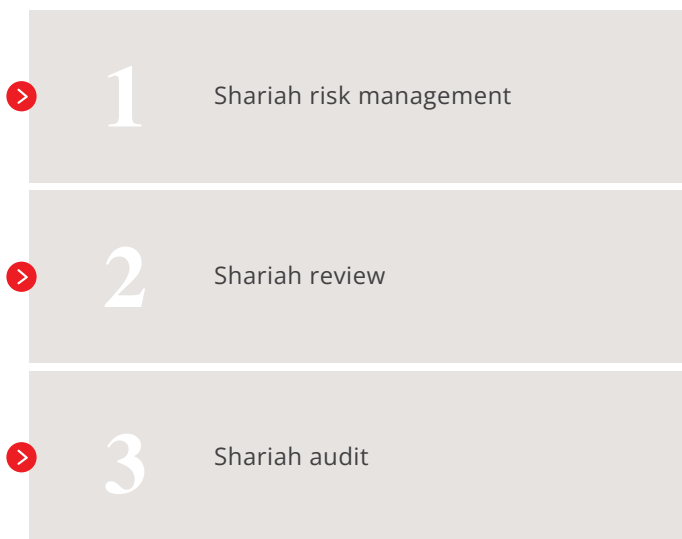
SSFD undertakes the role as the secretariat to the Shariah Committee and the responsibilities include:

- Coordinating communications and disseminating information among the Board, Shariah Committee and senior management;
- Performing in-depth research and studies on Shariah issues;
- Providing day-to-day advice to relevant parties within EXIM Bank on Shariah matters based on the rulings of the SAC of BNM and SCM, and decisions or advice of Shariah Committee;
- Ensuring proper dissemination of decisions or advice of Shariah Committee within EXIM Bank; and
- Undertaking administrative and secretarial functions to support Shariah Committee.

Disclosure on Shariah Governance

INTERNAL SHARIAH CONTROL FUNCTIONS

In ensuring effective management of SNC risk within EXIM Bank, the following functions have performed their roles on an ongoing basis:



Shariah Risk Management

The Shariah risk management function forms an integral component of EXIM Bank's integrated risk management framework and operates in accordance with the principles outlined in the SGPD. The responsibility and accountability reside within the Shariah, Operational & Climate Risk Department under the Risk Management Division and is responsible for the systematic identification, measurement, monitoring, control and reporting of SNC risk exposures across EXIM Bank's business, affairs, and activities. In upholding robust governance practices, EXIM Bank adopts a zero-tolerance approach towards any non-compliance with Shariah principles and requirements prescribed by the SAC of BNM, SCM, and EXIM Bank's Shariah Committee, reflecting its strong commitment to safeguarding Shariah integrity in all Islamic business undertakings.

The Shariah risk management function is responsible for developing, maintaining and enhancing EXIM Bank's Shariah risk management governance, policies and procedures, and ensuring their effective implementation. This includes the periodic reporting of SNC risk exposures to the management, the Management Risk and Compliance Committee (MRCC), the Shariah Committee, the Board Risk Committee (BRC) and the Board, in line with EXIM Bank's commitment to robust Shariah governance and its zero tolerance approach towards SNC.

In addition, the Shariah risk management function is responsible for developing and implementing measures to enhance Shariah risk awareness across EXIM Bank, as well as ensuring the purification of any tainted income arising from SNC in accordance with the guidance of the Shariah Committee. It also undertakes the formulation of mitigation measures to prevent the recurrence of events that may lead to SNC. Furthermore, the function ensures that all incidents of SNC are reported to BNM in line with the requirements set out in the BNM Policy Document on Operational Risk Reporting (ORR).

During the financial year 2025, EXIM Bank continued to strengthen the implementation of robust control measures to manage SNC risk in alignment with the risk appetite strategy and metrics approved by the Board. For effective execution of the Shariah risk management (SRM) function, the Governance, Risk and Compliance (GRC) System was utilised to support comprehensive Shariah risk profiling, encompassing the Risk and Control Self-Assessment (RCSA), Key Risk Indicators (KRI), Key Control Testing (KCT) and the Loss Event Database (LED).

The above reflect EXIM Bank's continued commitment to strengthening Shariah governance by effectively managing SNC risks, enhancing internal controls and leveraging the GRC System to support sound and compliant Islamic banking operations.

Shariah Review

The dedicated Shariah Review function of EXIM Bank operates under the Compliance Division and is responsible for conducting regular assessments to ensure that EXIM Bank's Islamic banking and takaful businesses, affairs and activities comply with Shariah requirements as outlined by the SAC of BNM and SCM and the resolutions of the Shariah Committee.

The Shariah Review team comprises qualified Shariah officers who evaluate EXIM Bank's level of Shariah compliance, recommend remedial actions for any non compliance and implement appropriate control measures to prevent recurrence.

Shariah review activities are carried out based on the Shariah Review Plan, developed using a risk based approach to assess the adequacy and effectiveness of policies and procedures in managing SNC risks. The outcomes of these reviews are reported periodically to senior management and the Shariah Committee.

Shariah Audit

The Shariah Audit function, under the Audit & Assurance Department ("AAD"), provides independent assessment of EXIM Bank's internal controls, risk management, governance processes and overall Shariah compliance across its operations and activities.

Conducted as a regulatory audit, Shariah Audit follows an annual audit plan and programme prepared by AAD. It reports independently to the Board Audit Committee and remains accountable to the Shariah Committee in line with EXIM Bank's governance structure and the SGPD.

Shariah Audit offers assurance on the effectiveness of internal control mechanisms and related policies governing EXIM Bank's Islamic business. Its scope and methodology are established by AAD in accordance with SGPD requirements and recognised auditing standards.

Statement of Risk Management

RISK MANAGEMENT FRAMEWORK OVERVIEW

The Bank's risk management strategy has evolved over the years to support the Bank's risk related decision-making while balancing the appropriate level of risk taken to the desired level of rewards.

The Bank has implemented an effective risk management framework which identifies, assesses and manages various types of risks that could impact our business objectives. Our risk management framework is designed to enable proactive identification of potential risks primarily the enterprise risk categories, risk governance and the development of strategies to mitigate them through broad risk management approaches and specific risk management tools.

The Bank has a dedicated risk management function to manage risks through the process of identifying, measuring, monitoring and controlling the primary enterprise risk categories as well as timely reporting and update of action plans on the risk findings. These are governed by a structured risk governance mechanism consisting of strong Board and Management oversight roles and responsibilities.

Our risk management framework is integrated into our business processes and culture, and it is reviewed and updated regularly as reflected through the regular review of other risk related frameworks, policies, procedures and manuals to support risk related decision-making; and to ensure that the Bank is able to provide swift and appropriate response to any internal as well as external changes which will have an impact on the Bank's operating environment.

Our risk management framework involves the following steps:



The risk management function is regularly assessed to provide assurance on the Bank's compliance to the applicable laws, regulations, internal policies, procedures and limits.

RISK MANAGEMENT STRATEGIES

The following principles underpin the Bank's risk management strategies:

| Principle | Details |
|--|--|
| Principle 1 Clear responsibilities on risk management | a. The Bank shall clearly define the roles and responsibilities of parties involved in the entire risk management processes. b. The Board has the ultimate responsibility for identifying the Bank's risks and ensuring that they are effectively managed. The Board Risk Committee is tasked to assist the Board in carrying out this responsibility. c. The Senior Management will oversee managing the Bank's day-to-day risk management. |
| Principle 2 Risk management shall be incorporated into all decision-making processes | The Bank shall integrate risk management into its existing strategic management and operational process, as risk management is an important component of robust decision making. |
| Principle 3 Comprehensive assessment of risks for all activities | All material risks to which the Bank is exposed to must be thoroughly analysed based on the consistent application of the following processes: risk identification, risk measurement, and risk evaluation. |
| Principle 4 Effective risk control mechanism | Frameworks, guidelines, procedures, and risk limits are examples of risk control mechanisms. They are aimed, among others, to ensure that each risk has a proper mitigation method and measurement, as well as being efficiently and effectively applied. |
| Principle 5 Adequate system for monitoring and reporting | a. The Bank is responsible for ensuring that the monitoring and reporting systems are properly implemented. b. The Bank's risk profiles, as well as any substantial risk issues, must be communicated on a regular basis to the Board and Senior Management. |
| Principle 6 Effective internal control review | As part of its risk management approaches, the Bank must develop an effective internal control review system, which includes independent evaluation and, when needed, the involvement of internal or external audits. |

Statement of Risk Management

RISK GOVERNANCE AND OVERSIGHT

The Bank's Risk Management Framework provides a comprehensive structure for developing and approving risk strategies, as well as managing risk governance, that is tailored to the Bank's business activities and operations, taking into account our nature, scale and complexity.

To ensure a consistent approach to risk management across the organisation, the Bank's risk management culture is supported by its organisational structure. As such the Bank's risk management culture includes the following characteristic:

- a. The Board and Senior Management have clear role and responsibilities in managing the Bank's risks.
- b. Roles and responsibilities of various committees and Senior Management that support the Bank's risk management initiatives are clearly defined.
- c. An independent risk management function with adequate authority, resources, and access to the Board that can provide an independent assessment of the Bank's risk positions.
- d. A strong risk management culture manifested by a shared understanding of risks at all levels of the organisation, as well as business and activity decisions are consistent with the Bank's risk management strategy and risk appetite.

The Bank's overall risk governance structure as detailed below:

The Board of Directors (Board)

The ultimate governing body, responsible for overall risk oversight and setting the appropriate governance structure and risk appetite.

Shariah Committee (SC)

Responsible for providing objective and sound advice to the Bank to ensure that its aims, operations, business and affairs and activities are compliant with Shariah.

The Bank's Board Committee

Board Risk Committee (BRC)

Responsible for reviewing the risk management framework, key risk policies, and risk appetite for Board approval, as well as reviewing the risk reports and assessment which have been deliberated at Management Risk and Compliance Committee (MRCC), Assets and Liabilities Committee (ALCO) and Information Technology Steering Committee (ITSC).

Board Credit Committee (BCC)

Responsible for recommending for Board's approval or endorsing for the credit related proposals which have been recommended by the Management Credit Committee (MCC).

The Bank's Management Committee are:

| | |
|--|--|
| <p>Management Risk and Compliance Committee (MRCC)</p> | <p>Responsible for monitoring and reviewing the management of key and emerging risks of the Bank.</p> <p>These include review the framework, policies, risk appetite as approved by the Board, procedures, adequacy of internal control and systems as well as the review of new products or material variation to existing product offering.</p> <p>Provide insights to the Integrity and Investigation Department (IID) governance programmes and activities including the Organizational Anti-Corruption Plan as well as efficacy of IID's role with regard to competency, resources and authority in carrying out its functions.</p> <p>Review of annual performance report on the effectiveness of EXIM's Anti-Bribery; Management System (ABMS) and conformance with the standard requirement of ISO 37001 ABMS 2016 and IID's integrity and governance report for submission on a bi-annual basis to Bahagian Pengurusan Integriti Agensi of the Malaysian Anti-Corruption Commission.</p> <p>The MRCC, if deemed appropriate, may recommend to the BRC for review and approval at the Board.</p> |
| <p>Management Credit Committee (MCC)</p> | <p>Responsible for reviewing, deliberating and approving new and renewal of loan/financing/credit/insurance related proposals including recovery, restructuring, and rescheduling proposals as well as recommending for endorsement or approval at higher approving authority as prescribed in the Approving Authority and Authority Limits.</p> |
| <p>Assets and Liabilities Committee (ALCO)</p> | <p>Responsible to oversee the overall asset and liability (ALM) management including endorsing the appropriate strategies for ALM management, deliberation on net interest income (NII) performance and ensuring that all ALM risks remain within the risk appetite set by the Board.</p> |
| <p>Information Technology Steering Committee (ITSC)</p> | <p>Responsible in providing oversight in Information Technology (IT) governance and to formulate the IT strategic plans in ensuring that IT is capable of supporting the Bank's strategic business plans.</p> <p>These functions include monitoring and deliberation on any new IT regulations that may have an operational impact to the Bank. The ITSC, if deemed appropriate, to recommend to the MRCC and BRC for review and approval at the Board.</p> |
| <p>Sustainability Committee</p> | <p>The Sustainability Committee of EXIM Bank plays an important role in steering the implementation of sustainability considerations into business operations and decision-making.</p> <p>This is ensuring the Bank's sustainability goals are aligned with its overall strategic vision and maximising impact on sustainable development and responsible financial practices.</p> |

Statement of Risk Management

Other Committee (Unique to Integrity and investigation Department):

| | |
|--|--|
| Whistle Blowing Committee (WBC) | <p>Responsible to reviews the Bank's whistleblowing terms of reference and determine the effectiveness of the whistleblowing overall framework.</p> <p>To decide on whether incidents reported through the whistleblowing platform merits further investigation. Where incidents are investigated, to provide updates on the status of investigation and their outcomes.</p> |
|--|--|

The Board Audit Committee (BAC) play a very important and pivotal role in the overall internal control governance of the Bank.

This includes the review and deliberation of the Integrity and Investigation Department (IID) functions on Organizational Anti-Corruption Plan, whistleblowing overall framework, EXIM Bank's Anti-Bribery; Management System (ABMS) and conformance with the standard requirement of ISO 37001 ABMS 2016 as well as the integrity and governance report for submission on a bi-annual basis to Bahagian Pengurusan Integriti Agensi of the Malaysian Anti-Corruption Commission.

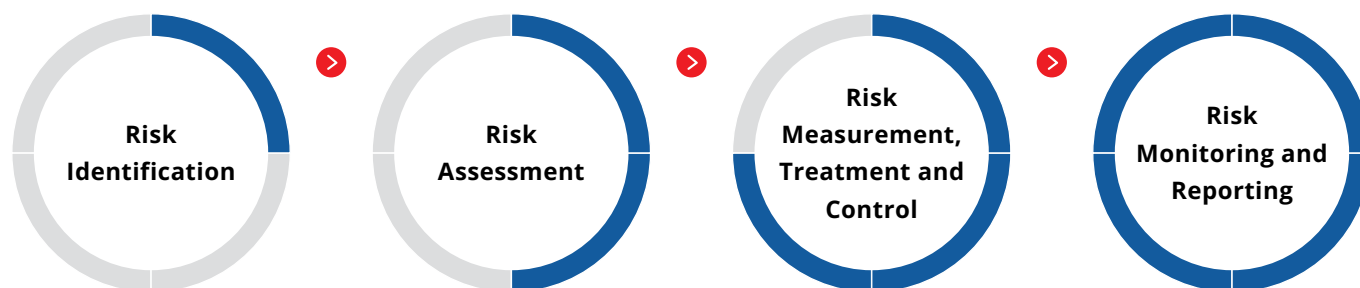
The details of the Roles and Responsibilities of the BAC is provided in the Statement of Internal Control.

The Three Lines of Defence model adopted by the Bank is as follows:

| Line of Defence | |
|--------------------|--|
| First Line | Business units and functional lines are responsible and accountable for identification, reporting and mitigating the risk exposures through agreed monitoring and reporting tools. |
| Second Line | <ol style="list-style-type: none"> a. Second line of defence shall remain well-defined, effective and independent from business and operational decisions. b. Compliance Division (CD) and the Risk Management Division (RMD) as part of the second line of defence must possess the knowledge and expertise required to effectively perform compliance and risk management functions. They should provide constructive challenge to business units and functional lines in managing risk. c. Appropriate resources and support is provided to enable them to fulfil their risk management and responsibilities, including unrestricted access to internal system and information. d. To ensure effective compliance and risk management throughout the Bank, regular communication with the first line of defence is established. |
| Third Line | <ol style="list-style-type: none"> a. To ensure the integrity, accuracy, and reasonableness of the Bank's risk management processes, as well as to provide assurance overall compliance with applicable laws, regulations, internal policies, procedures and limits, periodic review are conducted. b. The Audit and Assurance Department (AAD) shall closely interact with the second line of defence to escalate the risk issues and ensure effective controls and compliance with risk management Bank-wide. c. Part of this process includes to following through and following up on the action plans related to the risk findings prior to submission to relevant authorities. |

RISK MANAGEMENT PROCESSES

The following is a summary of the Risk Management Processes:



| Risk Management Processes | |
|--|---|
| Risk Identification | <ul style="list-style-type: none"> a. Identify the key primary enterprise risk exposures including credit risk, operational risk, Shariah non-compliance risk, market risk, liquidity risk, information and cyber security risk and compliance risk as well as any emerging risks that may potentially impact the Bank significantly including climate risk. b. Classify the risk exposures in accordance to its risk characteristics i.e. impact (example: internal or external, material or non-material, financial or non-financial impact, impact on current or future position) and likelihood of the risk materialising. |
| Risk Assessment | <ul style="list-style-type: none"> a. Regular assessment on the effectiveness of the Bank's management of risk. b. Continuous assessment on the risks together with the measurement of the potential impact of the risk exposure such as the estimated credit loss computation using the Probability of Default (PD), the Loss Given Default (LGD) and the Exposure at Default (EAD) on the Bank's credit exposures and the assessment for loss event of the Bank's exposures to operational risk and the effectiveness of the internal controls. c. Periodic assessment through the agreed risk methodology and relevant tools such as Risk and Control Self-Assessment (RCSA), Key Risk Indicator (KRI), Key Control Testing (KCT) and Risk Assessment and Business Impact Analysis (RABIA). |
| Risk Measurement, Treatment and Control | <ul style="list-style-type: none"> a. Establishment of proper controls and limits. b. Proper coordination and communication for effective risk management between the business and functional lines. c. Evaluation for the effectiveness of the risk mitigation plan or strategy provided. d. Constructively challenge the assessments produced by the business lines. e. Ensure the risk information is captured timely and relevant for further escalation and reporting for management and Board's oversight and decision. |
| Risk Monitoring and Reporting | <ul style="list-style-type: none"> a. Identify and specify the internal and external requirements of monitoring and reporting. b. Monitor and escalate any breaches of risk limits and ensure the proposed risk mitigation implemented are effective in managing the risk exposures back within the risk limit within specific time frame. c. The risk reporting systems shall be accurate, dynamic and comprehensive. |

Statement of Risk Management

RISK AND COMPLIANCE CULTURE

EXIM is committed to fostering a strong and sustainable risk and compliance culture that is embedded across all levels of the organisation. Risk awareness, regulatory compliance, and ethical conduct form an integral part of EXIM's decision making processes and day-to-day operations, ensuring that risks are identified, assessed, and managed in a timely and effective manner.

This culture is underpinned by a robust governance framework, with clearly defined roles and responsibilities across the three lines of defence. Business units are accountable for managing risks within their respective areas, supported by independent risk and compliance functions that provide effective oversight, advisory and constructive challenge. The Board and Management exercise active oversight to ensure accountability and discipline in risk taking.

During the year, continuous capacity building, communication, and targeted awareness programmes were undertaken to reinforce risk ownership and compliance discipline. These initiatives support the Bank's objective of safeguarding its mandate, maintaining stakeholder confidence, and promoting prudent and sustainable business practices.

The Bank's existing Designated Compliance and Operational Risk Officer (DCORO) programme promotes effective compliance and risk management practices by business units and functional lines, and to cultivate positive risk and compliance culture across the Bank.

The DCOROs are responsible for identifying, documenting, and assessing the compliance risk as well as to review the operational and Shariah non-compliance risk that may arise from the Bank's product, people, processes, and system.

In addition, they facilitate the effective management of information disclosure from regulatory authorities forwarding submission to the Chief Compliance Officer (CCO) for compliance related issues and the Chief Risk Officer (CRO) for operating risk related matters.

Additionally, the DCOROs are responsible for periodically reporting on compliance and operational risk matters, as well as reporting on loss event as required by the Operational Risk Reporting (ORR) Procedures and Procedures on Managing Shariah Non-Compliance (SNC) Risk.

A regular engagement session between Compliance Division and DCORO were held to reinforce and improve the effectiveness of their roles and responsibilities, including but not limited to Brownbag Session, Refresher on Compliance Tools, Refresher on Corruption Risk Assessment (CRA) and ABMS Audit.

COMPLIANCE RISK MANAGEMENT

The Compliance Division, as the second line of defence, plays a pivotal role in safeguarding the organisation against regulatory breaches, fines, and administrative actions through the implementation of robust compliance programmes.

The Division adopts a structured and systematic approach to compliance risk management to ensure that all business activities are conducted in accordance with applicable laws, regulations, regulatory requirements, and internal policies.

Compliance risks are managed through regular risk assessments, the implementation of appropriate controls, timely reporting, and continuous efforts to promote compliance awareness and culture across the organisation.

A dedicated Compliance Review unit has been established with the mandate to conduct independent compliance reviews across the organisation. This includes oversight of the compliance risks in critical business areas and assessments of the implications of regulatory requirements, including Shariah requirements.

These activities are carried out in line with the fundamental responsibilities of the Compliance function as outlined in Bank Negara Malaysia's Policy Documents on Compliance and Shariah Governance.

COMPLIANCE POLICY STATEMENT

EXIM Bank is committed to ensuring compliance with all applicable laws, regulations, regulatory guidelines, and internal policies in line with its mandate and risk appetite. The Compliance Policy provides key principles and guidelines for managing compliance risk within the organisation and it serves as a guide for the Compliance function, the Board of Directors, Senior Management and all employees across all business lines and functions.

Compliance risk is managed through a structured compliance risk management programme, with the Compliance function operating independently as part of second line of defence to provide effective oversight, advisory support and challenge. A strong compliance culture is promoted across the organisation through clear accountabilities, ongoing monitoring, and continuous awareness and training programme, supporting sound governance and prudent business practices.

ANTI-BRIBERY & CORRUPTION POLICY STATEMENT

EXIM Bank adopts zero-tolerance approach towards bribery and corruption in all its business activities. The Bank is committed to conducting its operations with integrity, transparency, and the highest ethical standards, in full compliance with applicable laws, regulations, and regulatory guidelines, including Malaysian Anti-Corruption Commission Act 2009.

EXIM Bank has established an Anti-Bribery & Corruption framework supported by clear policies, controls, and procedures, to prevent, detect, and address bribery and corruption risk. All employees and stakeholders are expected to uphold this policy, exercise due care, and report any suspected misconduct through established reporting and whistleblowing channels.

REPORTING & WHISTLEBLOWING MECHANISM

EXIM provides secure and confidential channels for employees and stakeholders to report genuine concerns or suspected misconduct, unethical behaviour, or breaches of laws or internal policies.

All whistleblowing disclosures are assessed and investigated independently and objectively, with appropriate safeguards in place to protect whistleblower from retaliation, provided reports are made in good faith.

Whistleblowing matters are subject to oversight by the Board Audit Committee, which reviews the effectiveness of the whistleblowing framework and ensure appropriate actions are taken where allegations are substantiated.

ANTI-MONEY LAUNDERING, COUNTER FINANCING OF TERRORISM, COUNTERING PROLIFERATION FINANCING & TARGETED FINANCIAL SOLUTIONS POLICY STATEMENT

EXIM Bank is committed to preventing money laundering, terrorism financing, and other financial crimes by adhering to all applicable laws, regulations and regulatory guidelines. A robust AML/CFT framework is maintained, supported by ongoing monitoring, enhanced due diligence and strong governance arrangements.

During the year, the Bank continued to strengthen its AML/CFT controls and governance in preparation for increased business complexity and organisational transformation, while promoting a strong compliance culture and close cooperation with regulators and law enforcement agencies.

Statement of Risk Management

RISK APPETITE

| Risk Appetite | | |
|--|--|--|
| ⬆ | ⬆ | ⬆ |
| The amount and type of risk the Bank is willing to undertake and implemented given the relevant controls for measuring and managing the risks identified | Reflects the long-term view of the Bank's meeting its financial capacity and continuing ability to meet obligations towards stakeholders | Specific risk metrics which are acceptable to EXIM Bank in executing the business strategy |

| | |
|--------------------------------------|---|
| Key Elements of Risk Appetite | Linked to the Bank's strategic objectives, capital and business plans. |
| | Establishes the amount of risk the Bank is prepared to accept in pursuit of its strategic objectives and business plan, considering the interest of its stakeholders within the boundaries of its capital adequacy and regulatory requirements. |
| | Determines material risks and the maximum tolerance level of risks the Bank is willing to operate based on its risk appetite, risk capacity and risk profile. |
| | Includes quantitative measures that are translated into risk limits applicable to business lines which in turn will provide direction to measure risk profile against risk appetite and risk capacity. |
| | Includes qualitative statements for risk that cannot be measured e.g., reputational risk, as a guide for proper management of such risks. |

As part of the Bank's risk management strategy, its risk appetite is aligned to the Bank's strategy and considered in the budget setting and decision-making process to ensure appropriate and reasonable projection for business growth.

The Bank's Policy on Risk Appetite addresses the following:

- a. Overall approach including policies, processes, controls, and systems through which the risk appetite is established, communicated, monitored and reported.
- b. The governance in overseeing the implementation, monitoring and reporting of the risk appetite in EXIM Bank.
- c. Address the Risk Appetite Statement (RAS) and risk appetite metrics coverage.
- d. The roles and responsibilities of those overseeing the establishment, approval, implementation and monitoring of the risk appetite framework.

The risk appetite metrics as the expansion of the broad RAS are to comprehensively manage the Bank's operating dimensions and the respective key enterprise risk categories as identified in the Risk Management Framework.

The articulation of the risk appetite metrics for the Bank's key primary enterprise risk category are as follows:

| No | Primary Enterprise Risk Category | Dimension |
|----|---|--|
| 1. | Asset Liability, Liquidity and Market Risk | <ul style="list-style-type: none"> • Capital/ALM/Liquidity Risk • Earning/Profitability • Deposit Taking Activities |
| 2. | Credit Risk | <ul style="list-style-type: none"> • Asset Quality • Concentration Risk • Takaful/Insurance Business |
| 3. | Shariah & Operational risk | <ul style="list-style-type: none"> • Operational Loss and Lapses |
| 4. | Compliance Risk | <ul style="list-style-type: none"> • Regulatory and Compliance • Anti-Bribery and Corruption |
| 5. | Information and Cyber Security Risk | <ul style="list-style-type: none"> • Information and Cyber Security Risk |
| 6. | Climate-Related Risk | <ul style="list-style-type: none"> • Climate-Related Risk Portfolio |
| 7. | Islamic Financing | <ul style="list-style-type: none"> • Islamic Financing Portfolio Risk Exposures |

The Board's risk appetite must be assessed on a regular basis to ensure that it remains aligned with the Bank's strategic objectives, business performance, any new emerging risks, and external environment changes.

STRESS TEST

To anticipate and respond swiftly to the new or emerging risks, the Bank perform stress tests as part of the risk management process. The results are integrated into the decision-making and regularly reviewed against actual performance versus the risk estimation (back-testing).

The stress testing exercise must be comprehensive and include both on and off-balance sheet exposures, commitments, guarantees, and contingent liabilities as well as other risk drivers on credit, market, operational and Shariah risk. The exercise must also commensurate with the nature, size and complexity of the Bank's business operations and risk profile.

Further to the above, the reverse stress testing was also conducted in accordance with the requirements outlined in the BNM's Policy Document on Stress Testing.

In addition, the BNM Climate Risk Stress Testing Exercise (CRST) Methodology Paper specified the elements such as time horizon and technical elements, scenario selection and counterparty assessment selection. The Methodology Paper further details the applicability of the exercise, the portfolio scope and granularity and the completion timeline.

As stress test is a continuous process, RMD will continuously strive for improvement on the stress test exercise by exploring potential areas for enhancements as well as establishing linkages between stress test to the risk appetite metrics moving forward.

Statement of Risk Management

KEY FRAMEWORKS AND APPROVED POLICIES

The respective risks in the Bank are managed by the following key frameworks and approved policies:

| | | |
|-------------------------------------|---|--|
| Key Risk Frameworks | <ul style="list-style-type: none"> • Framework on Risk Management • Framework for Technology Risk Management | <ul style="list-style-type: none"> • Framework on Cyber Resilience • Policy on Cloud Risk Management |
| Key Risk Policies | <ul style="list-style-type: none"> • Approving Authorities and Authority Limits (Credit) • Approving Authorities and Authority Limits (Non-Credit) • Policy on Risk Appetite • Credit Risk Policy • Policy on Expected Credit Loss • Policy on Operational Risk • Policy on Shariah Risk Management • Policy on Hajah and Darurah | <ul style="list-style-type: none"> • Policy on Asset Liability Management and Market Risk • Policy on Liquidity Risk Management • Policy on Internal Adequacy Assessment Process (ICAAP) • Policy on Trade Surveillance • Policy on Risk Retention • Policy on Product Management • Policy on Fraud Management • Policy on Climate Risk Management |
| Key Compliance Risk Policies | <ul style="list-style-type: none"> • Policy on Anti-Money Laundering, Counter Financing of Terrorism, Countering Proliferation Financing & Targeted Financial Solutions • Policy on Compliance • Policy on Personal Data Protection | <ul style="list-style-type: none"> • Policy on Management of Customer Information & Permitted Disclosure • Policy on Anti-Bribery & Corruption • Policy on Whistleblowing • Policy on No Gift • Policy on Conflict of Interest |

PRIMARY ENTERPRISE RISK CATEGORY DEFINITION & RISK MITIGATION

To enable robust and sustained growth, effective management of recognised major enterprise risk is critical.

Based on operating landscape in 2025, the Bank has identified the primary enterprise risk category & risk mitigation as follows:

| No | Primary Enterprise Risk | Definition |
|----|--|---|
| 1. | Credit Risk | The risk due to uncertainty on the customer or the customer's counterparty ability to meet its obligations or failure to perform according to the terms and conditions of the credit related contract. |
| 2. | Shariah Non-Compliance (SNC) Risk | Shariah non-compliance risk is the risk that arises from the Bank's failure to comply with the rulings of the Shariah Advisory Council of Bank Negara Malaysia (SAC), standards on Shariah matters issued by the Bank Negara Malaysia pursuant to section 29(1) of the IFSA and section 33E(1) of the DFIA, or decisions or advice of the Shariah Committee for its Islamic finance activities. |

| No | Primary Enterprise Risk | Definition |
|----|------------------------------|--|
| 3. | Operational Risk | Operational risk is the risk of loss resulting from inadequate or failed internal operational or financial processes and systems, the actions of people or from external events. |
| 4. | Market Risk | Market risk refers to the potential loss arising from adverse movements in the market prices. |
| 5. | Liquidity Risk | Liquidity risk is the risk of Bank's inability to fund increases in assets and meet cash flow obligations as they come due, without incurring unacceptable losses. |
| 6. | Technology Risk | Information and cyber security risk are the risks emanating from the use of information technology (IT) and the Internet. These risks arise from failures or breaches of IT systems, applications, platforms or infrastructure, which could result in financial loss, disruptions in financial services or operations, or reputational harm to the Bank. |
| 7. | Compliance Risk | Compliance risk is the risk of legal or regulatory sanctions, financial loss or reputational damage which the Bank may suffer because of its failure to comply with laws, regulations, rules, internal standard, Shariah and codes of conduct applicable to its activities. |
| 8. | Climate-Related Risks | Potential risks that may arise from climate change, their related impacts and their economic and financial consequences, which include drivers of climate risks, namely physical, transition and liability risks. |

PRIMARY ENTERPRISE RISK MITIGATION

| No | Primary Enterprise Risk | Definition |
|----|--|--|
| 1. | Credit Risk | <ul style="list-style-type: none"> Perform independent credit evaluation as well as periodic review of the Portfolio Risk Rating (PRR), Credit Acceptance Criteria (CAC), product programmes, Underwriting Standards and all other matters pertaining to credit risks. Proactive account management through identification of Significant Increase in Credit Risk (SICR) events for timely account classification and re-classification with appropriate expected credit loss provisioning and effective credit risk mitigation. Maintain comprehensive credit policy and limits within the Board approved Risk Appetite. All exposures and non-compliances including emerging risks are assessed and escalated to the Management and Board Committees with action plan and monitoring status. |
| 2. | Shariah Non-Compliance (SNC) Risk | <ul style="list-style-type: none"> Ascertain the soundness of Shariah governance framework through four (4) dedicated functions - Shariah Research & Advisory, Shariah Risk Management, Shariah Review and Shariah Audit - as required under BNM Shariah Governance Framework. Embedded risk function through the establishment of the Designated Compliance and Operational Risk Officer (DCORO) functions in every division for active monitoring of SNC risks and reporting matter. All SNC risk issues and incidents with detailed analysis and action plan are timely reported to the Management, Board and Shariah Committee. |

Statement of Risk Management

| No | Primary Enterprise Risk | Definition |
|----|-----------------------------|---|
| 3. | Operational Risk | <ul style="list-style-type: none"> Embedded risk function through the establishment of the Designated Compliance and Operational Risk Officer (DCORO) functions in every division for active monitoring of operational risks and reporting matters. All operational risk issues and incidents with detailed analysis and action plan are promptly reported to Management and Board Committees. |
| 4. | Market Risk | <ul style="list-style-type: none"> Maintain a comprehensive market risk policy and control. Proactive monitoring, analysis and reporting by Treasury Middle Office to ensure the market risk management is within the Board approved Risk Appetite. All exposures and non-compliances including emerging risks are properly assessed and escalated to the Management and Board Committees with action plan and monitoring status. |
| 5. | Liquidity Risk | <ul style="list-style-type: none"> Maintain a comprehensive liquidity risk policy and control. Proactive monitoring and liquidity risk management to ensure it is within the Board approved Risk Appetite. Conduct forward-looking scenario analysis and stress test to identify the areas that are vulnerable to liquidity risk and mitigate it with right amount of liquidity buffer and contingency funding plan. All exposure and non-compliance including emerging risks are properly assessed and escalated to the Management and Board Committees with action plan and monitoring status. |
| 6. | Technology Risk | <ul style="list-style-type: none"> Establish adequate internal process and controls, include system backup & recovery. Maintain listing of IT-related issues and incidents with close monitoring of rectification progress by the working level committees, for escalation to the Management and Board Committees, where relevant. |
| 7. | Compliance Risk | <ul style="list-style-type: none"> Implementation of structured annual Compliance Risk Management Plan to ensure strategic planning of compliance initiatives & activities. Maintain robust and comprehensive policies, procedures and internal controls. Independent compliance review based on Compliance Risk Assessment, to assess the adequacy and effectiveness of controls and to ensure compliance with regulatory and internal policy requirements. Identified gaps and issues are tracked through structured action plans with clear ownership and timelines to ensure timely remediation. Ongoing training, communication, and awareness programme are conducted to reinforce compliance culture and enhance employees' understanding of regulatory obligations. |
| 8. | Climate-Related Risk | <ul style="list-style-type: none"> Integration of material climate-related risk factors into the existing enterprise-wide risk management framework. Continuously develop data capabilities, tool and methodologies to effectively aggregate and report material climate-related risks. Reflect the climate-related risk considerations in the governance, business strategy and operations, reporting and risk management systems. The climate-related risks must be part of comprehensive risk assessment to identify and measure all material risks. |

MILESTONE AND ACHIEVEMENTS IN 2025

In line with the Bank's Corporate Strategic Plan, the Bank is strengthening sound risk management practices and promoting good governance.

In 2025, the RMD has achieved the following major milestones and implemented the following initiatives:

1

Digitalisation of credit information into the Bank's Management Information System

The Risk Management Department (RMD) continued to advance its digitalisation agenda with the integration of the Significant Increase in Credit Risk (SICR) assessment into the Bank's Management Information System (MIS). This enhancement streamlines the capture of SICR inputs upon completion of credit assessments, thereby strengthening data accuracy, portfolio monitoring, and internal reporting capabilities.

In parallel, RMD undertook further refinements to the SICR assessment methodology to support more granular risk differentiation across portfolios. This initiative complements ongoing efforts to automate the Expected Credit Loss (ECL) computation within the MIS, enabling more consistent and efficient risk measurement.

To further improve data integrity, RMD successfully completed a data cleansing exercise and fully digitalised the Collective Credit Portfolio Tracking (CCPT) classification within the MIS. This ensures a more reliable foundation for risk monitoring and management decision making.

2

Implementation of the New Credit Risk Rating solution

The Bank is transitioning to a new credit risk rating solution to enhance the robustness of internal risk measurement. In meeting Bank Negara Malaysia's validation requirements, an external consulting firm was appointed to conduct a pre implementation validation of the revised methodology.

This initiative supports EXIM Bank's commitment to strengthening model governance, including updates to policies, processes, and governance structures associated with the adoption of the new risk rating models. The enhanced framework ensures alignment with regulatory expectations and global best practices.

3

Continuous enhancement to the credit process and portfolio review

RMD has introduced the Credit Acceptance Criteria (CAC) to replace the Target Market and Risk Acceptance Criteria (TMRAC). The CAC establishes a clear and standardised set of credit parameters that must be met during credit assessment.

It also outlines specific conditions under which deviations from the established criteria require escalation to the appropriate credit approval authority, ensuring stronger governance, consistency, and risk-aligned decision-making across all credit proposals.

RMD also has completed the review and enhancement of Watch List and Annual Review processes.

Statement of Risk Management

4

Comprehensive risk assessment on the write-off aligning with the BPMB Group

RMD has facilitated the review of the write off exercise, pursuant to which Group Finance has obtained Group Board approval for the implementation of a new write off criteria for impaired exposures. This initiative forms part of the wider Group effort to strengthen credit risk management practices and ensure alignment across entities.

The harmonisation of processes and policies is a critical step to ensure consistency in the Group's governance, particularly in the application of significant accounting judgements, estimates, and assumptions.

This includes, among others, the approach for determining Expected Credit Loss (ECL) provisioning and the criteria for writing off financial assets.

A standardised framework enhances comparability and transparency in financial reporting, while minimising potential audit and regulatory concerns. It also supports a more coherent interpretation of accounting standards across the Group, thereby reinforcing both operational discipline and risk oversight.

5

Internal Capital Adequacy Assessment Process

The Bank formalised its Internal Capital Adequacy Assessment Process (ICAAP) Policy to establish a structured and forward looking framework for capital planning. Although EXIM Bank is not mandated to adopt Basel II standards as a Development Financial Institution (DFI), the ICAAP serves as a prudent internal measure to ensure capital adequacy commensurate with the Bank's risk profile and in line with evolving regulatory expectations.

6

Impact of the Agreement on Reciprocal Trade (ART) on EXIM's Financing Portfolio

The Agreement on Reciprocal Trade (ART) has implications for EXIM Bank's financing portfolio, particularly in sectors exposed to shifts in US trade policy, tariff measures, and bilateral trade adjustments affecting Malaysian exporters.

In response, the Research and Advisory Department (RAD) undertook a thorough assessment of potential portfolio impacts and proposed an enhanced evaluation methodology. The revised methodology incorporates two (2) core dimensions:

- i. Market risk concentration, and
- ii. Tariff applications under ART arrangements.

This structured and risk sensitive framework strengthens the Bank's ability to identify vulnerable exposures, support more informed credit decisions, and reinforce forward looking risk management practices.

For 2025, RMD has completed the review of risk related policies as per below:

| | | | |
|----|---|----|---|
| a. | Review of the Approving Authorities and Authority Limits to be in line with the Group Policy harmonization exercise, whereby the document was further segregated into two (2) Board-approved documents namely the Approving Authorities and Authority Limits (Credit) and Approving Authorities and Authority Limits (Non-Credit). | f. | Review of Policy on Product Management - The Policy refinement to the Bank's product offering definition and categorization as well as enhancement to the approving authority and overall product management and governance. |
| b. | Review and enhancement of Framework for Cyber Resilience on revision of the definition of third parties, strengthened supply chain and vendor risk management, incorporation of cloud governance and cyber security policy as well as enhancement to the data security with Data Loss Prevention (DLP) controls. | g. | Review of Policy Document on Hajah & Darurah - Refinement of Hajah definition and enhancement to the responsible parties in EXIM Bank. |
| c. | Establishment of new Processes and Procedures on Credit Takaful and the Processes and Procedures on Credit Insurance provide comprehensive details and practical aspects of the processes and procedures on Credit Takaful/Insurance businesses, prudential procedures to inculcate a risk-aware culture and facilitate the executions. | h. | Completion of Climate Risk Stress Testing (CRST) - As part of the Bank's Sustainability Implementation Roadmap deliverable and with support from Messrs. KPMG as the appointed consultant, RMD has successfully completed and submitted the Bank's Climate Risk Stress Testing (CRST) to BNM. |
| d. | Review of Policy on Asset Liability Management and Market Risk with limit enhancements and streamline of responsibilities in managing the asset liability and market risk of EXIM Bank. | i. | Review of Risk Appetite Metrics - In line with the Bank's Corporate Strategic Plan for 2025, the risk appetite metrics review in 2025 was approved with limit enhancements and introduction of new metrics and limits for monitoring and reporting. Subsequently, a workgroup was initiated for establishing a Group Risk Appetite Statement (Group RAS) to ensure consistent articulation of risk tolerance across all entities, complemented by active monitoring and reporting mechanisms. |
| e. | Establishment of new Policy on Trade Surveillance in accordance with the BNM Code of Conduct for Malaysia Wholesale Financial Markets and Guidance Document for Wholesale Market Conduct Practices. The Policy further address the risk identification and surveillance, internal controls and culture as well as the roles and responsibility. | | |

Statement of Risk Management

In 2025, the Compliance Division has achieved the following major milestones and implemented the following initiatives:

Key initiatives undertaken during the year focused on strengthening compliance culture, transparency and integrity across the organisation. These included the enhancement of compliance tools and portals, targeted engagement and refresher sessions for the staff, mandatory e-learning programmes, integrity awareness programmes and continuous review of compliance framework and policies.

| | |
|---|--|
| <p>a. A centralised portal was introduced to serve as a repository for policies and guidelines issued by regulators. The portal enhances accessibility and efficiency, allowing EXIM staff to easily access non-sensitive regulatory documents.</p> | <p>e. Compliance Division has engaged external speaker from Asian Banking School to strengthen business unit's understanding of EXIM specific compliance requirements on Foreign Exchange Notices Policy.</p> |
| <p>b. 100% completion on mandatory eLearning modules on Management of Customer Information and Permitted Disclosures (MCIPD), Personal Data Protection Act (PDPA), AML/CFT and Anti-Bribery & Corruption.</p> | <p>f. Recertification of ISO 37001:2016 (ABMS) by SIRIM was carried out to ensure ongoing compliance, effectiveness, and continuous improvement of the anti-bribery management system in line with regulatory requirements best practices.</p> |
| <p>c. Compliance Division has organised the Control Functions Carnival with collaboration from Risk Management Division and Audit & Assurance Department aiming to promote awareness and understanding of governance, risk, compliance and strong ethical culture which facilitated effective knowledge sharing through interactive and impactful activities. Aligned with the Group's tagline on Serumpun Muafakat, the Carnival was attended by the representatives from Bank Pembangunan Malaysia Berhad (BPMB) and Small Medium Enterprise Development (SME) Bank.</p> | <p>g. Series of integrity talk were organised with collaboration from external speakers such as Malaysian Anti-Corruption Commission (MACC) and Polis DiRaja Malaysia (PDRM) which is also part of the Anti-Corruption Plan 2023 - 2028 to ensure that anti-corruption controls and mitigation measures are effectively implemented and consistently maintained across the organisation.</p> |
| <p>d. Issuance of various learning and awareness materials via CDReachOut and series of knowledge sharing session were conducted to educate and enhance knowledge on Management of Customer Information & Permitted Disclosure, Personal Data Protection Act, AML/CFT, Post Approval Independent Credit Review (PAICR), Anti-Bribery & Corruption, No Gift, Conflict of Interest & Whistleblowing. Additionally, Compliance Division launched the PodcastWithCompliance (PwC), a series of podcast with Board, Senior Management and staff where Compliance as moderator, talked about governance, Islamic first policy, role of information technology, and EXIM's milestones.</p> | <p>h. The Compliance frameworks, policies, guidelines, tools and methodologies are regularly reviewed to ensure they remain aligned with business needs and applicable laws and regulations. The Compliance activities are consistently reported and discussed at the Board Risk Committee.</p> |

KEY PRIORITIES FOR 2026

Risk management priorities:

- Policy Harmonisation Exercise - An ongoing merger integration initiative undertaken which focused on refining and aligning the policy harmonization for the BPMB Group. This initiative aims to establish a consistent and unified policy environment across all entities within the BPMB Group.

 - Review and alignment of the RAS with the Group Risk Appetite Statement (RAS) and Tolerance Limit for 2026 and Bank's Corporate Strategic Plan (CSP) 2026.

 - Enhancement to the management of risk in technology related policies and processes updated BNM Risk Management in Technology Policy Document aims to strengthen the Bank's ability to manage technology and cyber risks arising from rapid digitalisation and an increasingly complex threat landscape.

 - Completion of the S&P Credit Rating phases on Model Back Testing, knowledge sharing on credit model, internal training as well as the testing of system maintenance and external validation of the system.
-

COMPLIANCE RISK OUTLOOK

Looking ahead, the Bank anticipates increased compliance complexity arising from regulatory developments, digitalisation and organisational transformation.

