



BRIDGING BORDERS, BUILDING OPPORTUNITIES

ANNUAL REPORT 2024





BRIDGING BORDERS, BUILDING OPPORTUNITIES

A dynamic design that shows the strong progress being made in facilitating cross border trade. Like a bar graph the graphic rendition of buildings escalate higher to denote continuously improving performance. The image depicts the many cross border channels via port, aviation and freight to highlight EXIM's core support of export and import activities. Digital pixels adorn the building and the sky to reflect how EXIM Bank plans to harness digital strategies to stay ahead in the digital economy.



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

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MAKING AN IMPACT

Among our proudest achievements last year was being named 'Lender of the Year' at the Environmental Finance IMPACT Awards 2024, a testament to our commitment to green financing and sustainable progress.





CHAMPIONING SUSTAINABLE PROGRESS

2024 has been a remarkable year for EXIM Bank Malaysia as we empowered businesses, advanced sustainability and forged stronger global connections. Bridging borders and building opportunities towards greater global horizons, we're excited to step into 2025 with renewed energy, driving growth, innovation and resilience for Malaysian exporters and businesses.



ABOUT THIS REPORT

Our 2024 Annual Report focuses on the key challenges and opportunities we face and the many ways in which the Bank is responding to them. It serves to inform our stakeholders of the efforts we have taken, as a Development Financial Institution (DFI), to execute our unique mandate of developing cross-border ventures through the provisioning of financing and insurance facilities. We fulfil our regulatory performance by delivering accordingly to the requirements of a DFI through the Performance Measurement Framework (PMF) reporting.

In upholding the best practices in our reporting, we also report in line with Bank Negara Malaysia's policies for DFIs and guidelines presented in:

- The Malaysian Code on Corporate Governance
- The Malaysian Financial Reporting Standards
- The International Financial Reporting Standards

EXIM Bank initiated its journey towards integrated reporting by embarking on sustainability reporting in FY2023. In this report, the Bank hopes to demonstrate unwavering commitment to our stakeholders through enhanced operations and reporting. As such, this year our report also highlights our organisation's sustainability commitment and strategic progress by addressing key material matters. As we advance in our journey, we remain guided by both local and international guidelines and frameworks in our reporting approach and value creation methodologies.

Towards improving our reporting, we welcome questions, comments, or suggestions from our stakeholders. Do email us at communications@exim.com.my.

CORPORATE INFORMATION

DIRECTORS

- 1 **Dato' Charon Wardini Mokhzani**
(Appointed W.E.F 4 January 2024)
- 2 **Datuk Bahria Mohd Tamil**
- 3 **Dr Mastura Abdul Karim**
- 4 **Encik Raymond Fam Chye Soon**
- 5 **Encik Hasli Hashim**
(Term Ended W.E.F 1 December 2024)
- 6 **Encik Abdul Aziz Abu Bakar**
(Appointed W.E.F 20 May 2024)
- 7 **Encik Jeremy Lee Eng Huat**
(Appointed W.E.F 1 July 2024)
- 8 **Dato' Sandra Wong Lee Yun**
Term Ended W.E.F 15 July 2024

PRESIDENT/CHIEF EXECUTIVE OFFICER

Datuk Nurbayu Kasim Chang

SHARIAH COMMITTEE

- 1 **Dr Ghazali Jaapar**
- 2 **Dr Safinar Salleh**
- 3 **Dr Muhammad Syahmi Mohd Karim**
C.A. (M), ACMA, CGMA
- 4 **Prof. Dr Muhammad Ridhwan Ab. Aziz**
- 5 **Dr Ahmad Zakirullah Mohamed Shaarani**
- 6 **Ustaz Mohd Bahroddin Badri**

REGISTERED OFFICE

Level 15, EXIM Bank
Jalan Sultan Ismail
50250 Kuala Lumpur

COMPANY SECRETARIES

Puan Imawati Binti Ismail
MAICSA7059317
PC No. 201908002305
(Appointed W.E.F 16 January 2024)

Puan Julina Mohd Salleh
LS0008055
PC No. 201908003707
(Resigned W.E.F 15 January 2024)

REPRESENTATIVE OFFICES

PULAU PINANG

No. 2, Ground Floor
Lebuh Tenggiri 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
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Malaysia

OVERVIEW OF OUR BUSINESS OPERATIONS

SHAREHOLDING AND BOARD STRUCTURE

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.

As at 31 December 2024, the Bank had an issued and paid-up share capital of RM2,958,665,284 comprising the following:

1	2,708,665,284 ordinary shares owned by Minister of Finance Incorporated [MOF (Inc.)]
2	1 ordinary share owned by Federal Lands Commissioner of Malaysia
3	1 special right redeemable preference share owned by MOF (Inc.)
4	250,000,000 Redeemable Cumulative and Convertible Preference Share (RCCPS) owned by MOF (Inc.)

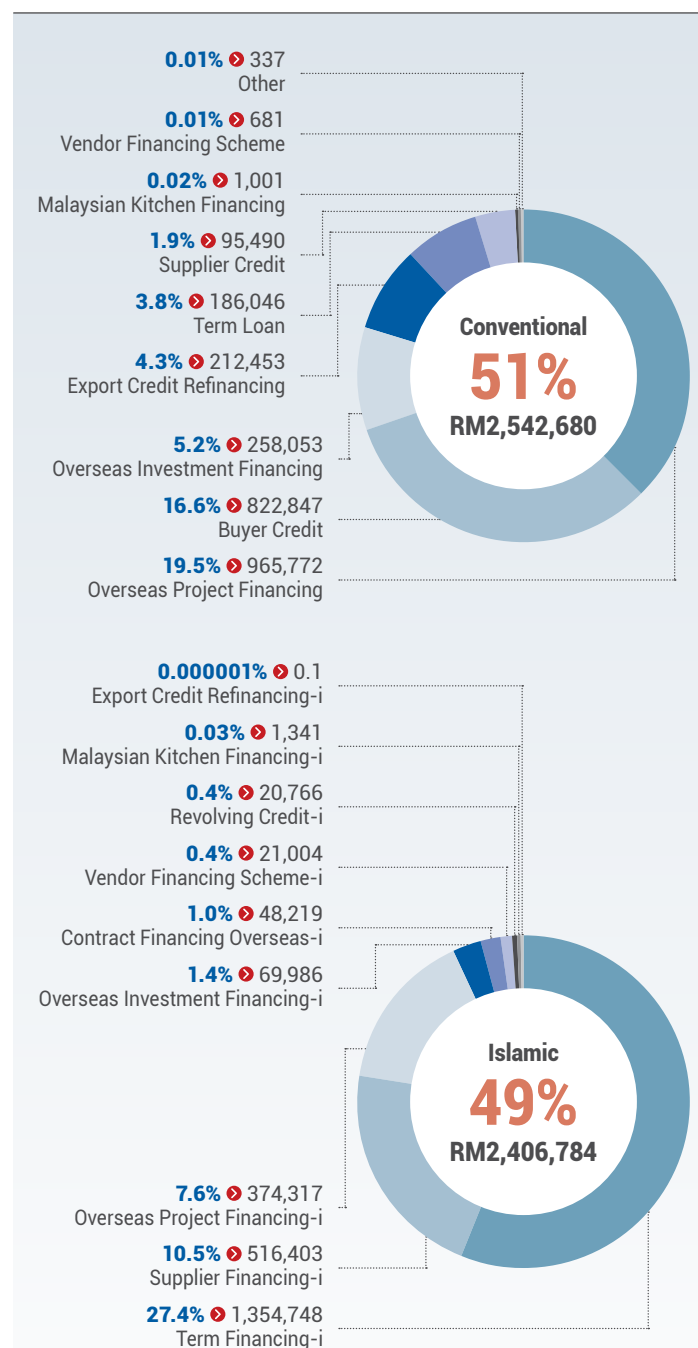
MOF (Inc.), as the shareholder of the special right redeemable preference share, has the right to appoint no more than four (4) members out of the maximum 12 members to the Bank's Board of Directors (the Board), including the appointment of the Chairman. Any appointment to the Board and the appointment 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 other independent non-executive directors, and two non-independent non-executive directors, one being a representative from MOF (Inc.) and the other being a representative from Ministry of Investment, Trade and Industry (MITI).

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

Loan, Advances and Financing Exposures (RM'000) – Breakdown by Conventional and Islamic Products Portfolio of

RM4,949,464

(including Impairment Exposures)

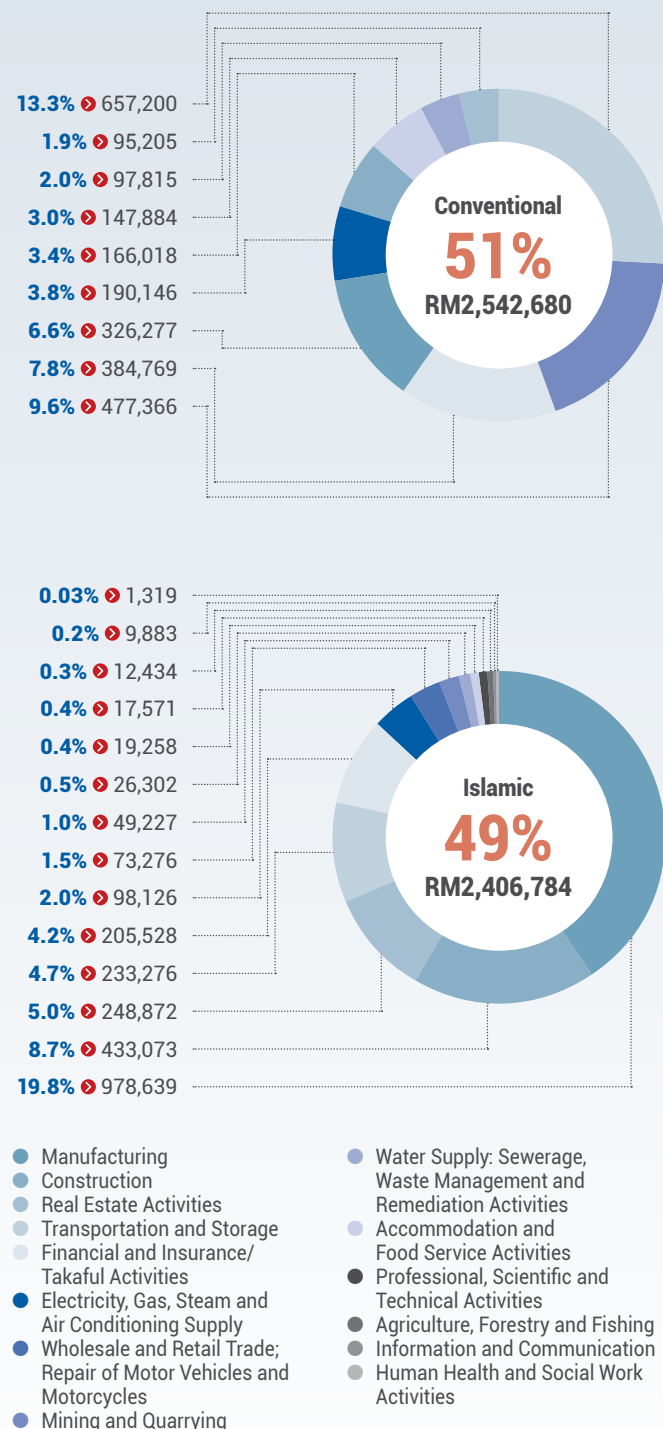


Loan, Advances and Financing Exposures (RM'000)

– Breakdown by Conventional and Islamic Sectoral Portfolio of

RM4,949,464

(including Impairment Exposures)

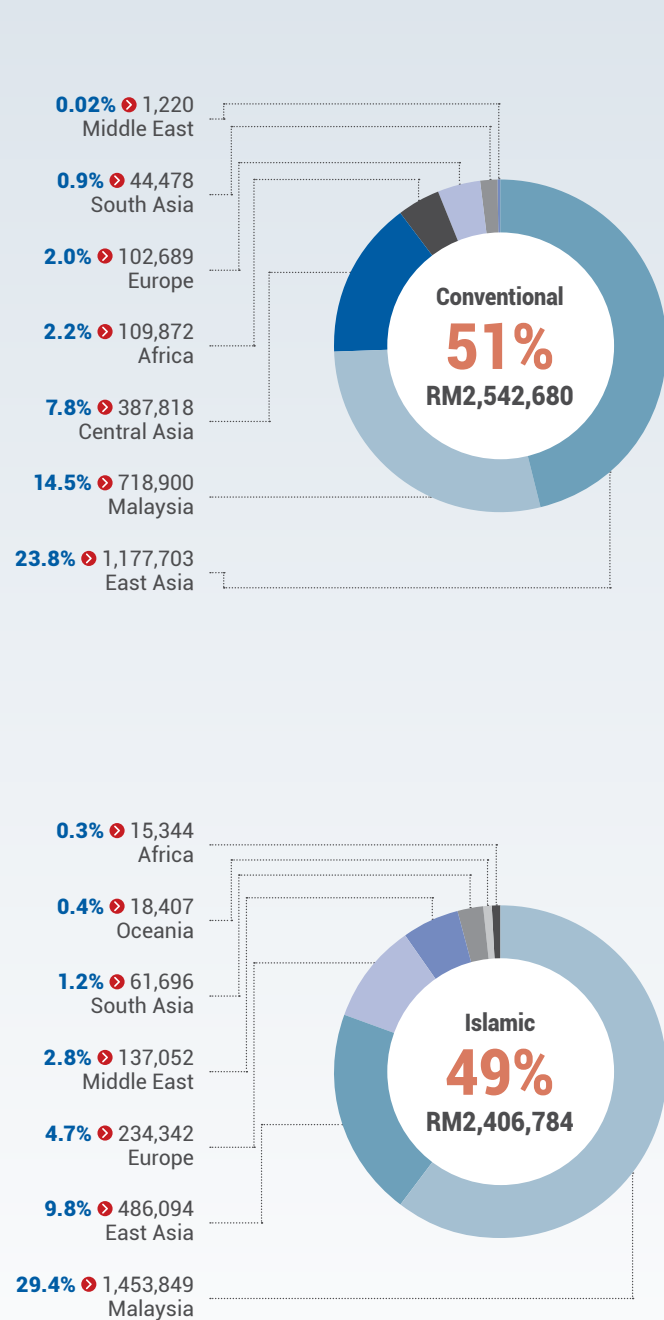


Loan, Advances and Financing Exposures (RM'000)

– Breakdown by Conventional and Islamic Region Portfolio of

RM4,949,464

(including Impairment Exposures)