The Compliance function will continue to focus on strengthening governance, data integrity and risk-based oversight and first line of accountability to support the Bank's strategic objectives and readiness for future integration.

Statement on Internal Control

INTERNAL CONTROL

Internal Control is defined as a process, performed by EXIM's Board of Directors, Senior Management, and personnel, designed to provide reasonable assurance of the achievement of the following objectives:

- The reliability and integrity of information
- Compliance with policies, plans, procedures, laws and regulations, and contracts
- The safeguarding of assets
- The economical and efficient use of resources
- The accomplishment of established objectives and goals for operations or plans

The Board recognises the importance of maintaining a sound system of internal control and risk management practices, as well as good corporate governance. The Board exercises overall responsibility in identifying, evaluating, and reviewing the adequacy and effectiveness of the Bank's risk management, governance, and internal control.

The Board recognises that risks cannot be eliminated completely and as such, systems and processes have been put in place to provide reasonable but not absolute assurance against material misstatement of financial information or against losses and fraud. The Board is of the view that the internal control framework instituted throughout EXIM Bank is sufficient to safeguard stakeholders' investments, customers' interests, and EXIM Bank's assets. Reviews are continuously carried out by the Bank to ensure the systems and controls which have been put in place are reasonably adequate and effective.

BOARD AUDIT COMMITTEE

The Board Audit Committee (BAC) was established to further strengthen EXIM Bank's internal audit processes and meets regularly with the objective of assisting the Board in managing the Bank's multifaceted and inter-related risks in an integrated and holistic manner.

The key responsibilities established by the Board and executed by the BAC to ensure the integrity of the systems of internal control are as follows:

- a) Reviews the adequacy and integrity of EXIM Bank's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines, as identified by internal auditors, external auditors, and regulatory authorities;
- b) Reviews the adequacy and comprehensiveness of the internal audit process, scope of audit, competency of auditors, and the independence of the Internal Audit function. The Audit & Assurance Department (AAD) reports to the BAC and performs regular reviews of processes to assess effectiveness and highlight significant risks affecting EXIM Bank. The BAC reviews auditable areas and resources annually via the Annual Audit Plan;
- c) Regularly reviews and holds discussions with Management on actions taken to address lapses in internal control and issues identified in reports prepared by internal auditors, external auditors, and regulatory authorities;
- d) Reviews all related party transactions, and audit and non-audit related fees proposed by the Bank's external auditors;
- e) Reviews the Bank's financial statements (half-yearly and annually), preliminary results releases, and any other formal releases relating to financial performance prior to escalation to the Board for approval to ensure accuracy and appropriateness;

- f) Reviews the adequacy and effectiveness of the Integrity and Investigation Department (IID) function in ensuring the implementation of integrity and governance programmes, initiatives and activities including the Organizational Anti-Corruption Plan;
- g) Reviews IID's Annual Plan on the sufficiency as well as efficacy of IID's role with regard to competency, resources and authority in carrying out its functions;
- h) Review of IID's investigation reports for recommendation to the Board for approval and ensure necessary corrective and timely action have been taken by Management;
- i) Reviews the Bank's whistleblowing terms of reference and determine the effectiveness of the whistleblowing overall framework;
- j) Decide on whether incidents reported through the whistleblowing platform merits further investigation. Where incidents are investigated, to provide updates on the status of investigation and their outcomes;
- k) Review of annual performance report on the effectiveness of EXIM's Anti-Bribery; Management System (ABMS) and conformance with the standard requirement of ISO 37001 ABMS 2016; and
- l) Review of IID's integrity and governance report for submission on a bi-annual basis to Bahagian Pengurusan Integriti Agensi of the Malaysian Anti-Corruption Commission.

In 2025, the BAC held seven (7) scheduled meetings and three (3) special BAC meetings to deliberate on agenda items including AAD's Annual Audit Plan and Internal Audit Reports, BNM Composite Risk Rating Report, External Auditors' Statutory Audit Plan and Report, and the Bank's financial statements.

In addition, the Board has established a bi-annual joint meeting between the Board Risk Committee (BRC) and the BAC in 2024, providing an integrated platform for aligning risk oversight, audit insights and assurance priorities. This arrangement has further strengthened the Board's governance framework by enhancing coordination and oversight across risk and audit functions. In 2025, the bi-annual joint meetings were held in February and November 2025 respectively.

With effect from May 2025, the Audit & Compliance Issues Resolution Committee (ACIRC) was renamed as the Management Audit and Compliance Issues Committee (MAC). The MAC is chaired by the Chief Compliance Officer and continues to provide structured oversight over the monitoring and resolution of audit and compliance-related issues. During the year, three ACIRC meetings and one (1) MAC meeting were convened.

The BAC reiterated to Senior Management the importance of strengthening the consequence management framework to reinforce a compliance culture and instil discipline across the Bank.

Statement on Internal Control

AUDIT & ASSURANCE DEPARTMENT (AAD)

The internal audit function of EXIM Bank is organised in-house to assist the BAC in overseeing that Management has established sound risk management, internal control, and governance processes. The function is guided by internal audit standards, regulations, policies, and procedures, with the Chief Internal Auditor (CIA) reporting functionally to the BAC and administratively to the PCEO.

AAD independently reviews the adequacy and integrity of the system of internal control in managing key risks and reports to the BAC on a bi-monthly basis or more frequently as required. Where weaknesses are identified, improvement measures are recommended and follow-up reviews are conducted to assess implementation status. The BAC also meets with the CIA without the presence of Senior Management at least once a year.

As part of its assurance activities, AAD conducts reviews and assessments of the internal control framework through Policy, Procedure and Standard (PPS) reviews, including evaluating the adequacy and effectiveness of key policies, procedures, and controls. The outcomes of these reviews are tabled and deliberated at the Quality Assurance Committee (QAC).

In 2025, AAD continued its role as secretariat to MAC by organising meetings, preparing materials, reporting management action status, and documenting minutes, thereby supporting efficient operations and timely resolution of issues. During the year, AAD's mandate was further articulated at the Group level through the approval of a Group Audit Charter, which outlines internal audit coverage and responsibilities across the Group.

RELATIONSHIP WITH EXTERNAL AUDITOR

The BAC maintains a collaborative and professional relationship with the external auditor. In 2025, the BAC met once with the external auditor without the presence of Management.

The BAC assessed the effectiveness of Ernst & Young (EY) as the Bank's external auditor using a questionnaire covering audit process effectiveness and output quality. Based on the evaluation, the BAC recommended to the Board that EY be reappointed as auditor.

Sustainability Journey



ENSURING SUSTAINABILITY

At EXIM Bank Malaysia (“the Bank”), sustainability is integral to our developmental mandate as a Development Financial Institution (DFI). In line with Group BPMB’s Islamic First Policy and the Bank’s Islamic-Only operating model, our activities are guided by Shariah principles, with reference to the Qur’an and Sunnah as the foundational sources.

This framework reinforces our commitment to responsible stewardship, the safeguarding of creation, and the promotion of balanced and sustainable economic development. We recognise that environmental, social, and governance (“ESG”) considerations are essential to strengthening long-term enterprise resilience, preserving financial stability, and supporting Malaysia’s orderly transition towards a low-carbon and climate-resilient economy.

In FY2025, we further enhanced the integration of climate-related risks and opportunities into our governance, strategy, risk management framework, and performance monitoring processes. This reflects our commitment to prudent risk management, sustainable value creation, and financing practices that are consistent with Shariah principles and responsible stewardship.

Our 2025 Highlights

- Board & Shariah Board member undertook sustainability certification training.
- Continuation of Carbon Calculation Advisory Service (CCAS) for EXIM customers.
- 14 Sustainability training modules completed by the Board and Shariah Board members.
- Obtained the Global Artisan C-Sink certification, Malaysia’s first certified artisanal biochar unit under the Regenerative Biochar Programme.
- 33 staff members completed the Sustainability Certified training with 2 achieving the GHG Lead Verifier Certification.
- Obtained recognition from British Standards Institution (BSI) on carbon footprint reporting.
- RM881 million Sustainability-linked financing approved.

Sustainability Journey

1 GOVERNANCE

1.1 BOARD OVERSIGHT OF CLIMATE-RELATED MATTERS

EXIM Bank's Board of Directors oversees the Bank's sustainability direction, commitments and governance, as demonstrated through its approval of the Framework on Sustainability. The Framework serves as the Bank's overarching guideline that defines its sustainability purpose, goals and targets, including climate-related priorities. This reflects direct Board accountability in setting the governance foundations for sustainability and climate related matters.

In addition, the Board's commitment to climate and sustainability oversight is also reflected in steering EXIM Bank's climate aligned initiatives which supports national decarbonisation goals by 2027. Through these initiatives, the Board demonstrates its strategic oversight of climate related risks and opportunities by guiding the Bank's efforts to reduce carbon emissions, promote sustainable financing, and assist in measuring and managing environmental impacts.

During FY2025:

- Climate-related updates and material matters were tabled to the Board Risk Committee and to the Board members on a monthly basis for deliberation and strategic directions.
- The Board reviewed progress against the Sustainability Implementation Roadmap and carbon reduction targets on quarterly basis.

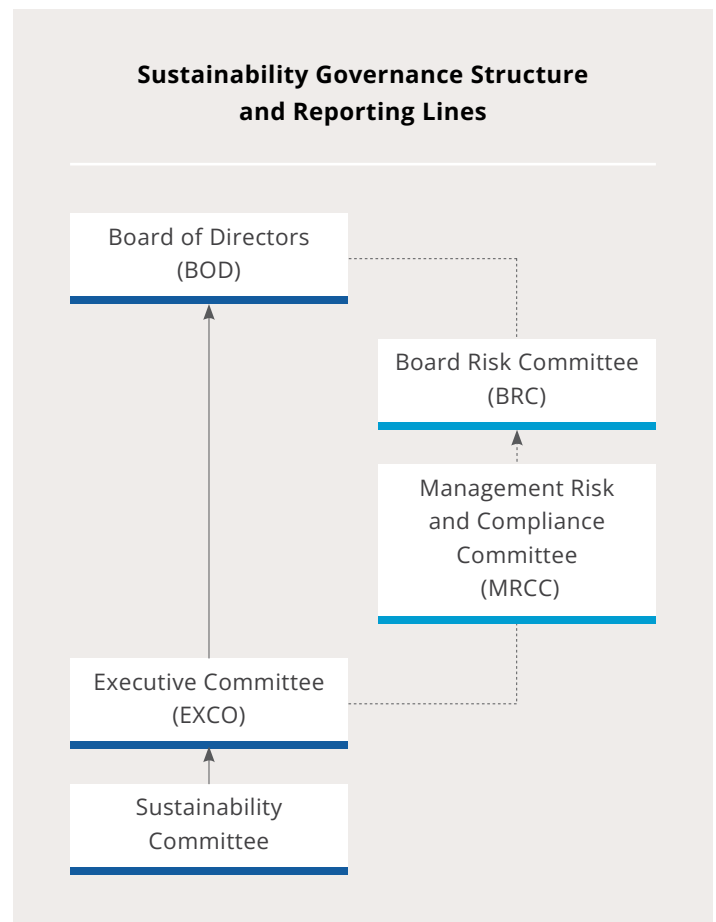
Climate discussions included portfolio exposure to carbon-intensive sectors, progress of green financing initiatives, enterprise carbon performance and developments in regulatory requirements.

1.2 SUSTAINABILITY GOVERNANCE STRUCTURE

The Bank maintains a structured governance framework to ensure accountability and transparency in sustainability oversight.

The Sustainability Committee, comprising senior management representatives, reports directly to the Executive Committee ("EXCO"). The Committee is responsible for:

- Overseeing implementation of the Sustainability Roadmap;
- Monitoring ESG-related initiatives;
- Recommending sustainability targets and metrics; and
- Reviewing sustainability disclosures prior to Board endorsement.



Board of Directors

The Board of Directors (BOD) exercises overall effective oversight of climate-related risks to safeguard the Bank's resilience against the adverse impacts of climate change.

Board Risk Committee

Board Risk Committee (BRC) is responsible and accountable to safeguard the Bank's resilience against adverse impacts of climate change while actively promoting a just and orderly transition of the economy. The committee is also overseeing the sustainability & Environmental, Social and Governance ("ESG") elements and climate-related risk and other risk and to ensure that the risk management process is in place and functioning.

Executive Committee

Executive Committee (EXCO) oversees the Bank's overall Sustainability Implementation Roadmap in ensuring alignment to the sustainability strategy and corporate strategy.

Management Risk and Compliance Committee

Management Risk and Compliance Committee (MRCC) oversees the policies and procedures implementation and to support climate resilience as well as actively promote a just and orderly transition of customers and counterparties.

Sustainability Committee

The Sustainability Committee comprises six (6) appointed committee members and three (3) permanent invitees. The composition includes individuals whose roles are critical to the success of the Bank's sustainability agenda. These members are strategically selected for their leadership capabilities and their ability to drive meaningful progress in embedding sustainability across the organisation.

In FY2025, the Sustainability Committee convened six (6) meetings, including the quarterly updates presented to EXCO and Board, and Board Risk Committee and the Board were provided with monthly updates on climate risk related matters.

1.3 BOARD/MANAGEMENT AND STAFF COMPETENCY

Recognising the importance of effective climate governance, the Bank continued to enhance sustainability competency at all levels of staff.

During FY2025:

- Board and Shariah Board members completed 14 sustainability or climate-related training modules
- Sustainability developments and regulatory updates were incorporated into Board induction and continuing education programmes
- Board & Shariah Board member undertook sustainability certification training:

Mr. Raymond Fam Chye Soon

Independent Non-Executive Director

| Certification: | Organiser: | Status: |
|---|--|--|
| Oxford Leading Sustainable Corporations Programme | Saïd Business School, University of Oxford | 16 November 2022 – 24 January 2023 (Completed) |

Date of Completion: Issued 6 March 2023

Dr. Muhammad Syahmi Mohd Karim

Shariah Committee Member

| Certification: | Organiser: | Status: |
|--|--|--|
| ESG and Sustainable Financial Strategy | Saïd Business School, University of Oxford | 24 September 2025 – 12 November 2025 (Completed) |

Date of Completion: Issued 28 November 2025

- A total of 33 EXIM Sustainability Leads (ESLs) completed structured sustainability-related certification programmes including two (2) candidates achieved the GHG Lead Verifier certification. In addition, sustainability awareness and capability-building initiatives were strengthened through the organisation of two (2) sustainability-related staff engagement events and the delivery of three (3) Brown Bag sessions on sustainability, impact, and value creation across all departments.

These efforts strengthen institutional capacity in managing climate-related risks and sustainability awareness from all levels.

Sustainability Journey

2 STRATEGY

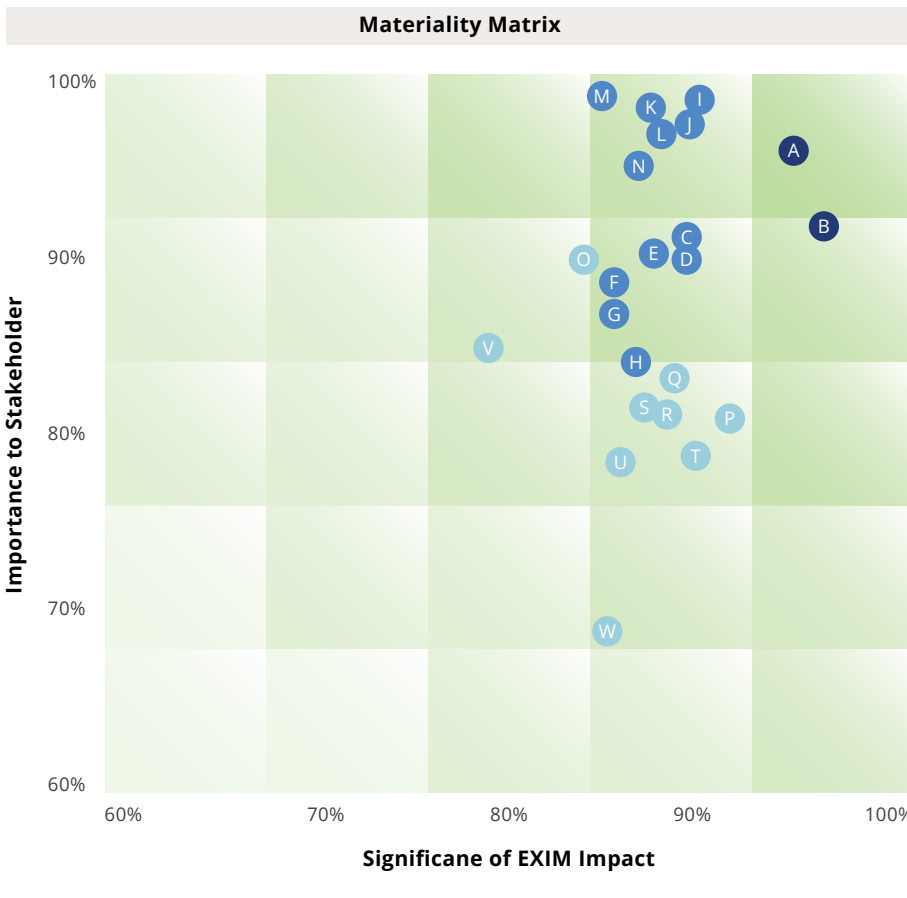
2.1 MATERIALITY ASSESSMENT AND APPROACH

The Bank continues to align its developmental mandate with national climate ambitions, including Malaysia’s aspiration towards Net Zero by 2050 by the following initiatives.

EXIM Bank conducted a structured materiality assessment in 2023 to identify sustainability matters that are most relevant to the Bank and its stakeholders. The assessment considered both the significance of impact on EXIM Bank’s business and strategy and the importance of these matters to stakeholders, ensuring alignment with the Bank’s developmental mandate, enterprise risk management framework, global sustainability trends, and Bursa Malaysia’s guidance on stakeholder engagement and materiality.

The process involved engagement with a broad range of internal and external stakeholders, including management, employees, customers, regulators, and strategic partners. Inputs from these stakeholders were assessed alongside regulatory expectations, industry benchmarks, and emerging sustainability and climate-related risks and opportunities.

As a result of this assessment, 23 sustainability matters were identified and prioritised based on their relative importance and impact.



- List of Sustainability Matters**
- A Customer Experience
 - B Digitalisation and Transformation
 - C Industry Partnership and Collaboration/ Strategic Alliance
 - D Financial Inclusion & Literacy
 - E Advancing National Agenda
 - F Innovative Products & Service Offerings
 - G GHG Emissions
 - H Climate Change
 - I Business Ethics and Compliance
 - J Human Rights
 - K Occupational Health and Safety
 - L Diversity and Inclusion
 - M Data Privacy and Security
 - N Talent Attraction and Engagement
 - O Talent Development
 - P Responsible Financing
 - Q Islamic First Strategy
 - R Energy Management
 - S Responsible Investment
 - T Waste Management
 - U Water Management
 - V Supply Chain Management
 - W Community Development and Engagement

● Critical Importance ● Very High Importance ● High Importance

2.2 CLIMATE-RELATED RISKS AND OPPORTUNITIES

The Bank reviews its business strategy regularly to identify climate-related risks and opportunities across the short-, medium- and long-term horizons. Recognising the evolving nature of climate-related risks and opportunities, the Bank continues to enhance its internal frameworks, processes and climate-related analytical capabilities.

Following are the climate-related risks and opportunities across the time horizons identified by Risk Management Division:

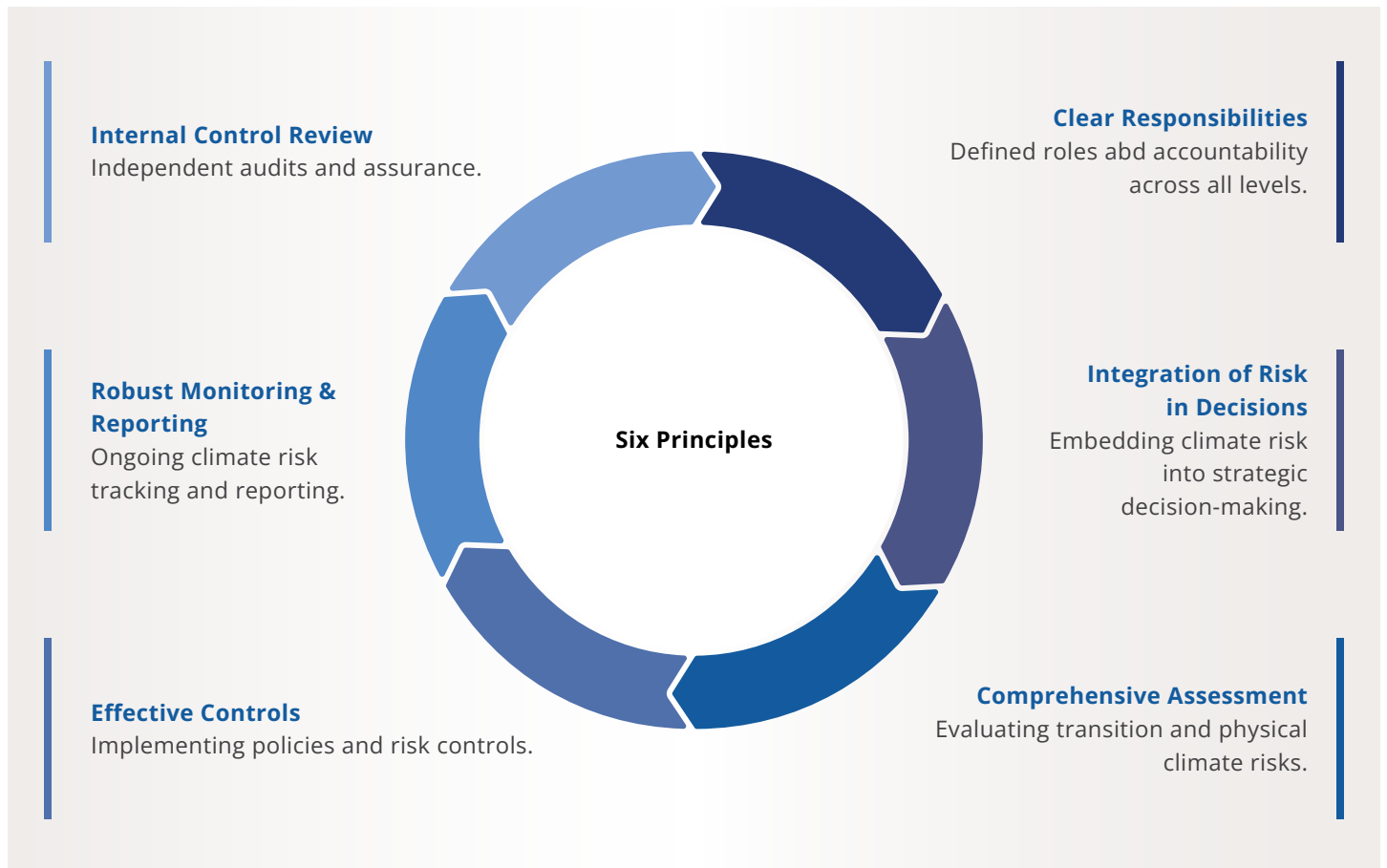
| Climate-related risks and opportunities | | |
|---|--|--|
| Short-term | Medium-term | Long-term |
| 1 | 2 | 3 |
| <ul style="list-style-type: none"> • Monthly climate related updates tabled to the Board Risk Committee • Data sanitization on customer's CCPT at MIS • Enhancement of Summary CCPT Assessment • Review on Policy on Climate Risk Management • Provides independent review on product proposal or initiatives driven by Product Development Department | <ul style="list-style-type: none"> • E-learning module on Climate-related risk • Progressively integrating climate related parameters into the Bank's stress testing | <ul style="list-style-type: none"> • Leveraging climate insights to guide the Bank's strategic direction, including business planning, portfolio alignment and operational improvements |

To strengthen the Bank's ability to monitor and report climate-related exposures more effectively, the Bank is enhancing the digitalisation of its Climate Change and Principle-based Taxonomy (CCPT) database within the Management Information System (MIS). This enhancement aims to improve the accuracy, timeliness and accessibility of CCPT related data, enabling more seamless tracking of customer classifications, portfolio risk shifts and compliance with regulatory expectations. In FY2025, a total of 136 customers underwent CCPT assessments, supporting more robust portfolio level climate risk insights and reporting. The evaluation helps the Bank to track the customer's classification for the purpose of portfolio risk and regulatory reporting to internal & BNM.

As part of its risk mitigation approach, the Bank analyses CCPT classifications to determine customers' transition readiness to facilitate for internal & regulatory reporting to BNM. Through this assessment, the Bank identifies customers with potential for transition and engages them with appropriate advisory support and sustainability aligned financing solutions. This approach ensures that climate-related risks are proactively managed while supporting customers' progression towards lower carbon operating models.

Sustainability Journey

The Bank's Risk Management Strategies are anchored on six (6) principles:



These principles support a risk appetite that is linked to strategic objectives, capital and business plans and is translated into risk limits and qualitative statements (e.g., reputational risk) across business lines. Climate considerations are incorporated within this risk appetite statement.

2.3 CLIMATE-RELATED SCENARIO ANALYSIS AND STRESS TESTING

The Bank conducts climate related scenario analysis and stress testing to assess the potential financial and operational impacts of climate change across its portfolios. These exercises form a core component of the Bank's Risk Management Framework and align with BNM's Climate Risk Stress Testing (CRST) methodology, which sets expectations around scenario design, time horizons, technical parameters and counterparty assessments.

In accordance with the CRST requirements, EXIM Bank's climate stress testing covers both on and off-balance sheet exposures, including commitments, guarantees and contingent liabilities, ensuring a comprehensive view of vulnerabilities under different climate pathways. The assessment incorporates physical risks — such as extreme weather events and asset impairment as well as transition risks, including regulatory shifts.

The results of climate related stress tests are integrated into informing risk appetite calibration, portfolio monitoring and client engagement. The results under the Delayed Net Zero ("DNZ") scenario indicate differing levels of Expected Credit Loss (ECL) impact across sectors in the years 2025, 2030 and 2050. The Top Five (5) sectors with the highest simulated ECL are highlighted in the analysis are Transportation and Storage, Mining and Quarrying, Construction, Manufacturing and Electricity, Gas, Steam and Air Conditioning Supply, with the Electricity, Gas, Steam and Air Conditioning Supply sector showing the most pronounced potential increase in Year 2050. Although the Financial and Insurance/Takaful Activities sector records the largest overall change in ECL under the scenario, its contribution to the Bank's total ECL remains comparatively small due to its limited portfolio exposure.

These insights strengthen EXIM Bank's ability to anticipate emerging climate vulnerabilities, support forward looking risk assessments and guide resource allocation toward sectors and customers better positioned for low-carbon transition. The Bank has completed and submitted the CRST within the stipulated regulatory timeframe, demonstrating adherence to national climate risk supervisory standards.

As climate risk evolves, EXIM Bank continues to enhance its climate risk stress testing capabilities by improving data quality, refining modelling approaches and strengthening linkages between climate scenarios and enterprise-wide risk metrics. These ongoing enhancements support the Bank's broader objective of embedding climate considerations into risk management practices and ensuring long-term resilience of its business model.

2.4 REALISING OUR STRATEGY

> Sustainability-linked Financing Facilities

Under the Green Global Initiative that was launched in September 2024 by YB Datuk Seri Utama Tengku Zafrul, the former Minister of Investment, Trade and Industry (MITI), EXIM Bank has pledged the amount of RM1.5 billion for Green Financing Schemes up to FY2027.

In FY2025, RM881million has been approved for Sustainability-Linked Financing representing 19 clients and RM234 million has been approved for Sustainability-linked Insurance/Takaful representing 16 clients in supporting social and environmental green activities/business.

> Carbon Calculation Advisory Service (CCAS)

The Bank offers a complimentary carbon calculation software platform to assist customers in quantifying Scope 1 and Scope 2 emissions. This initiative aims to enhance customers' readiness in addressing international trade requirements and environmental disclosure obligations.

60 customers were supported for the Carbon Calculation Advisory Service (CCAS) under the Green Global Initiative. 4 interactive sessions were carried out to enlighten the customers on the importance and benefit of carbon emission calculation and related matters such as exposure to carbon tax and carbon credits, carbon reporting requirements for exporters.

Sustainability Journey

Regenerative Agriculture: Biochar Initiative

In 2025, the Bank continued to support the exploration of regenerative agriculture solutions as part of its commitment to facilitate the transition of Malaysia's export-oriented sectors towards a lower-carbon and more climate-resilient future.

Building on the biochar project in collaboration with non-profit organisation Wild Asia Sdn Bhd, the Bank remained focused on assessing practical and scalable nature-based solutions that could contribute to emissions reduction, carbon sequestration and the long-term decarbonisation of key export industries, while creating positive environmental and socio-economic value.

A significant milestone was achieved in May 2025 when the Project site was successfully certified under the Global Artisan C-Sink standards by Carbon Standards International, making it Malaysia's first certified artisanal biochar production unit under these standards. With an estimated capacity to generate up to 100 verified carbon credits annually, the Project also demonstrated the potential to create high-integrity carbon assets through independently verified carbon removals while creating opportunities for future carbon market participation and innovative green financing solutions.

Beyond its carbon removal potential, the Project has also generated positive environmental and socio-economic outcomes through the distribution and application of activated biochar-compost by indigenous smallholder farmers in rural Sabah. Project findings indicated up to 60% lower farm-level emissions, alongside improvements in agricultural productivity, including higher Fresh Fruit Bunch (FFB) yields and improved Crude Palm Oil (CPO) quality. Farmers also recorded an estimated 40-50% increase in income at comparable farm cost level, primarily driven by reduced chemical fertiliser usage, highlighting the broader potential of regenerative agriculture in strengthening the resilience and livelihoods of rural farming communities.

Moving forward, the Bank will continue to support practical transition initiatives that integrate emissions reduction, carbon sequestration, circular economy principles and inclusive socio-economic development. In doing so, the Bank aims to facilitate innovative and scalable solutions that support Malaysia's decarbonisation ambitions while strengthening the long-term sustainability and competitiveness of its export-oriented industries.

3 RISK MANAGEMENT

3.1 CLIMATE RISK IDENTIFICATION AND ASSESSMENT

The Bank's Risk Management Framework sets out the key principles, roles and functions that guide the management of risks across the organisation, including those arising from climate change. The framework addresses both transition risks, which encompass efforts to manage economic disruptions through long-term transition strategies for customers and scenario analysis of future emissions pathways financed by the Bank, and physical risks, which relate to weather and climate driven impacts on internal operations and business activities, including exposure of data centres and critical infrastructure to climate hazards.

As part of its governance principles, the Bank ensures that operational risks including climate-related risks are identified and assessed for all material products, activities, processes and systems, with new initiatives subjected to comprehensive risk assessments prior to implementation. Climate risk identification and assessment are embedded into customer financing evaluations at both initiation and review stages to ensure alignment with internal policies and procedures. The classifications of CCPT were reviewed independently by the Credit Risk Department before any financing application proceeds for approval.

3.2 INTEGRATION INTO OVERALL RISK MANAGEMENT

Under EXIM Bank's Risk Management Framework, climate risk is treated as an emerging and increasingly material risk, integrated across the full risk lifecycle. This lifecycle covers Risk Identification, Risk Assessment, Risk Measurement, Treatment & Control, and Risk Monitoring & Reporting, ensuring that climate-related considerations are embedded into the Bank's broader risk governance processes.

Methodologies and tools such as Risk and Control Self Assessment (RCSA), Key Risk Indicator (KRI), Key Control Test (KCT), and Risk and Business Impact Assessment (RABIA) are applied where relevant to assess and monitor climate linked exposures, with escalation to senior management and Board committees in accordance with established governance protocols.

Illustrations of Climate Related Mitigations (Aligned to RMF Principles)

| Risk Type | Climate-Relevant Mitigations |
|--|---|
| Credit Risk | Integrating climate considerations into independent credit evaluations; assessing transition and physical climate risks within Financing Proposal Paper (FPP) reviews; incorporating climate related indicators into Significant Increase in Credit Risk (SICR) monitoring; aligning underwriting with the Bank's risk appetite. |
| Liquidity Risk | The Bank applies forward looking stress testing to identify climate related liquidity pressures and maintain adequate buffers and contingency funding plans. Embedding climate assumptions into liquidity planning mitigates market disruptions, safeguards funding stability, and strengthens resilience under adverse climate impacted conditions. |
| Operational Risk | The Bank manages climate related operational risk across people, processes, facilities and third party dependencies. This includes strengthened business continuity, incident response and recovery arrangements, supported by governance oversight to proactively address climate driven disruptions and ensure continuity of critical operations and customer services. |
| Information and Cyber Security Risk | The Bank reinforces its information and cyber security controls to protect critical systems and data from climate-related and technology driven threats. Strengthened monitoring, recovery capabilities, and governance oversight support system availability, data integrity, and uninterrupted digital services during adverse climate events. |
| Compliance Risk | Updating policies and controls to reflect evolving climate-related regulatory requirements; conducting climate-related compliance reviews; strengthening staff awareness and training on regulatory developments. |
| Climate-related Risk | Embedding climate considerations into risk management processes and methodologies for evaluating physical and transition risks; integrating climate factors into governance, operations and reporting. |

Sustainability Journey

Following are the areas and achievements on the process of identifying and assessing, managing & integrating climate related risk into overall risk management:

| Risk Integration | Decision Making | Risk Exposure Assessment | Customer Support | Risk Controls | Capability Enhancement |
|--|---|---|---|--|--|
| <p>✓</p> <p>Embedded climate risks into credit, market, operational and liquidity assessments.</p> | <p>✓</p> <p>Integrated climate factors into financing, underwriting, ratings and pricing.</p> | <p>✓</p> <p>Assessed physical & transition risks at portfolio, transaction and geographic levels.</p> | <p>✓</p> <p>Provided sustainable-finance solutions and transition advisory.</p> | <p>✓</p> <p>Applied risk-based considerations for higher-risk sectors.</p> | <p>✓</p> <p>Improved data quality, scenario-analysis tools and predictive methodologies.</p> |

4 METRICS AND TARGETS

4.1 ENTERPRISE CARBON EMISSIONS

EXIM Bank employs the Greenhouse Gas (GHG) Protocol as its standard for calculating Scope 1 and 2 emissions. After evaluating several international methodologies, the GHG Protocol was adopted for its international recognition, methodological rigour, transparency, and consistency with global best practices.

EXIM Bank adopts an operational control approach under the GHG Protocol to define its organisational boundary. Under the operational control approach, EXIM Bank accounts for emissions from operations, assets, and facilities over which the Bank has full authority to introduce and implement operating policies such as:

| | | |
|------------------------|--------------------------|---|
| Company-owned vehicles | On-site diesel generator | Electricity consumption at EXIM Bank's offices and data centres |
|------------------------|--------------------------|---|

| Scopes | Total FY2025 | Emission factors applied: |
|------------------|------------------|--|
| Scope 1 | | |
| Company vehicles | RM16,422.81 | Petrol combustion: approximately 2.3 – 2.5 kg CO ₂ per litre of fuel consumed |
| Generator | nil | Diesel combustion (generator): standard fuel based emission factor applied per litre of diesel consumed |
| Scope 2 | | |
| Electricity | 2,067,751.04 kwh | Location based Grid Emission Factor (Peninsular Malaysia): 0.78 tCO ₂ e per MWh (or equivalent factor per kWh), based on the Peninsular Grid based Emission Factor (GBEF) for the reporting year Location based Grid Emission Factor (Sarawak-2023): 0.206 tCO ₂ e per MWh (equivalent to 0.000206 tCO ₂ e per kWh), based on Sarawak Energy Berhad (SEB) annual and sustainability reports and consolidated under Malaysia's Grid Emission Factor (GEF) in Malaysia (2022–2024, Provisional) publication. |

The Bank has subscribed to PANTAS for its tools for calculating carbon emissions scopes. The results are as follows:

| Scope 1 Emissions (tCO ₂ e) | | Scope 2 Emissions (tCO ₂ e) | |
|--|-------|--|----------|
| 2019 (baseline) | 56.30 | 2019 (baseline) | 1,759.00 |
| 2024 | 12.62 | 2024 | 1,655.18 |
| 2025 | 17.62 | 2025 | 1,618.78 |

The emission data above represents the HQ, 3 regional offices and 3 data centres:

- Scope 1 emissions decreased by 69% relative to the 2019 baseline but increase 39.6% compared to last year. This is primarily caused by the heavy usage of company cars in encouraging staff/officials for carpooling to meetings outside the office. This action is to reduce carbon emission by staff personal travelling for official meetings.
- Scope 2 emissions declined by 2.2%, compared to FY2024, reflecting the effectiveness of energy efficiency initiatives across the Bank's offices and data centres. The bank has set up initiative and campaign in promoting energy reduction usage in the office.
- Both scope 1 and 2 carbon emission results in FY2025 are below the FY2019 baseline.

Sustainability Journey

4.2 CARBON REDUCTION INITIATIVES

The main contributor for EXIM carbon emission derives from Scope 2: electricity consumption. Efforts have been taken in collaboration with the Bank's Property and Administration department initiating several methods to reduce scope 2 as follows:

Scope 2 Reduction Activities Conducted in 2025

- **Adjustment of AC Temperature**
 - Office temperature increased to 23–25°C to reduce energy use.
 - AC operating hours shortened to 8:30am–5:30pm.
 - Chiller usage optimised: two (2) in the morning, one (1) in the afternoon.

- **Lift Zoning Strategy**
 - Lift operations optimised by floor zoning to reduce movement and energy use.
 - Goods and emergency lifts deactivated during normal hours.
 - Two (2) lifts shut down during non-peak periods.

- **Targeted Awareness Competition and Campaign championed by Property and Administration Department (PAD)**
 - Internal electricity-saving competition held from August–December 2025 to promote responsible energy use and support Scope 2 reductions.

Emission reductions were primarily driven by improved energy efficiency, operational optimisation and behavioural change initiatives.

4.3 RECOGNITION ON SCOPE 1 AND 2 REPORTING

To enhance transparency and data reliability, the Bank obtained recognition from British Standards Institution (BSI) on its Scope 1 and Scope 2 carbon emission calculation for FY2025.

BSI an international business standards company that helps organisations make excellence a habit through standards creation, system certification, supplier verification and training activities that help organisations manage risk, reduce costs and ensure sustainability. In the EXIM context, this refers to the application of the International Standard on Assurance Engagements (ISAE) 3000 for assurance on EXIM's carbon emissions reporting.

The engagement was conducted in accordance with internationally recognised assurance standards and provides an independent assessment of the accuracy and completeness of disclosed emissions data.

5 OUTLOOK - FY2026

Looking ahead, the Bank will continue to strengthen climate risk integration across governance, strategy and operations. Priorities for the coming financial year include:

- Enhancing climate scenario analysis capability.
- Expanding green and sustainability-linked financing solutions with new product launching.
- Increasing customer transition advisory support.
- Strengthening climate-related data governance and disclosure transparency.

As part of the broader BPMB Group integration, the Bank remains committed to supporting Malaysia's economic transformation while continuing to discharge its responsibilities in environmental stewardship. With the Group becoming larger and operating under multiple mandates, there is a need to reassess and rebuild the Materiality Assessment framework. Accordingly, the Materiality Assessment will be redesigned at group level to address the evolving challenges and complexities of a larger, integrated organisation.

Corporate Events

JANUARY

| Date | Event |
|------------------------|-----------------------------------|
| 23 JANUARY 2025 | EMPLOYEE AWARD CELEBRATION |



EXIM Bank Malaysia proudly honours employees who exemplify our core values — Openness, Teamwork, Accountability, Efficiency, and Integrity. Their dedication and performance continue to elevate our culture and advance the Bank's mission.

| Date | Event |
|------------------------|--|
| 28 JANUARY 2025 | EMPOWERING BUMIPUTERA SMES FOR GLOBAL SUCCESS |



EXIM Bank Malaysia, in partnership with Dunia Mexpro Consultancy, successfully delivered the Export Acceleration Programme – Japan Bootcamp. This strategic initiative equips businesses with the market intelligence and capabilities needed to compete internationally — cultivating globally ready entrepreneurs primed to thrive in Japan and beyond.

Corporate Events

FEBRUARY

| Date | Event |
|-------------------------|--|
| 12 FEBRUARY 2025 | SANTUNI MADANI PROGRAMME AT KAMPUNG DELEK KLANG |



Under the MADANI Government’s "One Leader, One Village" initiative, EXIM Bank Malaysia reaffirms its commitment to grassroots community engagement. The Bank contributed RM5,000 to Kampung Delek Religious Primary School, Klang — serving over 1,000 pupils — underscoring our dedication to education, social development, and inclusive nation-building.

| Date | Event |
|-------------------------|--|
| 28 FEBRUARY 2025 | FINANCING FACILITIES AGREEMENT CEREMONY WITH URBAN PINNACLE SDN BHD |



EXIM Bank Malaysia was pleased to participate in the Groundbreaking Ceremony officiated by YAB Tuan Chow Kon Yeow, Chief Minister of Penang, alongside Urban Pinnacle Sdn Bhd. The ceremony marked the commencement of two (2) 20-storey workers’ village towers in Penang — a landmark development financed by the Bank, reflecting our commitment to sustainable infrastructure and community wellbeing.

MARCH

| Date | Event |
|----------------------|---|
| 25 MARCH 2025 | IFTAR RAMADAN GATHERING TOGETHER WITH CHILDREN FROM PERTUBUHAN RAHOMA DARUL FAKIR MALAYSIA |



EXIM Bank Malaysia was honoured to host an Iftar Ramadan gathering with children from Pertubuhan Rahoma Darul Fakir Malaysia. Rooted in the spirit of compassion and generosity, the occasion brought EXIMers and the children together in a warm celebration of shared humanity — affirming the Bank's dedication to meaningful community outreach during the blessed month of Ramadan.

| Date | Event |
|----------------------|--|
| 26 MARCH 2025 | HARI RAYA SHOPPING SPREE WITH PERTUBUHAN KEBAJIKAN NUR HATI |



EXIM Bank Malaysia volunteers treated children from Pertubuhan Kebajikan Nur Hati to a joyful Hari Raya shopping spree — a heartfelt expression of the Bank's values of inclusivity and social responsibility, and a reminder that festive celebrations are most meaningful when shared with those who need it most.

Corporate Events

APRIL

| Date | Event |
|----------------------|---|
| 14 APRIL 2025 | EXIM BANK SUPPLIER FINANCING FACILITY AGREEMENT WITH PERTAMA FERROALLOYS SDN BHD |



EXIM Bank Malaysia formalised a Supplier Financing Facility Agreement with Pertama Ferroalloys Sdn Bhd at the Malaysia Pavilion, World Expo 2025, Osaka. This milestone advances the Bank’s mission of empowering Malaysia’s export-driven industries — broadening access to capital, spurring sustainable growth, and elevating the nation’s standing in global markets.

| Date | Event |
|----------------------|--|
| 28 APRIL 2025 | SEMARAK AIDILFITRI EXIM BANK MALAYSIA CELEBRATION |



Semarak Aidilfitri 2025 united valued customers, strategic partners, industry peers, and dedicated staff in a vibrant celebration of gratitude and shared success. The gathering embodied the festive spirit of Aidilfitri — nurturing lasting relationships and reinforcing EXIM Bank Malaysia’s vision of growing together as one community.

MAY

| Date | Event |
|------------|---|
| 8 MAY 2025 | EXIM BANK MALAYSIA EXCHANGED MOU WITH MARRYBROWN SDN BHD |



EXIM Bank Malaysia exchanged a Memorandum of Understanding with Marrybrown Sdn Bhd at Franchise International Malaysia 2025, witnessed by YB Datuk Ewon Benedick, Minister of Entrepreneur and Cooperative Development. A proud milestone for Malaysian enterprise, this alliance channels the Bank's financing expertise toward amplifying the global reach of a beloved homegrown brand.

| Date | Event |
|-------------|--|
| 20 MAY 2025 | EXIM BANK MALAYSIA FORGED STRATEGIC PARTNERSHIPS WITH NAICO AND PWN EXCELLENCE THROUGH THE EXCHANGE OF MOUS |



At the Langkawi International Maritime and Aerospace Exhibition (LIMA) 2025, EXIM Bank Malaysia signed MoUs with NAICO and PWN Excellence — forging alliances that mark a pivotal step in elevating Malaysia's aerospace industry. These partnerships channel targeted financing and strategic cooperation toward building world-class capabilities and securing a stronger foothold in international markets.