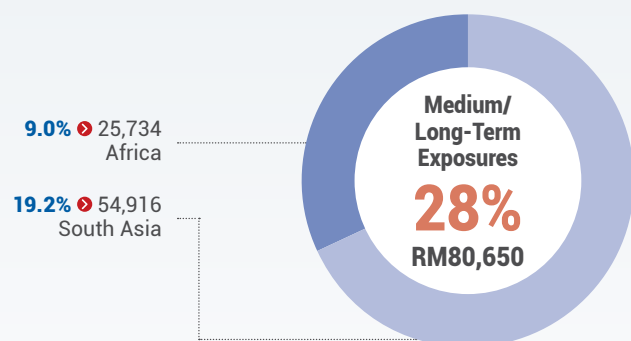
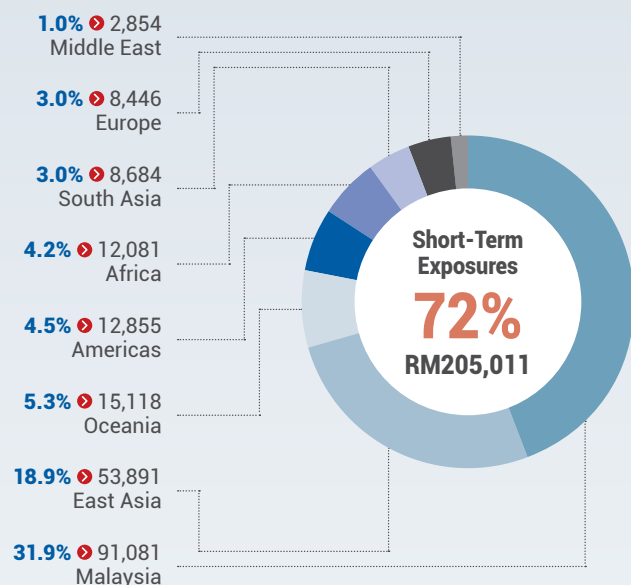


OVERVIEW OF OUR BUSINESS OPERATIONS

Credit Insurance/Takaful Portfolio (RM'000)

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

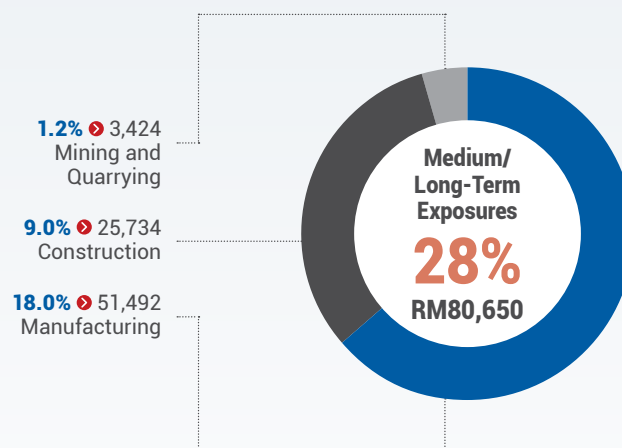
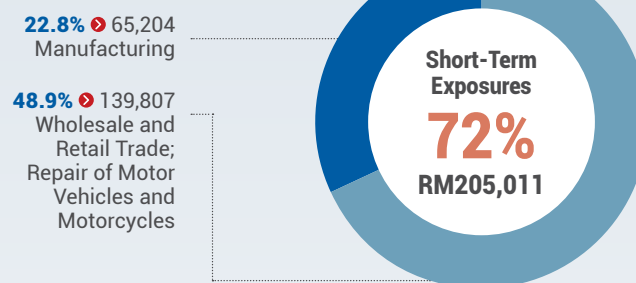
RM285,661



Credit Insurance/Takaful Portfolio (RM'000)

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

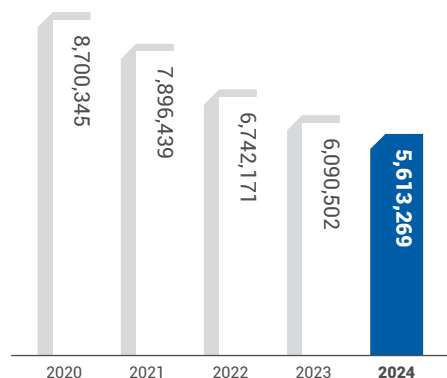
RM285,661



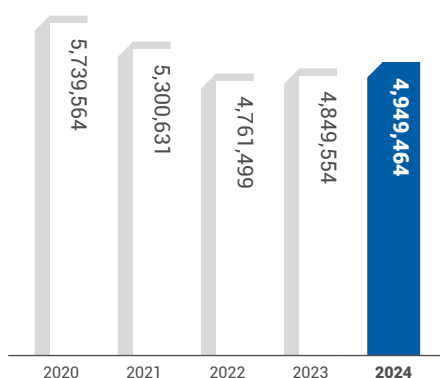
5-YEAR FINANCIAL HIGHLIGHTS

	2020	2021	2022	2023	2024
	RM'000 Audited	RM'000 Audited Restated	RM'000 Audited Restated	RM'000 Audited	RM'000 Audited
Total Assets	8,700,345	7,896,439	6,742,171	6,090,502	5,613,269
Total Disbursement	3,200,990	5,733,471	4,821,531	4,323,466	2,556,908
Operating Revenue	181,487	174,705	228,486	282,358	298,958
Total Gross Loans & Financing Assets	5,739,564	5,300,631	4,761,499	4,849,554	4,949,464
Net Income	239,025	165,449	110,944	68,868	166,793
Net Impaired Loans	13.45%	12.19%	11.73%	12.11%	10.76%
Operating Profit/(Loss)	150,834	81,605	39,502	(22,525)	69,381
Profit/(Loss) Before Tax	51,150	51,107	(60,965)	37,030	113,495

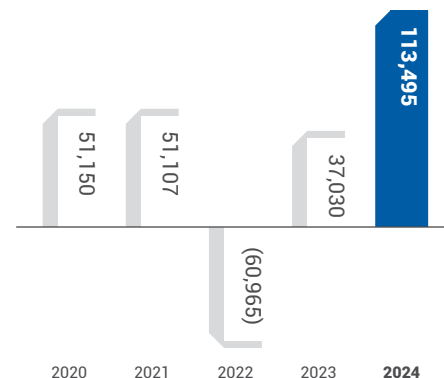
Total Assets
(RM'000)



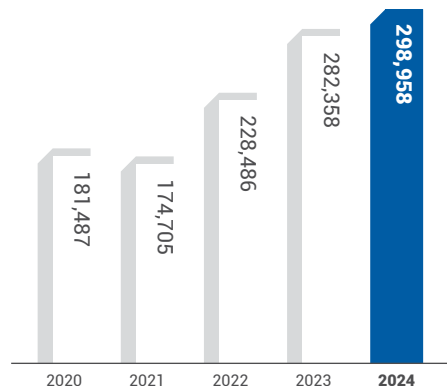
Total Gross Loans & Financing Assets
(RM'000)



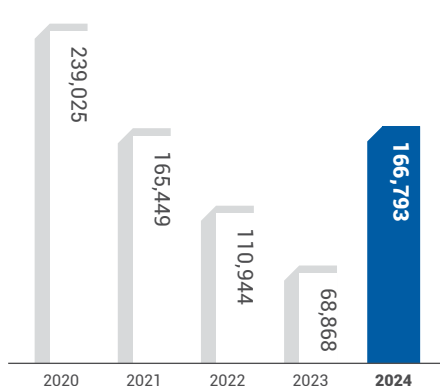
Profit/(Loss) Before Tax
(RM'000)



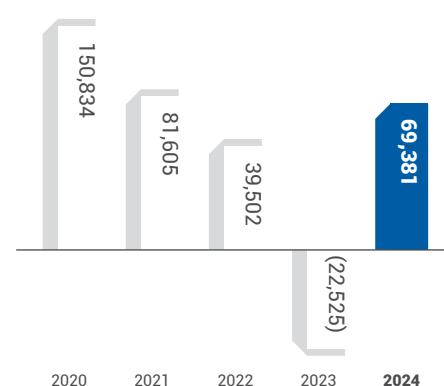
Operating Revenue
(RM'000)



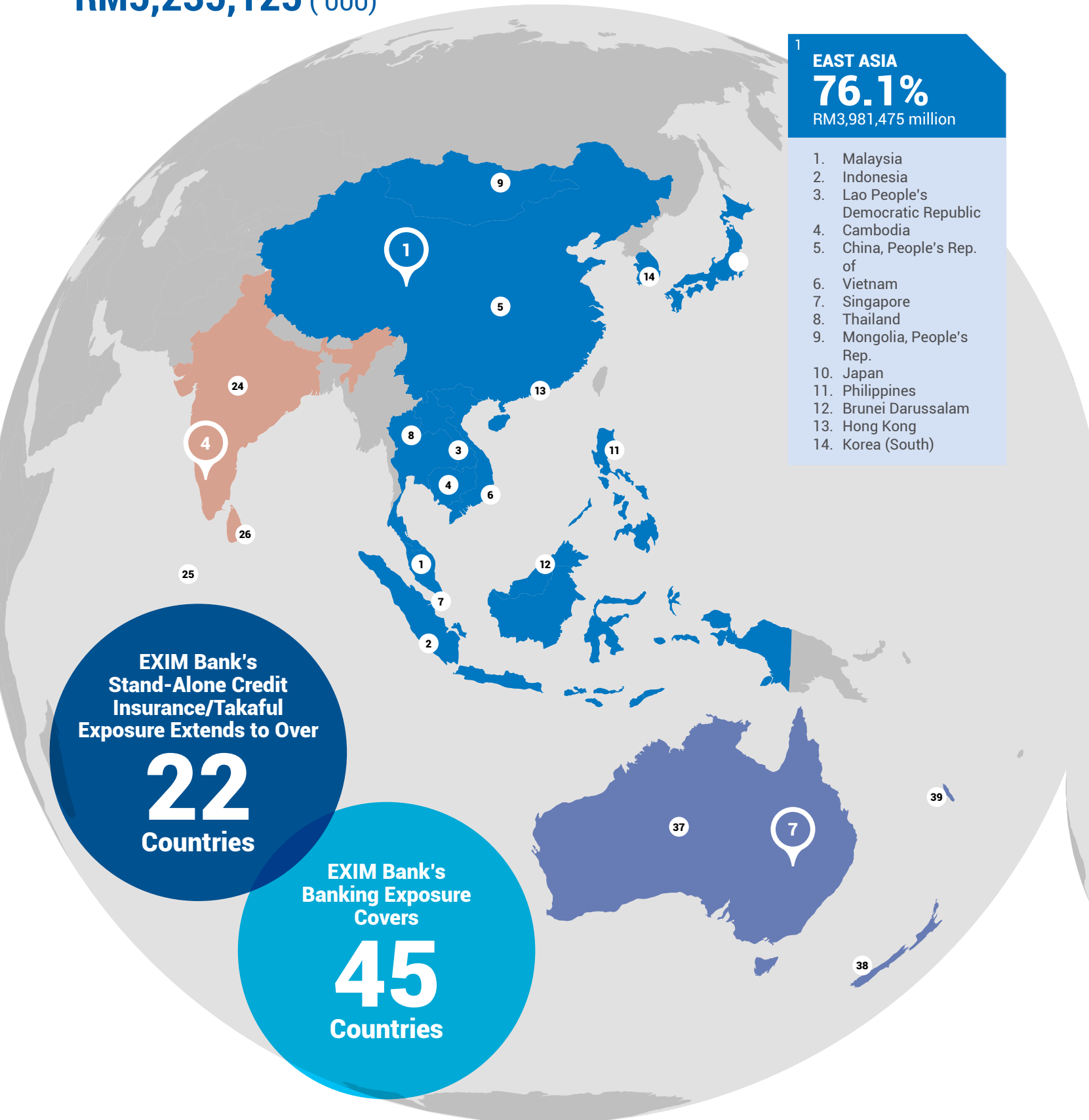
Net Income
(RM'000)