Corporate Events

| Date | Event |
|-------------|--|
| 22 MAY 2025 | EXIM BANK MALAYSIA SIGNED A SHARIAH-COMPLIANT FINANCING AGREEMENT WITH MAC WORLD FOOD INDUSTRIES L.L.C, A SUBSIDIARY OF MAC WORLD GROUP |



On the sidelines of the Islamic Development Bank Annual Meeting in Algeria, EXIM Bank Malaysia signed a Shariah-compliant financing agreement with Mac World Food Industries L.L.C, a subsidiary of Mac World Group. Facilitating the construction of a high-tech packaging facility in Dubai, this deal advances halal value-added manufacturing and exemplifies the Bank's role as a catalyst for sustainable cross-border investment through innovative Islamic financing.

| Date | Event |
|-------------|---|
| 27 MAY 2025 | EXIM BANK MALAYSIA AND BANK PEMBANGUNAN MALAYSIA FINANCING INITIATIVE TO SUPPORT DUTA MARINE SDN BHD |



EXIM Bank Malaysia and Bank Pembangunan Malaysia inaugurated their first joint financing initiative since the merger — a defining moment in the BPMB Group's evolving partnership. By co-financing the conversion of FSO Puteri Dulang for Duta Marine Sdn Bhd, both institutions demonstrate a unified resolve to strengthen Malaysia's maritime and energy sectors through high-impact, value-driven solutions.

JUNE

| Date | Event |
|---------------------|--|
| 18 JUNE 2025 | EXIM BANK MALAYSIA REAFFIRMED ITS COMMITMENT TO COMMUNITY ENGAGEMENT AND ENVIRONMENTAL SUSTAINABILITY |



Through Amanah Rimba Adventures, EXIM Bank Malaysia took its social impact agenda into the heart of the Royal Belum Rainforest. Over three immersive days, EXIMers engaged with the Orang Asli community of Kampung Klewang — embracing the Mawaddah spirit of purposeful giving and genuine human connection, while deepening respect for Malaysia's irreplaceable natural heritage.

Corporate Events

| Date | Event |
|--------------|--|
| 26 JUNE 2025 | EXIM BANK MALAYSIA'S MALAYSIA GLOBAL CONNECT (MGC) PROGRAMME SAUDI ARABIA INVESTMENT WORKSHOP |



Under the Malaysia Global Connect (MGC) Programme and in alignment with Saudi Vision 2030, EXIM Bank Malaysia hosted the Malaysia–Saudi Arabia Investment Workshop. The platform fostered focused dialogue and bilateral knowledge exchange, strengthening economic ties and positioning both nations to seize new cross-border opportunities with greater confidence and clarity.

JULY

| Date | Event |
|-------------|---|
| 9 JULY 2025 | EXIM BANK MALAYSIA SEALED A FINANCING DEAL WITH MARRYBROWN AUSTRALIA |



EXIM Bank Malaysia has concluded a financing agreement with Marrybrown Australia to drive the opening of 10 new outlets across Melbourne. This deal champions the international ascent of Malaysia’s halal franchise sector — propelling a homegrown success story onto the world stage and demonstrating the Bank’s resolve to back Malaysian brands wherever ambition takes them.

| Date | Event |
|---------------------|---|
| 28 JULY 2025 | CORPORATE HEROES EXPERIENCE SHARING SESSION (CHESS) WITH PROBASE SDN BHD |



The CHESS session with Probase Sdn Bhd brought together industry leaders in a candid exchange of entrepreneurial experiences, leadership philosophies, and hard-won lessons. Participants gained firsthand perspectives on navigating adversity, seizing opportunity, and making decisive calls under pressure — a compelling reminder that resilience and strategic clarity are the hallmarks of enduring business success.

AUGUST

| Date | Event |
|-----------------------|--|
| 22 AUGUST 2025 | EXIM BANK MALAYSIA'S CUSTOMER APPRECIATION ENGAGEMENT SESSION |



EXIM Bank Malaysia convened a dedicated Customer Appreciation Engagement to deepen stakeholder relationships and foster open dialogue. Anchored by a comprehensive market insights presentation covering economic trends and emerging opportunities, the session enabled candid exchanges that sharpened mutual understanding, aligned strategic priorities, and reaffirmed the Bank's role as a trusted financial partner driving sustainable growth.

Corporate Events

| Date | Event |
|----------------|--|
| 26 AUGUST 2025 | EXIM BANK MALAYSIA'S MALAYSIA GLOBAL CONNECT (MGC) PROGRAMME IN COLLABORATION WITH THE SOUTH AFRICAN HIGH COMMISSION AND WESGRO |



Under the Malaysia Global Connect (MGC) Programme, EXIM Bank Malaysia — in collaboration with the South African High Commission and WESGRO — hosted an insightful workshop on trade and investment opportunities in South Africa. The session spotlighted key market prospects and bilateral collaboration avenues, advancing the Bank's agenda of equipping Malaysian businesses with the intelligence and networks needed to expand into high-potential international markets.

| Date | Event |
|----------------|--|
| 27 AUGUST 2025 | CORPORATE HEROES EXPERIENCE SHARING SESSION (CHESS) WITH MARRYBROWN |



The CHESS session with Marrybrown offered participants an exclusive look into the brand's rise as a globally recognised halal franchise. Through frank conversations on leadership, strategic pivots, and the discipline behind sustainable growth, speakers delivered lessons that transcended industry — inspiring attendees to think boldly, adapt decisively, and pursue ambition with conviction in today's competitive landscape.

| Date | Event |
|----------------|--|
| 28 AUGUST 2025 | EXIM BANK MALAYSIA CELEBRATION OF ITS 30TH ANNIVERSARY |



EXIM Bank Malaysia commemorated three decades of nation-building excellence, bringing together the Board of Directors, Shariah Committee, Senior Leadership Team, EXIMers, and colleagues from SME Bank and BPMB. Coinciding with the 68th Merdeka Day, the milestone celebration paid tribute to the Bank's legacy of resilience and impact — while renewing a collective resolve to drive Malaysia's economic progress for the decades ahead.

Corporate Events

SEPTEMBER

| Date | Event |
|--------------------------|---|
| 30 SEPTEMBER 2025 | SUSTAINABILITY LUNCH TALK FEATURING MAYA KARIN |



EXIM Bank Malaysia hosted a Sustainability Lunch Talk featuring environmental advocate Maya Karin, whose personal journey and authentic storytelling sparked meaningful reflection on individual responsibility and collective action. Her message was clear: purpose, not perfection, drives change. The session galvanised EXIMers to embed sustainability as a lived value — and to recognise that each conscious choice contributes to a larger, more enduring impact.

OCTOBER

| Date | Event |
|-----------------------|---|
| 3 OCTOBER 2025 | EXIM BANK MALAYSIA TOGETHER WITH SME BANK AND BPMB SUSTAINABILITY PROGRAMME AT PAYA INDAH DISCOVERY WETLANDS |



EXIM Bank Malaysia, alongside SME Bank and BPMB, spent a purposeful day at Paya Indah Discovery Wetlands — planting trees, engaging with the natural ecosystem, and visiting the Wetlands Arboretum Centre. More than a conservation activity, the experience grounded participants in a shared responsibility to protect Malaysia's biodiversity, translating the Bank's sustainability agenda from principle into tangible, collective action.

| Date | Event |
|------------------------|---|
| 22 OCTOBER 2025 | CORPORATE HEROES EXPERIENCE SHARING SESSION (CHESS) WITH MUNIF HIJAZ MARKETING SDN BHD |



The CHESS session with Munif Hijaz Marketing Sdn Bhd placed the spotlight on the grit, strategy, and vision behind the company's ascent in a competitive marketplace. Speakers offered unfiltered accounts of pivotal decisions, setbacks navigated, and breakthroughs achieved — equipping participants with practical frameworks for embracing innovation and steering their own organisations toward long-term resilience.

| Date | Event |
|------------------------|--|
| 27 OCTOBER 2025 | EXIM BANK MALAYSIA AND EXPORT FINANCE AUSTRALIA (EFA) INK STRATEGIC MOU |



EXIM Bank Malaysia and Export Finance Australia (EFA) formalised a Memorandum of Understanding to deepen bilateral cooperation across trade and investment in Southeast Asia. The agreement charts a shared course toward facilitating sustainable trade, driving cross-border innovation, and advancing regional economic development — uniting two export finance institutions behind a common vision of impactful, future-focused financing.

Corporate Events

NOVEMBER

| Date | Event |
|------------------------|---|
| 4 NOVEMBER 2025 | EXIM BANK MALAYSIA EXTEND ISLAMIC OVERSEAS INVESTMENT FINANCING FACILITY TO BERJAYA OKINAWA INVESTMENT (S) PTE LTD |



EXIM Bank Malaysia has extended a USD70 million Islamic Overseas Investment Financing facility to Berjaya Okinawa Investment (S) Pte Ltd, supporting the development of the Four Seasons Resort & Private Residences in Okinawa, Japan. This transaction exemplifies the Bank's capability in structuring Shariah-compliant cross-border investments, enabling Malaysian enterprises to establish a credible presence in high-value global markets.

| Date | Event |
|------------------------|--|
| 6 NOVEMBER 2025 | EXIM BANK MALAYSIA EXCHANGE TWO STRATEGIC MOUs WITH PTRB AND SINOSURE AT MIHAS SHANGHAI |



At MIHAS Shanghai 2025, EXIM Bank Malaysia concluded two strategic MoUs with PT Resources Holdings Berhad (PTRB) and China Export & Credit Insurance Corporation (SINOSURE). These alliances mark a significant step in broadening the Bank's international trade facilitation network, opening new corridors for growth and reinforcing its standing as a key enabler of Malaysia's global commercial ambitions.

| Date | Event |
|------------------|--|
| 18 NOVEMBER 2025 | EXIM BANK MALAYSIA AND MNS CREDIT MANAGEMENT GROUP PTE LTD SIGN MOU AT ASIAN EXIM BANKS FORUM |



At the Asian EXIM Banks Forum 2025, EXIM Bank Malaysia and MNS Credit Management Group Pte Ltd signed a Memorandum of Understanding to advance cooperation in credit risk management and debt recovery. The agreement facilitates institutional knowledge exchange and best-practice alignment — bolstering the Bank’s risk management capabilities and supporting the integrity of its trade financing operations.

| Date | Event |
|------------------|---|
| 28 NOVEMBER 2025 | CORPORATE HEROES EXPERIENCE SHARING SESSION (CHESS) WITH BHAVANI FOODS (M) SDN BHD |



The CHESS session with Bhavani Foods (M) Sdn Bhd brought to life the determination, values, and strategic acumen that have defined the company’s growth trajectory. Through unscripted dialogue and real-world narratives, speakers illuminated the principles behind sound leadership and adaptive thinking — leaving participants with fresh perspectives and renewed motivation to build businesses that are both competitive and enduring.

Corporate Events

DECEMBER

| Date | Event |
|-----------------|---|
| 1 DECEMBER 2025 | EXIM BANK MALAYSIA STRENGTHENS COMMUNITY ENGAGEMENT THROUGH MAJLIS SANTUNI MADANI AT KAMPUNG AMPANG CAMPURAN |



EXIM Bank Malaysia joined residents of Kampung Ampang Campuran for the Gotong-Royong Programme and Majlis Santuni Madani — a grassroots initiative built on the spirit of unity and mutual care. Volunteers worked side by side with the local community to uplift the neighbourhood, forging genuine connections and embodying the Bank's belief that sustainable nation-building begins at the community level.

Financial Statements

| | |
|--|-----|
| Directors' Report | 110 |
| Shariah Committee's Report | 115 |
| Statement by Directors | 120 |
| Statutory Declaration | 120 |
| Independent Auditors' Report | 121 |
| Consolidated Statement of Financial Position | 126 |
| Statement of Financial Position | 127 |
| Statements of Profit and Loss | 128 |
| Statements of Comprehensive Income | 129 |
| Statements of Changes in Equity | 130 |
| Statements of Cash Flows | 131 |
| Notes to the Financial Statements | 133 |

Directors' Report

The Directors have pleasure in presenting their report and the audited financial statements of the Group and of the Bank for the financial year ended 31 December 2025.

Principal activities

The Bank is principally engaged in the business of banking in export and import by granting credit, issuing guarantees and providing other related services. The Bank is also engaged in the provision of export and domestic credit insurance facilities, takaful facilities and trade related guarantees to Malaysian companies and other foreign companies with Malaysian shareholding.

The principal activities of the subsidiaries are as disclosed in Note 14 to the financial statements.

There have been no other significant changes in the nature of the Group's and the Bank's principal activities during the financial year.

Results

| | Group RM'000 | Bank RM'000 |
|-------------------|-----------------|----------------|
| Loss for the year | (81,311) | (81,311) |

There were no material transfers to or from reserves during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Bank during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The Directors do not recommend any dividend payment on ordinary shares for the current financial year.

Directors

The names of the Directors of the Bank in office since the beginning of the financial year to the date of this report are:

Dato' Charon Wardini Mokhzani (Chairman)

Raymond Fam Chye Soon

Dr. Mastura Abdul Karim

Abdul Aziz Abu Bakar

Lee Eng Huat

Dato' Mastura Ahmad Mustafa

Datuk Bahria Mohd Tamil

(Appointed on 14 November 2025)

(Tenure ended on 1 October 2025)

Directors' Report

Directors (cont'd.)

The names of the Directors of the Bank's subsidiaries in office since the beginning of the financial year to the date of this report are:

Malaysian Export Credit Insurance Berhad

Wan Noorazli Maula Wan Suleiman
Hasrin Hj Abdul Rahim

EXIM Sukuk Malaysia Berhad

| | |
|-----------------------------|-------------------------------|
| Norhayati binti Azit | |
| Aqeel bin Mokhtar | (Appointed on 7 January 2025) |
| Muhamad Firdaus bin Mokhtar | (Appointed on 20 March 2025) |
| Rupavathy A/P Govindasamy | (Resigned on 7 January 2025) |
| Ng Jui Shan | (Resigned on 20 March 2025) |

None of the Directors at the end of the financial year held any direct interest in the shares of the Bank or its related companies during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Bank has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by Directors or the fixed salary of a full time employee of the Bank as shown below) by reason of a contract made by the Bank or a related company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Directors' benefits are as follows:

| | RM'000 |
|------------------|---------------|
| Fees | 1,965 |
| Other emoluments | 36 |
| | 2,001 |

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Bank to acquire benefits by means of the acquisition of shares in, or debentures of the Bank or any other corporate body.

The Group and the Bank has maintained a Directors' and Officers' Liability Insurance ("Group's D&O Insurance") on a group basis up to an aggregate limit of RM50 million against any legal liability incurred by the Directors and Officers in the discharge of their duties. The Directors and Officers shall not be indemnified by such insurance for any deliberate negligence, fraud, international breach of law or breach of trust proven against them.

Total premium amount paid for indemnity insurance effected for the Directors and Officers of the Bank for the financial year amounted to RM184,000.

Directors' Report

Rating by External Rating Agencies

Rating agencies namely Fitch Ratings, Moody's Investors Service and RAM Ratings have re-affirmed the Bank's rating during their annual review as follows:

| Rating agencies | Date | Ratings |
|---------------------------|------------------|---|
| Fitch Ratings | 25 July 2025 | Long-term Foreign Currency Issuer Default Rating: BBB+ Support Rating Floor: BBB+ Senior Unsecured Notes: BBB+ Outlook: Stable |
| Moody's Investors Service | 29 May 2025 | Long-term Foreign Currency Issuer: A3 Senior Unsecured Rating: A3 Long-term Ratings (Exim Sukuk Malaysia Berhad): A3 Outlook: Stable |
| RAM Ratings | 24 February 2026 | Financial Institution Ratings (Long-term): AAA, (Short-term) : P1 Long-term Global Scale Rating (Exim Sukuk Malaysia Berhad): gA2(s) Outlook: Stable (Short-term) : gP1 |

Issue of shares and debentures

There were no changes in the issued and paid up capital of the Bank during the financial year.

There were no issuance of debentures during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Bank during the financial year.

Directors' Report

Other statutory information

- (a) Before the statements of financial position, statements of profit or loss and statements of comprehensive income of the Group and of the Bank were made out, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Bank inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Bank misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Bank misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Bank which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Bank which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group and of the Bank which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
 - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Bank to meet its obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Bank for the financial year in which this report is made.

Directors' Report

Other statutory information (cont'd.)

- (g) Before the statements of financial position, statements of profit or loss and statement of comprehensive income of the Group and the Bank were made out, the Directors took reasonable steps to ascertain that there was adequate provision for its Insurance and Takaful liabilities.
- (h) For the purpose of paragraph (e) (ii) and (f) (i) above, contingent and other liabilities do not include liabilities arising from insurance contracts or takaful certificates underwritten in the ordinary course of business of the Group and the Bank.

Significant and subsequent events

There have been no significant adjusting events subsequent to the financial year ended 31 December 2025.

Auditors and auditors' remuneration

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration are as follows:

| | Group RM'000 | Bank RM'000 |
|-------------------|-----------------|----------------|
| Ernst & Young PLT | 1,581 | 1,581 |

Signed on behalf of the Board in accordance with a resolution of the Directors.



Dato' Charon Wardini Mokhzani

31 March 2026



Lee Eng Huat

Shariah Committee's Report

IN THE NAME OF ALLAH , THE BENEFICENT, THE MOST MERCIFUL



All Praise is due to Allah, the Cherisher of the World, and Peace and Blessings be upon the Prophet of Allah, his Family and all his Companions.

السَّلَامُ عَلَيَّا وَعَلَىٰ آلِيَّ وَرَحْمَةُ اللَّهِ وَبَرَكَاتُهُ and "Salam Sejahtera"

Dear shareholders, customers, and stakeholders of Export-Import Bank of Malaysia Berhad ("EXIM Bank" or the "Bank"):

In carrying out the roles and responsibilities as EXIM Bank's Shariah Committee as prescribed in the Bank Negara Malaysia's ("BNM") Shariah Governance Policy Document ("SGPD") and the Bank's Shariah Committee Charter, we hereby submit the following report in respect of Shariah compliant business activities of EXIM Bank for the financial year ended 31 December 2025.

Board of Director's ("Board") Responsibility

As part of the Board's responsibility to promote sustainable growth and financial soundness of the Bank, the Board must institutionalise a robust Shariah governance framework that is commensurate with the size, complexity and nature of the Bank's business. The Board's oversight accountability over Shariah governance and compliance must reflect the integration of Shariah governance considerations within the business and risk strategies of the Bank.

Management's Responsibility

The management of the Bank shall at all times be responsible for ensuring that the Bank's business, affairs and activities in relation to its Islamic banking and credit takaful businesses (Islamic financial business) are conducted in accordance with Shariah.

Shariah Committee's Responsibility

We, the Shariah Committee of the Bank shall be responsible to form an independent advice and opinion, based on our review of the business, affairs and activities in relation to the Islamic financial business of the Bank and to produce this report. Our responsibility is to express an opinion on the state of Shariah compliance of the Bank based on our deliberation of the information obtained from the Bank during the reporting period.

The Shariah Committee of the Bank is assisted by the Secretariat to the Shariah Committee and internal control functions to carry out the specified roles under the SGPD. Shariah & Social Finance Department ("SSFD") (now known as Shariah Advisory & Islamic Strategy ("SAIS")) takes the role as the Secretariat to the Shariah Committee to carry out the functions related to Shariah advisory, research and secretarial as required under the SGPD. Meanwhile, in ensuring adequate Shariah compliance control, Shariah, Operational & Climate Risk Department, Shariah Review and Shariah Audit continuously assess and manage Shariah non-compliance ("SNC") risks, conduct Shariah review and Shariah audit respectively, in relation to the Bank's Islamic finance businesses.

Shariah Committee's Report

Shariah Committee's Responsibility (cont'd.)

During the financial year, there were fourteen (14) meetings held by the Shariah Committee of the Bank in which we reviewed and deliberated on, among others; the Bank's Islamic banking and credit takaful products, operational processes, policies and procedures relating to the Shariah matters which were presented to us by the Bank. In performing our roles and responsibilities, we had obtained the information, reports and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the Bank has complied with Shariah.

The Shariah Committee has provided appropriate advice on various aspects of the Bank's Islamic financial business to ensure compliance with applicable Shariah rules and principles as well as the relevant resolutions and rulings made by the Shariah Advisory Council ("SAC") of BNM and Securities Commission Malaysia.

Shariah & Social Finance Department

SSFD's primary mandate is the Secretariat to the Shariah Committee of the Bank. SSFD has the responsibility to provide the operational support for effective functioning of the Shariah Committee, including:

- i. Coordinating communications and disseminating information to the Shariah Committee, the Board and its committees as well as senior management;
- ii. Performing in-depth research and studies on Shariah issues;
- iii. Providing day-to-day advice to relevant parties within the Bank on Shariah matters based on the rulings of the SAC and decisions or advice of the Shariah Committee;
- iv. Ensuring proper dissemination of decisions or advice of the Shariah Committee within the Bank; and
- v. Undertaking administrative and secretarial functions to support the Shariah Committee.

Control Functions

a. Shariah Risk Management

Shariah Risk Management ("SRM") refers to a function that systematically identifies, measures, monitors and reports SNC risks in the business, affairs and activities of the Bank.

Throughout the financial year 2025, the Bank continued to strengthen its control measures and enhance governance practices to effectively manage SNC risks, in alignment with the risk appetite approved by the Board. Continuous improvements were made to ensure that SRM processes remain robust and responsive to evolving regulatory and Shariah requirements.

To support effective SRM implementation, the Bank leverages its Governance, Risk, and Compliance ("GRC") System as the central platform for Shariah risk profiling and monitoring. Key tools embedded within the GRC framework include the Risk and Control Self-Assessment ("RCSA"), Key Risk Indicators ("KRI"), Key Control Testing ("KCT"), Loss Event Database ("LED"), and Scenario Analysis/Stress Testing ("SA/ST"). Collectively, these tools enable comprehensive assessment and proactive management of Shariah risks across the Bank.

These ongoing efforts reflect the Bank's unwavering commitment to upholding the highest standards of Shariah governance and ensuring that Shariah compliance remains a cornerstone of its operational resilience and ethical conduct.

Shariah Committee's Report

Control Functions (cont'd.)

b. Shariah Review & Shariah Audit

In ensuring that the Bank's Islamic business activities are conducted in conformity with the Shariah rules and in accordance with the regulatory requirements, the Bank's Shariah Review has regularly assessed and evaluated the Bank's business activities, product features and service offered by the Bank whilst Shariah Audit provides its independent assessment and assurance on overall effectiveness of Shariah internal control system to ensure compliance of the Bank's business, affairs and activities with Shariah.

During the year, the Shariah Committee had assessed the work carried out by Shariah reviewer and provided insights from Shariah perspective to the Shariah auditor. Their reports were deliberated in the Shariah Committee meetings, where the findings became the basis for the Shariah Committee to form an opinion on its compliance with Shariah rules and principles, Shariah guidelines and rulings issued by the SAC of BNM as well as Shariah decisions and resolutions made by the Shariah Committee.

Islamic First Policy

The Shariah Committee acknowledges and fully supports the Bank's commitment to advancing Islamic financial business through its Islamic First Policy ("IFP"), which is anchored on three core principles:

a. Prioritizing Islamic Finance

Islamic financial solutions are prioritized in line with the Bank's aspiration to operate as a fully Shariah compliant development financial institution.

b. Ensuring Shariah Compliance

All Islamic financial including credit takaful activities are aligned with Shariah principles, ensuring ethical, transparent, and responsible financial practices. The Shariah Committee also commends the Bank's dedication to upholding Shariah compliance, as demonstrated through its proactive internal review processes. The identification of an SNC incident highlights the effectiveness of the IFP initiative as a key driver in fostering robust Shariah governance and maintaining a strong commitment to Shariah integrity.

c. Embedding a Shariah Compliance Culture

The Bank actively fosters a Shariah-compliant culture across all businesses, promoting continuous awareness, adherence, and integrity in Islamic finance.

Through these key principles, the Shariah Committee recognizes the significant positive outcomes driven by the implementation of the IFP. It has contributed to the growth of Islamic assets, expanded the Bank's Islamic finance portfolio and reinforced Shariah compliance across all facets of business operations.

Shariah Committee's Report

Shariah Training and Awareness

In line with the IFP agenda, in 2025, the Bank emphasized the criticality of enhancing the level of awareness and knowledge of the Bank's staff.

| No. | Programme Title |
|-----|--|
| 1 | Basic: Basic Understanding to Shariah and Islamic Finance ("SAIF") |
| 2 | Intermediate: Islamic Finance Essentials ("IFE") |
| 3 | Advanced: Certification in Islamic Finance Program ("CIFP") |

Disclosure on Shariah Non-Compliance Event

Throughout 2025, we had confirmed the following one (1) incident of Actual SNC event of the Bank on 19 June 2025:

| Nature of Event | Measures Undertaken |
|--|---|
| The customer, acting in its capacity as an agent, breached its fiduciary duties by submitting fictitious documentations to the Bank as a proof of sale transactions. Upon detection, the Bank had terminated the facilities. Nonetheless, from Shariah standpoint, the incident was regarded as an SNC transaction, as the Bank did not obtain ownership of the underlying assets prior to the sale of the assets to the customer under the Murabahah financing arrangement. | The Bank has taken measures to strengthen the relevant policies and procedures. |

We were also informed of the causes of the incident and noted that the Bank had taken necessary corrective and preventive measures to avoid the same incident from recurring in the future including reporting to the BNM in accordance with the requirements of Policy Document on Operational Risk Reporting ("ORR").

Zakat on Islamic Business

Shariah Committee has reviewed the financial statements of the Bank, including the calculation of Zakat and confirmed that the financial statements prepared were in compliance with the Shariah rules and principles as well as the minimum disclosure requirements as stipulated by BNM.

Based on the zakat computation of Working Capital Method and Growing Capital Method, the Bank was not in the position to pay business zakat for financial year ended 31 December 2025.

Shariah Committee's Report

Shariah Opinion

We, as the Bank's Shariah Committee, to the best of our knowledge, have obtained sufficient and appropriate evidence to form a Shariah opinion with regard to the Bank's Islamic financial business. Hence, to the best of our knowledge based on the information provided to us and decisions made during the Shariah Committee meetings, we are of the opinion that:

- i. The management has ensured that the Bank's overall business, affairs and activities comply, at all times, with Shariah.
- ii. SSFD and the Shariah Control Functions have been effectively discharging their roles for ensuring the Shariah compliance requirements have been fulfilled within the Bank.
- iii. The Islamic financial business of the Bank for the financial year ended 31 December 2025 was conducted in conformity with the Shariah rules and principles.
- iv. The contracts, transactions and dealings entered by the Bank in relation to its Islamic financial business during the financial year ended 31 December 2025 that were reviewed by the Shariah Committee, were in compliance with Shariah.
- v. The computation of zakat was in compliance with Shariah.

We pray to Allah the Almighty to grant us all the success and steadfastness and Allah knows best.

Signed on behalf of the Shariah Committee in accordance with the resolution of the Shariah Committee dated 31 March 2026.



Dr Ghazali Jaapar
Chairman

Kuala Lumpur, Malaysia



Dr. Safinar Salleh
Member

Statement by Directors

Pursuant to Section 251(2) of the Companies Act, 2016

We, Dato' Charon Wardini Mokhzani and Lee Eng Huat, being two of the Directors of Export-Import Bank of Malaysia Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 126 to 279 are drawn up in accordance with MFRS Accounting Standards ("MFRS"), IFRS Accounting Standards ("IFRS") and the requirements of Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Bank as at 31 December 2025 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors.



Dato' Charon Wardini Mokhzani



Lee Eng Huat

31 March 2026

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act, 2016 and

Section 73(1)(e) of the Development Financial Institutions Act, 2002

We, Dato' Charon Wardini Mokhzani and Datuk Nurbayu binti Kasim Chang, being the Director and officer primarily responsible for the financial management of Export-Import Bank of Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 126 to 279 are, to the best of my knowledge and belief, correct, and we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named Dato' Charon Wardini Mokhzani and Datuk Nurbayu binti Kasim Chang at Kuala Lumpur in the Federal Territory
31 March 2026



Dato' Charon Wardini Mokhzani



Datuk Nurbayu binti Kasim Chang

Before me,



Independent Auditors' Report

to the members of Export-Import Bank of Malaysia Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Export-Import Bank of Malaysia Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and the Bank, and statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and the Bank for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 126 to 279.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Bank as at 31 December 2025, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards ("MFRS"), IFRS Accounting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and the Bank in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Bank for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Bank as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements of the Group and of the Bank. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Independent Auditors' Report

to the members of Export-Import Bank of Malaysia Berhad
(Incorporated in Malaysia)

Key audit matters (cont'd.)

| Risk area and rationale | Our response |
|--|---|
| <p><u>Expected credit losses ("ECL") of loans, advances and financing, and financial investments not carried at fair value through profit or loss</u></p> <p>As at 31 December 2025, loans, advances and financing represent 57.50% and 56.81% of the total assets of the Group and of the Bank, respectively, and financial investments not carried at fair value represent approximately 16.72% and 16.52% of the total assets of the Group and of the Bank, respectively.</p> <p>As at 31 December 2025, ECL allowance amounting to approximately RM0.34 billion has been provided for the loans, advances and financing of the Group and of the Bank, respectively, and ECL allowance amounting to approximately RM0.21 billion has been provided for financial investments not carried at fair value of the Group and of the Bank respectively.</p> <p>The measurement of ECL requires the use of a forward-looking ECL approach, and the application of significant judgement and increased complexity which include the identification of on and off-balance sheet credit exposures, the determination of the different stages of credit risk of the underlying assets, the assessment of expected future cash flows of the respective assets, available proxies or benchmarks for collective assessment, forward looking macroeconomic factors, probability-weighted multiple scenarios and the application of Management Overlays ("MO").</p> <p>Management also uses externally available industry and financial data, as appropriate, to supplement internally available credit experiences.</p> <p>Refer to the material accounting policy information, significant accounting estimates and judgement and the disclosures of loans, advances and financing and investments.</p> | <p>Our audit procedures included the assessment of controls over the approval, recording and monitoring of loans, advances and financing, and financial investments not carried at fair value, and evaluating the methodologies, inputs and assumptions used by the Group and the Bank in calculating the respective ECL allowances for the respective underlying assets.</p> <p>For measurement of individual ECL allowance for stage 3 impaired loans, advances and financing and financial investments not carried at fair value, we tested a sample of loans, advances and financing and financial investments not carried at fair value to evaluate the timely identification by the Group and the Bank of exposures with significant deterioration in credit quality or which have been impaired.</p> <p>For stage 3 assets which have defaulted, we assessed the Group's and the Bank's specific assumptions on the expected future cash flows for each asset, including the value of realisable collaterals based on available market information and the multiple scenarios considered. We also challenged the assumptions and compared estimates to external evidence where available.</p> <p>With respect to the measurement of collective ECL allowances for stage 1 and stage 2 accounts/assets, we verified the reasonableness of the ECL models, including model input, model design and model performance. We challenged whether historic or historical experience is representative of current circumstances and of the recent losses incurred in the portfolios and assessed the reasonableness of forward looking adjustments, macroeconomic factor analysis and probability-weighted multiple scenarios.</p> <p>We involved our credit modelling specialists in the performance of these procedures where their specific expertise was required.</p> <p>We also assessed whether the financial statements' disclosures appropriately reflect the Group's and the Bank's exposures to credit risk.</p> |

Independent Auditors' Report

to the members of Export-Import Bank of Malaysia Berhad
(Incorporated in Malaysia)

Information other than the financial statements and auditors' report thereon

The directors of the Bank are responsible for the other information. The other information comprises the directors' report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Bank does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Bank, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Bank or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard on the directors' report.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Bank and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Bank are responsible for the preparation of the financial statements of the Group and of the Bank that give a true and fair view in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Bank that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Bank, the directors are responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Bank or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report

to the members of Export-Import Bank of Malaysia Berhad (Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Bank as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Bank, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Bank, including the disclosures, and whether the financial statements of the Group and of the Bank represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditors' Report

to the members of Export-Import Bank of Malaysia Berhad
(Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Bank for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

This report is made solely to the members of the Bank, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Kuala Lumpur, Malaysia
31 March 2026



Ahmad Siddiq bin Ahmad Hasbullah
No. 03675/07/2026 J
Chartered Accountant

Consolidated Statement of Financial Position

As at 31 December 2025

| | Note | Group | |
|--|-------|------------------|------------------|
| | | 2025 RM'000 | 2024 RM'000 |
| Assets | | | |
| Cash and bank balances | 4 | 590,861 | 26,699 |
| Deposits and placements with banks and other financial institutions | 5 | 646,101 | 1,278,340 |
| Financial investments at fair value through profit or loss ("FVTPL") | 6 | 43,827 | 5,011 |
| Financial investments at fair value through other comprehensive income ("FVOCI") | 7 | 670,769 | 651,955 |
| Financial investments at amortised cost | 8 | 213,615 | 206,581 |
| Loans, advances and financing | 9 | 3,040,945 | 3,282,287 |
| Reinsurance contract assets | 10 | 717 | 3,936 |
| Derivative financial instruments | 11 | - | - |
| Other assets | 12 | 21,377 | 30,378 |
| Deferred tax assets | 13 | - | - |
| Investment properties | 15 | 742 | 760 |
| Intangible assets | 16 | 3,385 | 4,245 |
| Property and equipment | 17 | 56,076 | 57,813 |
| Right-of-use assets | 18 | 333 | 1,135 |
| Total assets | | 5,288,748 | 5,549,140 |
| Liabilities | | | |
| Borrowings | 19 | 2,649,655 | 3,356,906 |
| Deposit from corporate customers | 44(h) | 526,534 | 10,005 |
| Lease liabilities | 20 | 305 | 1,161 |
| Insurance contract/takaful certificates liabilities | 10 | 20,474 | 25,718 |
| Takaful participants fund | 44(i) | 7,484 | 6,632 |
| Other payables and accruals | 21 | 443,313 | 340,383 |
| Provision for commitments and contingencies | 22 | 14,519 | 17,843 |
| Derivative financial instruments | 11 | 39,753 | 110,854 |
| Deferred tax liabilities | 13 | - | - |
| Deferred income | 23 | 10,176 | 10,218 |
| Total liabilities | | 3,712,213 | 3,879,720 |
| Financed by: | | | |
| Share capital | 24(a) | 2,708,665 | 2,708,665 |
| Redeemable convertible cumulative preference shares ("RCCPS") | 24(b) | 250,000 | 250,000 |
| Fair value adjustment reserve | | (6,508) | (11,301) |
| Accumulated losses | | (1,375,622) | (1,277,944) |
| Shareholders' equity | | 1,576,535 | 1,669,420 |
| Total liabilities and shareholders' fund | | 5,288,748 | 5,549,140 |
| Commitments and contingencies | 39 | 1,504,429 | 945,901 |

The accompanying notes form an integral part of the financial statements.

Statement of Financial Position

As at 31 December 2025

| | Note | Bank | |
|--|-------|------------------|------------------|
| | | 2025 RM'000 | 2024 RM'000 |
| Assets | | | |
| Cash and bank balances | 4 | 590,861 | 26,699 |
| Deposits and placements with banks and other financial institutions | 5 | 646,101 | 1,278,340 |
| Financial investments at fair value through profit or loss ("FVTPL") | 6 | 43,827 | 5,011 |
| Financial investments at fair value through other comprehensive income ("FVOCI") | 7 | 670,769 | 651,955 |
| Financial investments at amortised cost | 8 | 213,615 | 206,581 |
| Loans, advances and financing | 9 | 3,040,945 | 3,282,287 |
| Reinsurance contract assets | 10 | 717 | 3,936 |
| Derivative financial instruments | 11 | - | - |
| Other assets | 12 | 21,377 | 30,378 |
| Deferred tax assets | 13 | - | - |
| Investment in subsidiaries | 14 | 64,129 | 64,129 |
| Investment properties | 15 | 742 | 760 |
| Intangible assets | 16 | 3,385 | 4,245 |
| Property and equipment | 17 | 56,076 | 57,813 |
| Right-of-use assets | 18 | 333 | 1,135 |
| Total assets | | 5,352,877 | 5,613,269 |
| Liabilities | | | |
| Borrowings | 19 | 2,649,655 | 3,356,906 |
| Deposit from corporate customers | 44(h) | 526,534 | 10,005 |
| Lease liabilities | 20 | 305 | 1,161 |
| Insurance contract/takaful certificates liabilities | 10 | 20,474 | 25,718 |
| Takaful participants fund | 44(i) | 7,484 | 6,632 |
| Other payables and accruals | 21 | 443,348 | 340,414 |
| Provision for commitments and contingencies | 22 | 14,519 | 17,843 |
| Derivative financial instruments | 11 | 39,753 | 110,854 |
| Deferred tax liabilities | 13 | - | - |
| Deferred income | 23 | 10,176 | 10,218 |
| Amount due to subsidiaries | 40(b) | 64,099 | 64,103 |
| Total liabilities | | 3,776,347 | 3,943,854 |
| Financed by: | | | |
| Share capital | 24(a) | 2,708,665 | 2,708,665 |
| Redeemable convertible cumulative preference shares ("RCCPS") | 24(b) | 250,000 | 250,000 |
| Fair value adjustment reserve | | (6,508) | (11,301) |
| Accumulated losses | | (1,375,627) | (1,277,949) |
| Shareholders' equity | | 1,576,530 | 1,669,415 |
| Total liabilities and shareholders' fund | | 5,352,877 | 5,613,269 |
| Commitments and contingencies | 39 | 1,504,429 | 945,901 |

The accompanying notes form an integral part of the financial statements.

Statements of Profit or Loss

For the year ended 31 December 2025

| | Note | Group | | Bank | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Operating revenue | 25 | 265,778 | 298,958 | 265,778 | 298,958 |
| Interest income | 26 | 117,606 | 205,216 | 117,606 | 205,216 |
| Interest expense | 27 | (116,652) | (147,536) | (116,652) | (147,536) |
| Net interest income | | 954 | 57,680 | 954 | 57,680 |
| Insurance/takaful service results | 28 | 2,721 | 6,557 | 2,721 | 6,557 |
| Income from Islamic business | 44 | 144,058 | 72,407 | 144,058 | 72,407 |
| Other income, net | 29 | 2,612 | 30,149 | 2,612 | 30,149 |
| Net income | | 150,345 | 166,793 | 150,345 | 166,793 |
| Overhead expenses | 30 | (110,590) | (97,412) | (110,590) | (97,412) |
| Operating profit | | 39,755 | 69,381 | 39,755 | 69,381 |
| (Allowances)/writeback for expected credit losses ("ECL") on loans, advances and financing | 33 | (270,640) | 65,923 | (270,640) | 65,923 |
| Writeback for ECL on commitment and contingencies | 34 | 3,324 | 5,442 | 3,324 | 5,442 |
| Writeback for ECL on other assets | | 164 | - | 164 | - |
| Writeback/(allowances) for ECL on financial investments | 35 | 146,938 | (24,770) | 146,938 | (24,770) |
| (Loss)/profit before surplus attributable to takaful participants | | (80,459) | 115,976 | (80,459) | 115,976 |
| Surplus attributable to takaful participants | 44 | (852) | (2,481) | (852) | (2,481) |
| (Loss)/profit before taxation and zakat | | (81,311) | 113,495 | (81,311) | 113,495 |
| Taxation and zakat | | - | - | - | - |
| Net (loss)/profit for the year | | (81,311) | 113,495 | (81,311) | 113,495 |
| Basic (loss)/earnings per share (sen) | 37 | (3.00) | 4.19 | (3.00) | 4.19 |

The accompanying notes form an integral part of the financial statements.

Statements of Comprehensive Income

For the year ended 31 December 2025

| | Group | | Bank | |
|---|-----------------|----------------|-----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Net (loss)/profit for the year | (81,311) | 113,495 | (81,311) | 113,495 |
| <u>Other comprehensive (loss)/income</u> | | | | |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | | | |
| Fair value changes of financial investments at FVOCI | 4,793 | 918 | 4,793 | 918 |
| Net other comprehensive income to be reclassified to profit or loss in subsequent periods | 4,793 | 918 | 4,793 | 918 |
| Total comprehensive (loss)/income for the year, net of tax | (76,518) | 114,413 | (76,518) | 114,413 |

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

For the year ended 31 December 2025

| | Share capital RM'000 | Accumulated losses RM'000 | Non- distributable fair value adjustment reserve RM'000 | Total RM'000 |
|---|----------------------------|---------------------------------|--|------------------|
| Group | | | | |
| At 1 January 2024 | 2,958,665 | (1,375,032) | (12,219) | 1,571,414 |
| Dividends on RCCPS (Note 38) | - | (16,407) | - | (16,407) |
| Total comprehensive income for the year | - | 113,495 | 918 | 114,413 |
| At 31 December 2024 | 2,958,665 | (1,277,944) | (11,301) | 1,669,420 |
| At 1 January 2025 | 2,958,665 | (1,277,944) | (11,301) | 1,669,420 |
| Dividends on RCCPS (Note 38) | - | (16,367) | - | (16,367) |
| Total comprehensive loss for the year | - | (81,311) | 4,793 | (76,518) |
| At 31 December 2025 | 2,958,665 | (1,375,622) | (6,508) | 1,576,535 |
| Bank | | | | |
| At 1 January 2024 | 2,958,665 | (1,375,037) | (12,219) | 1,571,409 |
| Dividends on RCCPS (Note 38) | - | (16,407) | - | (16,407) |
| Total comprehensive income for the year | - | 113,495 | 918 | 114,413 |
| At 31 December 2024 | 2,958,665 | (1,277,949) | (11,301) | 1,669,415 |
| At 1 January 2025 | 2,958,665 | (1,277,949) | (11,301) | 1,669,415 |
| Dividends on RCCPS (Note 38) | - | (16,367) | - | (16,367) |
| Total comprehensive loss for the year | - | (81,311) | 4,793 | (76,518) |
| At 31 December 2025 | 2,958,665 | (1,375,627) | (6,508) | 1,576,530 |

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For the year ended 31 December 2025

| | Group | | Bank | |
|---|------------------|----------------|------------------|----------------|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Cash flows from operating activities | | | | |
| (Loss)/profit before taxation | (81,311) | 113,495 | (81,311) | 113,495 |
| Adjustments for: | | | | |
| ECL Stage 3 loans, advances and financing (Note 33) | | | | |
| - Charged for the year | 487,749 | 81,058 | 487,749 | 81,058 |
| - Writeback during the year | (212,246) | (46,747) | (212,246) | (46,747) |
| ECL Stage 1 and 2 loans, advances and financing (Note 33) | | | | |
| - Writeback during the year | (4,859) | (8,472) | (4,859) | (8,472) |
| Allowance/(writeback) for ECL on financial investments (Note 35) | (146,938) | 24,770 | (146,938) | 24,770 |
| Writeback for ECL on commitment and contingencies (Note 34) | (3,324) | (5,442) | (3,324) | (5,442) |
| Depreciation | | | | |
| - Property and equipment | 2,873 | 3,043 | 2,873 | 3,043 |
| - Investment properties | 18 | 18 | 18 | 18 |
| - Right of use assets | 1,297 | 1,228 | 1,297 | 1,228 |
| Amortisation of intangible assets | 1,700 | 1,630 | 1,700 | 1,630 |
| Unrealised loss on financial investment at FVTPL | 68,586 | 1,367 | 68,586 | 1,367 |
| Property and equipment written-off | - | 10 | - | 10 |
| Unrealised foreign exchange loss/(gain) | 369,975 | (145,101) | 369,975 | (145,101) |
| Unrealised fair value gain on derivative, net | (63,637) | (26,202) | (63,637) | (26,202) |
| Unrealised fair value loss on MTN/sukuk, net | 59,832 | 45,952 | 59,832 | 45,952 |
| Amortisation of premium less accretion of discount | (1,459) | (1,459) | (1,459) | (1,459) |
| Operating profit before changes in working capital | 478,256 | 39,148 | 478,256 | 39,148 |
| Changes in working capital: | | | | |
| Deposits and placements with banks and other financial institutions | (181,781) | 21,835 | (181,781) | 21,835 |
| Loans, advances and financing | (345,617) | (202,666) | (345,617) | (202,666) |
| Reinsurance contract assets | 3,218 | 5,936 | 3,218 | 5,936 |
| Other assets | 3,388 | 25,233 | 3,388 | 25,233 |
| Derivative financial instruments | 7,956 | (67) | 7,956 | (67) |
| Other payables and accruals | 73,753 | (32,390) | 73,757 | (32,385) |
| Deferred income | (42) | (7,342) | (42) | (7,342) |
| Provision for commitment and contingencies | 335 | (20,791) | 335 | (20,791) |

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

For the year ended 31 December 2025

| | Group | | Bank | |
|--|------------------|------------------|------------------|------------------|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Cash flows from operating activities (cont'd.) | | | | |
| Changes in working capital: (cont'd.) | | | | |
| Insurance contract/takaful certificates | (5,240) | (11,119) | (5,240) | (11,119) |
| Takaful participants fund | 852 | 2,481 | 852 | 2,481 |
| Amount due to subsidiaries | - | - | (4) | (5) |
| Cash generated from/(used in) operations, representing net cash generated from/(used in) operating activities | 35,078 | (179,742) | 35,078 | (179,742) |
| Cash flows from investing activities | | | | |
| Proceeds from disposals of property and equipment | - | 1 | - | 1 |
| Purchase of property and equipment | (1,976) | (3,159) | (1,976) | (3,159) |
| Purchase of intangible assets | - | (177) | - | (177) |
| Proceed from disposal of investment | 60,269 | 70,784 | 60,269 | 70,784 |
| Purchase of investments | (52,498) | (222,258) | (52,498) | (222,258) |
| Net cash generated from/(used) in investing activities | 5,795 | (154,809) | 5,795 | (154,809) |
| Cash flows from financing activities | | | | |
| Proceeds from deposits from corporate customers | 516,528 | 10,005 | 516,528 | 10,005 |
| Net repayment of borrowings | (672,304) | (430,279) | (672,304) | (430,279) |
| Net repayment of lease liabilities | (1,351) | (1,300) | (1,351) | (1,300) |
| Net cash used in financing activities | (157,127) | (421,574) | (157,127) | (421,574) |
| Net decrease in cash and cash equivalents | (116,254) | (756,125) | (116,254) | (756,125) |
| Net foreign exchange difference | (133,604) | 94,279 | (133,604) | 94,279 |
| Cash and cash equivalents at beginning of the year | 1,176,083 | 1,837,929 | 1,176,083 | 1,837,929 |
| Cash and cash equivalents at end of the year | 926,225 | 1,176,083 | 926,225 | 1,176,083 |
| Cash and cash equivalents comprise the following balances: | | | | |
| Cash and bank balances | 590,861 | 26,699 | 590,861 | 26,699 |
| Deposits and placements with banks and other financial institutions | 646,101 | 1,278,340 | 646,101 | 1,278,340 |
| Less : Restricted deposits (Note 5) | (246,146) | (128,956) | (246,146) | (128,956) |
| Less : Deposits and placements more than three months | (64,591) | - | (64,591) | - |
| Cash and cash equivalents | 926,225 | 1,176,083 | 926,225 | 1,176,083 |

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

1. Corporate information

Export-Import Bank of Malaysia Berhad is a public limited company, incorporated and domiciled in Malaysia. The registered office and principal place of business of the Bank is located at Level 15, EXIM Bank, Jalan Sultan Ismail, 50250 Kuala Lumpur.