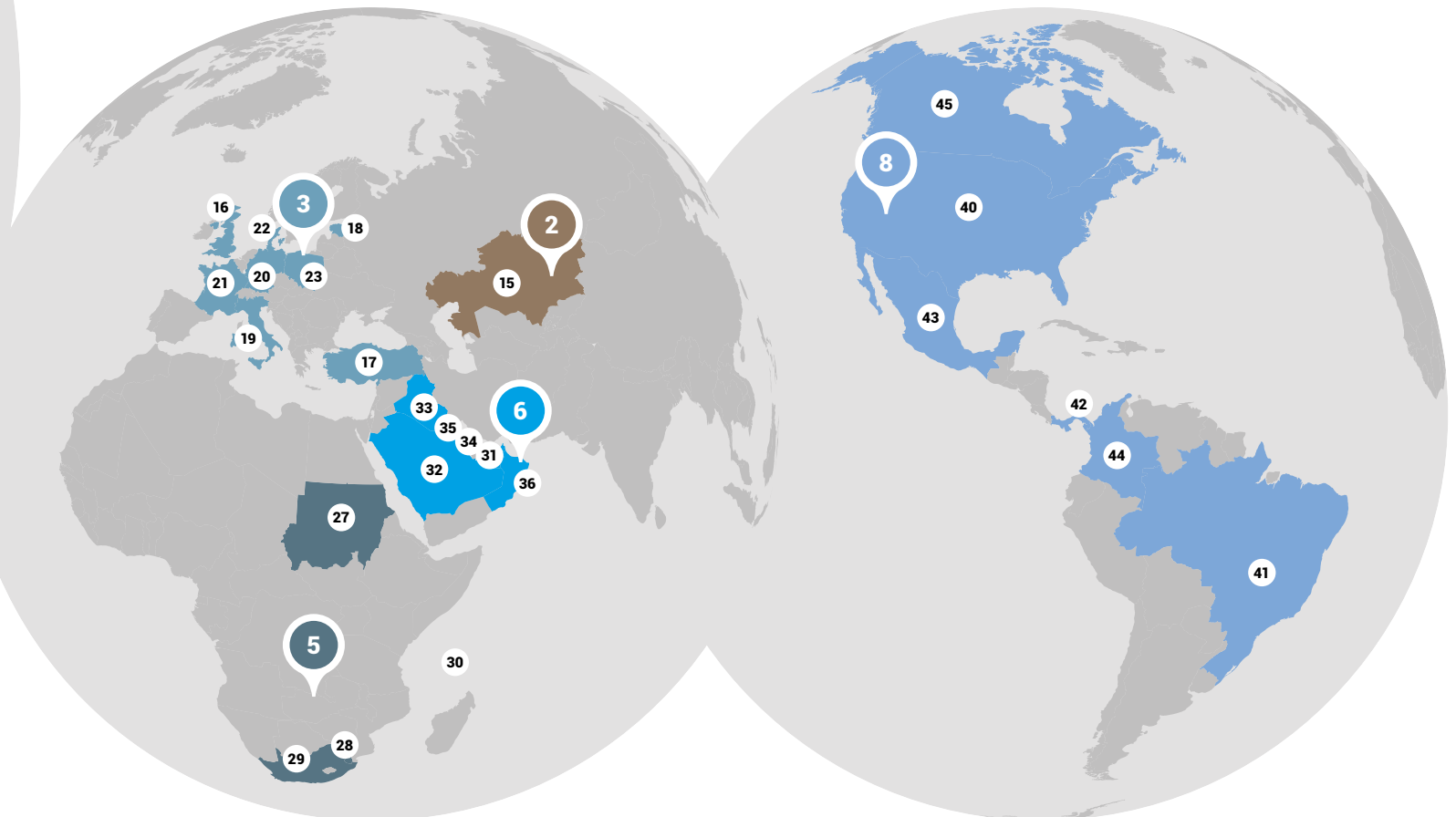
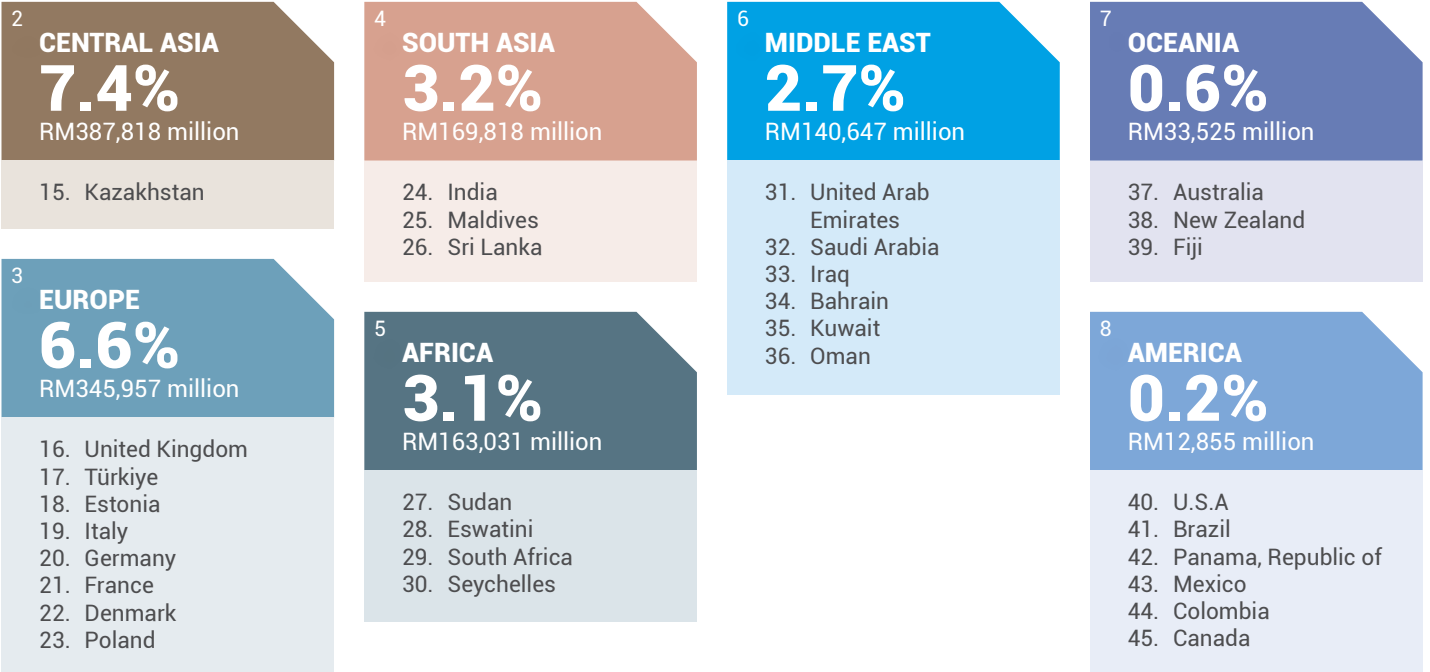


Operating Profit/(Loss)
(RM'000)



CREDIT INSURANCE/TAKAFUL AND BANKING PORTFOLIO EXPOSURES BREAKDOWN BY COUNTRY - RM5,235,125 ('000)

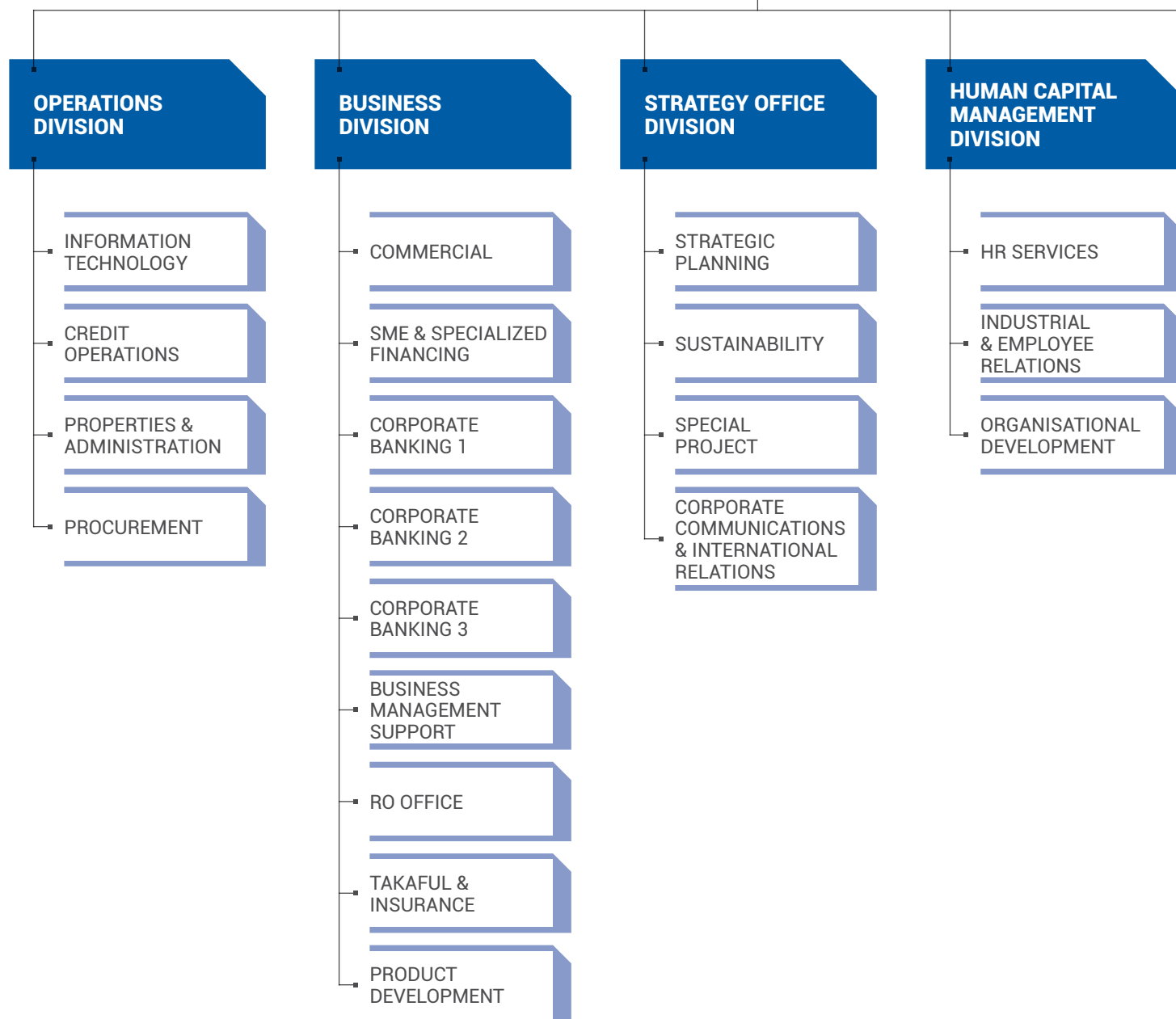


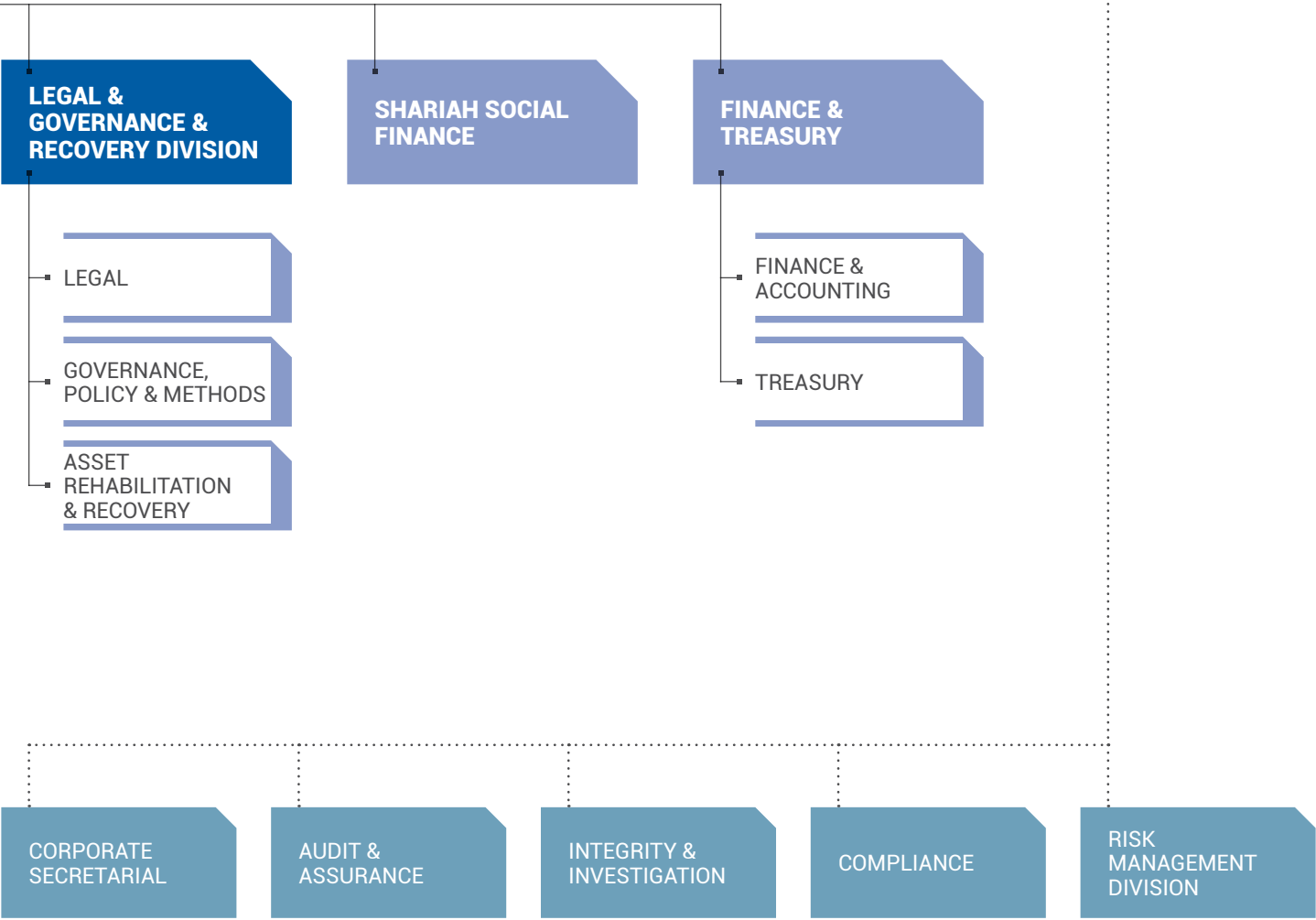


ORGANISATIONAL STRUCTURE

AS AT 31 DECEMBER 2024

**ACTING PRESIDENT/
CHIEF EXECUTIVE
OFFICER**





MEDIA HIGHLIGHTS

ICIEC and MEXIM Sign Strategic Retakaful Agreement To Boost Global Trade

2 December 2024



Exim Bank, Icbbc Malaysia Meterai Mou Galak Guna Yuan China

Oleh Danni Haizal Danial Donald

KUALA LUMPUR, 20 Jun (Bernama) -- Export-Import Bank of China (Malaysia) Bhd (EXIM Bank Malaysia) dan Bank of China (Malaysia) Bhd (ICBC Bank Malaysia) telah menandatangani memorandum persefahaman untuk menggalakkan penyelesaian perdagangan antara kedua-dua negara.

Pemangku Presiden EXIM Bank Malaysia Nurbayun menggalakkan perdagangan antara kedua-dua negara.

Malaysia Petrochemicals Project Secures USD 3.5 Billion Project Financing from US, German, Italian, Spanish, and Malaysia Export Credit Agencies, and Islamic Development Bank Entities

16 December 2024



EXIM Bank, ICBC To Deepen Collaboration In Trade Matters

By ainul ainul - June 21, 2024



Exim Bank Supports Local Malaysian Products Expand Into China

By Editor - September 27, 2024



EXIM Bank Peningkatkan Peranan Dalam NIMP 2030, Dorong Pembiayaan Untuk PMKS Malaysia

KUALA LUMPUR, 22 Okt (Bernama) -- EXIM Bank Malaysia Bhd (EXIM Bank) bersedia untuk memainkan peranan dalam ekosistem Pelan Induk Perindustrian 2030 (NIMP 2030) dengan menyediakan pembiayaan kepada perusahaan mikro, kecil dan sederhana (PMKS).

Pemangku Presiden dan Ketua Pegawai Eksekutif EXIM Bank, Datuk Mohd Mustafiz Abdul Aziz, berkata bank berkenaan komited dengan memperhebat sokongan kepada PMKS dalam pasaran global.

"Kami menghargai komitmen bertekad untuk membantu pengeksporan dan akan kami menyokong inisiatif SIP2 (Sistem Pengeksporan), katanya dalam ke-

EXIM Bank Champions Malaysian Halal Industry as One of The Main Sponsor at MIHAS Dubai 2024

18 November 2024



EXIM Bank Malaysia and China Exim Bank Sign A Framework Agreement to Strengthen Bilateral Financial Relations

15 November 2024



EXIM Bank appoints Charon Wardini as its new chairman

By Sulhi Khalid / theedgemalaysia.com

08 Jan 2024, 07:06 pm



KUALA LUMPUR (Jan 8): EXIM Bank has appointed Malaysian Industrial Bank Group managing director Datuk Charon

EXIM Bank tawar pembiayaan RM1.5 bilion melalui Inisiatif Global Hijau

Oleh Hazwan Faisal Mohamad - September 24, 2024 @ 4:54pm
hazwanfaisal@mediatama.com.my