The immediate holding company is Bank Pembangunan Malaysia Berhad ("BPMB"), a company incorporated in Malaysia. The ultimate holding company of the Bank is the Minister of Finance (Incorporated) ("MOF (Inc.)") a corporate body established under the Minister of Finance (Incorporation) Act 1957 in Malaysia.

The principal activities of the subsidiaries are as stated in Note 14.

The Bank is principally engaged in the business of conventional and Islamic banking in the promotion and support of export, import and investment for the country's development by granting credit, issuing guarantees and providing other related services. The Bank is also engaged in the provision of export and domestic credit insurance and takaful facilities and trade related guarantees to Malaysian companies and other foreign companies with Malaysian shareholding.

There have been no significant changes in the nature of the Group's and Bank's principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 31 March 2026.

2. Material accounting policy information

2.1 Basis of preparation

The financial statements of the Group and the Bank have been prepared in accordance with IFRS Accounting Standards ("IFRS") as issued by the International Accounting Standards Board, MFRS Accounting Standards ("MFRS") as issued by the Malaysian Accounting Standards Board and the requirements of Companies Act 2016.

The financial statements of the Group and the Bank have been prepared under the historical cost convention, unless otherwise stated in the accounting policies. The financial statements are presented in Ringgit Malaysia ("RM"), which is the Group's and the Bank's functional currency, and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The Group and the Bank present their statements of financial position in the order of liquidity.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2025, the Group and the Bank adopted the following new and amended MFRS which are effective for annual financial periods on or after 1 January 2025:

- MFRS 121 *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability* (Amendments to MFRS 121)

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.2 Changes in accounting policies (cont'd.)

The adoption of the above new MFRS and amendments to MFRS do not have any significant financial impact to the Group's and the Bank's financial statements.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Bank's financial statements are disclosed below. The Group and the Bank intend to adopt these standards, if applicable, when they become effective.

Effective for financial periods beginning on or after 1 January 2026

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards - Annual Improvements to MFRS Accounting Standards* (Amendments to MFRS 1)
- MFRS 7 *Financial Instruments: Disclosures - Amendments to the Classification and Measurement of Financial Instrument* (Amendments to MFRS 7)
- MFRS 7 *Financial Instruments: Disclosures - Annual Improvements to MFRS Accounting Standards* (Amendments to MFRS 7)
- MFRS 9 *Financial Instruments - Amendments to the Classification and Measurement of Financial Instruments* (Amendments to MFRS 9)
- MFRS 9 *Financial Instruments - Annual Improvements to MFRS Accounting Standards* (Amendments to MFRS 9)
- MFRS 10 *Consolidated Financial Statements - Annual Improvements to MFRS Accounting Standards* (Amendments to MFRS 10)
- MFRS 107 *Statement of Cash Flows - Annual Improvements to MFRS Accounting Standards* (Amendments to MFRS 107)
- MFRS 7 *Financial Instruments: Disclosures - Contracts Referencing Nature-dependent Electricity* (Amendments to MFRS 7)
- MFRS 9 *Financial Instruments - Contracts Referencing Nature-dependent Electricity* (Amendments to MFRS 9)

Effective for financial periods beginning on or after 1 January 2027

- MFRS 18 *Presentation and Disclosure in Financial Statements*
- MFRS 19 *Subsidiaries without Public Accountability: Disclosures*
- MFRS 121 *The Effects of Changes in Foreign Exchange Rates - Translation to Hyperinflationary Presentation Currency* (Amendments to MFRS 121)

Effective date for these Amendments to Standards has been deferred, pending further announcement

- MFRS 10 and MFRS 128 *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

The Group and the Bank expect that the adoption of the above standards and interpretations will have no material impact on the financial statements other than MFRS 18 *Presentation and Disclosure in Financial Statements* which the Group is in the midst of evaluating the potential impact of adopting this standard on the required effective date.

2.4 Summary of material accounting policy information

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

A subsidiary is an entity over which the Group has power to govern the financial and operating policies so as to obtain benefits from its activities.

(ii) Basis of consolidation

In the Bank's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On the disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the statement of profit or loss.

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as at the reporting date. The financial statements used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Bank. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(a) Subsidiaries and basis of consolidation (cont'd.)

(ii) Basis of consolidation (cont'd.)

The Group and the Bank re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statements of financial position. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in statement of profit or loss on the date of acquisition.

When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(a) Subsidiaries and basis of consolidation (cont'd.)

(iii) Consolidation of EXIM Sukuk Malaysia Berhad

EXIM Sukuk Malaysia Berhad ("EXIM Sukuk") is a Special Purpose Vehicle ("SPV") entity established by the Bank as part of its Multi-currency Sukuk Issuance Programme. The share capital of the SPV is currently held in trust by TMF Trustee Malaysia Berhad for EXIM Bank pursuant to the Declaration of Trust in relation to the Multi-currency Sukuk Issuance Programme. The SPV shall act as issuer, trustee and purchaser/seller of tangible/non-tangible assets. Management had concluded that control over EXIM Sukuk exist and, hence, EXIM Sukuk is deemed to be a subsidiary.

(b) Property and equipment and right-of-use assets

All items of property and equipment and right-of-use assets are initially recorded at cost. The cost of an item of property and equipment and right-of-use assets is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Bank, the cost of the item can be measured reliably.

Subsequent to recognition, property and equipment and right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property and equipment and right-of-use assets are required to be placed in intervals, the Group and the Bank recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property and equipment and right-of-use assets as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit or loss as incurred.

The depreciation of right-of-use assets is provided on a straight-line basis over the shorter of its estimated useful life and the lease term.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property and equipment and right-of-use of assets is provided for on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|---|---------------|
| Building | 50 - 99 years |
| Renovation and improvements | 10 years |
| Furniture, electrical, fittings and equipment | 10 years |
| Motor vehicles | 5 years |
| Office equipment | 5 years |
| Computers | 3 - 5 years |
| Right-of-use assets | 1 - 6 years |

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(b) Property and equipment and right-of-use assets (cont'd.)

Assets under construction/work-in-progress included in property and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property and equipment and right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for the recognition and measurement of impairment is in accordance with Note 2.4(e).

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property and equipment and right-of-use assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of profit or loss in the year the asset is derecognised.

(c) Intangible assets: Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software to use. The costs are amortised over their useful lives of three (3) years and are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Computer software is assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and amortisation method are reviewed at least at each reporting date.

The policy for the recognition and measurement of impairment is in accordance with Note 2.4(e).

Costs associated with maintaining computer software programmes are recognised as expenses when incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group and the Bank, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. These costs include software development, employee costs and appropriate portion of relevant overheads.

(d) Investment properties

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both.

Investment properties are stated at cost less accumulated depreciation and impairment losses, consistent with the accounting policy for property and equipment as stated in accounting policy Note 2.4(b).

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(d) Investment properties (cont'd.)

Depreciation is charged to the statement of profit or loss on a straight-line basis over the estimated useful lives of fifty to ninety nine (50 - 99) years for building. Freehold land is not depreciated.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in statement of profit or loss in the year of retirement or disposal.

(e) Impairment of non-financial assets

The carrying amount of the assets, other than deferred tax assets, non-current assets held for sales and financial assets (other than investments in subsidiaries), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the amount of impairment loss.

An impairment loss is recognised in the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of profit or loss unless the asset is measured at revalued amount, in which case reversal is treated as revaluation increase.

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(f) Financial assets

Financial asset are recognised in the statements of financial position when, and only when, the Group and the Bank become a party to the contractual provisions of the financial instrument.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, Fair Value through Other Comprehensive Income ("FVOCI") and Fair Value through Profit or Loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Bank's business model for managing them. With the exception of loans, advances and financing that do not contain a significant financing component or for which the Group and the Bank have applied the practical expedient, the Group and the Bank initially measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interests ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

Business Model assessments

The Group and the Bank determine its business model at the level that best reflect how it manages groups of financial assets to achieve its business objective.

The Group and the Bank holds financial asset to generate returns and provide a capital base to provide for settlement of claims as they arise. The Group and the Bank considers the timing, amount and volatility of cash flow requirements to support insurance liability portfolios in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The Group and the Bank business model is not assessed on an instrument-by-instrument basis, but a higher level of aggregated portfolios that is based on observable factors and is determined by the key management personnel on the basis of both:

- The way that assets are managed and their performance is reported to them; and
- The contractual cash flow characteristics of the financial asset.

The expected frequency, value and timing of asset sales are also important aspects of the Group's and the Bank's assessment. The Group and the Bank assess its business models at each reporting period in order to determine whether the models have changed since the preceding period.

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(f) Financial assets (cont'd.)

Business Model assessments (cont'd.)

The business model assessments are based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is difference from the Group's and the Bank's original expectations, the Group and the Bank do not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Change in business model is not expected to be frequent, but should such event take place, it must be:

- Determined by the Group's and the Bank's senior management as a result of external on internal changes;
- Significant to the Group's and the Bank's operations; and
- Demonstrable to external parties.

A change in the business model will occur only when the Group and the Bank begin or cease to perform an activity that is significant to its operations. Change in the objective of the business model must be effected before the reclassification date.

The SPPI test

The Group and the Bank assesses the contractual terms to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group and the Bank apply judgement and considers relevant factors such as the currency in which the financial assets is denominated, and the period for which the interest rate is set.

(i) Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the Effective Interest Rate ("EIR") or the Effective Profit Rate ("EPR") method and are subject to impairment. Gains and losses are recognised in statement of profit or loss when the asset is derecognised, modified or impaired.

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(f) Financial assets (cont'd.)

(ii) Financial assets at FVOCI

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income ("OCI"). Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

(iii) Financial assets designated at FVOCI

Upon initial recognition, the Group and the Bank can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under MFRS 9.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Bank benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

(iv) Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statements of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(f) Financial assets (cont'd.)

(v) Financing and receivables

Financing and receivables consist of Murabahah, Tawarruq, Ijarah, Istisna', Bai' Al Dayn and Kafalah. These contracts are recognised at amortised cost (except for Kafalah contracts), including direct and incremental transaction costs using the effective profit method. These contracts are stated net of unearned income and any amounts written off and/or impaired.

Definition of Shariah concept:

- (a) Murabahah: Sale of an asset by the Bank to the customer at cost plus a mark-up in which the profit rate has to be disclosed to the customer. The Sale Price is payable by the customer on deferred terms.
- (b) Tawarruq: An arrangement that involves sale of commodity by the Bank to the customer in which the Sale Price is payable on a deferred basis and subsequent sale of the commodity to a third party on a cash basis to obtain cash.
- (c) Ijarah: A lease contract to transfer the usufruct (benefits) of a particular property of the Bank to the customer in exchange for a rental payment for a specified period.
- (d) Istisna': An agreement to sell to the customer a non-existent asset that is to be manufactured or built according to the agreed specifications and delivered on a specified future date at a predetermined selling price.
- (e) Bai' Al Dayn: Sale of debt in which the customer sells his payable right to the Bank at discount price or at cost price on the spot payment basis.
- (f) Kafalah: Conjoining the guarantor's liability to the guaranteed party's liability such that the obligation of the guaranteed party is established as a joint liability of the guarantor and the guaranteed party.

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(f) Financial assets (cont'd.)

(vi) Derivative instruments and hedge accounting

(a) Derivative instruments

The Group and the Bank enters into derivative contracts such as interest/profit rate swaps, cross currency interest/profit rate swaps and forward contracts. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and subsequently re-measured at fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions and valuation techniques, as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the statement of profit or loss.

The Group and the Bank use derivative instruments to manage their exposures to interest/profit rate and foreign currency risks. In order to manage particular risk, the Group and the Bank apply hedge accounting for transactions which meet specified criteria.

(b) Hedge accounting

At the inception of each hedge relationship, the Group and the Bank formally designate and document the relationship between the hedged item and the hedging instruments, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and ongoing basis.

At each hedge effectiveness assessment date, a hedge relationship must demonstrate that it is highly effective on prospective and retrospective basis for the designated period in order to qualify for hedge accounting. Hedge ineffectiveness is recognised in the statement of profit or loss.

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(f) Financial assets (cont'd.)

(vi) Derivative instruments and hedge accounting (cont'd.)

(b) Hedge accounting (cont'd.)

The Group and the Bank only account for hedge that meets the strict criteria for hedge accounting, as described below:

Fair value hedge

For designating and qualifying fair value hedges, the cumulative changes in the fair value of a hedge derivative is recognised in the statement of profit or loss. Meanwhile, the cumulative changes in the fair value of the hedge item attributable to the risk hedged are recorded as part of the carrying value of the hedge item in the statements of financial position and the statement of profit or loss.

If the hedging instruments expire or are sold, terminated or exercised or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR/EPR method. EIR and EPR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the statement of profit or loss.

The Bank enters into interest/profit rate swaps and cross currency interest/profit rate swaps that are used as hedge for the exposure of changes in the fair value of some of its Medium Term Notes/Sukuk. See Note 11 for more details.

The Bank has incorporated credit risk of counterparties and the Bank's own credit risk in the fair valuation of derivatives. These risks on derivative transactions are taken into account when reporting the fair values through credit value adjustment ("CVA") and debit value adjustment ("DVA").

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(g) Impairment of financial assets

The Group and the Bank assess at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. The Group and the Bank recognise an allowance for expected credit losses ("ECLs") for all financial assets carried at amortised cost and debt instruments not classified at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Bank expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For debt instruments at FVOCI, the Group and the Bank apply the low credit risk simplification. At every reporting date, the Group and the Bank evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Bank reassess the internal credit rating of the debt instrument. In addition, the Group and the Bank consider that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group and the Bank consider a financial asset in default when contractual payments are more than 90 days past due. However, in certain cases, the Group and the Bank may also consider a financial asset to be in default when internal or external information indicates that the Group and the Bank is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Bank. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(h) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as either at amortised cost or as financial liabilities at FVTPL. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Bank's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Bank that are not designated as hedging instruments in hedge relationships as defined by MFRS 9.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at FVTPL are designated at the initial date of recognition, if, and only if the criteria in MFRS 9 are satisfied. The Group and the Bank have not designated any financial liability as at FVTPL.

(ii) Loans and borrowings and trade and other payables

After initial recognition, interest-bearing loans and borrowings and payables are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") or Effective Profit Rate ("EPR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR or EPR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR or EPR. The EIR or EPR amortisation is included as finance costs in the statement of profit or loss.

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(h) Financial liabilities (cont'd.)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, deposits and placements with banks and other financial institutions, with original maturity of 3 months or less.

For the purpose of the cash flow statements, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(j) Provisions

Provisions are recognised when the Group and the Bank have a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

When the Group and the Bank expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation. Any increase in the provision which due to the passage of time is recognised in the statement of profit or loss.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(k) Financial guarantee contracts

Financial guarantees are contracts that require the Group and the Bank to make specified payment to reimburse the holder for a loss it incurs because a specified party fails to meet its obligation when it is due in accordance with the contractual terms. In the ordinary course of business, the Group and the Bank give financial guarantees, consisting of letters of credit, guarantees and acceptances. Where the Group and the Bank enter into such contracts, the guarantee contract is treated as a contingent liability until such time as it becomes probable that the Group and the Bank will be required to make a payment under the guarantee.

Financial guarantees premium are initially recognised at fair value on the date the guarantee was issued, and presented as 'deferred income' in the statements of financial position. Subsequent to initial recognition, the received premium is amortised over the life of the financial guarantee on a straight line basis.

(l) Employee benefits

Short-term employee benefits obligation in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group and the Bank have a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

The Group's and the Bank's contribution to statutory pension funds is charged to the statement of profit or loss in the year to which they relate. Once the contributions have been paid, the Group and the Bank have no further payment obligations.

(m) Insurance contracts/takaful certificates and reinsurance contracts

The Group issues contracts/certificates to customers that contain insurance/takaful risk, financial risk or a combination thereof. A contract/certificate under which the Group accepts significant insurance/takaful risk from another party by agreeing to compensate that party on the occurrence of a specified uncertain future event, is classified as an insurance contract/takaful certificate.

The Group also cedes out insurance/takaful risk in the normal course of its business. Ceded reinsurance/retakaful arrangements do not relieve the Group or the Bank from its obligations to policyholders/participants. Reinsurance/retakaful arrangements entered into by the Group are measured consistently with the amounts associated with the underlying insurance/takaful certificates, according to the terms of the relevant reinsurance/retakaful arrangement.

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(m) Insurance contracts/takaful certificates and reinsurance contracts (cont'd.)

(i) Recognition

Insurance contracts/takaful certificates are recognised from the earliest of the following:

- The beginning of coverage period of the group of contracts/certificates;
- The date when the first payment from a policyholder/participant is due, or when the first payment is received when there is no due date; or
- For a group of onerous contracts/certificates, as soon as facts and circumstances indicate that the group of contracts/certificates are onerous.

Reinsurance contracts/retakaful certificates are recognised from the earliest of the following:

- The beginning of the coverage period of the group of reinsurance contracts/retakaful certificates held; or
- The date the Group recognises an onerous group of underlying insurance contracts/takaful certificates if the Group entered into the related reinsurance contracts/retakaful certificates held in the group of reinsurance contracts/retakaful certificates held at or before that date.

(ii) Measurement

The Group and the Bank applies the following measurement models in measuring various insurance contracts/takaful certificates it issues:

General Measurement Model ("GMM")

- GMM is the default measurement model for policies/certificates valued using fulfilment cash flows (the present value of expected cash flows, plus a risk adjustment), offset by the contractual service margin which represents unearned profit the Group and the Bank recognises as it provides services under the contract.
- Upon initial recognition, the Group and the Bank will estimate the Liabilities for Remaining Coverage ("LRC") using the fulfilment cash flow requirements consisting of the following components:
 - Estimates of the future cash flows;
 - Time value of money;
 - Risk adjustment for non-financial risk; and
 - Contractual Service Margin ("CSM") representing the unearned profits as services are provided or loss component representing the net cash outflow.

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(m) Insurance contracts/takaful certificates and reinsurance contracts (cont'd.)

(ii) Measurement (cont'd.)

General Measurement Model ("GMM") (cont'd.)

- On loss component, the allocation of the reversal of the loss component and subsequent changes to the Fulfilment Cash Flows ("FCF") will use the same allocation method that would be applied for the systematic allocation of CSM, that is to be based on straight-line allocation over the passage of time would be used for contract groups that have a fixed policy limit over the coverage period.
- For discount rate, the Bank is using the bottom-up approach as government yield curves are readily available and is a good foundation for determining a risk-free yield curve.
- The currency of the risk-free yield curve used to determine discount rates for a group of insurance contracts shall also take into consideration the currency denomination of the group of insurance contracts.

Premium Allocation Approach ("PAA")

For policies/certificates with contract boundary of less than one (1) year coverage period that pass the PAA eligibility test, the Group and the Bank apply the PAA.

Upon initial recognition of LRC, the Bank will amortise the insurance acquisition cash flows over the coverage period. Amortising the insurance acquisition cash flows would lead to more stable changes in the LRC and profit or loss figures. The Bank is not required to adjust the LRC to reflect the time value of money and the effect of financial risk.

On subsequent measurement, the Bank will allocate insurance/takaful revenue to the period for services provided on the basis of passage of time. This will be applicable for most contracts considering that the risk coverage period is one year or less. Judgments are needed to determine if the expected pattern of release of risk differs significantly from the passage of time. If passage of time does not reflect the services provided in each period, the Bank will use different proxy on a case-by-case basis to allocate based on expected timing of incurred insurance/takaful service expenses.

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(m) Insurance contracts/takaful certificates and reinsurance contracts (cont'd.)

(iii) Presentation and disclosure

The Group and the Bank aggregates insurance/takaful and reinsurance/retakaful contracts held and these are presented separately in the statement of financial position as follows:

- Portfolios of insurance contracts/takaful certificates issued;
- Portfolios of reinsurance contracts held that are assets;

The portfolios referred above are those established at initial recognition in accordance with the MFRS 17 requirements.

(n) Revenue recognition

Revenue is recognised at an amount that reflects the consideration to which the Group and the Bank expect to be entitled when a performance obligation is satisfied. Revenue is recognised either over time or at a point in time. Revenue is measured at the fair value of consideration received or receivable.

(i) Interest/profit and similar income and expense

For all financial instruments measured at amortised cost and interest bearing financial assets at FVOCI, interest income or expense is recorded using the effective interest rate or effective profit rate, which is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or financial liability. The calculation takes into account all contractual terms of the financial instrument (for example, repayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest rate, but not future credit losses.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iii) Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include upfront, guarantee fees and facility fees.

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(n) Revenue recognition (cont'd.)

(iv) Insurance/takaful service results

Insurance/takaful service result comprises of insurance/takaful revenue and insurance/takaful service expenses and net expenses from reinsurance contracts/retakaful certificates held.

For contracts measured under the PAA, the insurance/takaful revenue for the period is the amount of expected premium/contribution receipts (excluding any investment component) allocated to the period. The Group allocates the expected premium/contribution receipts to each period on the basis of the passage of time.

Insurance/takaful revenue for GMM portfolio are recognised through release in fulfilment cashflows and risk adjustments as well as CSM for the services provided during the year.

Insurance/takaful service expenses represent expenses that relate directly to the fulfilment of contracts/certificates. Expenses that do not relate directly to the fulfilment of contracts/certificates are presented in other expenses.

Insurance/takaful finance income or expenses represents the change in the carrying amount of the group of insurance contracts/takaful certificates, and reinsurance contracts arising from:

- The effect of the time value of money and changes in the time value of money
- The effect of financial risk and changes in financial risk

(v) Islamic income recognition

Income from financing and receivables is recognised in the statement of profit or loss using the effective profit method. The effective profit rate is the rate that discounts the estimated future cash payment and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. The calculation of the effective profit rate includes all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective profit rate.

Murabahah, Tawarruq and Istisna'

Murabahah/Tawarruq and Istisna' income are accrued on monthly basis on the cost outstanding at the prevailing effective profit rate over the duration of the financing.

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(n) Revenue recognition (cont'd.)

(v) Islamic income recognition (cont'd.)

Ijarah

Ijarah income is recognised on the effective profit rate of the cost of the leased asset over the leased period.

Income from financing and receivables is recognised in the statement of profit or loss using the effective profit method. The effective profit rate is the rate that discounts the estimated future cash payment and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. The calculation of the effective profit rate includes all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective profit rate.

Bai' Al Dayn

Bai' Al Dayn income is recognised monthly on the effective discount rate on the purchase price of the invoice over the duration of the financing.

Fee income earned from services that are provided over a certain period of time

Fees earned for the provision of services over a period of time are accrued over that period. These fees include upfront, facility and Kafalah contract fees.

Takaful income

The source of Takaful income is derived from Takaful contributions. Income is recognised based on specific percentage of the contribution amount from participants. The remaining amount is placed in Risk Fund which is pooled for underwriting purposes.

Wakalah Fees

Wakalah fees represent fees charged by the shareholder's fund to manage takaful certificates issued by the general takaful fund under the principle of Wakalah and are recognised at over time, according to the period of service provided.

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(o) Income tax

Income tax on the profit or loss for the year comprises current and deferred taxes. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rate that has been enacted at the reporting date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rate that is expected to apply in the year when the asset is realised or the liability is settled, based on tax rate that has been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the statement of profit or loss for the year, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

In determining the Group's and the Bank's tax charge for the year it involves estimation and judgement, which includes an interpretation of local tax law and an assessment of whether the tax authority will accept the position taken. The Group and the Bank provides for current tax liabilities at the best estimate based on all available evidence and the amount that is expected to be paid to the tax authority where an outflow is probable.

The recoverability of the Group's and the Bank's deferred tax assets is based on management's judgement of the availability of future taxable profits against which the deferred tax will be utilised.

(p) Zakat

Zakat is payable by the Group and the Bank in compliance with the principle of Shariah and in line with National Fatwa Committee regulations. Nevertheless, no provision for zakat has been made during the year.

(i) Method applied

Zakat is calculated using the growth method which is based on the adjusted net asset of the Group and the Bank, i.e. net asset excludes any items that do not meet the condition for zakat assets and liabilities.

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(p) Zakat (cont'd.)

(ii) Beneficiaries of zakat fund

The method of zakat distribution, as being practised by the Group and the Bank, is as follows:

- Zakat is paid to Pusat Pungutan Zakat ("PPZ") based on certain percentage of the adjusted net asset of the Bank and the Group;
- PPZ will determine a certain percentage of the zakat for the Bank's own distribution; and
- The distribution of zakat will be allocated by the Bank to three (3) groups of people who are eligible to receive zakat (*asnaf*):
 - a. The destitute ("*fakir*");
 - b. The poor ("*miskin*"); and
 - c. Those in the cause of Allah ("*fi sabilillah*").

(q) Foreign currencies

The Group's consolidated financial statements are presented in Malaysian Ringgit, currency which is also the Bank's (i.e. parent company's) functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

Transactions in foreign currencies are translated to the functional currencies of the Group's entities at their respective functional currency spot rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or statement of profit or loss are also recognised in other comprehensive income or statement of profit or loss, respectively).

(r) Foreclosed properties

Foreclosed properties are those acquired in full or partial satisfaction of debts and are stated at the lower of cost and fair value.

Notes to the Financial Statements

2. Material accounting policy information (cont'd.)

2.4 Summary of material accounting policy information (cont'd.)

(s) Sales and Service Tax

The Bank is subject to Sales and Service Tax ("SST") Act 2019 and charges service tax on its taxable supply of services made to customers such as domestic credit insurance premium/takaful contribution. Service tax is based on payment basis, hence, the Bank is required to account and make payment on service tax every bi-monthly.

(t) Equity instruments

Ordinary shares are classified as equity. Dividend on ordinary shares is recognised and accounted for in equity in the year in which they are declared.

RCCPS are classified as equity. Dividend on RCCPS is recognised at a fixed coupon rate of 4.7% per annum and accounted for in equity in the year in which the Bank accrued.

(u) Leases

Right-of-use assets are classified as assets and measured at cost, less any accumulated depreciation and impairment losses disclosed in Note 18.

Lease liabilities are classified as liabilities and measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) disclosed in Note 20.

3. Significant accounting estimates and judgement

The preparation of the financial statements involved making certain estimates, assumptions and judgements that affects the accounting policies applied and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the financial statement in the period in which the estimation is revised and in any future periods affected. Significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have significant effect on the amount recognised in the financial statements include the following:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group and the Bank based its assumption and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group and the Bank. Such changes will be reflected in the assumptions when they occur.

Notes to the Financial Statements

3. Significant accounting estimates and judgement (cont'd.)

(a) Expected credit losses on loans, advances and financing and commitments and contingencies

The Group and the Bank review its individually significant loans, advances and financing and commitments and contingencies at each reporting date to assess whether the Expected Credit Losses ("ECL") should be recorded in statement of profit or loss. In particular, judgement by management is required in the estimating of the amount and timing of future cash flows when determining the expected credit losses. In estimation the cash flows, the Group and the Bank makes judgement about the borrower's or the customer's financial situation and the net realisable value of collateral. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowances.

The Group's and the Bank's ECL calculation under MFRS 9 are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- (i) Internal credit grading model, which assigns PDs to the individual grades;
- (ii) Criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a lifetime-ECL basis and the qualitative assessment;
- (iii) The segmentation of financial assets when their ECL is assessed on a collective basis;
- (iv) Development of ECL models, including the various formulas and the choice of inputs;
- (v) Determination of associations between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on Probability Defaults ("PDs"), Exposure at Defaults ("EADs") and Loss Given Defaults ("LGDs"); and
- (vi) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs in the ECL models.

The allowance for expected credit losses on loans, advances and financing is disclosed in Note 9(ix) and commitments and contingencies is disclosed in Note 22.

Management overlays for ECL

Overlays and post-model adjustments have been applied to address emerging risk in order to determine a sufficient overall level of ECL as at reporting date.

These overlays and post-model adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults when the various relief and support measures expire.

Notes to the Financial Statements

3. Significant accounting estimates and judgement (cont'd.)

(a) Expected credit losses on loans, advances and financing and commitments and contingencies (cont'd.)

(b) Valuation of derivatives and hedge accounting

The Group and the Bank value the derivative instruments and apply hedge accounting to manage the exposures to interest/profit rate and foreign currency risks. In order to manage particular risk, the Group and the Bank apply hedge accounting for transactions which meet specified criteria. At the inception of each hedge relationship, the Group and the Bank formally designate and document the relationship between the hedged item and the hedging instruments, including the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship at inception and ongoing basis.

(c) Uncertainty in accounting estimates for liabilities of insurance business (Note 43)

The key significant areas of estimation uncertainty and critical judgements in measuring insurance contract/takaful certificate liabilities include:

- *Estimates of future cash flows*

In estimating the future cash flows, the Group and the Bank incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events.

The estimates of future cash flows reflect the Group's and the Bank's view of current conditions at the reporting date and current expectations of future events that might affect those cash flows.

- *Risk adjustments for non-financial risk*

Risk adjustments for non-financial risk are determined to reflect the compensation that the Group and the Bank would require for bearing non-financial risk and its degree of risk aversion. The Group and the Bank applies a confidence level technique to determine the risk adjustments for non-financial risk of both its insurance contracts/takaful certificates and reinsurance contracts.

Under a confidence level technique, the Group estimates the probability distribution of the expected value of the future cash flows at each reporting date and calculates the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. The target confidence level is 75th percentile, in line with the regulatory requirement of BNM under the Risk Based Capital Framework for insurers/takaful operators.

Notes to the Financial Statements

3. Significant accounting estimates and judgement (cont'd.)

(c) Uncertainty in accounting estimates for liabilities of insurance business (Note 43) (cont'd.)

The key significant areas of estimation uncertainty and critical judgements in measuring insurance contract/takaful certificate liabilities include (cont'd.):

- *Contractual service margin*

The CSM is a component of the assets or liabilities for the group of insurance contract/takaful certificates that represents the unearned profit that the Group will recognise as it provides services in the future. An amount of the CSM for a group of insurance/takaful contracts/certificates is recognised in profit or loss as insurance/takaful revenue in each period to reflect the services provided under the group of insurance/takaful contracts/certificates in that period. The amount is determined by:

- Identifying the coverage units in the group;
- Allocating the CSM at the end of the period (before recognising any amounts in profit or loss to reflect the services provided in the period) equally to each coverage unit provided in the current period and expected to be provided in the future years; and
- Recognising in profit or loss the amount allocated to coverage units provided in the period.

Generally, insurance/takaful liabilities are determined based upon previous claims experience, existing knowledge of events, the terms and conditions of the relevant policies and interpretation of circumstances. Particularly relevant is past experience with similar cases, historical claims development trends, legislative changes, judicial decisions and economic conditions. It is certain that actual future premiums/contribution and claims amount will not exactly develop as projected and may vary from the projections.

The estimates of insurance/takaful contract liabilities are therefore sensitive to various factors and uncertainties. The establishment of technical provisions in an inherently uncertain process and, as a consequence of this uncertainty, the eventual collection of premium/contribution and payment of claims may vary from the initial estimates.

There may be significant reporting lags between the occurrence of an insured event and the time it is actually reported. Following the identification and notification of an insured loss, there may still be uncertainty as to the magnitude of the claim. There are many factors that will determine the level of uncertainty such as inflation, inconsistent judicial interpretations, legislative changes and claims handling procedure

Notes to the Financial Statements

4. Cash and bank balances

| | Group and Bank | |
|------------------------|----------------|--------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Cash and bank balances | 590,861 | 26,699 |

5. Deposits and placements with banks and other financial institutions

| | Group and Bank | |
|-------------------------------|----------------|-----------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Deposits and placements with: | | |
| Licensed banks | 543,903 | 1,003,929 |
| Other financial institutions | 102,198 | 274,411 |
| | 646,101 | 1,278,340 |

Included in the above deposits are restricted deposits amounting to RM246,146,000 (2024: RM128,956,000).

6. Financial investments at fair value through profit or loss ("FVTPL")

| | Group and Bank | |
|--|----------------|--------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| At fair value | | |
| Quoted securities: | | |
| Shares | 19,495 | 5,011 |
| Unquoted securities: | | |
| Redeemable Convertible Unsecured Islamic Debt Securities | 24,332 | - |
| Total financial investments at FVTPL | 43,827 | 5,011 |

Notes to the Financial Statements

7. Financial investments at fair value through other comprehensive income ("FVOCI")

| | Group and Bank | |
|--------------------------------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| At fair value | | |
| Corporate Bonds and Sukuk | 670,769 | 651,955 |
| Total financial investments at FVOCI | 670,769 | 651,955 |

Included in financial investments at FVOCI are investments undertaken to meet the requirements of the Group's Sukuk Programme, amounting to Nil as at 31 December 2025 (2024: RM30,433,400). The investment matured on 6 May 2025.

The maturity profile of financial investments at FVOCI are as follows:

| | Group and Bank | |
|---------------------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Within one year | 55,349 | 60,362 |
| One year to three years | 198,811 | 181,858 |
| Three years to five years | 206,610 | 159,698 |
| After five years | 209,999 | 250,037 |
| | 670,769 | 651,955 |

Movements in the ECL on financial investments at FVOCI are as follows:

| | Stage 1 12-month ECL RM'000 | Stage 2 Lifetime ECL not credit impaired RM'000 | Stage 3 Lifetime ECL credit impaired RM'000 | Total ECL RM'000 |
|------------------------------------|--------------------------------------|---|---|---------------------|
| At 1 January 2024 | - | - | 100,000 | 100,000 |
| Writeback during the year | - | - | - | - |
| At 31 December 2024/1 January 2025 | - | - | 100,000 | 100,000 |
| Writeback during the year | - | - | - | - |
| At 31 December 2025 | - | - | 100,000 | 100,000 |

Notes to the Financial Statements

8. Financial investments at amortised cost

| | Group and Bank | |
|--|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Money market instruments: Malaysian Government Securities | 181,744 | 152,121 |
| Unquoted securities: Corporate Bonds and Sukuk | 144,350 | 334,408 |
| | 326,094 | 486,529 |
| Less: Allowance for ECL | (112,479) | (279,948) |
| Total financial investments at amortised cost | 213,615 | 206,581 |

Movements in the ECL on financial investments at amortised cost are as follows:

| | Stage 1 12-month ECL RM'000 | Stage 2 Lifetime ECL not credit impaired RM'000 | Stage 3 Lifetime ECL credit impaired RM'000 | Total ECL RM'000 |
|--------------------------------------|--------------------------------------|---|---|---------------------|
| At 1 January 2024 | - | - | 261,706 | 261,706 |
| Additional during the year (Note 35) | - | - | 24,770 | 24,770 |
| Exchange differences | - | - | (6,528) | (6,528) |
| At 31 December 2024/1 January 2025 | - | - | 279,948 | 279,948 |
| Writeback during the year (Note 35) | - | - | (146,938) | (146,938) |
| Exchange differences | - | - | (20,531) | (20,531) |
| At 31 December 2025 | - | - | 112,479 | 112,479 |

Notes to the Financial Statements

9. Loans, advances and financing

| | Group and Bank | |
|--|------------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| At amortised cost | | |
| Loans, advances and financing | 3,031,577 | 4,736,674 |
| Amount due from Export Credit Refinancing ("ECR") debtors* | 347,038 | 212,453 |
| Staff loans | 307 | 337 |
| Gross loans, advances and financing | 3,378,922 | 4,949,464 |
| Less: Allowance for ECL on loans, advances and financing: | | |
| - 12-month ECL - Stage 1 | (134,577) | (108,619) |
| - Lifetime not credit impaired ECL - Stage 2 | (42,610) | (73,427) |
| - Lifetime ECL credit impaired - Stage 3 | (160,790) | (1,485,131) |
| Total allowance for ECL on loans, advances and financing | (337,977) | (1,667,177) |
| Net loans, advances and financing | 3,040,945 | 3,282,287 |

* The amount represents block discounting of bills facility provided to participating banks in Malaysia granted under the ECR Scheme. The primary objective of the ECR Scheme is for the promotion of Malaysian export by offering competitive rates to banks participating in the ECR Scheme for on-lending to exporters.

Notes to the Financial Statements

9. Loans, advances and financing (cont'd.)

(i) Gross loans, advances and financing analysed by facility are as follows:

| | Group and Bank | |
|---|------------------|------------------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Buyer Credit | 143,642 | 822,847 |
| Overseas Investment Financing | 17,996 | 258,053 |
| Term Financing | 65,472 | 186,046 |
| Overseas Project Financing | 193,753 | 965,772 |
| Supplier Credit | - | 95,490 |
| Revolving Credit-i | 54,516 | 20,766 |
| Supplier Financing-i | 1,652,367 | 516,403 |
| Term Financing-i | 720,460 | 1,354,748 |
| Overseas Investment Financing-i | 135,413 | 69,986 |
| Overseas Contract Financing-i | 1,136 | 48,219 |
| Overseas Project Financing-i | 46,822 | 374,317 |
| Malaysian Kitchen Financing Facility ("MKFF") | - | 1,001 |
| Malaysian Kitchen Financing Facility-i ("MKFF-i") | - | 1,341 |
| ECR | 347,038 | 212,453 |
| Vendor Financing | - | 681 |
| Vendor Financing-i | - | 21,004 |
| Staff loans and advances | 307 | 337 |
| | 3,378,922 | 4,949,464 |

(ii) Gross loans, advances and financing analysed by contractual maturity are as follows:

| | Group and Bank | |
|---------------------------|------------------|------------------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Within one year | 1,255,786 | 2,859,148 |
| One year to three years | 164,460 | 397,376 |
| Three years to five years | 804,949 | 437,543 |
| Over five years | 1,153,727 | 1,255,397 |
| | 3,378,922 | 4,949,464 |

Notes to the Financial Statements

9. Loans, advances and financing (cont'd.)

(iii) Gross loans, advances and financing analysed by interest/profit rate sensitivity are as follows:

| | Group and Bank | |
|---------------------|------------------|------------------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Conventional | | |
| Fixed rate | 26,577 | 112,430 |
| Variable rate | 655,765 | 2,430,250 |
| Islamic | | |
| Fixed rate | 512,789 | 14,725 |
| Variable rate | 2,183,791 | 2,392,059 |
| | 3,378,922 | 4,949,464 |

(iv) Gross loans, advances and financing analysed by geographical area are as follows:

| | Group and Bank | |
|--------------|------------------|------------------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Malaysia | 2,160,295 | 2,172,749 |
| East Asia | 899,769 | 1,663,797 |
| South Asia | 16,330 | 106,174 |
| Central Asia | - | 387,818 |
| Middle East | 134,069 | 138,272 |
| Africa | 7,791 | 125,216 |
| Europe | 115,507 | 337,031 |
| Oceania | 45,161 | 18,407 |
| | 3,378,922 | 4,949,464 |

(v) Gross loans, advances and financing analysed by industry are as follows:

| | Group and Bank | |
|--|------------------|------------------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Primary agriculture | - | 12,434 |
| Manufacturing | 1,311,698 | 1,304,915 |
| Transport, storage and communication | 388,310 | 890,476 |
| Construction | 302,035 | 599,091 |
| Wholesale and retail trade, and restaurants and hotels | 176,609 | 464,409 |
| Others | 1,200,270 | 1,678,139 |
| | 3,378,922 | 4,949,464 |

Notes to the Financial Statements

9. Loans, advances and financing (cont'd.)

(vi) Movements of gross and net impaired loans, advances and financing ("impaired loans") are as follows:

| | Group and Bank | |
|---|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| At 1 January | 2,017,855 | 2,086,013 |
| Impaired during the year | 136,068 | - |
| Interest/financing income recognised during the year | 18,645 | 32,765 |
| Reclassified as non-impaired | (145,510) | - |
| Recoveries | (162,216) | (13,399) |
| Amount written off | (1,477,341) | (3,205) |
| Exchange differences | (109,587) | (84,319) |
| At 31 December | 277,914 | 2,017,855 |
| Less: Allowance for ECL on loans, advances and financing (Stage 3) | (160,790) | (1,485,131) |
| Net impaired loans, advances and financing | 117,124 | 532,724 |
| Gross impaired loans as a percentage of gross loans, advances and financing | | |
| - with ECR debtors | 8.22% | 40.77% |
| - without ECR debtors | 9.17% | 42.60% |
| Net impaired loans as a percentage of gross loans, advances and financing | | |
| - with ECR debtors | 3.47% | 10.76% |
| - without ECR debtors | 3.86% | 11.25% |

(vii) Gross impaired loans, advances and financing analysed by geographical area are as follows:

| | Group and Bank | |
|--------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Malaysia | 148,156 | 129,987 |
| East Asia | 129,758 | 1,070,334 |
| South Asia | - | 66,726 |
| Central Asia | - | 387,818 |
| Middle East | - | 265,174 |
| Africa | - | 97,816 |
| | 277,914 | 2,017,855 |

Notes to the Financial Statements

9. Loans, advances and financing (cont'd.)

(viii) Gross impaired loans, advances and financing analysed by industry are as follows:

| | Group and Bank | |
|--|----------------|------------------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Primary agriculture | - | 12,434 |
| Manufacturing | 18,767 | 72,997 |
| Transport, storage and communication | 66,057 | 484,336 |
| Construction | - | 467,028 |
| Wholesale and retail trade, and restaurants and hotels | 128,033 | 170,746 |
| Others | 65,057 | 810,314 |
| | 277,914 | 2,017,855 |

(ix) Movements in the allowance for ECL for loans, advances and financing are as follows:

| | Stage 1 12-month ECL RM'000 | Stage 2 Lifetime ECL not credit impaired RM'000 | Stage 3 Lifetime ECL credit impaired RM'000 | Total ECL RM'000 |
|--|--------------------------------------|---|---|---------------------|
| Group and Bank | | | | |
| 2025 | | | | |
| At 1 January | 108,619 | 73,427 | 1,485,131 | 1,667,177 |
| Transferred to Stage 1 | 58,043 | (58,043) | - | - |
| Transferred to Stage 2 | - | 39,865 | (39,865) | - |
| Transferred to Stage 3 | - | (102) | 102 | - |
| Net remeasurement | 11,460 | (662) | (104,730) | (93,932) |
| Financial assets derecognised | (43,545) | (11,875) | - | (55,420) |
| Written off | - | - | 419,996 | 419,996 |
| Total amount charged/(writeback) to profit or loss during the year (Note 33) | 25,958 | (30,817) | 275,503 | 270,644 |
| Other movement with no profit or loss impact: | | | | |
| - Reversal of ECL relating to bad debt written off | - | - | (1,477,337) | (1,477,337) |
| - Exchange differences | - | - | (122,507) | (122,507) |
| At 31 December | 134,577 | 42,610 | 160,790 | 337,977 |

Notes to the Financial Statements

9. Loans, advances and financing (cont'd.)

(ix) Movements in the allowance for ECL for loans, advances and financing are as follows (cont'd.):

| | Stage 1 12-month ECL RM'000 | Stage 2 Lifetime ECL not credit impaired RM'000 | Stage 3 Lifetime ECL credit impaired RM'000 | Total ECL RM'000 |
|--|--------------------------------------|---|---|---------------------|
| Group and Bank | | | | |
| 2024 | | | | |
| At 1 January | 127,306 | 63,212 | 1,498,569 | 1,689,087 |
| Transferred to Stage 2 | (12,342) | 12,342 | - | - |
| Net remeasurement | 24,577 | (2,125) | 34,311 | 56,763 |
| Financial assets derecognised | (30,922) | (2) | - | (30,924) |
| Total amount charged/(writeback) to profit or loss during the year (Note 33) | (18,687) | 10,215 | 34,311 | 25,839 |
| Other movement with no profit or loss impact: | | | | |
| - Reversal of ECL relating to bad debt written off | - | - | (3,205) | (3,205) |
| - Exchange difference | - | - | (44,544) | (44,544) |
| At 31 December | 108,619 | 73,427 | 1,485,131 | 1,667,177 |
| Group and Bank | | | | |
| 2025 2024 | | | | |
| RM'000 RM'000 | | | | |
| Breakdown of ECL Stage 1 and 2: | | | | |
| From non-impaired loans, advances and financing | | | 177,187 | 182,046 |
| | | | 177,187 | 182,046 |
| As % of net loans, advances and financing (exclude gross impaired loan and staff loan) | | | 5.71% | 6.21% |

Notes to the Financial Statements

9. Loans, advances and financing (cont'd.)

(x) Overlays and adjustments for ECL

Overlays and post-model adjustments have been applied to address emerging risk in order to determine a sufficient overall level of ECL as at reporting date.