EXIM銀行撥15億融資 賽夫魯：助企業持續發展

• 2024-09-24



Kayuhan Amal Mesra 50 Tahun Wilayah Persekutuan

KELAB Berbasikal Bandaraya Kuala Lumpur dengan sokongan Jabatan Kebudayaan, Kesenian, Pelancongan dan Sukan Dewan Bandaraya Kuala Lumpur (DBKL) dan Export-Import Bank of Malaysia Berhad (EXIM Bank) menganjurkan Program Kayuhan Amal, sempena Sambutan 50 Tahun Wilayah Persekutuan. Bekas Atlet Berbasikal Negara merangkap Pegawai Penguatkuasa Dewan Bandaraya Kuala Lumpur selaku Pengarah Peng-Nor Effandy Rosli berik-acara itu untuk memer-sambutan 50 tahun pe-Wilayah Persekutuan d-samping memperingat-bekas-bekas atlet ber-kebangsaan terpilih ya-mengharumkan nama r-kini memerikan bantu

Lebih 500 peserta bersama bekas-bekas atlet berbasikal kebangsaan menyertai acara itu dengan jarak kayuhan 15km melibatkan laluan-laluan ikonik Kuala Lumpur seperti Parlimen, Tugu Negara, Taman Tasik Perdana dan Masjid Negara. Acara itu simbolik keharmonian dan perpaduan menerusi aktiviti riadah berbasikal kend

EXIM Bank Malaysia Finances Advanced Waste Management Project In Sabah

By feature editor - July 23, 2024



EXIM Bank, GTC Memeterai Perjanjian US\$19.97 Juta Untuk Tingkat Telekomunikasi Kemboja

© 22/10/2024 07:07 PM

EXIM Bank, GTC ink US\$19.97mil agreement to boost Cambodia's telecommunications infrastructure



BANKING

Tuesday, 22 Oct 2024 6:45 PM MYT



CHAIRMAN'S STATEMENT

Dear Stakeholders,

This past year has been a year of remarkable progress for EXIM Bank, as we continued to fulfil our mandate of supporting capable and qualified Malaysian companies in their international pursuits. Operating in a climate shaped by elevated business costs, persistent geopolitical tensions, and volatile global markets, we remained focused on delivering value to our stakeholders.

The Bank's initiatives remained tightly aligned with national priorities, fostering financial inclusivity and providing opportunities to eligible Malaysian exporters that want a global footprint. Strategic programmes such as Exporter Engagement Sessions, Targeted Trade Missions, and Business Matching were integral in connecting local businesses to international markets. Key milestones in 2024 included launching the EXIM Green Global Initiative with RM1.5billion, during the EXIM Bank Sustainability Forum, and facilitating the growth of fifty new exporters entering global markets. More than 100 companies have benefitted from our dedicated programmes and trade missions to Egypt, China and Malaysia International Halal Showcase (MIHAS) Dubai.

In terms of financial performance, the Bank recorded a profit before tax of RM113.5 million, underpinned by business growth and recovery efforts in 2024. The year also saw a record RM2.6 billion of financing approved. Among the landmark deals the Bank concluded for the year were the syndicated financing for the Integrated Condensate Splitter and Aromatic Complex within the Pengerang Integrated Petrochemical Complex in Johor, a project that is set to become one of the world's largest low-carbon aromatics production facilities. This syndicated financing shows our international reach and ability to collaborate with other EXIM Banks and Export Credit Agencies (ECA) globally as this financing brings together 11 banks across various countries in support of a USD5.3 billion Foreign Domestic Investment into Malaysia.

The Bank has participated in significant national events, such as the commemoration of 50-years of diplomatic ties between Malaysia and China. To strengthen our collaboration with this important market, the Bank signed an MOU with the Industrial and Commercial Bank of China (ICBC) - Malaysia office and enhanced its bilateral relations with China EXIM Bank. This is to continue serving the growing interest of the Malaysian companies in the largest economy in Asia.

In addition, the Bank took steps to deepen ties with the members of the ASIAN EXIM Bank Forum (AEBF) through its annual forum, held in Shanghai, China. This provided the opportunity to meet counterparts, where the Bank expressed its keenness to collaborate in key sectors that support the reduction of carbon emissions, as outlined in the National Energy Transition Roadmap (NETR), as well as sectors that produce higher value-added products and add to the complexity of Malaysia's economy, as outlined in the New Industrial Master Plan (NIMP 2030).

The Bank intensified its efforts in developing Islamic finance through collaborations with several strategic partners. This includes the Islamic Corporation for the Insurance and Investment Export Credit (ICIEC) with a collaboration covering among others, technical expertise and coordination on Retakaful engagement for ventures into Organization of Islamic Countries (OIC) member states. This broadens the presence of the Bank's Islamic financing and Takaful risk cover. This initiative also serves as a focal point for the Bank in 2025.

The merger between EXIM Bank, Bank Pembangunan Malaysia Berhad (BPMB), and SME Bank was completed in May 2025, resulting in the formation of BPMB Group. This creates a unified development finance entity designed to propel Malaysia's economic and industrial transformation. By integrating these three institutions, the government aims to create a more streamlined and effective system to bolster economic growth and progress, aligning with national priorities such as the Malaysia MADANI Economic Framework, the NIMP 2030, and the 12th Malaysia Plan.

The combined entity, with a workforce of over 2,000, will focus on several key development pillars, including SME financing, Bumiputera entrepreneurship, cross-border trade, and sustainability initiatives, offering a more cohesive and impactful approach to supporting Malaysian businesses in the years to come.

2025 began with the inauguration of the new U.S. presidential term, followed by intensification of trade tensions stemming from tariff measures launched by the newly appointed president. Market uncertainty and volatility may dampen business optimism, especially amid rising credit risks. Nonetheless, the Bank remains committed to playing its pivotal role in supporting Malaysian companies venturing into international markets.

As we look ahead with renewed strength, we also take this opportunity to express our heartfelt gratitude to those who have contributed to the Bank's resilience. EXIM Bank remains steadfast in its role under the Ministry of Investment, Trade and Industry (MITI), and we are deeply thankful for the ongoing support and guidance from all our stakeholders, including the Ministry of Finance (MOF) and Bank Negara Malaysia (BNM).

I would like to express my utmost gratitude to our departing directors, En. Hasli Hashim and Dato' Sandra Wong Lee Yun, for their invaluable contributions during their tenure. In their place, we eagerly anticipate capitalising on the diverse talents and experiences of the new members who joined our Board in 2024, namely En. Abdul Aziz Abu Bakar and Mr. Jeremy Lee Eng Huat.

The Bank will not be where it is today without the commitment and effort from the dedicated staff who made delivery of our mandate possible. We thank each and every one of them for their hard work and loyalty.

Advancing forward, the Bank is committed to strengthening its integration within BPMB Group, paving the way for even greater synergy. With a clear focus on empowering Malaysian businesses and driving innovation, EXIM Bank Malaysia is ready to contribute to the nation's sustainable economic growth and play a key role in shaping a resilient MADANI Malaysia.

DATO' CHARON WARDINI MOKHZANI

Chairman
EXIM Bank Malaysia

PRESIDENT/CHIEF EXECUTIVE OFFICER'S REVIEW



It is my pleasure to share the Bank's journey in realising our mandate to the industry and delivering our milestones in building the MADANI economy.

Despite the challenges, we have made notable achievements and increased our success in delivering our plan for the year.

Key Highlights of the Year 2024

2024 Revenue

RM298,958

million

(2023: RM282,358)

Profit before tax

RM113,495

million

(2023: RM37,030 million)

Disbursement

RM2,556,908

million

(2023: RM4,323,466)

Net Impaired Loans

10.76%

(2023: 12.11%)

We continue our journey of Ihsan Banking, aligning our aspirations in offering Islamic First Financing and building our financing asset growth. For the year of 2024, we have firmed up our commitment to Islamic First Policy in building our financing asset as demonstrated by a 49% share of the Bank's portfolio.