The overlays involved significant level of judgement and reflect the management's views of possible severities of the underlying credit risk and paths of recovery for certain borrowers in the forward-looking assessment for ECL estimation purposes.

The management overlays have increased, reflecting the latest customer performance amid ongoing geopolitical tensions, elevated inflation, and rising interest rates. As at 31 December 2025, the total management overlays for Expected Credit Losses (ECL) maintained by the Group and the Bank stood at RM120,880,000 (2024: RM30,345,000).

10. Insurance contract/takaful certificate liabilities and reinsurance contract assets

| | Group and Bank | |
|---|----------------|----------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Insurance contract/takaful certificates liabilities | (20,474) | (25,718) |
| Reinsurance contract assets | 717 | 3,936 |
| | (19,757) | (21,782) |

Insurance contract/takaful certificates liabilities not under PAA

| | Liabilities for remaining coverage - Excluding loss component | Liabilities for remaining coverage - loss component | Liabilities for incurred claims | Total |
|-----------------------------------|---|---|---------------------------------|----------|
| Balance as at 1.1.2024 | (3,375) | (8,316) | (18,377) | (30,068) |
| Insurance/Takaful revenue | 3,890 | 6,269 | - | 10,159 |
| Insurance/Takaful service expense | - | - | 3,954 | 3,954 |
| Insurance/Takaful finance expense | (189) | (170) | - | (359) |
| Premium/contribution received | (2,756) | - | - | (2,756) |
| Balance as at 31.12.2024/1.1.2025 | (2,430) | (2,217) | (14,423) | (19,070) |
| Insurance/Takaful revenue | 2,411 | 1,986 | - | 4,397 |
| Insurance/Takaful service expense | - | - | (183) | (183) |
| Insurance/Takaful finance expense | (73) | (45) | - | (118) |
| Premium/contribution received | (280) | - | - | (280) |
| Balance as at 31.12.2025 | (372) | (276) | (14,606) | (15,254) |

Notes to the Financial Statements

10. Insurance contract/takaful certificate liabilities and reinsurance contract assets (cont'd.)

Insurance contract/takaful certificates liabilities under PAA

| | Liabilities for remaining coverage | Liabilities for incurred claims | Total |
|-----------------------------------|------------------------------------|---------------------------------|----------------|
| Balance as at 1.1.2024 | (1,390) | (5,379) | (6,769) |
| Insurance/Takaful revenue | 1,297 | - | 1,297 |
| Insurance/Takaful service expense | - | 621 | 621 |
| Premium/contribution received | (1,797) | - | (1,797) |
| Balance as at 31.12.2024/1.1.2025 | (1,890) | (4,758) | (6,648) |
| Insurance/Takaful revenue | 2,100 | - | 2,100 |
| Insurance/Takaful service expense | - | 609 | 609 |
| Premium/contribution received | (1,149) | (132) | (1,281) |
| Balance as at 31.12.2025 | (939) | (4,281) | (5,220) |

Reinsurance contract assets

| | Assets for remaining coverage | Amounts recoverable on incurred claims | Total |
|---|-------------------------------|--|----------------|
| Balance as at 1.1.2024 | 9,559 | 313 | 9,872 |
| Net income or expense from reinsurance contracts held | (8,053) | (28) | (8,081) |
| Reinsurance finance expense | 53 | - | 53 |
| Premium/contribution paid | 2,092 | - | 2,092 |
| Balance as at 31.12.2024/1.1.2025 | 3,651 | 285 | 3,936 |
| Net income or expense from reinsurance contracts held | (3,499) | (164) | (3,663) |
| Reinsurance finance expense | 158 | (47) | 111 |
| Premium/contribution paid | 333 | - | 333 |
| Balance as at 31.12.2025 | 643 | 74 | 717 |

Notes to the Financial Statements

11. Derivative financial instruments

The notional amounts, recorded at gross, is the amount of derivatives' underlying asset, reference rate or index and is the basis upon which changes in the value of derivatives are measured. The notional amounts indicate the volume of transactions outstanding at the year end and are not indicative of the market risk nor the credit risk.

The following table shows the fair value of derivative financial instruments recorded as assets or liabilities together with their notional amounts. Derivative assets and derivative liabilities are disclosed on a gross basis as it is the Bank's practice to settle those derivative on a gross basis.

Swaps

Interest/profit rate swaps relate to contracts taken out by the Group and the Bank with other financial institutions in which the Group and the Bank either receive or pay a floating rate of interest/profit, respectively, in return for paying or receiving a fixed rate of interest/profit. The payment flows are usually netted against each other with the difference being paid by one party to the other.

In a cross currency interest/profit rate swap, the Group and the Bank swap their fixed coupon interest rate into a floating rate coupon in different currencies.

Forwards

The Group and the Bank enter into Forward Exchange Contract to sell or buy a specific amount of currency at a specified exchange rate for settlement in the future. The contract is entered for the Group's and the Bank's own requirement or on behalf of customer based on approved foreign exchange line.

Fair values

Disclosure concerning the fair value of derivatives are provided in Note 42.

Fair value hedge

The financial instruments hedged for interest/profit rate risk and foreign currency risk consist of the Medium Term Notes ("MTN") and Multi-currency Sukuk Programme ("Sukuk") issued by the Group and the Bank.

Notes to the Financial Statements

11. Derivative financial instruments (cont'd.)

Fair value hedge (cont'd.)

As at 31 December 2025, the Bank has entered into the following derivative financial instruments:

| | Group and Bank | | | | | |
|--|--------------------------------|-----------------------|------------------------------|--------------------------------|-----------------------|------------------------------|
| | 2025 | | | 2024 | | |
| | Fair Value Assets RM'000 | Liabilities RM'000 | Notional Amount RM'000 | Fair Value Assets RM'000 | Liabilities RM'000 | Notional Amount RM'000 |
| <u>Derivatives used in fair value hedges</u> | | | | | | |
| Interest/profit rate swaps | - | 37,962 | 1,827,450 | - | 110,854 | 2,013,975 |
| <u>Derivative held for trading</u> | | | | | | |
| Forward foreign exchange contract | - | 1,791 | 64,976 | - | - | - |
| Total | - | 39,753 | 1,892,426 | - | 110,854 | 2,013,975 |

At their inception, derivatives often involve only mutual exchange of promises with little or no transfer of consideration. However, these instruments frequently involve a high degree of leverage and are very volatile. A relatively small movement in the value of the asset, rate or index underlying a derivative contract may have a significant impact on the profit or loss of the Group and the Bank.

Over-the-counter derivatives may expose the Group and the Bank to the risks associated with absence of an exchange market on which to close out an open position.

Notes to the Financial Statements

11. Derivative financial instruments (cont'd.)

Fair value hedge (cont'd.)

Swaps

Swaps are contractual agreements between two parties to exchange streams of payments over-time based on specified notional amounts, in relation to movements in a specified underlying index such an interest/profit rate, foreign currency rate or equity index.

Full details of hedging as follows:

Group and Bank

2025

| Notional amount | Hedging instrument: Interest/ Profit Rate Swap | Hedged item: MTN/SUKUK | Hedging relationship | Nature of risk |
|-----------------|---|---|----------------------|----------------|
| USD50 million | Floating rate of 6 months SOFR + CAS + 0.388% p.a. (receive fixed USD semi-annually/ pay float USD semi-annually) | Fixed 1.831% per annum (payable semi-annually) | Fair value hedge | Interest rate |
| USD50 million | Floating rate of 6 months SOFR + CAS + 0.375% p.a. (receive fixed USD semi-annually/ pay float USD semi-annually) | Fixed 1.831% per annum (payable semi-annually) | Fair value hedge | Interest rate |
| USD100 million | Floating rate of 6 months SOFR + CAS + 0.385% p.a. (receive fixed USD semi-annually/ pay float USD semi-annually) | Fixed 1.831% per annum (payable semi-annually) | Fair value hedge | Interest rate |
| USD100 million | Floating rate of 6 months SOFR + CAS + 0.373% p.a. (receive fixed USD semi-annually/ pay float USD semi-annually) | Fixed 1.831% per annum (payable semi-annually) | Fair value hedge | Interest rate |
| USD25 million | Floating rate of 6 months SOFR + CAS + 0.397% p.a. (receive fixed USD semi-annually/ pay float USD semi-annually) | Fixed 1.831% per annum (payable semi-annually) | Fair value hedge | Interest rate |

Notes to the Financial Statements

11. Derivative financial instruments (cont'd.)

Fair value hedge (cont'd.)

Full details of hedging as follows: (cont'd.)

Group and Bank (cont'd.)

2025

| Notional amount | Hedging instrument: Interest/ Profit Rate Swap | Hedged item: MTN/SUKUK | Hedging relationship | Nature of risk |
|-----------------|---|---|----------------------|----------------|
| USD25 million | Floating rate of 6 months SOFR + CAS + 0.397% p.a. (receive fixed USD semi-annually/ pay float USD semi-annually) | Fixed 1.831% per annum (payable semi-annually) | Fair value hedge | Interest rate |
| USD100 million | Floating rate of 3 months SOFR + CAS + 1.40% p.a. (receive fixed USD annually/pay float USD quarterly) | Fixed 4.25% per annum (payable annually) | Fair value hedge | Interest rate |
| Notional amount | Non-hedging instrument: Forward FX contract | Start date | End date | |
| USD10 million | Forward FX Contract | 14-Aug-25 | 18-May-26 | |
| USD6 million | Forward FX Contract | 03-Oct-25 | 03-Mar-26 | |

Forward foreign exchange contracts are entered into to manage currency exposures. As these contracts do not qualify for hedge accounting, they are accounted for as financial instruments at fair value through profit or loss. The notional amounts and maturities of outstanding contracts as at 31 December 2025 are disclosed in the table above.

Notes to the Financial Statements

11. Derivative financial instruments (cont'd.)

Fair value hedge (cont'd.)

Full details of hedging as follows (cont'd.):

Group and Bank

2024

| Notional amount | Hedging instrument: Interest/ Profit Rate Swap | Hedged item: MTN/SUKUK | Hedging relationship | Nature of risk |
|-----------------|---|---|----------------------|----------------|
| USD50 million | Floating rate of 6 months SOFR + CAS + 0.388% p.a. (receive fixed USD semi-annually/ pay float USD semi-annually) | Fixed 1.831% per annum (payable semi-annually) | Fair value hedge | Interest rate |
| USD50 million | Floating rate of 6 months SOFR + CAS + 0.375% p.a. (receive fixed USD semi-annually/ pay float USD semi-annually) | Fixed 1.831% per annum (payable semi-annually) | Fair value hedge | Interest rate |
| USD100 million | Floating rate of 6 months SOFR + CAS + 0.385% p.a. (receive fixed USD semi-annually/ pay float USD semi-annually) | Fixed 1.831% per annum (payable semi-annually) | Fair value hedge | Interest rate |
| USD100 million | Floating rate of 6 months SOFR + CAS + 0.373% p.a. (receive fixed USD semi-annually/ pay float USD semi-annually) | Fixed 1.831% per annum (payable semi-annually) | Fair value hedge | Interest rate |

Notes to the Financial Statements

11. Derivative financial instruments (cont'd.)

Fair value hedge (cont'd.)

Full details of hedging as follows (cont'd.):

Group and Bank (cont'd.)

2024

| Notional amount | Hedging instrument: Interest/ Profit Rate Swap | Hedged item: MTN/SUKUK | Hedging relationship | Nature of risk |
|-----------------|---|---|----------------------|----------------|
| USD25 million | Floating rate of 6 months SOFR + CAS + 0.397% p.a. (receive fixed USD semi-annually/ pay float USD semi-annually) | Fixed 1.831% per annum (payable semi-annually) | Fair value hedge | Interest rate |
| USD25 million | Floating rate of 6 months SOFR + CAS + 0.397% p.a. (receive fixed USD semi-annually/ pay float USD semi-annually) | Fixed 1.831% per annum (payable semi-annually) | Fair value hedge | Interest rate |
| USD100 million | Floating rate of 3 months SOFR + CAS + 1.40% p.a. (receive fixed USD annually/pay float USD quarterly) | Fixed 4.25% per annum (payable annually) | Fair value hedge | Interest rate |

The unrealised (loss)/gain arising from the fair value hedges are as follows:

| | Group and Bank | |
|---|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Unrealised fair value gain from hedging instruments | 65,428 | 24,623 |
| Unrealised fair value loss from hedged items | (65,559) | (22,059) |
| | (131) | 2,564 |

Notes to the Financial Statements

12. Other assets

| | Group and Bank | |
|--|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Interest/profit receivables (excluding interest/profit on loans, advances and financing) | 20,757 | 23,795 |
| Tax prepayment | - | 6,583 |
| Other receivables, deposits and prepayments, net* | 620 | - |
| | 21,377 | 30,378 |

* Included in other receivables, deposits and prepayments as at 31 December 2025 is an amount related to a bank guarantee of RM18,701,218 which has crystallised, with a corresponding ECL charge transferred from provision for commitments and contingencies during the financial year.

| | Group and Bank | |
|--|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| (i) Gross other receivables | 20,153 | 21,623 |
| Less: ECL transferred from provision for commitments and contingencies (Note 22) | | |
| Less: ECL | (19,533) | (832) |
| Net receivables | 620 | - |

13. Deferred tax (liabilities)/assets

| | Group | | Bank | |
|---|----------------|----------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| At 1 January | - | - | - | - |
| Recognised in profit or loss (Note 36) | | | | |
| - Origination and reversal of temporary differences | (137) | (303) | (137) | (303) |
| - Benefits from previously unutilised business losses | 137 | 303 | 137 | 303 |
| At 31 December | - | - | - | - |

Notes to the Financial Statements

13. Deferred tax (liabilities)/assets (cont'd.)

Deferred tax assets

| Group and Bank | Unutilised business losses RM'000 | Total deductible temporary differences RM'000 |
|---|--|--|
| At 1 January 2024 | 4,394 | 4,394 |
| Recognised in statement of profit or loss | (303) | (303) |
| At 31 December 2024/1 January 2025 | 4,091 | 4,091 |
| Recognised in statement of profit or loss | 681 | 681 |
| At 31 December 2025 | 4,772 | 4,772 |

Deferred tax liabilities

| Group and Bank | ROU assets and accelerated capital allowance on property and equipment RM'000 | Total taxable temporary differences RM'000 |
|------------------------------------|--|---|
| At 1 January 2024 | (4,394) | (4,394) |
| Recognised in profit or loss | 303 | 303 |
| At 31 December 2024/1 January 2025 | (4,091) | (4,091) |
| Recognised in profit or loss | (681) | (681) |
| At 31 December 2025 | (4,772) | (4,772) |

Presented after appropriate offsetting as follows:

| | Group | | Bank | |
|--------------------------|------------------------|------------------------|------------------------|------------------------|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Deferred tax assets | 4,772 | 4,091 | 4,772 | 4,091 |
| Deferred tax liabilities | (4,772) | (4,091) | (4,772) | (4,091) |
| | - | - | - | - |

Notes to the Financial Statements

13. Deferred tax (liabilities)/assets (cont'd.)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxation authority.

At the reporting date, the Group and the Bank have recognised deferred tax assets for the following items:

| | Group | | Bank | |
|-----------------------|----------------|----------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Unutilised tax losses | 19,883 | 17,047 | 19,883 | 17,047 |
| Tax rate | 24% | 24% | 24% | 24% |
| | 4,772 | 4,091 | 4,772 | 4,091 |

The deferred tax assets have been recognised as at 31 December 2025 to the extent that the Group and the Bank have sufficient taxable temporary differences to utilise against the deferred tax assets.

At the reporting date, the Group and the Bank have not recognised deferred tax assets for the following items:

| | Group | | Bank | |
|--|----------------|----------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Unutilised business losses | 1,183,379 | 1,211,389 | 1,183,379 | 1,211,389 |
| Other deductible temporary differences | 210,072 | 205,323 | 210,072 | 205,323 |
| | 1,393,451 | 1,416,712 | 1,393,451 | 1,416,712 |

Year of expiry of unutilised business losses is analysed as follows:

| | 2025 RM'000 | 2024 RM'000 |
|------------------|----------------|----------------|
| Expiring in 2029 | 575,697 | 603,707 |
| Expiring in 2030 | 391,931 | 391,931 |
| Expiring in 2033 | 215,751 | 215,751 |
| | 1,183,379 | 1,211,389 |

The unutilised business losses above are available for offset against future taxable profits at the Group and the Bank, subject to tax law and guidelines issued by the tax authority enacted at the reporting date.

The deductible temporary differences do not expire under current tax legislation unless there is a substantial change in shareholders (more than 50%).

Notes to the Financial Statements

14. Investment in subsidiaries

| | Bank | |
|--------------------------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Unquoted shares - at cost | 73,419 | 73,419 |
| Less: Allowance for impairment | (9,290) | (9,290) |
| | 64,129 | 64,129 |

The subsidiaries are as follows:

| Name of company | Principal activities | Country of incorporation/ principal place of business | Effective ownership interest (%) | |
|---|--|--|----------------------------------|----------------|
| | | | 2025 RM'000 | 2024 RM'000 |
| Malaysia Export Credit Insurance Berhad | Dormant | Malaysia | 100 | 100 |
| EXIM Sukuk Malaysia Berhad | Special Purpose Vehicle for Sukuk issuance | Malaysia | 100 | 100 |

Malaysia Export Credit Insurance Berhad, a wholly owned subsidiary of the Bank was formerly engaged in the provision of export and domestic credit insurance facilities and guarantees. The Company is currently dormant.

15. Investment properties

| | Group and Bank | |
|---------------------------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Cost | | |
| At 1 January/31 December | 1,300 | 1,300 |
| Accumulated depreciation | | |
| At 1 January | 540 | 522 |
| Charged for the year (Note 30) | 18 | 18 |
| At 31 December | 558 | 540 |
| Carrying amount | 742 | 760 |

Notes to the Financial Statements

15. Investment properties (cont'd.)

| | Group and Bank | |
|---|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Included in the carrying amount of investment properties are: | | |
| Freehold land | 400 | 400 |
| Buildings | 342 | 360 |
| | 742 | 760 |
| Fair value of investment properties | 1,300 | 1,300 |

The investment properties were mainly valued by Raine & Horne International Zaki & Partners Sdn. Bhd., an independent professional valuer, on 10 February 2025. The fair value is determined based on the comparison method of valuation.

This method of valuation seeks to determine the value of the properties being valued by comparing and adopting as a yardstick recent transactions and sale evidences involving similar properties in the vicinity.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

16. Intangible assets

| | Group and Bank | |
|--------------------------------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Computer software | | |
| Cost | | |
| At 1 January | 22,375 | 20,875 |
| Additions | - | 177 |
| Transfer from property and equipment | 840 | 1,323 |
| At 31 December | 23,215 | 22,375 |
| Accumulated depreciation | | |
| At 1 January | 18,130 | 16,500 |
| Charged for the year (Note 30) | 1,700 | 1,630 |
| At 31 December | 19,830 | 18,130 |
| Carrying amount | 3,385 | 4,245 |

Notes to the Financial Statements

17. Property and equipment (cont'd.)

| Group and Bank (cont'd.) | Freehold land | | Building | | Office equipment | | Renovation and improvements | | Motor vehicles | | Furniture, electrical, fittings and equipment | | Work-in-progress | | Total |
|---------------------------------|---------------|--------|----------|--------|------------------|--------|-----------------------------|---------|----------------|--------|---|--------|------------------|--------|-------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| Cost | | | | | | | | | | | | | | | |
| At 1 January 2024 | 30,000 | 33,000 | 1,221 | 30,062 | 519 | 4,809 | 12,275 | 3,159 | 115,045 | | | | | | |
| Additions | - | - | 65 | 238 | - | 24 | 1,835 | 997 | 3,159 | | | | | | |
| Transfer to intangible assets | - | - | - | - | - | - | - | (1,323) | (1,323) | | | | | | |
| Transfer from work-in-progress | - | - | - | - | - | - | 359 | (359) | - | | | | | | |
| Disposals | - | - | (60) | (24) | - | (28) | - | - | (112) | | | | | | |
| Asset written-off | - | - | - | - | - | - | (31) | (2,194) | (2,225) | | | | | | |
| At 31 December 2024 | 30,000 | 33,000 | 1,226 | 30,276 | 519 | 4,805 | 14,438 | 280 | 114,544 | | | | | | |
| Accumulated depreciation | | | | | | | | | | | | | | | |
| At 1 January 2024 | - | 9,570 | 1,024 | 27,529 | 514 | 4,660 | 10,523 | - | 53,820 | | | | | | |
| Charged for the year | - | 660 | 73 | 848 | 2 | 44 | 1,416 | - | 3,043 | | | | | | |
| Disposals | - | - | (60) | (24) | - | (27) | - | - | (111) | | | | | | |
| Asset written-off | - | - | - | - | - | - | (21) | - | (21) | | | | | | |
| At 31 December 2024 | - | 10,230 | 1,037 | 28,353 | 516 | 4,677 | 11,918 | - | 56,731 | | | | | | |
| Carrying amount | | | | | | | | | | | | | | | |
| At 31 December 2024 | 30,000 | 22,770 | 189 | 1,923 | 3 | 128 | 2,520 | 280 | 57,813 | | | | | | |

Notes to the Financial Statements

18. Right-of-use assets

| | Group and Bank | |
|---------------------------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Premises | | |
| Cost | | |
| At 1 January | 7,295 | 7,520 |
| Additions | 495 | 658 |
| Remeasurement of lease terms | - | (883) |
| At 31 December | 7,790 | 7,295 |
| Accumulated depreciation | | |
| At 1 January | 6,160 | 4,932 |
| Charged for the year (Note 30) | 1,297 | 1,228 |
| At 31 December | 7,457 | 6,160 |
| Carrying amount | 333 | 1,135 |

19. Borrowings

| | | Group and Bank | |
|--|------|------------------|------------------|
| | | 2025 RM'000 | 2024 RM'000 |
| Term loans/Revolving credits - unsecured | (i) | 813,513 | 1,306,666 |
| Medium Term Notes("MTN")/Sukuk* | (ii) | 1,836,142 | 2,050,240 |
| | | 2,649,655 | 3,356,906 |

* The Sukuk consist of the USD1.0 billion Multicurrency Sukuk Issuance Programme issued by EXIM Sukuk Malaysia Sdn Bhd that is subsequently loaned to the Bank amounting to Nil in 2025 (2024: RM89,499,175).

Notes to the Financial Statements

19. Borrowings (cont'd.)

| | Group and Bank | |
|---|------------------|------------------|
| | 2025 RM'000 | 2024 RM'000 |
| (i) <u>Term loans/Revolving credits - unsecured</u> | | |
| Repayable within one year | 813,513 | 1,111,142 |
| One year to three years | - | 195,524 |
| | 813,513 | 1,306,666 |
| (ii) <u>Medium Term Notes("MTN")/Sukuk</u> | | |
| Repayable within one year | 1,445,175 | 89,499 |
| One year to three years | - | 1,549,170 |
| Three years to five years | 390,967 | 411,571 |
| | 1,836,142 | 2,050,240 |
| | 2,649,655 | 3,356,906 |

Repayment based on the currencies of the borrowings are as follows:

| | Carrying amount RM'000 | Within 1 year RM'000 | 1 - 3 years RM'000 | 3 - 5 years RM'000 | Over 5 years RM'000 |
|-------------|------------------------------|----------------------------|--------------------------|--------------------------|---------------------------|
| 2025 | | | | | |
| - USD | 2,334,834 | 1,943,867 | - | 390,967 | - |
| - RM | 68,427 | 68,427 | - | - | - |
| - EUR | 104,735 | 104,735 | - | - | - |
| - GBP | 113,982 | 113,982 | - | - | - |
| - AUD | 27,677 | 27,677 | - | - | - |
| | 2,649,655 | 2,258,688 | - | 390,967 | - |
| 2024 | | | | | |
| - USD | 2,918,488 | 957,747 | 1,549,170 | 411,571 | - |
| - RM | 63,688 | 63,688 | - | - | - |
| - EUR | 128,221 | 128,221 | - | - | - |
| - GBP | 232,044 | 36,520 | 195,524 | - | - |
| - AUD | 14,465 | 14,465 | - | - | - |
| | 3,356,906 | 1,200,641 | 1,744,694 | 411,571 | - |

Notes to the Financial Statements

19. Borrowings (cont'd.)

Borrowings of the Group and the Bank comprise the followings:

Term loans/Revolving credits

- (a) Revolving multi-currency loan up to an aggregate of USD50,000,000 (approximately RM203,050,000) (2024: USD50,000,000 (approximately RM223,775,000)). This facility is available for utilisation in USD, GBP, SGD and EUR.

The loan was obtained on 25 June 2009. The principal and interest of the loan was revised to USD100,000,000 and 0.80% respectively on March 2014, revised to USD150,000,000 on July 2014 and revised to USD50,000,000 on November 2022. Interest on the loan is charged at the rate of 0.80% (2024: 0.80%) per annum above SOFR for USD and 0.80% above COF for GBP, SGD and EUR.

- (b) Revolving multi-currency Islamic financing obtained on 10 November 2010 for USD30,000,000, renewed on 14 December 2011, 21 March 2014 and 2 March 2015 with additional amounts of USD10,000,000, USD30,000,000 and USD30,000,000 respectively. On 21 November 2019, the amount was reduced to USD50,000,000. Profit rate on the financing was charged at the rate of 0.80% and has been subsequently revised to 0.50% (2024: 0.50%) per annum above the Islamic Cost of Fund since March 2014.

- (c) Revolving Euro loan of one (1) year up to an aggregate of EUR30,000,000 (approximately RM142,821,000) (2024: EUR30,000,000 (approximately RM139,878,000)).

The loan was obtained on 12 March 2012. Interest rate on the loan is charged at the rate of 0.80% (2024: 0.80%) per annum above Euro Interbank Offer Rate ("EURIBOR").

- (d) Commodity Murabahah Revolving Credit-i up to an aggregate of USD25,000,000 (approximately RM101,525,000) (2024: USD25,000,000 (approximately RM111,887,500)) renewable after one (1) year.

The financing was obtained on 10 April 2013. Profit rate on the financing is charged at the rate of 0.50% (2024: 0.50%) per annum above the Islamic Cost of Fund. This financing was cancelled on 2 August 2024.

- (e) Commodity Murabahah Revolving Credit-i up to an aggregate of USD20,000,000 (approximately RM81,220,000) (2024: USD20,000,000 (approximately RM89,510,000)) renewable after one (1) year.

The financing was obtained on 15 August 2013. Profit rate on the financing is charged at the rate of 0.75% (2024: 0.75%) per annum above the Islamic Cost of Fund. On 27 July 2020, the financing amount was reduced to USD20,000,000.

- (f) Multi-Currency Murabahah Revolving Credit-i up to an aggregate of EUR120,000,000 (approximately RM571,284,000) (2024: EUR120,000,000 (approximately RM559,512,000)). On 25 September 2024, the amount was reduced to EUR45,000,000 This facility is available for utilisation in EUR, USD and GBP.

The financing was obtained on 18 September 2013. Profit rate on the financing is charged at the rate of 0.80% (2024: 0.80%) per annum above EURIBOR for EUR and 0.80% above COF for USD and GBP.

Notes to the Financial Statements

19. Borrowings (cont'd.)

Borrowings of the Group and the Bank comprise the followings (cont'd.):

Term loans/Revolving credits (cont'd.)

- (g) Multi-currency Commodity Murabahah Revolving Credit-i up to an aggregate of USD75,000,000 (approximately RM304,575,000) (2024: USD75,000,000 (approximately RM335,662,500)). This facility is available for utilisation in USD, EUR and JPY.

The financing was obtained on 25 February 2016 and renewable yearly. Profit rate on the financing is charged at the rate of 0.75% (2024: 0.75%) per annum above the SOFR and CAS for USD, and 0.75% per annum above COF for EUR and JPY on 31 December 2025.

- (h) Commodity Murabahah Revolving Credit-i up to an aggregate of USD25,000,000 (approximately RM101,525,000) (2024: USD25,000,000 (approximately RM111,887,500)).

The financing was obtained on 16 December 2016. Profit rate on the financing is charged at the rate of 0.80% (2024: 0.45%) per annum above SOFR.

- (i) Commodity Murabahah Revolving Credit-i up to an aggregate of USD50,000,000 (approximately RM203,050,000) (2024: USD50,000,000 (approximately RM223,775,000)) renewable after one (1) year.

The financing was obtained on 14 November 2019. Profit rate on the financing is charged at the rate of 0.95% per annum above SOFR.

- (j) Revolving US Dollar loan up to a maximum facility of USD20,000,000 (approximately RM81,220,000). (2024: USD20,000,000 (approximately RM89,510,000)).

The loan was obtained on 20 October 2020. Interest on loan is charged at the rate of 0.75% (2024: 0.75%) per annum above Cost of Fund. This facility was cancelled on 2 May 2025.

- (k) Revolving US Dollar loan up to a maximum facility of USD50,000,000 (approximately RM203,050,000). (2024: USD50,000,000 (approximately RM223,775,000)).

The loan was obtained on 17 August 2023. Interest on loan is charged at the rate of 0.95% per annum above SOFR.

- (l) Revolving US Dollar loan up to a maximum facility of USD25,000,000 (approximately RM101,525,000). (2024: USD25,000,000 (RM118,887,500)).

The loan was obtained on 8 December 2023. Interest on loan is charged at the rate of 0.75% per annum above SOFR.

Notes to the Financial Statements

19. Borrowings (cont'd.)

Borrowings of the Group and the Bank comprise the followings (cont'd.):

Term loans/Revolving credits (cont'd.)

- (m) Term Financing Facility of GBP35,000,000 (approximately RM190,879,500). (2024: GBP35,000,000 (approximately RM196,647,500))

The loan was obtained on 29 August 2023 and repayable after a period of 3 years. Profit on the financing is charged at 1.03% per annum above Term SONIA. This financing has been fully repaid on 24 November 2025.

- (n) Commodity Murabahah Revolving Credit-i loan up to a maximum facility of RM50,000,000. (2024: RM50,000,000)

The loan was obtained on 21 June 2023. Interest on loan is charged at the rate of 0.55% per annum above SOFR.

- (o) Funds from Bank Negara Malaysia ("BNM") amounting to RM400,000 for the purpose to provide financing to SME customers. In December 2025, the fund balance was RM28,541 (2024: RM106,342).

The funding is interest-free and commence from 6 March 2020 and expire on the repayment date.

Medium Term Notes

In November 2021, the Bank updated its USD3,000,000,000 multicurrency MTN programme which is listed and quoted in Singapore Exchange ("SGX"). Under the programme, the Bank may from time to time issue notes in series or tranches, which may be denominated in USD or any other currency deemed appropriate at the time. Each series or tranche of notes may be issued in various amounts and tenures, and may bear fixed or floating rate of interest.

Issuances made as at year end are as follows:

| Date of issuance | Nominal value | Tenure | Coupon rate | Fixed/ Floating |
|-------------------------|--|---------------|--------------------|----------------------------|
| 6 June 2014 | USD100 mil (equivalent to RM406 mil) | 15 years | 4.250% | Fixed |
| 26 Nov 2021 | USD350 mil (equivalent to RM1,421 mil) | 5 years | 1.831% | Fixed |

Notes to the Financial Statements

19. Borrowings (cont'd.)

Borrowings of the Group and the Bank comprise the followings (cont'd.):

Multi-currency Sukuk Programme

In September 2013, the Bank launched its USD1.0 billion unsecured multicurrency Sukuk programme through Special Purpose Vehicle ("SPV") company. Under the programme, the Bank may from time to time issue notes in series or tranches, which may be denominated in USD or any other currency deemed appropriate at the time. Each series or tranche of notes may be issued in various amounts and tenures, and may bear fixed or floating of interest.

The Bank established a SPV entity, EXIM Sukuk Malaysia Berhad, to issue the abovementioned Multi-currency Sukuk Programme. Correspondingly, the borrowings from Sukuk are transacted with the SPV at the Bank level. At the Group level, the borrowings from Sukuk are transacted with third parties who subscribed to and invested in the Sukuk.

| Date of issuance | Nominal value | Tenure | Coupon rate | Fixed/ Floating |
|------------------|------------------------------------|----------|-------------|--------------------|
| 6 May 2015 | USD20 mil (equivalent to RM81 mil) | 10 years | 3.350% | Fixed |

20. Lease liabilities

| | Group and Bank | |
|---------------------------------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| At 1 January | 1,161 | 2,686 |
| Addition | 495 | 658 |
| Interest expenses - lease liabilities | 42 | 143 |
| Repayment during the year | (1,393) | (2,326) |
| At 31 December | 305 | 1,161 |

| | Group and Bank | |
|---------------------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Repayable within one year | 283 | 992 |
| One year to three years | 22 | 169 |
| | 305 | 1,161 |

Notes to the Financial Statements

21. Other payables and accruals

| | Group | | Bank | |
|---|----------------|----------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Sinking fund and debt services reserve accounts | 183,400 | 122,259 | 183,400 | 122,259 |
| RCCPS dividend payables | 124,745 | 108,378 | 124,745 | 108,378 |
| Interest payable for borrowings | 15,620 | 22,965 | 15,620 | 22,965 |
| Amount due to Teraju* | 17,061 | 16,616 | 17,061 | 16,616 |
| Others | 102,487 | 70,165 | 102,522 | 70,196 |
| | 443,313 | 340,383 | 443,348 | 340,414 |

* This fund represents advances received from The Bumiputera Agenda Steering Unit ("Teraju") under the Ministry of Economy as collateral for loan to be disbursed to Bumiputera Exporters. Withdrawal of the fund is upon the borrower turning impaired up to a maximum of RM5,000,000 per borrower.

22. Provision for commitments and contingencies

| | Group and Bank | |
|---|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Provision for commitments and contingencies | 14,519 | 17,843 |

Notes to the Financial Statements

22. Provision for commitments and contingencies (cont'd.)

Movements in the provisions for commitments and contingencies are as follows:

| | Stage 1 12-month ECL RM'000 | Stage 2 Lifetime ECL not credit impaired RM'000 | Stage 3 Lifetime ECL credit impaired RM'000 | Total ECL RM'000 |
|--|--------------------------------------|---|---|---------------------|
| At 1 January 2024 | 17,481 | 251 | 26,680 | 44,412 |
| Transfer ECL to other assets | - | - | (20,791) | (20,791) |
| Total amount (writeback)/charged to profit or loss during the year (Note 34) | | | | |
| - Transferred to Stage 1 | - | - | - | - |
| - Financial assets derecognised | (538) | - | - | (538) |
| - Net remeasurement | 348 | 301 | (5,553) | (4,904) |
| | (190) | 301 | (5,553) | (5,442) |
| Exchange differences | - | - | (336) | (336) |
| At 31 December 2024/1 January 2025 | 17,291 | 552 | - | 17,843 |
| Total amount (writeback)/charged to profit or loss during the year (Note 34) | | | | |
| - Transferred to Stage 2 | 177 | (177) | - | - |
| - Financial assets derecognised | (3,475) | (1) | - | (3,476) |
| - Net remeasurement | (17) | 169 | - | 152 |
| | (3,315) | (9) | - | (3,324) |
| Exchange differences | - | - | - | - |
| At 31 December 2025 | 13,976 | 543 | - | 14,519 |

Notes to the Financial Statements

23. Deferred income

| | Group and Bank | |
|---|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Arising from: | | |
| (i) Guarantee and other fees from conventional banking activities | | |
| At 1 January | 3,383 | 12,922 |
| Addition during the year | 1,537 | 994 |
| Recognised in profit or loss | (2,700) | (10,533) |
| At 31 December | 2,220 | 3,383 |
| (ii) Guarantee and other fees from Islamic banking activities | | |
| At 1 January | 6,835 | 4,638 |
| Addition during the year | 10,795 | 4,575 |
| Recognised in profit or loss | (9,674) | (2,378) |
| At 31 December | 7,956 | 6,835 |
| | 10,176 | 10,218 |

24. Share capital and redeemable convertible cumulative preference shares

(a) Share capital

| | Group and Bank | | | |
|---|-----------------------------|------------------|-----------------------------|------------------|
| | 2025 | | 2024 | |
| | Number of shares '000 | Amount RM'000 | Number of shares '000 | Amount RM'000 |
| Issued and fully paid-up, at par value | | | | |
| Ordinary shares | 2,708,665 | 2,708,665 | 2,708,665 | 2,708,665 |
| Special rights | ** | ** | ** | ** |
| At 31 December | 2,708,665 | 2,708,665 | 2,708,665 | 2,708,665 |

** Special right of 1 unit at RM1.

Notes to the Financial Statements

24. Share capital and redeemable convertible cumulative preference shares

(a) Share capital (cont'd.)

On 30 April 2025, The Special Rights Redeemable Share ("Special Rights") was transferred from Ministry of Finance (Incorporated) or its successors or any Ministry, representative or any person acting on behalf of the Government of Malaysia to Bank Pembangunan Malaysia Berhad ("BPMB").

The Special Rights shareholder shall have the right from time to time to appoint any person to be an appointed Director ("Government Appointed Director"), so that there shall not be more than four Government appointed Directors at any time.

The Special Rights shareholder or any person acting on its behalf shall be entitled to receive notice of and to attend and speak at all general meetings of any meeting of any class of shareholders of the Bank, but the Special Share shall carry neither right to vote nor any other rights at any such meeting.

In a distribution of capital in a winding up of the Bank, the Special Rights shareholder shall be entitled to repayment of the capital paid up on the Special Share in priority to any repayment of capital to any other member. The Special Share shall confer no other right to participate in the capital or profits of the Bank.

The Special Rights shareholder may, subject to the provision of the Companies Act 2016, require the Bank to redeem the Special Share at par at any time by serving written notice upon the Bank and delivering the relevant share certificate.

The Special Rights shareholder shall determine on general guidelines pertaining to lending, investments and divestment by the Bank from time to time as deemed appropriate.

(b) Redeemable convertible cumulative preference shares

On 21 December 2017, the Bank received an advance from MoF, Inc of RM250 million. This advance carries a financing cost of 4.7%. This advance is to be capitalised as Redeemable Convertible Cumulative Preference Shares ("RCCPS") via a Subscription Agreement based on the terms that was approved by BNM on 21 November 2017 and 30 January 2018. The Bank has obtained the shareholder's approval on the proposed RCCPS issuance via Extraordinary General Meeting held on 8 March 2018.

The key terms are as follows:

| | |
|-------------------|---|
| Tenure: | Based on perpetual from 8 March 2018. |
| Dividend rate: | 4.7% per annum, payable semi-annually in arrears. |
| Conversion right: | Shall not constitute a cancellation, redemption or termination of a RCCPS but will be by way of variation to the status of, and rights attaching to, the RCCPS so that it becomes an ordinary shares. The conversion is at the option of the Ministry of Finance (on behalf of the Government of Malaysia). |

Notes to the Financial Statements

25. Operating revenue

Operating revenue of the Group and the Bank comprises gross interest income, fee and commission income, insurance/takaful service revenue and income from Islamic banking fund.

| | Group and Bank | |
|--|----------------|----------------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Interest income from non-impaired loans | 57,131 | 106,795 |
| Interest income from impaired loans | 16,904 | 44,123 |
| Income derived from Islamic banking fund | 165,374 | 106,204 |
| Income from banking fees | 17,372 | 14,496 |
| Insurance/takaful service revenue | 2,721 | 6,557 |
| Others | 6,276 | 20,783 |
| | 265,778 | 298,958 |

26. Interest income

| | Group and Bank | |
|--|----------------|----------------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Loans, advances and financing | | |
| - Interest income from non-impaired loans | 57,132 | 106,795 |
| - Interest income from impaired loans | 16,693 | 30,330 |
| - Recoveries from impaired loans | 210 | 13,793 |
| Money at call and deposit placements with banks and other financial institutions | 28,353 | 42,235 |
| Financial investments at FVOCI and at amortised cost | 15,971 | 12,688 |
| Amortisation of premium, net | (753) | (625) |
| | 117,606 | 205,216 |

27. Interest expense

| | Group and Bank | |
|--|----------------|----------------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Interest expense on term loans/revolving credits | 11,239 | 14,090 |
| Interest expense on Medium Term Notes | 47,144 | 50,418 |
| Interest expense on derivatives | 58,269 | 83,028 |
| | 116,652 | 147,536 |

Notes to the Financial Statements

28. Insurance/takaful service results

| | Group and Bank | |
|--|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Insurance revenue | | |
| Contracts not measured under PAA | | |
| Expected claims and insurance/takaful service expense incurred in the period | 3,083 | 7,217 |
| Change in the risk adjustment for non-financial risk | 1,314 | 2,942 |
| Contracts measured under PAA | 2,100 | 1,048 |
| | 6,497 | 11,207 |
| Insurance service expenses | | |
| Incurred claims and other service expense | (206) | 3,743 |
| Changes to liabilities for incurred claims | - | (6) |
| | (206) | 3,737 |
| Net expenses from reinsurance contracts held | | |
| Amounts relating to changes in the assets for remaining coverage | (3,497) | (8,053) |
| Changes that relates to past service | (163) | (28) |
| | (3,660) | (8,081) |
| Insurance/takaful service results | 2,631 | 6,863 |
| Insurance/Takaful finance expense | | |
| Insurance/Takaful finance expenses from contracts issued | (118) | (359) |
| Reinsurance finance income from contracts held | 208 | 53 |
| | 90 | (306) |
| Net income from insurance/takaful business | 2,721 | 6,557 |

Notes to the Financial Statements

29. Other Income

| | Group and Bank | |
|--|----------------|-----------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Fee income | 18,678 | 15,659 |
| Unrealised foreign exchange (loss)/gain | (369,975) | 145,101 |
| Realised foreign exchange gain/(loss): | | |
| - Financial assets at amortised cost | 360,638 | 22,772 |
| - Financial liabilities at FVTPL | 56,487 | (148,977) |
| Gain/(loss) on disposal of equipment | - | (10) |
| Rental income | 23 | 24 |
| Unrealised fair value (loss)/gain on non-hedging derivatives | (1,791) | 1,579 |
| Unrealised fair value gain on hedging derivatives | 65,428 | 24,623 |
| Unrealised fair value loss on MTN/Sukuk | (59,832) | (45,952) |
| Unrealised fair value loss on financial investment at FVTPL | (68,586) | (1,367) |
| Others | 1,542 | 16,697 |
| | 2,612 | 30,149 |

30. Overhead expenses

| | Note | Group and Bank | |
|----------------------------------|-------|----------------|--------|
| | | 2025 | 2024 |
| | | RM'000 | RM'000 |
| Personnel costs | (i) | 70,379 | 63,972 |
| Establishment related expenses | (ii) | 13,993 | 13,118 |
| Promotion and marketing expenses | (iii) | 1,646 | 1,260 |
| General administrative expenses | (iv) | 24,572 | 19,062 |
| | | 110,590 | 97,412 |

(i) Personnel costs

| | Group and Bank | |
|----------------------------------|----------------|--------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Salaries, allowances and bonuses | 51,954 | 48,654 |
| Defined contribution plan | 6,867 | 7,671 |
| Other staff related expenses | 11,558 | 7,647 |
| | 70,379 | 63,972 |

Notes to the Financial Statements

30. Overhead expenses (cont'd.)

(ii) Establishment related expenses

| | Group and Bank | |
|---|----------------|---------------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Depreciation: | | |
| - Property and equipment (Note 17) | 2,873 | 3,043 |
| - Investment properties (Note 15) | 18 | 18 |
| - Right-of-use assets (Note 18) | 1,297 | 1,228 |
| Amortisation of intangible assets (Note 16) | 1,700 | 1,630 |
| Interest expense - lease liabilities | 42 | 143 |
| Rental of equipment | 135 | 112 |
| Repairs and maintenance of property and equipment | 7,928 | 6,944 |
| | 13,993 | 13,118 |

(iii) Promotion and marketing expenses

| | Group and Bank | |
|-----------------------------|----------------|--------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Advertisement and publicity | 1,646 | 1,260 |

(iv) General administrative expenses

| | Group and Bank | |
|--|----------------|---------------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Asset written off | 7 | 2,225 |
| Auditors' remuneration | | |
| - statutory audit | 829 | 579 |
| - other assurance related services | 752 | 7 |
| General and administrative expenses | 15,365 | 10,065 |
| Non-Executive directors remuneration (Note 31) | 2,001 | 1,651 |
| Professional fees | 2,287 | 4,206 |
| Others | 3,331 | 329 |
| | 24,572 | 19,062 |

Notes to the Financial Statements

31. Directors' fees and remuneration

| Group and Bank | Fees RM'000 | Other Emoluments RM'000 | Total RM'000 |
|--|----------------|-------------------------------|-----------------|
| 2025 | | | |
| Non-Executive Directors: | | | |
| Dato' Charon Wardini Mokhzani (Chairman) | 290 | 36 | 326 |
| Raymond Fam Chye Soon | 267 | - | 267 |
| Dr. Mastura binti Abdul Karim | 195 | - | 195 |
| Datuk Bahria binti Mohd Tamil | 174 | - | 174 |
| Abdul Aziz bin Abu Bakar | 296 | - | 296 |
| Lee Eng Huat | 264 | - | 264 |
| Dato' Mastura Ahmad Mustafa | 20 | - | 20 |
| | 1,506 | 36 | 1,542 |
| Shariah Committee Members: | | | |
| Dr. Ghazali bin Jaapar | 102 | - | 102 |
| Dr. Safinar binti Salleh | 72 | - | 72 |
| Dr. Muhammad Syahmi bin Mohd Karim | 72 | - | 72 |
| Prof. Dr. Muhammad Ridhwan bin Ab. Aziz | 71 | - | 71 |
| Dr. Ahmad Zakirullah bin Mohamed Shaarani | 71 | - | 71 |
| Ustaz Mohd Bahroddin bin Badri | 71 | - | 71 |
| | 459 | - | 459 |
| Total Directors' remuneration (excluding benefits in-kind) (Note 30) | 1,965 | 36 | 2,001 |

Notes to the Financial Statements

31. Directors' fees and remuneration (cont'd.)

| Group and Bank | Fees RM'000 | Other Emoluments RM'000 | Total RM'000 |
|--|----------------|-------------------------------|-----------------|
| 2024 | | | |
| Non-Executive Directors: | | | |
| Dato' Charon Wardini Mokhzani (Chairman) | 191 | 36 | 227 |
| Raymond Fam Chye Soon | 219 | - | 219 |
| Dr. Mastura binti Abdul Karim | 118 | - | 118 |
| Datuk Bahria binti Mohd Tamil | 148 | - | 148 |
| Abdul Aziz bin Abu Bakar | 107 | - | 107 |
| Lee Eng Huat | 83 | - | 83 |
| Dato' Wong Lee Yun | 91 | - | 91 |
| Hasli Hashim | 181 | - | 181 |
| | 1,138 | 36 | 1,174 |
| Shariah Committee Members: | | | |
| Dr. Ghazali bin Jaapar | 95 | - | 95 |
| Dr. Safinar binti Salleh | 79 | - | 79 |
| Dr. Muhammad Syahmi bin Mohd Karim | 76 | - | 76 |
| Prof. Dr. Muhammad Ridhwan bin Ab. Aziz | 75 | - | 75 |
| Dr. Ahmad Zakirullah bin Mohamed Shaarani | 76 | - | 76 |
| Ustaz Mohd Bahroddin bin Badri | 76 | - | 76 |
| | 477 | - | 477 |
| Total Directors' remuneration (excluding benefits in-kind) (Note 30) | 1,615 | 36 | 1,651 |

32. Key management personnel compensation

Key management personnel comprise person having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly. It comprises the President/Chief Executive Officer and senior management of the Group and of the Bank.

The key management personnel compensation is as follows:

| | Group and Bank | |
|--|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Salaries and other short-term benefits | 3,984 | 3,102 |
| Defined contribution plan ("EPF") | 633 | 493 |
| Termination/end of contract compensation | 52 | - |
| | 4,669 | 3,595 |

Notes to the Financial Statements

33. Allowances/(writeback) for ECL on loans, advances and financing

| | Group and Bank | |
|---|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Allowances/(writeback) for ECL on loans, advances and financing (Note 9 (ix)) | | |
| - 12-month ECL - Stage 1, net | 25,958 | (18,687) |
| - Lifetime not credit impaired ECL - Stage 2, net | (30,817) | 10,215 |
| - Lifetime ECL credit impaired - Stage 3, charged for the year | 487,749 | 81,058 |
| - Lifetime ECL credit impaired - Stage 3, written back during the year | (212,246) | (46,747) |
| | 270,644 | 25,839 |
| Impaired loans/financing: | | |
| - Bad debts recovered | (4) | (91,762) |
| | 270,640 | (65,923) |

34. Writeback for ECL on commitments and contingencies

| | Group and Bank | |
|--|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Writeback for ECL on commitments and contingencies (Note 22) | | |
| - 12-month ECL - Stage 1, net | (3,315) | (190) |
| - Lifetime not credit impaired ECL - Stage 2, net | (9) | 301 |
| - Lifetime ECL credit impaired - Stage 3, net | - | (5,553) |
| | (3,324) | (5,442) |

35. (Writeback)/allowances for ECL on financial investments

| | Group and Bank | |
|---|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Financial investments at FVOCI (Note 7) | - | - |
| Financial investments at amortised costs (Note 8) | (146,938) | 24,770 |
| | (146,938) | 24,770 |

Notes to the Financial Statements

36. Taxation

The major components of taxation for the years ended 31 December 2025 and 31 December 2024 are:

| | Group | | Bank | |
|---|----------------|----------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| Deferred tax expense (Note 13): | | | | |
| - Origination and reversal of temporary differences | (137) | (303) | (137) | (303) |
| - Benefits from previously unutilised business losses | 137 | 303 | 137 | 303 |
| | - | - | - | - |

Income tax is calculated at the Malaysian statutory tax rate of 24% (2024: 24%) of the estimated assessable profit for the year.

A reconciliation of the taxation applicable to profit before taxation at the statutory tax rate to taxation at the effective tax rate of the Group and the Bank are as follows:

| | Group | | Bank | |
|--|----------------|----------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 | 2025 RM'000 | 2024 RM'000 |
| (Loss)/profit before taxation | (81,311) | 113,495 | (81,311) | 113,495 |
| Income tax using Malaysian statutory tax rate of 24% (2024: 24%) | (19,515) | 27,239 | (19,515) | 27,239 |
| Non-deductible expenses | 19,674 | 362 | 19,674 | 362 |
| Utilisation of previously unrecognised tax losses | 5,424 | (21,845) | 5,424 | (21,845) |
| Deferred tax assets not recognised on unutilised business losses | (5,583) | (5,756) | (5,583) | (5,756) |
| | - | - | - | - |

37. Basic and diluted earnings per share

| | Group | | Bank | |
|---|-----------|-----------|-----------|-----------|
| | 2025 | 2024 | 2025 | 2024 |
| Issued ordinary shares as at 31 December ('000) | 2,708,665 | 2,708,665 | 2,708,665 | 2,708,665 |
| Net (loss)/profit for the year (RM'000) | (81,311) | 113,495 | (81,311) | 113,495 |
| Basic and diluted earnings per share (sen) | (3.00) | 4.19 | (3.00) | 4.19 |

The basic and diluted earnings per ordinary share has been calculated based on net (loss)/profit for the year and the number of ordinary shares during the year.

Notes to the Financial Statements

38. Dividends

The holders of redeemable convertible cumulative preference shares are entitled to receive dividends at a fixed rate of 4.7% per annum as and when declared by the Bank.

39. Commitments and contingencies

| | Group and Bank | |
|--------------------------------------|------------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| <u>Banking operation commitments</u> | | |
| Contracted but not provided for: | | |
| Guarantee facility | 205,576 | 129,700 |
| Undrawn loans and financing | 1,267,383 | 798,926 |
| | 1,472,959 | 928,626 |
| <u>Operational commitments</u> | | |
| Approved but not contracted for: | | |
| Within one year | 31,470 | 17,275 |
| Total commitments and contingencies | 1,504,429 | 945,901 |

40. Significant related parties transaction and balances

For the purposes of these financial statements, parties are considered to be related to the Group and the Bank, if the Group or the Bank has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also included key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel consists of the President/Chief Executive Officer and senior management of the Group and the Bank. The key management personnel compensation is disclosed in Note 32.

The Group and the Bank have related party relationships with their holding companies, subsidiaries and key management personnel.

Notes to the Financial Statements

40. Significant related parties transaction and balances (cont'd.)

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions and balances of the Group and of the Bank are as follows:

(a) Holding companies

With effect from 1 May 2025, Bank Pembangunan Malaysia Berhad ("BPMB") became the holding company of Export-Import Bank of Malaysia Berhad ("EXIM Bank"). The ultimate holding company remains the Minister of Finance (Incorporated).

| | Bank | |
|-------------------------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Amount due to holding company | 80 | - |
| Dividend payable | 124,745 | - |
| | 124,825 | - |

(b) Subsidiaries

| | Bank | |
|----------------------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Amount due to subsidiaries | 64,099 | 64,103 |

41. Credit exposure arising from financing facilities with connected parties

The credit exposures disclosed below are based on the requirements of Paragraphs 2.1 and 9.1 of Bank Negara Malaysia's Guidelines on Credit Transactions and Exposures with Connected Parties. Based on this guideline, a connected party refers to:

- (i) Controlling of the shareholder of the Bank and its close relatives;
- (ii) Firm, partnerships, companies or any legal entities which control, or are controlled by any person listed in (i) above, or in which they have an interest, as a director, partner, executive officer, agent or guarantor, and their subsidiaries or entities controlled by them;
- (iii) Any person for whom the person listed in (i) above is a guarantor; and
- (iv) Subsidiaries of or an entity controlled by the Bank and its connected parties.

Notes to the Financial Statements

41. Credit exposure arising from financing facilities with connected parties (cont'd.)

The Group's and the Bank's credit exposure arising from financing facilities with connected parties are as disclosed below:

| | Group and Bank | | | |
|---|--------------------------|--------------------|--------------------------|--------------------|
| | 2025 | | 2024 | |
| | Total exposure RM'000 | Impaired RM'000 | Total exposure RM'000 | Impaired RM'000 |
| Financing facility (except guarantee) | 517,463 | 35,992 | 817,827 | - |
| Off-balance sheet exposure | 200,000 | - | 44,755 | - |
| Equities and Private Debt Securities ("PDS") held | 210,710 | 210,710 | - | - |
| | 928,173 | 246,702 | 862,582 | - |
| Total exposure to connected parties as % of total capital | 50.11% | 13.32% | 49.25% | 0.00% |
| Total exposure to connected parties as % of total outstanding exposures | 12.42% | 3.30% | 9.78% | 0.00% |

42. Financial risk management policies

The Group's and the Bank's financial risk management policies seek to enhance shareholder's value. The Group and the Bank focuses is on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Bank.

The Risk Management Division ("RMD") of the Group and the Bank is responsible for formulating policies and the oversight of credit, market liquidity and operational risks.

Financial risk management is carried out through risk assessment and reviews, internal control systems and adherence to Group's and Bank's financial risk management policies, which are reported to and approved by the Board. The Board also approves the treasury practices which cover the management of these risks.

The main areas of financial risks faced by the Group and the Bank and the policies are set out as follows:

a. Capital management

Capital management refers to continuous, proactive and systematic process to ensure the Group and the Bank have sufficient capital in accordance to its risk profile and regulator's requirements.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

b. Market risk

The Group's and the Bank's market risk arises due to changes in foreign currency values which would lead to a decline in the valuation of the Group's and the Bank's foreign currency base financial investment, derivatives and borrowings.

c. Asset liability management risk

Asset Liability Management ("ALM") risk comprises:

(i) Interest rate risks

This refers to the exposure of the Group's and the Bank's financial conditions due to adverse movements in interest rates to the banking book.

(ii) Liquidity risks

Defined as the risk of not being able to obtain sufficient funds in a timely manner at a reasonable cost to meet financial commitments when due.

d. Credit risk

Credit risk is defined as risk due to uncertainty in the customers or the counterparties ability to meet its obligations or failure to perform according to the terms and conditions of the credit-related contract.

Oversight and organisation

A stable enterprise-level organisational structure for risk management is necessary to ensure a uniform view of risk across the Group and the Bank. It is also important to have clear roles and responsibilities defined for each functions.

The Board has the overall responsibility for understanding the risks undertaken by the Group and the Bank and ensuring that the risks are properly managed.

While the Board is ultimately responsible for risk management of the Group and the Bank, it has entrusted the Board Risk Committee ("BRC") to carry out its functions. Although the responsibilities have been delegated, the Board still remains accountable. BRC, which is chaired by an independent Director of the Board, oversees the overall management of all risks covering credit risk management, country risk management, market risk management, asset liability management and operational risk management.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Executions of the Board's risk strategies and policies are the responsibilities of the Group's and the Bank's management and the conduct of these functions is being exercised under a committee structure, namely Management Risk Committee ("MRC"). The Chief Risk Officer ("CRO") chairs MRC. The Committee focuses on the overall business strategies and daily business operations of the Group and the Bank in respect of risk management.

To carry out the day-to-day risk management function, a dedicated RMD that is independent of profit and volume targets supports the Committee. RMD reports functionally to the BRC and administratively to the President/Chief Executive Officer.

Capital management

Capital policy

The overall objective of capital management is to maintain a strong capital position in order to provide opportunities for business growth and able to provide cushion for any potential losses. In line with this objective, the Group and the Bank view capital position as an important key barometer of financial health.

In order to support its mandated roles, the Group and the Bank must have strong and adequate capital to support its business activities on an on-going basis. BNM has imposed several regulatory capital requirements whereby, the Bank must have an absolute minimum capital funds of RM300,000,000 and a minimum Risk Weighted Capital Ratio ("RWCR") of 8% at all times. The minimum capital funds refers to paid-up capital and reserves as defined in Section 3 of Development Financial Institution Act 2002.

In order to further strengthen the capital position of the Group and the Bank through a progressive and systematic building up of the reserve fund, the Group and the Bank are required to maintain a reserve fund and transfer a certain percentage of its net profits to the reserve fund once the RWCR falls below the threshold of 16%.

As at the reporting date, the reserve fund is not yet required as at the reporting date as the Group's and the Bank's capital is currently above the threshold of 16%.

The Bank has adopted BNM's transitional arrangements to add back a portion of the Stage 1 and Stage 2 allowance for ECL to Tier 1 Capital over a four-year period from financial year beginning 2020. The transitional arrangements are consistent with the guidance issued by the Basel Committee of Banking Supervision on "Regulatory treatment of accounting provisions – interim approach and transitional arrangement" (March 2017) and "Measures to reflect the impact of Covid-19" dated April 2020.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Capital management (cont'd.)

Regulatory capital

The following table set forth capital resources and capital adequacy for the Bank as at 31 December:

| | Group and Bank | |
|----------------------------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Ordinary share capital | 2,708,665 | 2,708,665 |
| Accumulated losses [#] | (1,277,226) | (1,374,220) |
| Current year profit [#] | (80,104) | 113,402 |
| Eligible Tier 1 capital | 1,351,335 | 1,447,847 |

| | Group and Bank | |
|---|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Loss provision and regulatory reserve [*] | 177,187 | 182,046 |
| Redeemable convertible cumulative preference shares | 250,000 | 250,000 |
| Provision for guarantee and claims [#] | 17,528 | 18,684 |
| Provision for commitment and contingencies | 14,519 | 17,843 |
| Eligible Tier 2 capital | 459,234 | 468,573 |
| Investment in subsidiaries | (64,129) | (64,129) |
| Total capital base | 1,746,440 | 1,852,291 |
| Risk weighted assets | 3,844,273 | 4,380,887 |

[#] The numbers are based on MFRS 4, in accordance with Capital Regulatory Framework of BNM.

^{*} The loss provision for 2025 is computed based on Para 14.1 (d)(ii) or Capital Adequacy Framework (capital components) issued by BNM on 9 December 2020. The Tier 2 Capital comprise collective allowance on unimpaired loans, advances and financing and regulatory reserve.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Capital management (cont'd.)

Regulatory capital (cont'd.)

Capital Ratio

- With proposed RCCPS dividend

| | | |
|--------------------|--------|--------|
| Core capital ratio | 34.73% | 32.67% |
| RWCR | 45.00% | 41.91% |

- Without proposed RCCPS dividend

| | | |
|--------------------|--------|--------|
| Core capital ratio | 35.15% | 33.05% |
| RWCR | 45.43% | 42.28% |

The Group and the Bank has elected to apply the transitional arrangements in accordance with BNM's Guidelines on Transitional Arrangements for Regulatory Capital Treatment of Accounting Provisions for Development Financial Institutions. For net ECL charge, the addback factor is 0% for 2025 and 0% for 2024. There is no impact on capital ratio as the Group and the Bank is in net ECL writeback for 2025 and 2024.

Capital monitoring

The Group's and the Bank's capital are closely monitored and actively managed. Besides the regulatory capital requirement of 8%, the Group and the Bank have set an internal capital requirement limit that would act as a buffer to the regulatory capital and as an indicator that affords the Group and the Bank a "well capitalised" status. The MRC shall be responsible in managing and monitoring both the internal capital limit and regulatory capital requirement.

Market risk management

Approach and risk strategy

The principal objectives of market risk management are to assume an appropriate balance between the level of risk and the level of return desired in order to maximise the return to shareholders' funds and to ensure prudent management of the Group's and the Bank's resources to support the growth of the Group's and the Bank's economic value.

The Group's and the Bank's market risk management strategies are to identify, measure, monitor and manage the Group's and the Bank's earnings and capital against market risk inherent in all activities of the Group and the Bank and ensure all relevant personnel clearly understand the Group's and the Bank's approach in managing market risk.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Market risk management (cont'd.)

Risk identification

The Group's and the Bank's market risk arise due to changes foreign currency which would lead to a decline in the value of the Group's and the Bank's financial investments, derivatives, borrowings, foreign exchange and equity position.

Measurement

The Group's and the Bank's policies are to minimise the exposures to foreign currency risk arising from lending activities by monitoring and obtaining the Board's approval for funding requisitions that involve foreign currencies.

The Group and the Bank are exposed to foreign currency risk arising from the balances in cash and bank balances, deposits and placements, loans, advances and financing, derivatives financial instruments and borrowings.

The table below shows the Group's and the Bank's foreign currencies sensitivity based on reasonable possible movements on the increase/(decrease) in foreign exchange ("FX") rates that resulted to the increase/(decrease) in profit and loss:

| | Changes in foreign exchange rates (+/-) % | Effect on profit/loss | | Effect on equity | |
|-------------|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| | | Increase in FX rate RM'000 | Decrease in FX rate RM'000 | Increase in FX rate RM'000 | Decrease in FX rate RM'000 |
| 2025 | | | | | |
| EUR | 5 | 399 | (399) | 399 | (399) |
| GBP | 5 | 389 | (389) | 389 | (389) |
| SGD | 5 | 8 | (8) | 8 | (8) |
| USD | 10 | 26,706 | (26,706) | 26,706 | (26,706) |
| AUD | 10 | 2,171 | (2,171) | 2,171 | (2,171) |
| | | 29,673 | (29,673) | 29,673 | (29,673) |
| 2024 | | | | | |
| EUR | 5 | 712 | (712) | 712 | (712) |
| GBP | 5 | 234 | (234) | 234 | (234) |
| SGD | 5 | 2,337 | (2,337) | 2,337 | (2,337) |
| USD | 10 | (21,830) | 21,830 | (21,830) | 21,830 |
| AUD | 10 | 1,851 | (1,851) | 1,851 | (1,851) |
| | | (16,696) | 16,696 | (16,696) | 16,696 |

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Market risk management (cont'd.)

Foreign exchange ("FX") risk arises as a result of movements in relative currencies due to the Group's operating business activities and structural foreign exchange exposures from foreign investments and capital management activities.

Generally, the Group is exposed to three types of foreign exchange risk such as translation risk, transactional risk and economic risk which are managed in accordance with the market risk policy and limits. The Group controls its FX exposures by transacting in permissible currencies. It has an internal FX NOP to measure, control and monitor its FX risk and implements FX hedging strategies to minimise FX exposures. Stress testing is conducted periodically to ensure sufficient capital buffer on FX risk.

| Group and Bank | Malaysian Ringgit RM'000 | United states dollar RM'000 | Euro RM'000 | Singapore dollar RM'000 | Great Britain Pound RM'000 | Australian dollar RM'000 | Others RM'000 | Total RM'000 |
|--|-----------------------------|--------------------------------|----------------|----------------------------|-------------------------------|-----------------------------|------------------|------------------|
| 2025 | | | | | | | | |
| Assets | | | | | | | | |
| Cash and bank balances | 574,036 | 2,874 | 4,192 | 231 | 6,986 | 2,445 | 97 | 590,861 |
| Deposits and placements with banks and other financial institutions | 164,197 | 353,000 | 104,931 | - | 14,381 | 9,592 | - | 646,101 |
| Financial investments at fair value through profit or loss ("FVTPL") | 43,827 | - | - | - | - | - | - | 43,827 |
| Financial investments at fair value through other comprehensive income ("FVOCI") | 670,769 | - | - | - | - | - | - | 670,769 |
| Financial investments at amortised cost | 181,744 | 31,871 | - | - | - | - | - | 213,615 |
| Loans, advances and financing | 1,233,839 | 1,645,417 | 46 | 899 | 115,507 | 45,237 | - | 3,040,945 |
| Other assets | 70,113 | 11,594 | 735 | - | 89 | 99 | - | 82,630 |
| | 2,938,525 | 2,044,756 | 109,904 | 1,130 | 136,963 | 57,373 | 97 | 5,288,748 |

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Market risk management (cont'd.)

Generally, the Group is exposed to three types of foreign exchange risk such as translation risk, transactional risk and economic risk which are managed in accordance with the market risk policy and limits. The Group controls its FX exposures by transacting in permissible currencies. It has an internal foreign exchange net open position ("FX NOP") to measure, control and monitor its FX risk and implements FX hedging strategies to minimise FX exposures. Stress testing is conducted periodically to ensure sufficient capital buffer on FX risk. (cont'd.)

| Group and Bank | Malaysian Ringgit RM'000 | United states dollar RM'000 | Euro RM'000 | Singapore dollar RM'000 | Great Britain Pound RM'000 | Australian dollar RM'000 | Others RM'000 | Total RM'000 |
|--|-----------------------------|--------------------------------|----------------|----------------------------|-------------------------------|-----------------------------|------------------|------------------|
| 2025 | | | | | | | | |
| Liabilities | | | | | | | | |
| Borrowings | 68,074 | 2,335,029 | 104,735 | - | 114,129 | 27,688 | - | 2,649,655 |
| Deposit from corporate customers | 526,534 | - | - | - | - | - | - | 526,534 |
| Insurance contract/ takaful certificates liabilities | 20,474 | - | - | - | - | - | - | 20,474 |
| Other payables & accruals | 334,928 | 105,717 | - | 941 | 2,541 | 6,957 | 18 | 451,102 |
| Provision for commitment & contingencies | 14,519 | - | - | - | - | - | - | 14,519 |
| Derivative financial instruments | 1,791 | 37,962 | - | - | - | - | - | 39,753 |
| Deferred income | 10,176 | - | - | - | - | - | - | 10,176 |
| | 976,496 | 2,478,708 | 104,735 | 941 | 116,670 | 34,645 | 18 | 3,712,213 |
| On-balance sheet open position | 1,962,029 | (433,952) | 5,169 | 189 | 20,293 | 22,728 | 79 | 1,576,535 |
| Add/(less): Net forward position | - | 64,976 | - | - | - | - | - | 64,976 |
| Net open position (liabilities)/assets | 1,962,029 | (368,976) | 5,169 | 189 | 20,293 | 22,728 | 79 | 1,641,511 |

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Market risk management (cont'd.)

Generally, the Group is exposed to three types of foreign exchange risk such as translation risk, transactional risk and economic risk which are managed in accordance with the market risk policy and limits. The Group controls its FX exposures by transacting in permissible currencies. It has an internal FX NOP to measure, control and monitor its FX risk and implements FX hedging strategies to minimise FX exposures. Stress testing is conducted periodically to ensure sufficient capital buffer on FX risk. (cont'd.)

| Group and Bank | Malaysian Ringgit RM'000 | United states dollar RM'000 | Euro RM'000 | Singapore dollar RM'000 | Great Britain Pound RM'000 | Australian dollar RM'000 | Others RM'000 | Total RM'000 |
|--|-----------------------------|--------------------------------|----------------|----------------------------|-------------------------------|-----------------------------|------------------|-----------------|
| 2024 | | | | | | | | |
| Assets | | | | | | | | |
| Cash and bank balances | 15,455 | 3,832 | 3,969 | 96 | 2,314 | 925 | 108 | 26,699 |
| Deposits and placements with banks and other financial institutions | 274,411 | 947,836 | 24,733 | - | 13,318 | 18,042 | - | 1,278,340 |
| Financial investments at fair value through profit or loss ("FVTPL") | 5,011 | - | - | - | - | - | - | 5,011 |
| Financial investments at fair value through other comprehensive income ("FVOCI") | 651,955 | - | - | - | - | - | - | 651,955 |
| Financial investments at amortised cost | 127,351 | 79,230 | - | - | - | - | - | 206,581 |
| Loans, advances and financing | 1,096,184 | 1,829,279 | 102,850 | 1,059 | 234,342 | 18,573 | - | 3,282,287 |
| Other assets | 60,763 | 36,214 | 1,175 | - | 17 | 98 | - | 98,267 |
| | 2,231,130 | 2,896,391 | 132,727 | 1,155 | 249,991 | 37,638 | 108 | 5,549,140 |

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Market risk management (cont'd.)

Generally, the Group is exposed to three types of foreign exchange risk such as translation risk, transactional risk and economic risk which are managed in accordance with the market risk policy and limits. The Group controls its FX exposures by transacting in permissible currencies. It has an internal FX NOP to measure, control and monitor its FX risk and implements FX hedging strategies to minimise FX exposures. Stress testing is conducted periodically to ensure sufficient capital buffer on FX risk. (cont'd.)

| Group and Bank | Malaysian Ringgit RM'000 | United states dollar RM'000 | Euro RM'000 | Singapore dollar RM'000 | Great Britain Pound RM'000 | Australian dollar RM'000 | Others RM'000 | Total RM'000 |
|---|-----------------------------|--------------------------------|----------------|----------------------------|-------------------------------|-----------------------------|------------------|-----------------|
| 2024 | | | | | | | | |
| Liabilities | | | | | | | | |
| Borrowings | 78,564 | 2,904,004 | 128,222 | - | 231,651 | 14,465 | - | 3,356,906 |
| Deposit from corporate customers | 10,005 | - | - | - | - | - | - | 10,005 |
| Insurance contract/ takaful certificates liabilities | 25,718 | - | - | - | - | - | - | 25,718 |
| Other payables & accruals | 274,147 | 65,130 | 1,012 | 977 | 4,160 | 2,680 | 70 | 348,176 |
| Provision for commitment & contingencies | (2,946) | 20,789 | - | - | - | - | - | 17,843 |
| Derivative financial instruments | - | 110,854 | - | - | - | - | - | 110,854 |
| Deferred income | 10,218 | - | - | - | - | - | - | 10,218 |
| | 395,706 | 3,100,777 | 129,234 | 977 | 235,811 | 17,145 | 70 | 3,879,720 |
| On-balance sheet open position | 1,835,424 | (204,386) | 3,493 | 178 | 14,180 | 20,493 | 38 | 1,669,420 |
| Add/(less): Net forward position | - | - | - | - | - | - | - | - |
| Net open position (liabilities)/assets | 1,835,424 | (204,386) | 3,493 | 178 | 14,180 | 20,493 | 38 | 1,669,420 |

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Asset liability management

Approach and risk strategy

The main objective is to proactively manage the Group's and the Bank's financial position which includes assets, liabilities and capital, in order to maximise earnings and to attain its strategic goal, within the overall risk/return preferences.

The Group's and the Bank's Asset and Liability Management ("ALM") strategies are as follows:

- Ensure that the Group and the Bank achieve its financial objective through strategic business plan which shall be developed within the risk tolerance level;
- Ensure that the Group's and Bank's pricing and funding are adequately maintained to support a sound capital base through strategic management of the balance sheet; and
- Ensure that the Group and the Bank are able to sustain its capital against ALM risk inherent in all activities of the Group and the Bank.

Risk identification

When analysing whether or not an activity introduces a new element of ALM risk exposure, the Group and the Bank should be aware that changes to an instrument's maturity, repricing or repayment terms could materially affect the product's ALM risks characteristics.

Measurement

The Group and the Bank face interest rate risks arising from re-pricing mismatches of assets and liabilities from its banking businesses. These risks are monitored through economic value of equity limit and net interest income changes.

The Group and the Bank perform regular net interest income simulation to better understand the sensitivity to changes in interest rates on the net interest income. In addition, MRC will actively manage the re-pricing mismatches with the aid of monthly re-pricing gap and Earning-at-Risk ("EAR") reports.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Asset liability management (cont'd.)

Measurement (cont'd.)

The table below shows the Group's and the Bank's interest rate risk exposure based on contractual re-pricing gap:

| Group | Less than 3 months RM'000 | 3 to 12 months RM'000 | 1 to 5 years RM'000 | Over 5 years RM'000 | Non-interest bearing RM'000 | Total RM'000 |
|--|---------------------------------|-----------------------------|---------------------------|---------------------------|-----------------------------------|------------------|
| 2025 | | | | | | |
| Assets | | | | | | |
| Cash and bank balances | - | - | - | - | 590,861 | 590,861 |
| Deposits and placement with banks and other financial institutions | 610,774 | 35,327 | - | - | - | 646,101 |
| Financial investments at fair value through profit or loss | - | - | - | - | 43,827 | 43,827 |
| Financial investments at fair value through other comprehensive income | 10,015 | 45,334 | 405,421 | 209,999 | - | 670,769 |
| Financial investments at amortised cost | - | - | 130,882 | 82,733 | - | 213,615 |
| Loans, advances and financing | 511,462 | 535,845 | 813,899 | 1,062,308 | 117,431 | 3,040,945 |
| Reinsurance contract assets | - | - | - | - | 717 | 717 |
| Other assets | - | - | - | - | 81,913 | 81,913 |
| Total assets | 1,132,251 | 616,506 | 1,350,202 | 1,355,040 | 834,749 | 5,288,748 |
| Liabilities and equity | | | | | | |
| Borrowings | 483,509 | 1,763,451 | 402,695 | - | - | 2,649,655 |
| Deposit from corporate customers | 180,026 | 346,508 | - | - | - | 526,534 |
| Derivative financial instruments | 836 | 35,783 | 3,134 | - | - | 39,753 |
| Insurance contract/takaful certificates liabilities | - | - | - | - | 20,474 | 20,474 |
| Other liabilities | 142 | 141 | 22 | - | 475,492 | 475,797 |
| Shareholders' equity | - | - | - | - | 1,576,535 | 1,576,535 |
| Total liabilities and equity | 664,513 | 2,145,883 | 405,851 | - | 2,072,501 | 5,288,748 |
| Period gap | 467,738 | (1,529,377) | 944,351 | 1,355,040 | (1,237,752) | - |
| Cumulative gap | 467,738 | (1,061,639) | (117,288) | 1,237,752 | - | - |

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Asset liability management (cont'd.)

Measurement (cont'd.)

The table below shows the Group's and the Bank's interest rate risk exposure based on contractual re-pricing gap (cont'd.):

| Group | Less than 3 months RM'000 | 3 to 12 months RM'000 | 1 to 5 years RM'000 | Over 5 years RM'000 | Non-interest bearing RM'000 | Total RM'000 |
|--|---------------------------------|-----------------------------|---------------------------|---------------------------|-----------------------------------|------------------|
| 2024 | | | | | | |
| Assets | | | | | | |
| Cash and bank balances | - | - | - | - | 26,699 | 26,699 |
| Deposits and placement with banks and other financial institutions | 1,278,340 | - | - | - | - | 1,278,340 |
| Financial investments at fair value through profit or loss | - | - | - | - | 5,011 | 5,011 |
| Financial investments at fair value through other comprehensive income | 5,001 | 55,361 | 357,595 | 233,998 | - | 651,955 |
| Financial investments at amortised cost | - | - | 155,598 | 50,983 | - | 206,581 |
| Loans, advances and financing | 735,351 | 673,821 | 569,388 | 1,303,623 | 104 | 3,282,287 |
| Reinsurance contract assets | - | - | - | - | 3,936 | 3,936 |
| Other assets | - | - | - | - | 94,331 | 94,331 |
| Total assets | 2,018,692 | 729,182 | 1,082,581 | 1,588,604 | 130,081 | 5,549,140 |
| Liabilities and equity | | | | | | |
| Borrowings | 1,098,569 | 102,072 | 2,156,265 | - | - | 3,356,906 |
| Deposit from corporate customers | - | 10,005 | - | - | - | 10,005 |
| Derivative financial instruments | - | 110,854 | - | - | - | 110,854 |
| Insurance contract/takaful certificates liabilities | - | - | - | - | 25,718 | 25,718 |
| Other liabilities | - | 992 | 169 | - | 375,076 | 376,237 |
| Shareholders' equity | - | - | - | - | 1,669,420 | 1,669,420 |
| Total liabilities and equity | 1,098,569 | 223,923 | 2,156,434 | - | 2,070,214 | 5,549,140 |
| Period gap | 920,123 | 505,259 | (1,073,853) | 1,588,604 | (1,940,133) | - |
| Cumulative gap | 920,123 | 1,425,382 | 351,529 | 1,940,133 | - | - |

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Asset liability management (cont'd.)

Measurement (cont'd.)

The table below shows the Group's and the Bank's interest rate risk exposure based on contractual re-pricing gap (cont'd.):

| Bank | Less than 3 months RM'000 | 3 to 12 months RM'000 | 1 to 5 years RM'000 | Over 5 years RM'000 | Non-interest bearing RM'000 | Total RM'000 |
|--|--|--------------------------------------|------------------------------------|------------------------------------|--|-------------------------|
| 2025 | | | | | | |
| Assets | | | | | | |
| Cash and bank balances | - | - | - | - | 590,861 | 590,861 |
| Deposits and placement with banks and other financial institutions | 610,774 | 35,327 | - | - | - | 646,101 |
| Financial investments at fair value through profit or loss | - | - | - | - | 43,827 | 43,827 |
| Financial investments at fair value through other comprehensive income | 10,015 | 45,334 | 405,421 | 209,999 | - | 670,769 |
| Financial investments at amortised cost | - | - | 130,882 | 82,733 | - | 213,615 |
| Loans, advances and financing | 511,462 | 535,845 | 813,899 | 1,062,308 | 117,431 | 3,040,945 |
| Reinsurance contract assets | - | - | - | - | 717 | 717 |
| Derivative financial instruments | - | - | - | - | - | - |
| Other assets | - | - | - | - | 146,042 | 146,042 |
| Total assets | 1,132,251 | 616,506 | 1,350,202 | 1,355,040 | 898,878 | 5,352,877 |
| Liabilities and equity | | | | | | |
| Borrowings | 483,509 | 1,763,451 | 402,695 | - | - | 2,649,655 |
| Deposit from corporate customers | 180,026 | 346,508 | - | - | - | 526,534 |
| Derivative financial instruments | 836 | 35,783 | 3,134 | - | - | 39,753 |
| Insurance contract/takaful certificates liabilities | - | - | - | - | 20,474 | 20,474 |
| Other liabilities | 142 | 141 | 22 | - | 539,626 | 539,931 |
| Shareholders' equity | - | - | - | - | 1,576,530 | 1,576,530 |
| Total liabilities and equity | 664,513 | 2,145,883 | 405,851 | - | 2,136,630 | 5,352,877 |
| Period gap | 467,738 | (1,529,377) | 944,351 | 1,355,040 | (1,237,752) | - |
| Cumulative gap | 467,738 | (1,061,639) | (117,288) | 1,237,752 | - | - |

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Asset liability management (cont'd.)

Measurement (cont'd.)

The table below shows the Group's and the Bank's interest rate risk exposure based on contractual re-pricing gap (cont'd.):

| Bank | Less than 3 months RM'000 | 3 to 12 months RM'000 | 1 to 5 years RM'000 | Over 5 years RM'000 | Non-interest bearing RM'000 | Total RM'000 |
|--|--|--------------------------------------|------------------------------------|------------------------------------|--|-------------------------|
| 2024 | | | | | | |
| Assets | | | | | | |
| Cash and bank balances | - | - | - | - | 26,699 | 26,699 |
| Deposits and placement with banks and other financial institutions | 1,278,340 | - | - | - | - | 1,278,340 |
| Financial investments at fair value through profit or loss | - | - | - | - | 5,011 | 5,011 |
| Financial investments at fair value through other comprehensive income | 5,001 | 55,361 | 357,595 | 233,998 | - | 651,955 |
| Financial investments at amortised cost | - | - | 155,598 | 50,983 | - | 206,581 |
| Loans, advances and financing | 735,351 | 673,821 | 569,388 | 1,303,623 | 104 | 3,282,287 |
| Reinsurance contract assets | - | - | - | - | 3,936 | 3,936 |
| Other assets | - | - | - | - | 158,460 | 158,460 |
| Total assets | 2,018,692 | 729,182 | 1,082,581 | 1,588,604 | 194,210 | 5,613,269 |
| Liabilities and equity | | | | | | |
| Borrowings | 1,098,569 | 102,072 | 2,156,265 | - | - | 3,356,906 |
| Deposit from corporate customers | - | 10,005 | - | - | - | 10,005 |
| Derivative financial instruments | - | 110,854 | - | - | - | 110,854 |
| Insurance contract/takaful certificates liabilities | - | - | - | - | 25,718 | 25,718 |
| Other liabilities | - | 992 | 169 | - | 439,210 | 440,371 |
| Shareholders' equity | - | - | - | - | 1,669,415 | 1,669,415 |
| Total liabilities and equity | 1,098,569 | 223,923 | 2,156,434 | - | 2,134,343 | 5,613,269 |
| Period gap | 920,123 | 505,259 | (1,073,853) | 1,588,604 | (1,940,133) | - |
| Cumulative gap | 920,123 | 1,425,382 | 351,529 | 1,940,133 | - | - |

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Asset liability management (cont'd.)

Analysis of net interest income ("NII") and net profit income ("NPI") sensitivity

The table below shows the Bank's NII and NPI sensitivity based on possible parallel shift in interest rate:

| | NII | | NPI | |
|---------------------------------------|--|--|--|--|
| | 2025 Impact on profit and loss Increase/ (decrease) RM'000 | 2024 Impact on profit and loss Increase/ (decrease) RM'000 | 2025 Impact on profit and loss Increase/ (decrease) RM'000 | 2024 Impact on profit and loss Increase/ (decrease) RM'000 |
| Interest/Profit rate - parallel shift | | | | |
| + 50 basis points | 5 | 288 | 720 | 362 |
| - 50 basis points | (5) | (288) | (720) | (362) |

Impact to revaluation reserve is assessed by applying up and down 50 basis points rate shock to the yield curve to model on mark-to-market for financial investments at FVOCI portfolio:

| | 2025 Impact on OCI Increase/ (decrease) RM'000 | 2024 Impact on OCI Increase/ (decrease) RM'000 |
|-------------------|---|---|
| + 50 basis points | 24 | 5 |
| - 50 basis points | (24) | (5) |

Liquidity risk management

Approach and risk strategy

The inability to create liquidity would cause serious repercussion to the Group and the Bank in terms of its reputation and even its continued existence. In view of this, the Group and the Bank pay particular attention to liquidity risk management approach and strategy.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Liquidity risk management (cont'd.)

Approach and risk strategy (cont'd.)

The objective of liquidity risk management is to ensure the availability of sufficient liquidity to honour all financial obligations and able to meet any stressful events. The Group's and the Bank's liquidity risk management strategies involve:

- Establish appropriate policies to oversee the management of liquidity risk of the Group and the Bank;
- Establish prudent liquidity risk limits to ensure the Group and the Bank maintain a safe level of asset liquidity; and
- Develop contingency funding plans to manage the Group's and the Bank's funding requirement during liquidity crisis.

Risk identification

There are two types of liquidity risk i.e. funding liquidity risk and market liquidity risk. Funding liquidity risk refers to the potential inability of the Group and the Bank to meet its funding requirements arising from cash flow mismatches at a reasonable cost. Market liquidity risk refers to the Group's and the Bank's potential inability to liquidate positions quickly and in sufficient volumes, at a reasonable price.

Measurement

Liquidity is measured by the Group's and the Bank's ability to efficiently and economically accommodate decrease in deposits/funding (such as funds obtained from the Government) and other purchased liabilities and to fund increases in assets to ensure continued growth of the Group and the Bank.

The Group and the Bank maintain large capital base, sufficient liquid assets, diversified funding sources, and regularly assesses the long-standing relationship with traditional fund providers. These processes are subject to regular reviews to ensure adequacy and appropriateness.

In addition, the Group's and the Bank's liquidity positions are monitored and managed through structural liquidity indicators, such as loan to purchase funds and offshore revolving funds utilisation rate ratios to maintain an optimal funding mix and asset composition.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Liquidity risk management (cont'd.)

Measurement (cont'd.)

Table below analyses assets and liabilities of the Group's and the Bank's according to their contractual maturity:

| Group | No specific maturity RM'000 | Less than 3 months RM'000 | 3 to 12 months RM'000 | 1 to 5 years RM'000 | Over 5 years RM'000 | Total RM'000 |
|--|--------------------------------|------------------------------|--------------------------|------------------------|------------------------|------------------|
| 2025 | | | | | | |
| Assets | | | | | | |
| Cash and bank balances | 590,861 | - | - | - | - | 590,861 |
| Deposits and placements with banks and other financial institutions | - | 610,774 | 35,327 | - | - | 646,101 |
| Financial investments at fair value through profit or loss | - | - | - | - | 43,827 | 43,827 |
| Financial investments at fair value through other comprehensive income | - | 10,015 | 45,334 | 405,421 | 209,999 | 670,769 |
| Financial investments at amortised cost | - | - | - | 130,882 | 82,733 | 213,615 |
| Loans, advances and financing | - | 511,462 | 535,845 | 813,899 | 1,179,739 | 3,040,945 |
| Reinsurance contract assets | 73 | 7 | 637 | - | - | 717 |
| Other assets | 81,913 | - | - | - | - | 81,913 |
| Total assets | 672,847 | 1,132,258 | 617,143 | 1,350,202 | 1,516,298 | 5,288,748 |
| Liabilities | | | | | | |
| Borrowings | - | 483,509 | 1,763,451 | 402,695 | - | 2,649,655 |
| Deposit from corporate customers | - | 180,026 | 346,508 | - | - | 526,534 |
| Derivative financial instruments | - | 836 | 35,783 | 3,134 | - | 39,753 |
| Insurance contract/takaful certificates liabilities | 18,887 | 117 | 1,470 | - | - | 20,474 |
| Other liabilities | 475,492 | 142 | 141 | 22 | - | 475,797 |
| Total liabilities | 494,379 | 664,630 | 2,147,353 | 405,851 | - | 3,712,213 |
| Net maturity mismatch | 178,468 | 467,628 | (1,530,210) | 944,351 | 1,516,298 | 1,576,535 |

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Liquidity risk management (cont'd.)

Measurement (cont'd.)

Table below analyses assets and liabilities of the Group's and the Bank's according to their contractual maturity (cont'd.):

| Group | No specific maturity RM'000 | Less than 3 months RM'000 | 3 to 12 months RM'000 | 1 to 5 years RM'000 | Over 5 years RM'000 | Total RM'000 |
|--|--------------------------------|------------------------------|--------------------------|------------------------|------------------------|------------------|
| 2024 | | | | | | |
| Assets | | | | | | |
| Cash and bank balances | 26,699 | - | - | - | - | 26,699 |
| Deposits and placements with banks and other financial institutions | - | 1,278,340 | - | - | - | 1,278,340 |
| Financial investments at fair value through profit or loss | - | - | - | - | 5,011 | 5,011 |
| Financial investments at fair value through other comprehensive income | - | 5,001 | 55,361 | 341,556 | 250,037 | 651,955 |
| Financial investments at amortised cost | - | - | - | 155,598 | 50,983 | 206,581 |
| Loans, advances and financing | - | 735,351 | 673,925 | 569,388 | 1,303,623 | 3,282,287 |
| Reinsurance contract assets | 285 | - | 1,867 | 1,784 | - | 3,936 |
| Derivative financial instruments | - | - | - | - | - | - |
| Other assets | 94,331 | - | - | - | - | 94,331 |
| Total assets | 121,315 | 2,018,692 | 731,153 | 1,068,326 | 1,609,654 | 5,549,140 |
| Liabilities | | | | | | |
| Borrowings | - | 1,098,569 | 102,072 | 2,156,265 | - | 3,356,906 |
| Deposit from corporate customers | - | - | 10,005 | - | - | 10,005 |
| Derivative financial instruments | - | 110,854 | - | - | - | 110,854 |
| Insurance contract/takaful certificates liabilities | 19,181 | 104 | 3,750 | 2,683 | - | 25,718 |
| Other liabilities | 375,076 | - | 992 | 169 | - | 376,237 |
| Total liabilities | 394,257 | 1,209,527 | 116,819 | 2,159,117 | - | 3,879,720 |
| Net maturity mismatch | (272,942) | 809,165 | 614,334 | (1,090,791) | 1,609,654 | 1,669,420 |

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Liquidity risk management (cont'd.)

Measurement (cont'd.)

Table below analyses assets and liabilities of the Group's and the Bank's according to their contractual maturity (cont'd.):

| Bank | No specific maturity RM'000 | Less than 3 months RM'000 | 3 to 12 months RM'000 | 1 to 5 years RM'000 | Over 5 years RM'000 | Total RM'000 |
|--|--|--------------------------------------|----------------------------------|--------------------------------|--------------------------------|-------------------------|
| 2025 | | | | | | |
| Assets | | | | | | |
| Cash and bank balances | 590,861 | - | - | - | - | 590,861 |
| Deposits and placements with banks and other financial institutions | - | 610,774 | 35,327 | - | - | 646,101 |
| Financial investments at fair value through profit or loss | - | - | - | - | 43,827 | 43,827 |
| Financial investments at fair value through other comprehensive income | - | 10,015 | 45,334 | 405,421 | 209,999 | 670,769 |
| Financial investments at amortised cost | - | - | - | 130,882 | 82,733 | 213,615 |
| Loans, advances and financing | - | 511,462 | 535,845 | 813,899 | 1,179,739 | 3,040,945 |
| Reinsurance contract assets | 73 | 7 | 637 | - | - | 717 |
| Other assets | 146,042 | - | - | - | - | 146,042 |
| Total assets | 736,976 | 1,132,258 | 617,143 | 1,350,202 | 1,516,298 | 5,352,877 |
| Liabilities | | | | | | |
| Borrowings | - | 483,509 | 1,763,451 | 402,695 | - | 2,649,655 |
| Deposit from corporate customers | - | 180,026 | 346,508 | - | - | 526,534 |
| Derivative financial instruments | - | 836 | 35,783 | 3,134 | - | 39,753 |
| Insurance contract/takaful certificates liabilities | 18,887 | 117 | 1,470 | - | - | 20,474 |
| Other liabilities | 539,626 | 142 | 141 | 22 | - | 539,931 |
| Total liabilities | 558,513 | 664,630 | 2,147,353 | 405,851 | - | 3,776,347 |
| Net maturity mismatch | 178,463 | 467,628 | (1,530,210) | 944,351 | 1,516,298 | 1,576,530 |

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Liquidity risk management (cont'd.)

Measurement (cont'd.)

Table below analyses assets and liabilities of the Group's and the Bank's according to their contractual maturity (cont'd.):

| Bank | No specific maturity RM'000 | Less than 3 months RM'000 | 3 to 12 months RM'000 | 1 to 5 years RM'000 | Over 5 years RM'000 | Total RM'000 |
|--|--|--------------------------------------|----------------------------------|--------------------------------|--------------------------------|-------------------------|
| 2024 | | | | | | |
| Assets | | | | | | |
| Cash and bank balances | 26,699 | - | - | - | - | 26,699 |
| Deposits and placements with banks and other financial institutions | - | 1,278,340 | - | - | - | 1,278,340 |
| Financial investments at fair value through profit or loss | - | - | - | - | 5,011 | 5,011 |
| Financial investments at fair value through other comprehensive income | - | 5,001 | 55,361 | 341,556 | 250,037 | 651,955 |
| Financial investments at amortised cost | - | - | - | 155,598 | 50,983 | 206,581 |
| Loans, advances and financing | - | 735,351 | 673,925 | 569,388 | 1,303,623 | 3,282,287 |
| Reinsurance contract assets | 285 | - | 1,867 | 1,784 | - | 3,936 |
| Derivative financial instruments | - | - | - | - | - | - |
| Other assets | 158,460 | - | - | - | - | 158,460 |
| Total assets | 185,444 | 2,018,692 | 731,153 | 1,068,326 | 1,609,654 | 5,613,269 |
| Liabilities | | | | | | |
| Borrowings | - | 1,098,569 | 102,072 | 2,156,265 | - | 3,356,906 |
| Deposit from corporate customers | - | - | 10,005 | - | - | 10,005 |
| Derivative financial instruments | - | 110,854 | - | - | - | 110,854 |
| Insurance contract/takaful certificates liabilities | 19,181 | 104 | 3,750 | 2,683 | - | 25,718 |
| Other liabilities | 439,210 | - | 992 | 169 | - | 440,371 |
| Total liabilities | 458,391 | 1,209,527 | 116,819 | 2,159,117 | - | 3,943,854 |
| Net maturity mismatch | (272,947) | 809,165 | 614,334 | (1,090,791) | 1,609,654 | 1,669,415 |

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Liquidity risk management (cont'd.)

The following tables show the contractual undiscounted cash flow payable for financial liabilities and banking operation commitments of the Group's and the Bank's. The tables below do not agree to the balances in the statement of financial position as the tables incorporate all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. The maturity profile does not necessarily reflect behavioural cash flows.

| Group and Bank | No specific maturity RM'000 | Less than 3 months RM'000 | 3 to 12 months RM'000 | 1 to 5 years RM'000 | Over 5 years RM'000 | Total RM'000 |
|--------------------------------------|--------------------------------|------------------------------|--------------------------|------------------------|------------------------|-----------------|
| 2025 | | | | | | |
| Financial liabilities | | | | | | |
| Borrowings | - | - | 1,507,110 | 475,137 | - | 1,982,247 |
| Deposits from a corporate customer | - | 180,026 | 346,508 | - | - | 526,534 |
| Other payables | 475,492 | 142 | 141 | 22 | - | 475,797 |
| Derivative financial instruments | - | - | 35,783 | 3,134 | - | 38,917 |
| | 475,492 | 180,168 | 1,889,542 | 478,293 | - | 3,023,495 |
| Commitments and contingencies | | | | | | |
| Banking operation commitments | | | | | | |
| Contracted but not provided for: | | | | | | |
| Guarantee facility | 205,576 | - | - | - | - | 205,576 |
| Undrawn loans and financing | - | - | 1,091,489 | 175,894 | - | 1,267,383 |
| | 205,576 | - | 1,091,489 | 175,894 | - | 1,472,959 |
| 2024 | | | | | | |
| Financial liabilities | | | | | | |
| Borrowings | - | 1,097,454 | 209,041 | 2,405,260 | - | 3,711,755 |
| Deposits from a corporate customer | - | 10,005 | - | - | - | 10,005 |
| Other payables | 375,076 | - | 992 | 169 | - | 376,237 |
| Derivative financial instruments | - | - | 68,078 | 79,051 | - | 147,129 |
| | 375,076 | 1,107,459 | 278,111 | 2,484,480 | - | 4,245,126 |
| Commitments and contingencies | | | | | | |
| Banking operation commitments | | | | | | |
| Contracted but not provided for: | | | | | | |
| Guarantee facility | 129,700 | - | - | - | - | 129,700 |
| Undrawn loans and financing | - | - | 221,372 | 577,554 | - | 798,926 |
| | 129,700 | - | 221,372 | 577,554 | - | 928,626 |

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Credit risk management

Approach and risk strategy

The Group and the Bank recognise that credit risk is inherent in its banking and insurance activities. The main objective of the Group's and the Bank's credit risk management is to ensure that exposure to credit risk is always kept within its capability and financial capacity to withstand potential future losses.

The Group's and the Bank's strategies in credit risk management are:

- Consistent credit approving standards are applied in each of its credit decision process;
- All credit decisions are within credit risk tolerance that the Group and the Bank are willing to take in meeting its mandated role;
- All credit risk inherent in business activities of the Group and the Bank are comprehensively identified, measured and managed;
- Ensure the Group and the Bank hold adequate capital against credit risk and adequately compensated for risks assumed;
- Regular credit review is performed as an effective tool to constantly evaluate the quality of credits given and adherence to the credit process;
- The composition and quality of the Group's and the Bank's credit portfolio are constantly monitored to identify and manage concentrations risk; and
- Conduct stress testing on the Group's and the Bank's credit portfolio to identify possible events or future changes in economic conditions that could have favourable effects to its credit exposures and assess the Groups and the Bank's ability to withstand such changes.

Risk identification

The Group and the Bank take into account the sources of credit risks identified from all lines of business on a bank-wide basis such as direct financing risk, contingent financing risk, issuer risk, pre-settlement risk and settlement risk.

As a development financial institution, the Group and the Bank are expected primarily to fill the gaps in the supply of financial services that are not normally provided by other banking institutions.

Therefore, the Group and the Bank are exposed to credit risk mainly from credit facilities to finance and support exports and imports of goods, services and overseas projects with emphasis on non-traditional markets, provision of export credit insurance services, export financing insurance, overseas investment insurance and guarantee facilities.

The Group and the Bank are also exposed to credit risk from investment in securities and other financial market transactions.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Credit risk management (cont'd.)

Measurement

The Group and the Bank monitor actual exposures against established limits and have procedures in place for the purpose of monitoring and taking appropriate actions when such limits are breached. If exceeded limits, such occurrences must be reported to the MRC and subsequently, corrective measures are taken to avoid recurrence of such breaches.

Internal credit rating system is an integral part of the Group's and the Bank's credit risk management. It provides a good means of differentiating the degree of credit risk in the different credit exposures of the Group and the Bank. This will allow more accurate determination of the overall characteristics of the credit portfolio, concentrations, problem credits and the adequacy of allowances for losses on loans, advances and financing.

Impairment of financial assets

The Group and the Bank individually assesses its financial assets for any objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition. In determining that there is objective evidence of an impaired loss, the Group and the Bank adopted a systematic mechanism for a prompt trigger of impairment test whereby the triggers are based on obligatory and judgmental event triggers.

When there is objective evidence of impairment of the financial assets, the classification of these assets as impaired shall be endorsed and approved by Management Committee ("MC"). Impairment losses are recorded as charges to the statement of profit or loss. The carrying amount of impaired loans, advances and financing on the statement of financial position is reduced through the use of impairment allowance account. Losses expected from future events are not recognised.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Credit risk exposure

Maximum exposure to credit risk without taking into account of any collateral and other credit enhancements:

| Group and Bank | Maximum exposure to credit risk RM'000 | Collateral value RM'000 | Net exposures RM'000 |
|---|---|-------------------------------|----------------------------|
| 2025 | | | |
| <i>Credit exposure for on-balance sheet assets:</i> | | | |
| Cash and bank balances | 590,861 | - | 590,861 |
| Deposits and placements with banks and other financial institutions | 646,101 | - | 646,101 |
| Financial investments* | 928,211 | - | 928,211 |
| Loans, advances and financing | 3,040,945 | 1,343,908 | 1,697,037 |
| Reinsurance contract assets | 717 | - | 717 |
| Other assets excluding tax prepayment | 21,377 | - | 21,377 |
| | 5,228,212 | 1,343,908 | 3,884,304 |
| <i>Credit exposure for off-balance sheet assets:</i> | | | |
| Banking operations commitments [#] | 1,472,959 | - | 1,472,959 |
| | 6,701,171 | 1,343,908 | 5,357,263 |
| 2024 | | | |
| <i>Credit exposure for on-balance sheet assets:</i> | | | |
| Cash and bank balances | 26,699 | - | 26,699 |
| Deposits and placements with banks and other financial institutions | 1,278,340 | - | 1,278,340 |
| Financial investments* | 858,536 | - | 858,536 |
| Loans, advances and financing | 3,282,287 | 1,893,210 | 1,389,077 |
| Reinsurance contract assets | 3,936 | - | 3,936 |
| Net derivative financial instruments | - | - | - |
| Other assets excluding tax prepayment | 30,378 | - | 30,378 |
| | 5,480,176 | 1,893,210 | 3,586,966 |
| <i>Credit exposure for off-balance sheet assets:</i> | | | |
| Banking operations commitments [#] | 928,626 | - | 928,626 |
| | 6,408,802 | 1,893,210 | 4,515,592 |

* Financial investments exclude investments in equities.

[#] Banking operation commitments are netting off expected credit losses.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Credit risk exposure (cont'd.)

Collateral and credit enhancement

Collateral represents the asset pledged by a customer and/or a third party on behalf of the customer, in whole or in part, to secure a credit exposure and/or potential credit exposure with the Group and the Bank, and subject to seizure in the event of default. Collateral provides the Group and the Bank with a secondary source of repayment, i.e. a source of fund to help recover its investment should the customer be unable to repay the facility obtained from the Group and the Bank.

The Group and the Bank shall consider accepting the collateral based on its marketability, measurability, stability, transferability, speed in realising the collateral value, enforceability and free from encumbrances. The collateral types and amounts held by the Group and the Bank are as follows:

| | 2025 RM'000 | 2024 RM'000 |
|------------------------|------------------|------------------|
| <u>Collateral type</u> | | |
| Secured by cash | 174,489 | 54,782 |
| Secured by property | 964,204 | 1,321,350 |
| Secured by machinery | 205,215 | 517,078 |
| | 1,343,908 | 1,893,210 |

The financial assets that are credit impaired and related collateral held in order to mitigate potential losses are shown below:

| | Gross carrying amount RM'000 | ECL RM'000 | Net carrying amount RM'000 | Fair value of collateral held* RM'000 |
|---|---------------------------------------|----------------|----------------------------------|--|
| 2025 | | | | |
| <u>Credit impaired financial assets</u> | | | | |
| Loans, advances and financing | 277,914 | 160,790 | 117,124 | 1,538,685 |
| Financial investments at FVOCI | 100,000 | 100,000 | - | - |
| Financial investments at amortised cost | 144,350 | 112,479 | 31,871 | - |
| Total credit impaired financial assets | 522,264 | 373,269 | 148,995 | 1,538,685 |

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Credit risk exposure (cont'd.)

Collateral and credit enhancement (cont'd.)

The financial assets that are credit impaired and related collateral held in order to mitigate potential losses are shown below (cont'd.):

| | Gross carrying amount RM'000 | ECL RM'000 | Net carrying amount RM'000 | Fair value of collateral held* RM'000 |
|---|---------------------------------------|------------------|----------------------------------|--|
| 2024 | | | | |
| <u>Credit impaired financial assets</u> | | | | |
| Loans, advances and financing | 2,017,855 | 1,485,131 | 532,724 | 1,147,464 |
| Financial investments at FVOCI | 100,000 | 100,000 | - | - |
| Financial investments at amortised cost | 334,408 | 279,948 | 54,460 | - |
| Total credit impaired financial assets | 2,452,263 | 1,865,079 | 587,184 | 1,147,464 |

* Fair value of collateral held is based on market value. The Group and the Bank apply haircuts and discounting, where necessary, on collateral held for the assessment of ECL.

Collateral and other credit enhancements

The main types of collateral or other credit enhancements held by the Group and the Bank to mitigate credit risk are fixed deposits, financial investments, commercial and residential properties and machineries.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Credit risk exposure (cont'd.)

Geographical analysis

Exposures to credit risk by geographical region are as follows:

On-balance sheet exposure

| Group and Bank | Cash and bank balances RM'000 | Deposits and placements with banks and other financial institutions RM'000 | Financial investments* RM'000 | Loans, advances and financing RM'000 | Reinsurance contract assets RM'000 | Net derivative financial instruments RM'000 | Other assets RM'000 | Total RM'000 |
|----------------|----------------------------------|---|----------------------------------|---|---------------------------------------|--|------------------------|------------------|
| | | | | | | | | |
| 2025 | | | | | | | | |
| Malaysia | 590,861 | 646,101 | 884,384 | 2,022,484 | 717 | - | 21,377 | 4,165,924 |
| East Asia | - | - | - | 752,797 | - | - | - | 752,797 |
| South Asia | - | - | - | 15,559 | - | - | - | 15,559 |
| Central Asia | - | - | - | - | - | - | - | - |
| Middle East | - | - | - | 92,556 | - | - | - | 92,556 |
| Africa | - | - | - | 7,743 | - | - | - | 7,743 |
| Europe | - | - | - | 106,055 | - | - | - | 106,055 |
| Oceania | - | - | - | 43,751 | - | - | - | 43,751 |
| | 590,861 | 646,101 | 884,384 | 3,040,945 | 717 | - | 21,377 | 5,184,385 |
| 2024 | | | | | | | | |
| Malaysia | 26,699 | 1,278,340 | 858,536 | 1,874,443 | 3,936 | - | 30,378 | 4,072,332 |
| East Asia | - | - | - | 825,824 | - | - | - | 825,824 |
| South Asia | - | - | - | 43,616 | - | - | - | 43,616 |
| Central Asia | - | - | - | 146,969 | - | - | - | 146,969 |
| Middle East | - | - | - | 24,960 | - | - | - | 24,960 |
| Africa | - | - | - | 25,934 | - | - | - | 25,934 |
| Europe | - | - | - | 322,201 | - | - | - | 322,201 |
| Oceania | - | - | - | 18,340 | - | - | - | 18,340 |
| | 26,699 | 1,278,340 | 858,536 | 3,282,287 | 3,936 | - | 30,378 | 5,480,176 |

* Financial investments exclude investments in equities.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Credit risk exposure (cont'd.)

Geographical analysis (cont'd.)

Off-balance sheet exposure

| Group and Bank | Banking operation commitments# RM'000 |
|-----------------------|--|
| 2025 | |
| Malaysia | 1,168,540 |
| East Asia | 209,541 |
| Middle East | 11,034 |
| Europe | 28,996 |
| Oceania | 40,329 |
| | 1,458,440 |
| 2024 | |
| Malaysia | 741,737 |
| East Asia | 44,346 |
| Middle East | 12,363 |
| Europe | 111,224 |
| Oceania | 1,113 |
| | 910,783 |

Banking operation commitments are netting off expected credit losses.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Credit risk exposure (cont'd.)

Industrial analysis

Exposures to credit risk by industry are as follows:

On-balance sheet exposure

| Group and Bank | Cash and bank balances RM'000 | Deposits and placements with banks and other financial institutions RM'000 | Financial investments* RM'000 | Loans, advances and financing RM'000 | Reinsurance contract assets RM'000 | Derivative financial instruments RM'000 | Other assets RM'000 | Total RM'000 |
|---|-------------------------------|--|-------------------------------|--------------------------------------|------------------------------------|---|---------------------|--------------|
| | | | | | | | | |
| 2025 | | | | | | | | |
| Manufacturing | - | - | 220,989 | 1,227,620 | - | - | - | 1,448,609 |
| Construction | - | - | 104,129 | 255,658 | - | - | - | 359,787 |
| Transportation and storage | - | - | 25,946 | 365,294 | - | - | - | 391,240 |
| Professional, scientific and technical activities | - | - | - | 12,358 | - | - | - | 12,358 |
| Electricity, gas, steam and air conditioning supply | - | - | 99,288 | 159,442 | - | - | - | 258,730 |
| Accommodation and food service activities | - | - | - | 42,453 | - | - | - | 42,453 |
| Agriculture, forestry and fishing | - | - | 5,023 | - | - | - | - | 5,023 |
| Mining and quarrying | - | - | - | 17,343 | - | - | - | 17,343 |
| Real estate activities | - | - | 20,158 | 160,218 | - | - | - | 180,376 |
| Government | - | - | 296,183 | - | - | - | - | 296,183 |
| | - | - | 771,716 | 2,240,386 | - | - | - | 3,012,102 |

* Financial investments exclude investments in equities.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Credit risk exposure (cont'd.)

Industrial analysis (cont'd.)

Exposures to credit risk by industry are as follows (cont'd.):

On-balance sheet exposure (cont'd.)

| Group and Bank | Cash and bank balances RM'000 | Deposits and placements with banks and other financial institutions RM'000 | Financial investments* RM'000 | Loans, advances and financing RM'000 | Reinsurance contract assets RM'000 | Derivative financial instruments RM'000 | Other assets RM'000 | Total RM'000 |
|--|-------------------------------|--|-------------------------------|--------------------------------------|------------------------------------|---|---------------------|------------------|
| | | | | | | | | |
| 2025 (cont'd.) | - | - | 771,716 | 2,240,386 | - | - | - | 3,012,102 |
| Wholesale and retail trade; repair of motor Vehicles and motorcycles | - | - | - | 143,671 | - | - | - | 143,671 |
| Water supply; sewerage, waste management and remediation activities | - | - | - | 22,202 | - | - | - | 22,202 |
| Financial and insurance/takaful activities | 590,861 | 646,101 | 81,455 | 582,783 | 717 | - | - | 1,901,917 |
| Other service activities | - | - | 31,213 | - | - | - | 21,377 | 52,590 |
| Information and communication | - | - | - | 46,769 | - | - | - | 46,769 |
| Human health and social work activities | - | - | - | 5,134 | - | - | - | 5,134 |
| | 590,861 | 646,101 | 884,384 | 3,040,945 | 717 | - | 21,377 | 5,184,385 |

* Financial investments exclude investments in equities.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Credit risk exposure (cont'd.)

Industrial analysis (cont'd.)

Exposures to credit risk by industry are as follows (cont'd.):

On-balance sheet exposure (cont'd.)

| Group and Bank | Cash and bank balances RM'000 | Deposits and placements with banks and other financial institutions RM'000 | Financial investments* RM'000 | Loans, advances and financing RM'000 | Reinsurance contract assets RM'000 | Net derivative financial instruments RM'000 | Other assets RM'000 | Total RM'000 |
|---|----------------------------------|---|----------------------------------|---|---------------------------------------|--|------------------------|-----------------|
| | | | | | | | | |
| 2024 | | | | | | | | |
| Manufacturing | - | - | 199,764 | 1,172,493 | - | - | - | 1,372,257 |
| Construction | - | - | 103,720 | 352,795 | - | - | - | 456,515 |
| Transportation and storage | - | - | - | 412,550 | - | - | - | 412,550 |
| Professional, scientific and technical activities | - | - | - | 11,610 | - | - | - | 11,610 |
| Electricity, gas, steam and Air conditioning supply | - | - | 131,964 | 235,355 | - | - | - | 367,319 |
| Accommodation and food Service activities | - | - | - | 33,107 | - | - | - | 33,107 |
| Agriculture, forestry and fishing | - | - | 35,359 | 7,930 | - | - | - | 43,289 |
| Mining and quarrying | - | - | - | 179,239 | - | - | - | 179,239 |
| Real estate activities | - | - | - | 270,490 | - | - | - | 270,490 |
| Government | - | - | 265,272 | - | - | - | - | 265,272 |
| | - | - | 736,079 | 2,675,569 | - | - | - | 3,411,648 |

* Financial investments exclude investments in equities.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Credit risk exposure (cont'd.)

Industrial analysis (cont'd.)

Exposures to credit risk by industry are as follows (cont'd.):

On-balance sheet exposure (cont'd.)

| | Cash and bank balances | | Deposits and placements with banks and other financial institutions | | Net advances and financing | | Insurance receivables | | Net derivative financial instruments | | Other assets | | Total |
|--|------------------------|-----------|---|-----------|----------------------------|--------|-----------------------|--------|--------------------------------------|--------|--------------|--------|-----------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| 2024 (cont'd.) | - | - | 736,079 | 2,675,569 | - | - | - | - | - | - | - | - | 3,411,648 |
| Wholesale and retail trade, repair of motor vehicles and motorcycles | - | - | - | 64,923 | - | - | - | - | - | - | - | - | 64,923 |
| Water supply; sewerage, waste management and remediation activities | - | - | - | 25,328 | - | - | - | - | - | - | - | - | 25,328 |
| Financial and insurance/takaful activities | 26,699 | 1,278,340 | 96,529 | 505,812 | 3,936 | - | - | - | - | - | - | - | 1,911,316 |
| Other service activities | - | - | 25,928 | - | - | - | - | - | - | - | 30,378 | - | 56,306 |
| Information and communication | - | - | - | 9,386 | - | - | - | - | - | - | - | - | 9,386 |
| Human health and social work activities | - | - | - | 1,269 | - | - | - | - | - | - | - | - | 1,269 |
| | 26,699 | 1,278,340 | 858,536 | 3,282,287 | 3,936 | - | - | - | - | - | 30,378 | - | 5,480,176 |

* Financial investments exclude investments in equities.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Credit risk exposure (cont'd.)

Industrial analysis (cont'd.)

Off-balance sheet exposure

| Group and Bank | Banking operation commitments# RM'000 |
|--|--|
| 2025 | |
| Manufacturing | 499,689 |
| Transportation and storage | 239,488 |
| Mining and Quarrying | 124,316 |
| Financial and insurance/takaful activities | 252,363 |
| Professional, scientific and technical activities | 14,810 |
| Human health and social work activities | 12,000 |
| Construction | 156,376 |
| Electricity, gas, steam and air conditioning supply | 32,326 |
| Water supply, sewerage, waste management and remediation activities | 496 |
| Wholesale and retail trade; Repair of Motor Vehicles and Motorcycles | 39,720 |
| Information and communication | 15,842 |
| Real estate activities | 71,014 |
| | 1,458,440 |

| Group and Bank | Banking operation commitments# RM'000 |
|--|--|
| 2024 | |
| Manufacturing | 382,081 |
| Transportation and storage | 44,552 |
| Financial and insurance/takaful activities | 147,294 |
| Professional, scientific and technical activities | 15,121 |
| Human health and social work activities | 668 |
| Construction | 21,833 |
| Electricity, gas, steam and air conditioning supply | 108,776 |
| Wholesale and retail trade; repair of motor vehicles and motorcycles | 41,052 |
| Information and communication | 35,353 |
| Real estate activities | 114,053 |
| | 910,783 |

Banking operation commitments are netting off expected credit losses.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Credit quality by class of financial assets

Credit quality of treasury credit risk exposures

The table below shows treasury credit risk exposure by the current counterparties' rating:

| Group and Bank | 2025 RM'000 | 2024 RM'000 |
|--|------------------------|------------------------|
| Financial investments at FVOCI (Gross): | | |
| AAA | 123,617 | - |
| AA | 432,713 | 538,804 |
| Government guarantees | 114,439 | 113,151 |
| | 670,769 | 651,955 |
| Financial investments at amortised cost (Gross): | | |
| Long-term | | |
| D | 144,350 | 334,408 |
| Government guarantees | 181,744 | 152,121 |
| | 326,094 | 486,529 |
| Net derivative financial liabilities: | | |
| Financial institutions | | |
| AA | (3,135) | (18,759) |
| BBB+ | (34,827) | (92,095) |
| | (37,962) | (110,854) |

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Credit quality by class of financial assets (cont'd.)

Credit quality of loans, advances and financing excluding ECR debtors and staff loans

For commercial exposures, the Group and the Bank use ten risk grades with rating '1' representing the lowest risk. Meanwhile for Sovereign exposures, the Group and the Bank use five risk grades with rating 'aaa' representing the lowest risk. The exposure under each of these risk grades is as follows:

| | Stage 1 RM'000 | Stage 2 RM'000 | Stage 3 RM'000 | Total RM'000 |
|---------------------|-------------------|-------------------|-------------------|------------------|
| 2025 | | | | |
| Commercial customer | | | | |
| Risk Rating 1 | - | - | - | - |
| Risk Rating 2 | 2,178 | 14,168 | - | 16,346 |
| Risk Rating 3 | 193,226 | - | - | 193,226 |
| Risk Rating 4 | 775,313 | 109,758 | - | 885,071 |
| Risk Rating 5 | 848,039 | 16,261 | - | 864,300 |
| Risk Rating 6 | 443,872 | 7,575 | - | 451,447 |
| Risk Rating 7 | 174,224 | 16,825 | - | 191,049 |
| Impaired | - | - | 277,914 | 277,914 |
| | 2,436,852 | 164,587 | 277,914 | 2,879,353 |
| Sovereign | | | | |
| Risk Rating a- | - | - | - | - |
| Risk Rating bb- | - | 7,791 | - | 7,791 |
| Risk Rating b+ | - | - | - | - |
| Risk Rating ccc+ | 791 | - | - | 791 |
| Risk Rating ccc- | 143,642 | - | - | 143,642 |
| | 144,433 | 7,791 | - | 152,224 |
| | 2,581,285 | 172,378 | 277,914 | 3,031,577 |

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Credit quality by class of financial assets (cont'd.)

Credit quality of loans, advances and financing excluding ECR debtors and staff loans (cont'd.)

For commercial exposures, the Group and the Bank use ten risk grades with rating '1' representing the lowest risk. Meanwhile for Sovereign exposures, the Group and the Bank use five risk grades with rating 'aaa' representing the lowest risk. The exposure under each of these risk grades is as follows (cont'd.):

| | Stage 1 RM'000 | Stage 2 RM'000 | Stage 3 RM'000 | Total RM'000 |
|------------------|-------------------|-------------------|-------------------|-----------------|
| 2024 | | | | |
| Risk Rating 3 | 207,743 | - | - | 207,743 |
| Risk Rating 4 | 352,329 | - | - | 352,329 |
| Risk Rating 5 | 743,697 | 351,497 | - | 1,095,194 |
| Risk Rating 6 | 588,700 | 65,546 | - | 654,246 |
| Risk Rating 7 | 163,992 | 41,893 | - | 205,885 |
| Impaired | - | - | 2,017,855 | 2,017,855 |
| | 2,056,461 | 458,936 | 2,017,855 | 4,533,252 |
| Sovereign | | | | |
| Risk Rating bb- | - | 12,056 | - | 12,056 |
| Risk Rating ccc+ | - | 1,220 | - | 1,220 |
| Risk Rating ccc- | - | 190,146 | - | 190,146 |
| | - | 203,422 | - | 203,422 |
| | 2,056,461 | 662,358 | 2,017,855 | 4,736,674 |

Restructured items

Restructured loans refer to the financial assets that would otherwise be past due or impaired where there is fundamental revision in the principal terms and conditions of the facility. Restructuring shall be considered when the customer's business is still viable and is expected to remain viable after the restructuring. There were impaired loans restructured by the Group and the Bank during the year of RM13,526,836. (2024: RM22,249,243).

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Fair values

(i) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Valuation method for which all significant inputs are, or are based on, observable market data.

Level 3 - Valuation method for which significant inputs are not based on observable data.

For financial instruments classified as Level 1, the valuations are determined by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices are readily available, and the prices represent actual and regularly occurring market transactions at arm's length basis. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

For financial instruments classified as Level 2, their values are based on quoted prices in inactive markets, or whose values are based on models whereby the inputs to those models are observable either directly or indirectly for substantially the full term of the asset or liability. These would include certain bonds, corporate debt securities and issued notes.

Financial instruments are classified as Level 3 if their valuation incorporate significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Fair values (cont'd.)

The following table represents financial assets and liabilities measured at fair value and classified by level with the following fair value measurement hierarchy:

(i) Fair value hierarchy (cont'd.)

| Group and Bank | Carrying value RM'000 | Fair value Level 1 RM'000 | Fair value Level 2 RM'000 |
|---|--------------------------------------|--|--|
| 2025 | | | |
| Financial assets | | | |
| Assets measured at fair value | | | |
| Financial investments at FVOCI | | | |
| - Unquoted debt securities | 670,769 | - | 670,769 |
| Financial investments at FVTPL | | | |
| - Quoted shares | 19,495 | 19,495 | - |
| Financial investments at FVTPL | | | |
| - Unquoted shares | 24,332 | - | 24,332 |
| Total financial assets carried at fair value | 714,596 | 19,495 | 695,101 |
| Financial liabilities | | | |
| Liabilities measured at fair value | | | |
| Borrowings (hedged portion) | 1,836,142 | - | 1,836,142 |
| Derivative financial instruments | 39,753 | - | 39,753 |
| Financial assets | | | |
| Assets not measured at fair value | | | |
| Investment properties | 742 | - | 1,300 |
| Financial investments at amortised cost | | | |
| - Unquoted debt securities | 213,615 | 213,615 | - |
| Loans, advances and financing | 3,040,945 | - | 2,901,060 |
| Financial liabilities | | | |
| Liabilities not measured at fair value | | | |
| Deposit from corporate customers | 526,534 | - | 526,534 |
| Borrowings (non-hedged portion) | 813,513 | - | 813,513 |

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Fair values (cont'd.)

(i) Fair value hierarchy (cont'd.)

The following table represents financial assets and liabilities measured at fair value and classified by level with the following fair value measurement hierarchy (cont'd.):

| Group and Bank | Carrying value RM'000 | Fair value Level 1 RM'000 | Fair value Level 2 RM'000 | Fair value Level 3 RM'000 |
|---|-----------------------------|---------------------------------|---------------------------------|---------------------------------|
| 2024 | | | | |
| Financial assets | | | | |
| Assets measured at fair value | | | | |
| Financial investments at FVOCI | | | | |
| - Unquoted debt securities | 651,955 | - | 651,955 | - |
| Financial investments at FVTPL | | | | |
| - Quoted shares | 5,011 | 5,011 | - | - |
| Derivative financial instruments | - | - | - | - |
| Total financial assets carried at fair value | 656,966 | 5,011 | 651,955 | - |
| Financial liabilities | | | | |
| Liabilities measured at fair value | | | | |
| Borrowings (hedged portion) | | 1,960,741 | - | 1,960,741 |
| Derivative financial instruments | | 110,854 | - | 110,854 |
| Financial assets | | | | |
| Assets not measured at fair value | | | | |
| Investment properties | | 760 | - | 1,300 |
| Financial investments at amortised cost | | | | |
| - Unquoted debt securities | | 206,581 | 206,581 | - |
| Loans, advances and financing | | 3,282,287 | - | 3,255,913 |
| Financial liabilities | | | | |
| Liabilities not measured at fair value | | | | |
| Deposit from corporate customers | | 10,005 | - | 10,005 |
| Borrowings (non-hedged portion) | | 1,396,165 | - | 1,396,165 |

There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the financial year.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Fair values (cont'd.)

(ii) Financial assets and liabilities carried at fair value

The carrying amounts of cash and cash equivalents, other receivables and other payables approximate fair values due to the relatively short term nature of these financial instruments.

Financial investments at FVTPL and FVOCI

The fair values of these quoted financial investments are derived from market bid prices as at the reporting date. For unquoted financial investments, the fair values are determined based on quotes from independent dealers or using valuation techniques such as the discounted cash flows method.

Derivative financial assets/liabilities

The fair value is based on quoted market price or marked to model valuation.

Borrowings (Hedged items)

The fair value is based on marked to model valuation.

(iii) Financial assets and liabilities not carried at fair value

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Financial investments at amortised cost

The fair value of unquoted financial investments at amortised cost approximates their carrying value due to lack of observable market data, and because there has been no significant change in market interest rates since initial recognition.

Loans, advances and financing

Loans, advances and financing to borrowers/customers, where such market prices are not available, various methodologies have been used to estimate the approximate fair values of such instruments. These methodologies are significantly affected by the assumptions used and judgements made regarding risk characteristics of various financial instruments, discount rates, estimates of future cash flows, future expected loss experience and other factors. Changes in the assumptions could significantly affect these estimates and the resulting fair value estimates. Therefore, for a significant portion of the Group's and the Bank's financial instruments, including loans, advances and financing to customers, their respective fair value estimates do not purport to represent, nor should they be construed to represent, the amount that the Group and the Bank could realise in a sale transaction at the reporting date.

Notes to the Financial Statements

42. Financial risk management policies (cont'd.)

Fair values (cont'd.)

(iii) Financial assets and liabilities not carried at fair value (cont'd.)

The fair values of variable rate loans/financing are estimated to approximate their carrying values. For fixed rate loans and Islamic financing, the fair values are estimated based on expected future cash flows of contractual instalment payments, discounted at applicable and prevailing rates at reporting date offered for similar facilities to new borrowers/customers with similar credit profiles. In respect to impaired loans/financing, the fair values are deemed to approximate the carrying values which are net of allowances for stage 3 ECL.

Investment properties

The fair values of investment properties are estimated based on comparison with indicative market value determined by an accredited independent valuer.

Borrowings (Non-hedged items)

The fair value of variable rate borrowings is estimated to approximate the carrying amount.

Deposit from corporate customers

The fair value of deposit from a corporate customer is estimated to approximate the carrying amount due to its short maturity.

43. Insurance risks

The principal underwriting risk to which the Group and the Bank is exposed is credit risk in connection with credit, guarantee and political risk insurance underwriting activities. Management has established underwriting processes and limits to manage this risk by performing credit review on its policy holders and buyers.

The underwriting function undertakes qualitative and quantitative risk assessments on all buyers and clients before deciding on an approved insured amount. Policies in riskier markets may be rejected or charged at a higher premium rate accompanied by stringent terms and conditions to commensurate the risks.

Concentration limits are set to avoid heavy concentration within a specific region or country. Maximum limits are set for buyer credit limits and client facility limits for prudent risk mitigation.

For the monitoring of buyer risks, the Group and the Bank takes into consideration both qualitative and quantitative factors and conducts regular reviews on the buyers' credit standing and payment performance to track any deterioration in their financial position that may result in a loss to the Group and the Bank.

On country risk, the Group and the Bank periodically reviews the economic and political conditions of the insured markets so as to revise its guidelines, wherever appropriate. In order to mitigate the insurance risk, the Group and the Bank may cede or transfer the risk to another insurer company. The ceding arrangement minimises the net loss to the Group and the Bank arising from potential claims.

Notes to the Financial Statements

43. Insurance risks (cont'd.)

Key assumptions

The sensitivity analysis is based upon the assumptions set out in the actuarial report and is subject to the reliance's and limitations contained within the report. One particular reliance is that the net sensitivity results assume that all reinsurance recoveries are receivable in full.

The sensitivity items shown are independent of each other. In practice, a combination of adverse and favourable changes could occur.

The sensitivity results are not intended to capture all possible outcomes. Significantly more adverse or favourable results are possible.

Sensitivity analysis

The independent actuarial firm engaged by the Group and the Bank re-runs its valuation models on various bases. An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Group's and the Bank's estimation process in respect of its Insurance contracts and Takaful certificates. The table presented below demonstrates the sensitivity of the Insurance contract liabilities and Takaful certificates estimates to particular movements in assumptions used in the estimation process.

The analysis below is performed for reasonably possible movements in key assumptions with all other assumptions held constant, showing the impact on gross and net liabilities. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

| | 2025 | 2024 |
|---|--------|--------|
| | Net | Net |
| | RM'000 | RM'000 |
| Estimated Liabilities for incurred claims ("LIC") | 18,814 | 21,958 |

Notes to the Financial Statements

43. Insurance risks (cont'd.)

Claim liability sensitivity analysis (cont'd.)

a. Change in claim costs

Changing the claim costs by 10% will give the following results.

| | 2025 | | 2024 | |
|---------------|--------------|-------------|--------------|-------------|
| | Net | | Net | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| | High +10% | Low -10% | High +10% | Low -10% |
| Estimated LIC | 18,850 | 18,778 | 22,012 | 21,904 |

b. Change in claims severity

Changing the claims severity by 10% will give the following results.

| | 2025 | | 2024 | |
|---------------|--------------|-------------|--------------|-------------|
| | Net | | Net | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| | High +10% | Low -10% | High +10% | Low -10% |
| Estimated LIC | 18,855 | 18,773 | 22,023 | 21,893 |

c. Change in Claims Handling Expenses ("CHE")

Changing the CHE by 10% will give the following results.

| | 2025 | | 2024 | |
|---------------|--------------|-------------|--------------|-------------|
| | Net | | Net | |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| | High +10% | Low -10% | High +10% | Low -10% |
| Estimated LIC | 18,814 | 18,814 | 21,958 | 21,958 |

Notes to the Financial Statements

43. Insurance risks (cont'd.)

Claim liability sensitivity analysis (cont'd.)

d. Change in risk adjustment

Changing the risk adjustment by 10% will give the following results.

| | 2025 | | 2024 | |
|--|------------------------|-----------------------|------------------------|-----------------------|
| | Net | | Net | |
| | RM'000 High +10% | RM'000 Low -10% | RM'000 High +10% | RM'000 Low -10% |
| Estimated LIC | 18,821 | 18,807 | 22,055 | 21,861 |
| | | | 2025 Net RM'000 | 2024 Net RM'000 |
| Estimated Liabilities for Remaining Coverage ("LRC") | | | 943 | 2,885 |

Liability for remaining coverage

a. Change in claim frequency

Changing the claim frequency by 10% will give the following results.

| | 2025 | | 2024 | |
|---------------|--------------|-------------|--------------|-------------|
| | Net | | Net | |
| | High +10% | Low -10% | High +10% | Low -10% |
| Estimated LRC | 945 | 941 | 2,892 | 2,878 |

b. Change in claims severity

Changing the claims severity by 10% will give the following results.

| | 2025 | | 2024 | |
|---------------|------------------------|-----------------------|------------------------|-----------------------|
| | Net | | Net | |
| | RM'000 High +10% | RM'000 Low -10% | RM'000 High +10% | RM'000 Low -10% |
| Estimated LRC | 945 | 941 | 2,893 | 2,878 |

Notes to the Financial Statements

43. Insurance risks (cont'd.)

Liability for remaining coverage (cont'd.)

c. Change in credit rating for medium/long term policies

The medium/long term policies were assumed a credit rating based on their shipment destination countries by Fitch respectively. Changing this rating assumption to a lower rating (less trustworthy - for the "High" Scenario) and a higher rating (more trustworthy - for the "Low" scenario) will give the following results.

| | 2025 | | 2024 | |
|---------------|------------------------|-----------------------|------------------------|-----------------------|
| | Net | | Net | |
| | RM'000 High +10% | RM'000 Low -10% | RM'000 High +10% | RM'000 Low -10% |
| Estimated LRC | 802 | 911 | 1,883 | 2,905 |

d. Change in Maintenance Expenses ("ME")

Changing the ME by 10% will give the following results.

| | 2025 | | 2024 | |
|---------------|------------------------|-----------------------|------------------------|-----------------------|
| | Net | | Net | |
| | RM'000 High +10% | RM'000 Low -10% | RM'000 High +10% | RM'000 Low -10% |
| Estimated LRC | 1,051 | 821 | 3,166 | 2,604 |

e. Change in risk adjustment

Changing the risk adjustment by 10% will give the following results.

| | 2025 | | 2024 | |
|---------------|------------------------|-----------------------|------------------------|-----------------------|
| | Net | | Net | |
| | RM'000 High +10% | RM'000 Low -10% | RM'000 High +10% | RM'000 Low -10% |
| Estimated LRC | 1,007 | 866 | 3,172 | 2,599 |

Notes to the Financial Statements

44. Islamic business

Statements of financial position as at 31 December 2025

| Group and Bank | Note | 2025 | | | 2024 | | |
|--|------|---------------------------------|------------------------|------------------|---------------------------------|------------------------|------------------|
| | | Islamic business fund RM'000 | Takaful fund RM'000 | Total RM'000 | Islamic business fund RM'000 | Takaful fund RM'000 | Total RM'000 |
| Assets | | | | | | | |
| Cash and bank balances | (a) | 555,934 | 2,435 | 558,369 | 8,248 | 1,505 | 9,753 |
| Deposits and placements with banks and other financial institutions | (b) | 342,236 | 21,741 | 363,977 | 435,360 | 20,966 | 456,326 |
| Financial investments at fair value through profit or loss | (c) | 43,827 | - | 43,827 | 5,011 | - | 5,011 |
| Financial investments at fair value through other comprehensive income | (d) | 355,281 | - | 355,281 | 328,517 | - | 328,517 |
| Financial investments at amortised cost | (e) | 172,762 | - | 172,762 | 165,607 | - | 165,607 |
| Islamic financing | (f) | 2,174,283 | - | 2,174,283 | 2,018,898 | - | 2,018,898 |
| Reinsurance contract assets | | - | 65 | 65 | - | 102 | 102 |
| Other receivables | | 6,628 | 263 | 6,891 | 5,023 | - | 5,023 |
| Total assets | | 3,650,951 | 24,504 | 3,675,455 | 2,966,664 | 22,573 | 2,989,237 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

Statements of financial position as at 31 December 2025 (cont'd.)

| Group and Bank | Note | 2025 | | | 2024 | | |
|--|------|---------------------------------|------------------------|------------------|---------------------------------|------------------------|------------------|
| | | Islamic business fund RM'000 | Takaful fund RM'000 | Total RM'000 | Islamic business fund RM'000 | Takaful fund RM'000 | Total RM'000 |
| Liabilities | | | | | | | |
| Financing payable | (g) | 607,252 | - | 607,252 | 1,156,056 | - | 1,156,056 |
| Deposit from corporate customers | (h) | 526,534 | - | 526,534 | 10,005 | - | 10,005 |
| Deferred income | | 6,804 | 1,153 | 7,957 | 5,617 | 1,219 | 6,836 |
| Insurance contract/ takaful certificates | | - | 5,166 | 5,166 | - | 5,459 | 5,459 |
| Takaful participants fund | (i) | - | 7,484 | 7,484 | - | 6,632 | 6,632 |
| Provision for commitments and contingencies | (j) | 14,031 | - | 14,031 | 16,249 | - | 16,249 |
| Other liabilities | (k) | 1,256,949 | 10,701 | 1,267,650 | 521,258 | 9,263 | 530,521 |
| Total liabilities | | 2,411,570 | 24,504 | 2,436,074 | 1,709,185 | 22,573 | 1,731,758 |
| Financed by: | | | | | | | |
| Islamic banking fund | | 1,324,198 | - | 1,324,198 | 1,324,198 | - | 1,324,198 |
| Reserves | | (14,584) | - | (14,584) | (16,646) | - | (16,646) |
| Accumulated losses | | (70,233) | - | (70,233) | (50,073) | - | (50,073) |
| Total Islamic business fund and Takaful fund | | 1,239,381 | - | 1,239,381 | 1,257,479 | - | 1,257,479 |
| Total liabilities and Islamic business fund | | 3,650,951 | 24,504 | 3,675,455 | 2,966,664 | 22,573 | 2,989,237 |
| Commitments and contingencies | (o) | 1,428,783 | - | 1,428,783 | 771,217 | - | 771,217 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

Statement of profit or loss for the year ended 31 December 2025

| Group and Bank | Note | 2025 | | | 2024 | | |
|--|------|------------------------------|---------------------|--------------|------------------------------|---------------------|--------------|
| | | Islamic business fund RM'000 | Takaful fund RM'000 | Total RM'000 | Islamic business fund RM'000 | Takaful fund RM'000 | Total RM'000 |
| Income derived from Islamic banking fund | (l) | 207,638 | - | 207,638 | 158,867 | - | 158,867 |
| Financing cost | | (63,580) | - | (63,580) | (86,460) | - | (86,460) |
| Net income from Islamic banking fund | | 144,058 | - | 144,058 | 72,407 | - | 72,407 |
| Takaful revenue | | - | 990 | 990 | - | 4,077 | 4,077 |
| Takaful service expenses* | | - | 731 | 1,353 | - | 481 | 1,318 |
| Net expenses from reinsurance contracts held | | - | (173) | (173) | - | (991) | (991) |
| Total takaful service results | | - | 1,548 | 2,170 | - | 3,567 | 4,404 |
| Takaful Finance Expense | | - | (696) | (696) | - | (1,086) | (1,086) |
| Net income from takaful service results | | - | 852 | 1,474 | - | 2,481 | 3,318 |
| Islamic banking fund and Takaful fund results | | 144,058 | 852 | 145,532 | 72,407 | 2,481 | 75,725 |
| Other (expenses)/ income, net* | (m) | (85,041) | - | (85,663) | 15,027 | - | 14,190 |
| Net Income from Islamic business | | 59,017 | 852 | 59,869 | 87,434 | 2,481 | 89,915 |
| Administrative expenses | | (72,867) | - | (72,867) | (2,293) | - | (2,293) |
| Allowance for expected credit losses ("ECL") on advances and financing | (n) | (155,467) | - | (155,467) | (41,077) | - | (41,077) |
| Writeback for ECL on commitments and contingencies | | 2,219 | - | 2,219 | 2,805 | - | 2,805 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

Statement of profit or loss for the year ended 31 December 2025 (cont'd.)

| Group and Bank | Note | 2025 | | | 2024 | | |
|---|------|------------------------------|---------------------|--------------|------------------------------|---------------------|--------------|
| | | Islamic business fund RM'000 | Takaful fund RM'000 | Total RM'000 | Islamic business fund RM'000 | Takaful fund RM'000 | Total RM'000 |
| Writeback/(allowance) for ECL on financial investments | | 146,938 | - | 146,938 | (24,770) | - | (24,770) |
| (Loss)/profit before surplus attributable to takaful participants | | (20,160) | 852 | (19,308) | 22,099 | 2,481 | 24,580 |
| Surplus attributable to takaful participants | | - | (852) | (852) | - | (2,481) | (2,481) |
| (Loss)/profit for the year before zakat | | (20,160) | - | (20,160) | 22,099 | - | 22,099 |
| Zakat | | - | - | - | - | - | - |
| Net (loss)/profit for the year | | (20,160) | - | (20,160) | 22,099 | - | 22,099 |
| Other comprehensive income to be reclassified to profit or loss in subsequent periods: | | | | | | | |
| Fair value changes on FVOCI | | 2,062 | - | 2,062 | (22) | - | (22) |
| Net other comprehensive income to be reclassified to profit or loss in subsequent periods | | 2,062 | - | 2,062 | (22) | - | (22) |
| Total comprehensive (loss)/income for the year | | (18,098) | - | (18,098) | 22,077 | - | 22,077 |

* Total amount is excluding wakalah fees recognised during the year (elimination).

Notes to the Financial Statements

44. Islamic business (cont'd.)

Statement of changes in Islamic business fund and Takaful fund for the year ended 31 December 2025

| Group and Bank | Islamic Banking Fund RM'000 | Accumulated losses RM'000 | Fair value adjustment reserve RM'000 | Total RM'000 |
|------------------------------------|--------------------------------------|---------------------------------|---|------------------|
| At 1 January 2024 | 800,000 | (72,172) | (16,624) | 711,204 |
| Additional Islamic Fund | 524,198 | - | - | 524,198 |
| Net profit for the year | - | 22,099 | - | 22,099 |
| Other comprehensive income | - | - | (22) | (22) |
| At 31 December 2024/1 January 2025 | 1,324,198 | (50,073) | (16,646) | 1,257,479 |
| Net loss for the year | - | (20,160) | - | (20,160) |
| Other comprehensive income | - | - | 2,062 | 2,062 |
| At 31 December 2025 | 1,324,198 | (70,233) | (14,584) | 1,239,381 |

Statement of cash flows for Islamic business fund the financial year ended 31 December 2025

| | Group and Bank | |
|--|------------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Cash flows from operating activities | | |
| (Loss)/profit before taxation and zakat | (20,160) | 22,099 |
| Adjustments for: | | |
| ECL Stage 3 of financing | | |
| - Charged for the year | 55,190 | 22,397 |
| - Writeback during the year | (127,949) | (32,297) |
| - Written off during the year | 192,179 | - |
| ECL Stage 1 and 2 of financing | | |
| - Allowance during the year | 36,047 | 50,977 |
| (Writeback)/allowance for ECL on financial investments | (146,938) | 24,770 |
| Writeback for ECL on commitment & contingencies | (2,219) | (2,805) |
| Unrealised foreign exchange loss/(gain) | 204,832 | (142,360) |
| Unrealised loss on financial investment at FVTPL | 68,586 | 1,367 |
| Amortisation of premium less accretion of discount | (706) | (834) |
| Operating profit/(loss) before working capital changes | 258,862 | (56,686) |

Notes to the Financial Statements

44. Islamic business (cont'd.)

Statement of cash flows for Islamic business fund the financial year ended 31 December 2025 (cont'd.)

| | Group and Bank | |
|--|----------------|-----------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Islamic financing | (599,618) | (739,377) |
| Deposit from corporate customers | (181,614) | 10,005 |
| Other assets | (1,821) | (28,046) |
| Other liabilities | 726,241 | (40,008) |
| Deferred income | 1,121 | 2,198 |
| Reinsurance contract assets | 37 | 901 |
| Takaful participants fund | 852 | 2,481 |
| Takaful contract liabilities | (293) | (3,503) |
| Net cash generated from/(used) in operating activities | 203,767 | (852,035) |
| Cash flow from investing activities | | |
| Purchase of investments | (54,034) | (87,814) |
| Proceed from disposal of investments | 50,251 | 70,784 |
| Net cash used in investing activities | (3,783) | (17,030) |
| Cash flows from financing activities | | |
| Net drawdown of financing payable | 70,993 | 184,210 |
| Net cash generated from financing activities | 70,993 | 184,210 |
| Net increase/(decrease) in cash and cash equivalents | 270,977 | (684,855) |
| Net foreign exchange difference | 3,675 | (14,586) |
| Cash and cash equivalents at beginning of year excluding on behalf of customer | 390,643 | 1,090,084 |
| Cash and cash equivalents at end of year | 665,295 | 390,643 |
| Cash and cash equivalents comprise: | | |
| Cash and bank balances | 558,369 | 9,753 |
| Deposits and placements with financial institutions | 363,977 | 456,326 |
| Less: Deposits and placements on behalf of customers | (192,460) | (75,436) |
| Less : Deposits and placements more than three months | (64,591) | - |
| | 665,295 | 390,643 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

Notes to the financial statements for Islamic business fund and Takaful fund for the financial year ended 31 December 2025

(a) Cash and bank balances

| | Group and Bank | | |
|------------------------|---------------------------------|------------------------|----------------------|
| | Islamic business fund RM'000 | Takaful fund RM'000 | Total fund RM'000 |
| 2025 | | | |
| Cash and bank balances | 555,934 | 2,435 | 558,369 |
| | | | |
| | Group and Bank | | |
| | Islamic business fund RM'000 | Takaful fund RM'000 | Total fund RM'000 |
| 2024 | | | |
| Cash and bank balances | 8,248 | 1,505 | 9,753 |

(b) Deposits and placements with banks and other financial institutions

| | Group and Bank | | |
|-------------------------------|---------------------------------|------------------------|----------------------|
| | Islamic business fund RM'000 | Takaful fund RM'000 | Total fund RM'000 |
| 2025 | | | |
| Deposits and placements with: | | | |
| Licensed banks | 261,779 | - | 261,779 |
| Other financial institutions | 80,457 | 21,741 | 102,198 |
| | 342,236 | 21,741 | 363,977 |
| | | | |
| | Group and Bank | | |
| | Islamic business fund RM'000 | Takaful fund RM'000 | Total fund RM'000 |
| 2024 | | | |
| Deposits and placements with: | | | |
| Licensed banks | 309,822 | - | 309,822 |
| Other financial institutions | 125,538 | 20,966 | 146,504 |
| | 435,360 | 20,966 | 456,326 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

Notes to the financial statements for Islamic business fund and Takaful fund for the financial year ended 31 December 2025 (cont'd.)

(b) Deposits and placements with banks and other financial institutions (cont'd.)

Included in deposits and placements with other financial institutions for Takaful fund as at 31 December 2025 and 31 December 2024 is an amount related to Operator's fund of RM117,837 (2024: RM113,725).

| | Group and Bank | |
|--|----------------|---------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Further breakdown to deposits and placements are as follows: | | |
| For EXIM Bank | 171,517 | 380,890 |
| On behalf of customers and government | 192,460 | 75,436 |
| | 363,977 | 456,326 |

(c) Financial investments at fair value through profit or loss

| | Group and Bank | |
|--|----------------|--------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| At fair value Quoted shares | 19,495 | 5,011 |
| Unquoted securities: | | |
| Redeemable Convertible Unsecured Islamic Debt Securities | 24,332 | - |
| Total financial investments at FVTPL | 43,827 | 5,011 |

(d) Financial investments at fair value through other comprehensive income

| | Group and Bank | |
|--------------------------------------|----------------|---------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| At fair value | | |
| Corporate Bonds and Sukuk | 355,281 | 328,517 |
| Total financial investments at FVOCI | 355,281 | 328,517 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

Notes to the financial statements for Islamic business fund and Takaful fund for the financial year ended 31 December 2025 (cont'd.)

(d) Financial investments at fair value through other comprehensive income (cont'd.)

Included in financial investments at FVOCI are investments undertaken to meet the requirements of the Group's Sukuk Programme, amounting to Nil as at 31 December 2025 (2024: RM30,433,400). The investment matured on 6 May 2025.

The maturity profile of money market instruments are as follows:

| | Group and Bank | |
|---------------------------|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Within one year | 15,037 | 60,362 |
| One year to three years | 106,201 | 80,591 |
| Three years to five years | 139,541 | 70,169 |
| After five years | 94,502 | 117,395 |
| | 355,281 | 328,517 |

Movements in the ECL on financial investments at FVOCI are as follows:

| | Stage 1 12-month ECL RM'000 | Stage 2 Lifetime ECL not credit impaired RM'000 | Stage 3 Lifetime ECL credit impaired RM'000 | Total ECL RM'000 |
|-------------------------------------|--------------------------------------|---|---|---------------------|
| At 1 January 2024 | - | - | 100,000 | 100,000 |
| At 31 December 2024/ 1 January 2025 | - | - | 100,000 | 100,000 |
| At 31 December 2025 | - | - | 100,000 | 100,000 |

(e) Financial investments at amortised cost

| | Group and Bank | |
|---|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Unquoted securities: | | |
| Corporate Bonds and Sukuk | 285,241 | 445,555 |
| Less: Allowance for ECL | (112,479) | (279,948) |
| Total financial investments at amortised cost | 172,762 | 165,607 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

Notes to the financial statements for Islamic business fund and Takaful fund for the financial year ended 31 December 2025 (cont'd.)

(e) Financial investments at amortised cost (cont'd.)

Movements in the ECL on financial investments at amortised cost are as follows:

| | Stage 1 12-month ECL RM'000 | Stage 2 Lifetime ECL not credit impaired RM'000 | Stage 3 Lifetime ECL credit impaired RM'000 | Total ECL RM'000 |
|-------------------------------------|--------------------------------------|---|---|---------------------|
| At 1 January 2024 | - | - | 261,706 | 261,706 |
| Allowance during the year | - | - | 24,770 | 24,770 |
| Exchange differences | - | - | (6,528) | (6,528) |
| At 31 December 2024/ 1 January 2025 | - | - | 279,948 | 279,948 |
| Transferred to FVTPL | - | - | - | - |
| Writeback during the year | - | - | (146,938) | (146,938) |
| Exchange differences | - | - | (20,531) | (20,531) |
| At 31 December 2025 | - | - | 112,479 | 112,479 |

(f) Islamic financing

| | Group and Bank | |
|--|------------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| (i) Murabahah | 151,060 | 138,434 |
| Istisna' | - | 27,798 |
| Tawarruq | 2,153,686 | 2,044,168 |
| Ijarah | - | 61,647 |
| Wakalah | 44,490 | 134,737 |
| Staff financing | 307 | - |
| | 2,349,543 | 2,406,784 |
| Less: Allowance for ECL on impaired advances and financing | | |
| - 12-month ECL - Stage 1 | (85,344) | (63,156) |
| - Lifetime not impaired ECL - Stage 2 | (42,562) | (28,703) |
| - Lifetime ECL credit impaired - Stage 3 | (47,354) | (296,027) |
| Total allowance for ECL on advances and financing | (175,260) | (387,886) |
| Net advances and financing | 2,174,283 | 2,018,898 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

Notes to the financial statements for Islamic business fund and Takaful fund for the financial year ended 31 December 2025 (cont'd.)

(f) Islamic financing (cont'd.)

(ii) The maturity structure of the advances and financing are as follows:

| | Group and Bank | |
|---------------------------|------------------|------------------|
| | 2025 RM'000 | 2024 RM'000 |
| Within one year | 890,753 | 1,170,529 |
| One year to three years | 110,391 | 241,053 |
| Three years to five years | 534,299 | 264,344 |
| Over five years | 814,100 | 730,858 |
| | 2,349,543 | 2,406,784 |

(iii) Islamic gross advances and financing analysed by profit rate sensitivity are as follows:

| | Group and Bank | |
|---------------|------------------|------------------|
| | 2025 RM'000 | 2024 RM'000 |
| Fixed rate | 165,752 | 14,725 |
| Variable rate | 2,183,791 | 2,392,059 |
| | 2,349,543 | 2,406,784 |

(iv) Islamic gross advances and financing analysed by geography are as follows:

| | Group and Bank | |
|-------------|------------------|------------------|
| | 2025 RM'000 | 2024 RM'000 |
| Malaysia | 1,543,008 | 1,453,849 |
| East Asia | 496,259 | 486,094 |
| South Asia | 16,330 | 61,696 |
| Europe | 115,507 | 234,342 |
| West Africa | - | 15,344 |
| Oceania | 45,161 | 18,407 |
| Middle East | 133,278 | 137,052 |
| | 2,349,543 | 2,406,784 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

Notes to the financial statements for Islamic business fund and Takaful fund for the financial year ended 31 December 2025 (cont'd.)

(f) Islamic financing (cont'd.)

(v) Islamic gross advances and financing analysed by industry are as follows:

| | Group and Bank | |
|--|------------------|------------------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Primary agriculture | - | 12,435 |
| Mining and quarrying | 17,653 | 49,227 |
| Manufacturing | 1,122,927 | 978,639 |
| Transport, storage and communication | 255,294 | 243,159 |
| Construction | 293,453 | 433,073 |
| Wholesale and retail trade, and restaurants and hotels | 176,609 | 92,533 |
| Others | 483,607 | 597,718 |
| | 2,349,543 | 2,406,784 |

(vi) Movements in impaired advances and financing are as follows:

| | Group and Bank | |
|---|----------------|----------------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| At 1 January | 538,168 | 575,131 |
| Impaired during the year | 102,815 | 2,973 |
| Reclassified as non impaired | (145,510) | - |
| Recoveries | (23,246) | (13,399) |
| Written-off | (342,218) | (2,389) |
| Exchange differences | (26,343) | (24,148) |
| At 31 December | 103,666 | 538,168 |
| Less: Allowance for ECL on advances and financing (Stage 3) | (47,354) | (296,027) |
| Net impaired loans, advances and financing | 56,312 | 242,141 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

Notes to the financial statements for Islamic business fund and Takaful fund for the financial year ended 31 December 2025 (cont'd.)

(f) Islamic financing (cont'd.)

(vii) Advances and financing analysed by facility and Shariah contract are as follows:

| 2025 | Murabahah RM'000 | Istisna RM'000 | Tawarruq RM'000 | Ijarah RM'000 | Wakalah RM'000 | Total RM'000 |
|--|---------------------|-------------------|--------------------|------------------|-------------------|-----------------|
| At amortised cost | | | | | | |
| Malaysian Kitchen Financing Facility-i | - | - | - | - | - | - |
| Overseas Contract Financing-i | - | - | 1,136 | - | - | 1,136 |
| Overseas Investment Financing-i | - | - | 135,413 | - | - | 135,413 |
| Overseas Project Financing-i | 21,570 | - | 25,252 | - | - | 46,822 |
| Revolving Credit-i | - | - | 54,516 | - | - | 54,516 |
| Supplier Financing-i | 104,047 | - | 1,242,352 | - | 44,490 | 1,390,889 |
| Term Financing-i | 25,443 | - | 695,017 | - | - | 720,460 |
| Vendor Financing-i | - | - | - | - | - | - |
| Staff Financing | - | - | 307 | - | - | 307 |
| Gross financing | 151,060 | - | 2,153,993 | - | 44,490 | 2,349,543 |
| Allowances for ECL on advances and financing | | | | | | |
| - 12-month ECL - Stage 1 | - | - | - | - | - | (85,344) |
| - Lifetime not impaired ECL - Stage 2 | - | - | - | - | - | (42,562) |
| - Lifetime ECL credit impaired - Stage 3 | - | - | - | - | - | (47,354) |
| Net advances and financing | 151,060 | - | 2,153,993 | - | 44,490 | 2,174,283 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

Notes to the financial statements for Islamic business fund and Takaful fund for the financial year ended 31 December 2025 (cont'd.)

(f) Islamic financing (cont'd.)

(vii) Advances and financing analysed by facility and Shariah contract are as follows (cont'd.):

| 2024 | Murabahah RM'000 | Istisna RM'000 | Tawarruq RM'000 | Ijarah RM'000 | Wakalah RM'000 | Total RM'000 |
|--|---------------------|-------------------|--------------------|------------------|-------------------|-----------------|
| At amortised cost | | | | | | |
| Malaysian Kitchen Financing Facility-i | - | - | 1,341 | - | - | 1,341 |
| Overseas Contract Financing-i | - | - | 48,219 | - | - | 48,219 |
| Overseas Investment Financing-i | - | - | 69,986 | - | - | 69,986 |
| Overseas Project Financing-i | 26,302 | 27,798 | 320,217 | - | - | 374,317 |
| Revolving Credit-i | - | - | 20,766 | - | - | 20,766 |
| Supplier Financing-i | 13,702 | - | 355,544 | 12,420 | 134,737 | 516,403 |
| Term Financing-i | 98,430 | - | 1,207,091 | 49,227 | - | 1,354,748 |
| Vendor Financing-i | - | - | 21,004 | - | - | 21,004 |
| Gross financing | 138,434 | 27,798 | 2,044,168 | 61,647 | 134,737 | 2,406,784 |
| Allowances for ECL on advances and financing | | | | | | |
| - 12-month ECL - Stage 1 | - | - | - | - | - | (63,156) |
| - Lifetime not impaired ECL - Stage 2 | - | - | - | - | - | (28,703) |
| - Lifetime ECL credit impaired - Stage 3 | - | - | - | - | - | (296,027) |
| Net advances and financing | 138,434 | 27,798 | 2,044,168 | 61,647 | 134,737 | 2,018,898 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

Notes to the financial statements for Islamic business fund and Takaful fund for the financial year ended 31 December 2025 (cont'd.)

(f) Islamic financing (cont'd.)

(viii) Movements in the allowance for ECL for impaired advances and financing are as follows:

| | Stage 1 12-month ECL RM'000 | Stage 2 Lifetime ECL not credit impaired RM'000 | Stage 3 Lifetime ECL credit impaired RM'000 | Total ECL RM'000 |
|--|--------------------------------------|---|---|---------------------|
| 2025 | | | | |
| At 1 January | 63,156 | 28,703 | 296,027 | 387,886 |
| Transferred to Stage 1 | 13,445 | (13,445) | - | - |
| Transferred to Stage 2 | - | 39,865 | (39,865) | - |
| Transferred to Stage 3 | - | (102) | 102 | - |
| Net remeasurement | 19,210 | (584) | (32,996) | (14,370) |
| Financial assets derecognised | (10,467) | (11,875) | - | (22,342) |
| Written off | - | - | 192,179 | 192,179 |
| Total net profit and loss charge during the period | 22,188 | 13,859 | 119,420 | 155,467 |
| Exchange differences | - | - | (368,093) | (368,093) |
| At 31 December | 85,344 | 42,562 | 47,354 | 175,260 |
| | | | | |
| | Stage 1 12-month ECL RM'000 | Stage 2 Lifetime ECL not credit impaired RM'000 | Stage 3 Lifetime ECL credit impaired RM'000 | Total ECL RM'000 |
| 2024 | | | | |
| At 1 January | 32,929 | 7,953 | 316,634 | 357,516 |
| Transferred to Stage 2 | (12,341) | 12,341 | - | - |
| Net remeasurement | 36,859 | (840) | (9,900) | 26,119 |
| Financial assets derecognised | 5,709 | 9,249 | - | 14,958 |
| Total net profit and loss charge during the period | 30,227 | 20,750 | (9,900) | 41,077 |
| Exchange differences | - | - | (10,707) | (10,707) |
| At 31 December | 63,156 | 28,703 | 296,027 | 387,886 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

Notes to the financial statements for Islamic business fund and Takaful fund for the financial year ended 31 December 2025 (cont'd.)

(g) Financing Payable

| | Group and Bank | |
|--|----------------|------------------|
| | 2025 RM'000 | 2024 RM'000 |
| (i) <u>Revolving credit facility - unsecured</u> | | |
| Within one year | 607,252 | 871,033 |
| One year to three years | - | 195,524 |
| | 607,252 | 1,066,557 |
| (ii) <u>Sukuk</u> | | |
| One year to three years | - | 89,499 |
| | 607,252 | 1,156,056 |

(h) Deposit from corporate customers

| | Group and Bank | |
|--|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| <u>Term deposit</u> | | |
| Murabahah | 526,534 | 10,005 |
| (i) The maturity profile of term deposit is as follows: | | |
| Within one year | 526,534 | 10,005 |
| (ii) The deposit is sourced from following type of customer: | | |
| Financial institutions | 260,846 | 10,005 |
| Business enterprises | 227,388 | - |
| Government and statutory bodies | 38,300 | - |
| | 526,534 | 10,005 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

Notes to the financial statements for Islamic business fund and Takaful fund for the financial year ended 31 December 2025 (cont'd.)

(i) Takaful participants fund

| | | Group and Bank | |
|----------------------------------|------|----------------|----------------|
| | | 2025 RM'000 | 2024 RM'000 |
| <u>Takaful participants fund</u> | | | |
| Accumulated surplus | (i) | 7,484 | 6,632 |
| Qard | (ii) | - | - |
| | | 7,484 | 6,632 |

The deficit in the Takaful participant fund is covered by the Qard from Shareholders' funds. Qard represents a benevolent financing to the Takaful participants fund to make good any underwriting deficit experienced during a financial period. The amount is unsecured, not subject to any profit elements and has no fixed terms of repayment. The management expects to recover the balance from future profits of Takaful participants fund.

Measurement and impairment of Qard

Any deficit in the Takaful fund is made good via a benevolent financing, or Qard, granted by the Islamic business fund. Qard is stated at cost less any accumulated impairment losses in the Islamic business fund. In the Takaful fund, Qard is stated at cost. The Qard shall be repaid from future surpluses of the Takaful fund.

Qard is tested for impairment on an annual basis via an assessment of the estimated surpluses or cash flows from the Takaful fund to determine whether there is objective evidence of impairment. If the Qard is impaired, an amount comprising the difference between its carrying amount and its recoverable amount, less any impairment loss previously recognised, is recognised in the statements of profit or loss.

Impairment losses are subsequently reversed in the statements of profit or loss if objective evidence exists that the Qard is no longer impaired.

| | | 2025 RM'000 | 2024 RM'000 |
|---------------------------------|--|----------------|----------------|
| (i) <u>Accumulated surplus</u> | | | |
| At beginning of the year | | 6,632 | 4,151 |
| Net surplus of the Takaful fund | | 852 | 2,481 |
| At end of the year | | 7,484 | 6,632 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

Notes to the financial statements for Islamic business fund and Takaful fund for the financial year ended 31 December 2025 (cont'd.)

(i) Takaful participants fund (cont'd.)

Measurement and impairment of Qard (cont'd.)

| | 2025 RM'000 | 2024 RM'000 |
|--------------------------|----------------|----------------|
| (ii) Qard | | |
| At beginning of the year | - | - |
| Decrease in Qard | - | - |
| At end of the year | - | - |

(j) Provision for commitments and contingencies

| | Group and Bank | |
|---|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Provision for commitments and contingencies | 14,031 | 16,249 |

Movements in the provisions for commitments and contingencies are as follow:

| | Stage 1 12-month ECL RM'000 | Stage 2 Lifetime ECL not credit impaired RM'000 | Stage 3 Lifetime ECL credit impaired RM'000 | Total ECL RM'000 |
|------------------------------------|--------------------------------------|---|---|---------------------|
| At 1 January 2024 | 15,133 | 250 | 3,532 | 18,915 |
| Financial asset derecognised | (369) | - | - | (369) |
| Net remeasurement | 934 | 301 | (3,671) | (2,436) |
| Exchange differences | - | - | 139 | 139 |
| At 31 December 2024/1 January 2025 | 15,698 | 551 | - | 16,249 |
| Transferred to Stage 1 | 177 | (177) | - | - |
| Financial asset derecognised | (3,342) | - | - | (3,342) |
| Net remeasurement | 955 | 169 | - | 1,124 |
| Exchange differences | - | - | - | - |
| At 31 December 2025 | 13,488 | 543 | - | 14,031 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

Notes to the financial statements for Islamic business fund and Takaful fund for the financial year ended 31 December 2025 (cont'd.)

(k) Other liabilities

| | Group and Bank | |
|---|------------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Sinking fund and debt services reserve accounts | 176,378 | 116,056 |
| Profit payable | 1,645 | 7,008 |
| Amount due to Teraju | 17,061 | 16,616 |
| Amount due to holding company | 80 | - |
| Financing from banking business* | 1,002,197 | 360,952 |
| Others | 70,289 | 29,889 |
| | 1,267,650 | 530,521 |

* The financing from banking business is unsecured, does not bear profit and has no fixed terms of repayment.

(l) Income derived from Islamic banking fund

| | Group and Bank | |
|---|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Islamic financing: | | |
| Murabahah | 53,134 | 24,733 |
| Tawarruq | 91,408 | 78,132 |
| Ijarah | 2,104 | 51 |
| Kafalah | 3,035 | - |
| Financing profit from impaired financing | 15,692 | 2,973 |
| ECR-i debtors | - | 316 |
| Deposits and placements with banks and other financial institutions | 26,786 | 38,148 |
| Financial investments | 15,479 | 14,514 |
| | 207,638 | 158,867 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

Notes to the financial statements for Islamic business fund and Takaful fund for the financial year ended 31 December 2025 (cont'd.)

(m) Other (expenses)/income, net

| | Group and Bank | |
|--|-----------------|-----------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Fee Income | 15,276 | 4,021 |
| Unrealised fair value loss for equity investment | (68,586) | (1,367) |
| Foreign exchange gain/(loss) | | |
| - unrealised | (204,832) | 142,360 |
| - realised | 172,452 | (147,216) |
| Others | 649 | 17,229 |
| | (85,041) | 15,027 |

(n) Allowances for ECL on advances and financing

| | Group and Bank | |
|---|----------------|----------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Allowances for ECL on advances and financing | | |
| - 12-month ECL - Stage 1, allowance, net | 22,188 | 30,227 |
| - Lifetime not impaired ECL - Stage 2, allowance, net | 13,859 | 20,750 |
| - Lifetime ECL credit impaired - Stage 3, allowance | 55,190 | 22,397 |
| - Lifetime ECL credit impaired - Stage 3, writeback | (127,949) | (32,297) |
| - Bad debt written off | 192,179 | - |
| | 155,467 | 41,077 |

(o) Commitments and contingencies

| | Group and Bank | |
|-------------------------------------|------------------|---------|
| | 2025 | 2024 |
| | RM'000 | RM'000 |
| Banking operation commitments | | |
| Contracted but not provided for: | | |
| Guarantee facility | 176,290 | 5,193 |
| Letter of credit | - | - |
| Undrawn financing | 1,252,493 | 766,024 |
| Total commitments and contingencies | 1,428,783 | 771,217 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

Notes to the financial statements for Islamic business fund and Takaful fund for the financial year ended 31 December 2025 (cont'd.)

(p) Shariah disclosures

(i) Shariah non-compliant ("SNC") events

There are one (1) event related to SNC event occurred as follows:

| | No. of event | 2025 RM'000 | No. of event | 2024 RM'000 |
|--|--------------|----------------|--------------|----------------|
| SNC with no financial impact to the Bank: | | | | |
| Execution of Murabahah prior to asset acquisition | 1 | - | - | - |
| Collection of profit prior execution of Tawarruq transaction | - | - | 1 | - |
| SNC with financial impact to the Bank: | | | | |
| Inappropriate Investment of Islamic Cash Collateral in Conventional Money Market Instrument. | - | - | 1 | 153 |
| | 1 | - | 2 | 153 |

(ii) Sources and uses of charity funds

| | Group and Bank | |
|---|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| At 1 January | 2,220 | 2,079 |
| Funds distributed during the year | | |
| - Contribution to non-profit organisation | (1,408) | (478) |
| Funds received during the year | - | 619 |
| At 31 December | 812 | 2,220 |

Monies derived from the SNC event on Islamic financing activities as disclosed in Shariah Committee's Report under note disclosure on SNC Event were channelled to charity fund and distributed progressively to the eligible beneficiaries.

Notes to the Financial Statements

44. Islamic business (cont'd.)

Notes to the financial statements for Islamic business fund and Takaful fund for the financial year ended 31 December 2025 (cont'd.)

(q) Regulatory Capital

| | Group and Bank | |
|---|----------------|----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Islamic banking fund | 1,324,198 | 1,324,198 |
| Accumulated losses** | (50,732) | (72,728) |
| Current year (loss)/profit** | (20,260) | 21,996 |
| Eligible Tier 1 capital | 1,253,206 | 1,273,466 |
| Collective allowance on Islamic financing* | 127,906 | 91,859 |
| Provision for commitments and contingencies | 14,031 | 16,249 |
| Provision for guarantee and claim** | 361 | 1,495 |
| Eligible Tier 2 capital | 142,298 | 109,603 |
| Total capital base | 1,395,504 | 1,383,069 |
| Risk weighted assets | 2,839,893 | 2,759,198 |
| Core capital ratio | 44.13% | 46.15% |
| RWCR | 49.14% | 50.13% |

* The eligible amounts for Tier 2 Capital is only limited to the excess of total collective allowances over the identifiable incurred losses in the collective allowance pool.

** The numbers are based on MFRS 4, in accordance with Capital Regulatory Framework of BNM.

Notes to the Financial Statements

44. Islamic business (cont'd.)

Notes to the financial statements for Islamic business fund and Takaful fund for the financial year ended 31 December 2025 (cont'd.)

(r) Shariah directors remuneration

| | Group and Bank | |
|---|----------------|-----------------|
| | 2025 RM'000 | 2024 RM'000 |
| Salaries and other short-term benefits | 459 | 477 |
| | | |
| Group and Bank | Fees RM'000 | Total RM'000 |
| 2025 | | |
| Shariah Committee Members (Note 31): | | |
| Dr. Safinar binti Salleh | 72 | 72 |
| Dr. Ghazali bin Jaapar | 102 | 102 |
| Dr. Muhammad Syahmi bin Mohd Karim | 72 | 72 |
| Prof. Dr. Muhammad Ridhwan bin Ab. Aziz | 71 | 71 |
| Dr. Ahmad Zakirullah bin Mohamed Shaarani | 71 | 71 |
| Ustaz Mohd Bahroddin bin Badri | 71 | 71 |
| | 459 | 459 |
| 2024 | | |
| Shariah Committee Members (Note 31): | | |
| Dr. Ahmad Zakirullah bin Mohamed Shaarani | 76 | 76 |
| Ustaz Mohd Bahroddin bin Badri | 76 | 76 |
| Dr. Safinar binti Salleh | 79 | 79 |
| Dr. Ghazali bin Jaapar | 95 | 95 |
| Dr. Muhammad Syahmi bin Mohd Karim | 76 | 76 |
| Prof. Dr. Muhammad Ridhwan bin Ab. Aziz | 75 | 75 |
| | 477 | 477 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

(s) Liquidity risk management

Measurement

Table below analyses assets and liabilities of the Islamic business's according to their contractual maturity:

| Islamic business | No specific maturity RM'000 | Less than 3 months RM'000 | 3 to 12 months RM'000 | 1 to 5 years RM'000 | Over 5 years RM'000 | Total RM'000 |
|--|--|--------------------------------------|----------------------------------|--------------------------------|--------------------------------|-------------------------|
| 2025 | | | | | | |
| Assets | | | | | | |
| Cash and bank balances | 555,934 | - | - | - | - | 555,934 |
| Deposits and placements with banks and other financial institutions | - | 306,970 | 35,266 | - | - | 342,236 |
| Financial investments at fair value through profit or loss | - | - | - | - | 43,827 | 43,827 |
| Financial investments at fair value through other comprehensive income | - | - | 15,037 | 245,742 | 94,502 | 355,281 |
| Financial investments at amortised cost | - | - | - | - | 172,762 | 172,762 |
| Islamic financing | - | 224,745 | 475,525 | 545,501 | 928,512 | 2,174,283 |
| Other assets | 6,628 | - | - | - | - | 6,628 |
| Total assets | 562,562 | 531,715 | 525,828 | 791,243 | 1,239,603 | 3,650,951 |
| Liabilities | | | | | | |
| Financing payable | 18,427 | 274,860 | 313,965 | - | - | 607,252 |
| Deposit from corporate customers | - | 207,609 | 318,925 | - | - | 526,534 |
| Other liabilities | 1,277,784 | - | - | - | - | 1,277,784 |
| Total liabilities | 1,296,211 | 482,469 | 632,890 | - | - | 2,411,570 |
| Net maturity mismatch | (733,649) | 49,246 | (107,062) | 791,243 | 1,239,603 | 1,239,381 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

(s) Liquidity risk management (cont'd.)

Measurement (cont'd.)

Table below analyses assets and liabilities of the Islamic business's according to their contractual maturity (cont'd.):

| Islamic business | No specific maturity RM'000 | Less than 3 months RM'000 | 3 to 12 months RM'000 | 1 to 5 years RM'000 | Over 5 years RM'000 | Total RM'000 |
|--|--------------------------------|------------------------------|--------------------------|------------------------|------------------------|------------------|
| 2024 | | | | | | |
| Assets | | | | | | |
| Cash and bank balances | 8,248 | - | - | - | - | 8,248 |
| Deposits and placements with banks and other financial institutions | - | 435,360 | - | - | - | 435,360 |
| Financial investments at fair value through profit or loss | - | - | - | - | 5,011 | 5,011 |
| Financial investments at fair value through other comprehensive income | - | - | 60,362 | 150,760 | 117,395 | 328,517 |
| Financial investments at amortised cost | - | - | - | - | 165,607 | 165,607 |
| Islamic financing | - | - | 493,720 | 102,427 | 1,422,751 | 2,018,898 |
| Other assets | 5,023 | - | - | - | - | 5,023 |
| Total assets | 13,271 | 435,360 | 554,082 | 253,187 | 1,710,764 | 2,966,664 |
| Liabilities | | | | | | |
| Financing payable | - | - | 871,033 | 285,023 | - | 1,156,056 |
| Deposit from corporate customers | - | 10,005 | - | - | - | 10,005 |
| Other liabilities | 543,124 | - | - | - | - | 543,124 |
| Total liabilities | 543,124 | 10,005 | 871,033 | 285,023 | - | 1,709,185 |
| Net maturity mismatch | (529,853) | 425,355 | (316,951) | (31,836) | 1,710,764 | 1,257,479 |

Notes to the Financial Statements

44. Islamic business (cont'd.)

(s) Liquidity risk management (cont'd.)

The following tables show the contractual undiscounted cash flow payable for financial liabilities and banking operation commitments. The financial liabilities in the tables below do not agree to the balances in the statement of financial position of Islamic Business as the tables incorporate all contractual cash flows, on an undiscounted basis, relating to both principal and profit payments. The maturity profile does not necessarily reflect behavioural cash flows.

| Islamic business fund | No specific maturity RM'000 | Less than 3 months RM'000 | 3 to 12 months RM'000 | 1 to 5 years RM'000 | Over 5 years RM'000 | Total RM'000 |
|---|--------------------------------|------------------------------|--------------------------|------------------------|------------------------|-----------------|
| 2025 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Financing payable | 18,427 | 274,860 | 313,965 | - | - | 607,252 |
| Deposit from corporate customers | - | 207,609 | 318,925 | - | - | 526,534 |
| Other liabilities | 1,277,784 | - | - | - | - | 1,277,784 |
| Total financial liabilities | 1,296,211 | 482,469 | 632,890 | - | - | 2,411,570 |
| Commitments and contingencies | | | | | | |
| <u>Banking operation commitments</u> | | | | | | |
| Contracted but not provided for: | | | | | | |
| Guarantee facility | 176,290 | - | - | - | - | 176,290 |
| Undrawn loans and financing | 1,252,493 | - | - | - | - | 1,252,493 |
| Total commitments and contingencies | 1,428,783 | - | - | - | - | 1,428,783 |
| 2024 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Financing payable | - | - | 871,033 | 291,031 | - | 1,162,064 |
| Deposit from corporate customers | - | 10,005 | - | - | - | 10,005 |
| Other liabilities | 543,124 | - | - | - | - | 543,124 |
| Total financial liabilities | 543,124 | 10,005 | 871,033 | 291,031 | - | 1,715,193 |
| Commitments and contingencies | | | | | | |
| <u>Banking operation commitments</u> | | | | | | |
| Contracted but not provided for: | | | | | | |
| Guarantee facility | 5,193 | - | - | - | - | 5,193 |
| Undrawn loans and financing | 766,024 | - | - | - | - | 766,024 |
| Total commitments and contingencies | 771,217 | - | - | - | - | 771,217 |

Notes to the Financial Statements

45. Segment information

The following segment information has been prepared in accordance with MFRS 8 Operating Segments, which defines the requirements for the disclosure of financial information of an entity's operating segments.

It is prepared on the basis of the "management approach", which requires presentation of the segments on the basis of internal reports about the components of the entity.

Segment information are presented in respect of the Group's business segments as follows:

(1) Banking

Banking comprises activities involving conventional and Islamic facilities to finance and support export and import of goods, services and overseas projects as well as financial guarantee facilities with an emphasis on non-traditional markets.

(2) Insurance and Takaful

Insurance and Takaful comprise activities involving providing export, credit and political risks insurance/takaful.

(3) Support

Support refers to non-core operations mainly involving finance, treasury, administration, human resource and others which support the Group's overall operation.

Notes to the Financial Statements

45. Segment information (cont'd.)

| | Group and Bank | | | | | | | |
|---|----------------------------------|------------------------------|----------------|--------------|----------------------------------|------------------------------|----------------|--------------|
| | 2025 | | | 2024 | | | | |
| | Business segments Banking RM'000 | Insurance and Takaful RM'000 | Support RM'000 | Total RM'000 | Business segments Banking RM'000 | Insurance and Takaful RM'000 | Support RM'000 | Total RM'000 |
| Net interest income | 954 | - | - | 954 | 57,680 | - | - | 57,680 |
| Insurance/takaful service results | - | 2,721 | - | 2,721 | - | 6,557 | - | 6,557 |
| Income from Islamic business | 144,058 | - | - | 144,058 | 72,407 | - | - | 72,407 |
| Other income, net | 1,047 | - | 1,565 | 2,612 | 14,805 | - | 15,344 | 30,149 |
| Net income | 146,059 | 2,721 | 1,565 | 150,345 | 144,892 | 6,557 | 15,344 | 166,793 |
| Overhead expenses | (10,883) | (1,909) | (97,798) | (110,590) | (11,808) | (2,503) | (83,101) | (97,412) |
| Operating profit/(loss) | 135,176 | 812 | (96,233) | 39,755 | 133,084 | 4,054 | (67,757) | 69,381 |
| (Allowances)/writeback for ECL on loans, advances and financing | (270,640) | - | - | (270,640) | 65,923 | - | - | 65,923 |
| Writeback for ECL on commitment and contingencies | 3,324 | - | - | 3,324 | 5,442 | - | - | 5,442 |
| Writeback/(allowances) for ECL on financial investments | - | - | 146,938 | 146,938 | - | - | (24,770) | (24,770) |
| Writeback for ECL on other assets | - | - | 164 | 164 | - | - | - | - |
| | (132,140) | 812 | 50,869 | (80,459) | 204,449 | 4,054 | (92,527) | 115,976 |
| Surplus attributable to takaful participants | - | (852) | - | (852) | - | (2,481) | - | (2,481) |
| | (132,140) | (40) | 50,869 | (81,311) | 204,449 | 1,573 | (92,527) | - |
| Net (loss)/profit for the year | | | | (81,311) | | | | 113,495 |

Notes to the Financial Statements

46. Significant events

In the Budget 2024 speech delivered on 13 October 2023, the Prime Minister announced the plan to restructure Development Financial Institutions (“DFI’s”) in Malaysia. The restructuring involves merging Bank Pembangunan Malaysia Berhad (“BPMB”), Export-Import Bank of Malaysia Berhad (“EXIM”) and SME Bank Berhad (“SMEB”).

This initiative aims to enhance the efficiency and synergy of these institutions and strengthen the development finance ecosystem.

Subsequent to the merger, the Bank undertook a significant loan write-off exercise in line with the harmonisation of write-off policies with the Group in December 2025. As part of this exercise, the Bank wrote off gross loan advances and financing amounting to RM1.45 billion. The write-off resulted in a net impact of RM395 million to the profit or loss for the financial year.

Impact on Geopolitical Developments

Subsequent to the reporting date, ongoing geopolitical developments have contributed to increase global economic uncertainty and market volatility.

These developments represent non-adjusting events as the underlying conditions did not exist as at 31 December 2025. Accordingly, no adjustments have been made to the financial statements.

The Group and the Bank are in the midst of assessing the potential financial impact of these developments. At this stage, the financial effects, if any, cannot be reliably estimated.

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