We maintained our unwavering support in nurturing capable SMEs and commercial businesses for the global market resulting in this customer segment representing 41% of our financing pie. This achievement reflects our commitment to fulfilling our responsibility to key stakeholders in elevating the competitiveness of SMEs at the global level.

In bridging the international market, a total of RM2.46 billion in financing was accepted by 51 SMEs and commercial customers and 18 corporate clients, which have subsequently been added to our list of development finance. Over the 12-month period, the Bank had disbursed total financing worth RM2.56 billion for new and existing customers covering key sectors including manufacturing, construction, transportation and storage, real estate, wholesale and retail trade.

The diversity in our financing signifies the Bank's dedication to expanding financial inclusivity towards qualified Malaysian businesses that play a prominent role in developing the local supply chain and are eligible for the export market. We believe our readiness in facilitating local capability will strengthen the Bank's role as the lead choice for export financing.

Our disbursement of RM2,556.91 million in 2024 was lower by about 41% compared to 2023, but the year has seen a record growth of SMEs and commercial customers in our portfolio. This customer segment secured a total financing disbursement of RM619.88 million for 45 customers, which represents about 99.92% of financing growth. This demonstrates the Bank's commitment to supporting growth of the SME and commercial segment while enriching the Bank's portfolio volume.

The Bank acknowledged the challenging external environment that could pose a threat to the stability of the Bank's asset quality. However, I wish to highlight that over the financial year, the Bank was able to observe the applicable threshold set in managing asset quality. Thus, no breaches were recorded for the year, and the Bank achieved a lower gross impact ratio of 40.77% compared to the previous year's 43.01%.



PRESIDENT/CHIEF EXECUTIVE OFFICER'S REVIEW

EXIM Bank is a member/observer of the Joint Committee on Climate Change (JC3) Sub-committee 1 (SC1) in support of the development of guidance and tools in managing climate-related risk. The Bank is also a member of the Taskforce on Nature-related Financial Disclosure (TNFD) forum, which serves as a multi-disciplinary consultative group of institutions.

In 2024, the Bank's Liquidity Coverage Ratio (LCR) also remained well above BNM's minimum requirement of 100%, with an average of 286.45% throughout the year. In contrast, the industry's LCR ranged between 130% and 140% over the same period. The Bank's significantly higher LCR demonstrates a strong liquidity position and ability to withstand potential liquidity stress scenarios.

Over and above, the Bank has firmed up its milestone in serving the additionality. In the context of the green economy and sustainability, the Bank deepened its contribution through providing financing for 25 companies under the Green Financing Scheme worth RM489.07 million while 12 companies received support under the Green Insurance/Takaful worth RM115.22 million. We wish to recognise that 42 customers have experienced upward mobility through our financing while 4 customers were able to expand revenue for the year arising from the risk protection of our Insurance/Takaful.

The Bank has further expanded its presence in the green initiative beyond the internal programme. I wish to highlight that EXIM Bank is a member/observer of the joint committee on climate change (JC3) Sub-committee 1 (SC1) in support of the development of guidance and tools in managing climate related risk. The Bank is also a member of the Taskforce on Nature-related Financial Disclosure (TNFD) forum, which serves as a multi-disciplinary consultative group of institutions.

The year 2024 also witnessed our successfully launch of the Bank Islamic First Policy in strengthening our role in Islamic finance. With this launch, the Bank is set to grow its book on Islamic financing facilities, venturing into market development

in Islamic practice countries. The Bank's Islamic First policy will pave the way forward in strengthening Malaysian businesses' presence in the Organisation of Islamic Cooperation (OIC) member countries, which currently offer a sizeable market with a total estimated gross domestic product (GDP) of USD26.3 trillion in 2023. In driving this strategy, the Bank has embarked to introduce a training programme on Shariah and Islamic Finance as part of key capacity building for our talent. This development aims to support our talent's understanding of Shariah principles in the financial industry and enhance awareness of Shariah compliance and governance.

Lastly, I wish to extend my heartfelt appreciation to the staff of the Bank who have been with us throughout the financial journey and their steadfast support in overcoming challenges, facilitating the Bank's delivery of its strategic plans and goals for the year. My utmost gratitude also goes to the board members and key stakeholders, including the Ministry of Finance (MOF), the Ministry of Investment Trade and Industry (MITI), and Bank Negara Malaysia (BNM), for their support and guidance that heightened our role in building the MADANI economy.

As we prepare our way forward, we wish to enhance our financial integration with the industry and advance into the year ahead. The Bank is geared up for excellence in fulfilling its mandate as a merged entity under the Bank Pembangunan Malaysia Berhad (BPMB) group.

DATUK NURBAYU KASIM CHANG
President/Chief Executive Officer

OUR BUSINESS REVIEW



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. As an agency owned by MOF (Inc.) and under the purview of MITI, the Bank's mandated role is to provide credit facilities to finance and support export and import of capital goods, services, infrastructure projects, shipping and value-added manufacturing, by facilitating the entry of Malaysian companies into new markets abroad with an emphasis on 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's clientele consists of locally incorporated corporations and SMEs, as well as foreign companies and selected foreign governments. The Bank, in its export promotion efforts, collaborates with the Government and its agencies such as Ministry of Investment, Trade and Industry (MITI), Malaysia External Trade Development Corporation (MATRADE), Malaysian Investment Development Authority (MIDA), Small and Medium Enterprise Corporation Malaysia (SME Corp.), Construction Industry Development Board Malaysia (CIDB Malaysia), Halal Development Corporation (HDC), The Bumiputera Agenda Steering Unit (TERAJU) and Syarikat Jaminan Pembiayaan Perniagaan (SJPP).

The facilities offered by the Bank fall into three categories:

- **BANKING SOLUTIONS**
- **CREDIT TAKAFUL/INSURANCE SOLUTIONS**
- **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. Banking solutions offered by the Bank are as follows:

1 Financing solutions

The Bank provides overseas project, contract, and investment financing facilities to Malaysian contractors or investors to undertake diverse projects overseas. These comprise manufacturing, infrastructure, and other developmental projects and financing to Malaysian companies engaging in the supply of Malaysian goods and services, and undertaking investment overseas. 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.

OUR BUSINESS REVIEW

Financing services also extend to import financing, supporting Malaysian companies in financing of strategic imports, such as capital goods or specialised professional services, to support governmental initiatives that promote Malaysia's socioeconomic development.

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

As at 31 December 2024, the Bank's total portfolio for term financing, encompassing both Islamic and conventional facilities, reached RM4.09 billion (FY2023: RM4.41 billion).

2 Trade finance solutions

The Bank makes available various facilities in support of cross-border trade. Malaysian manufacturers, exporters and suppliers of Malaysian goods can also take advantage of the trade finance facilities to boost their exports into international markets through working capital financing under the supplier credit or financing facilities. 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.

In addition, the Bank provides direct exporters and indirect exporters with competitively priced short-term trade credit facilities to encourage the export of manufactured goods, agricultural products, and primary commodities under the Export Credit Refinancing (ECR) scheme. The ECR scheme, provided through participating banks, is 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 provide exporters with immediate working capital by financing export proceeds after shipment, enabling them to maintain liquidity while awaiting payment from overseas buyers.

Furthermore, the Bank 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.

As the imported goods are unavailable in the country of import, such financing has the ability to enhance the competitiveness of the products imported. The Bank also offers financing to Malaysian manufacturers that are involved or support export-related industries in selected vendor programmes developed by the Government or its agencies by financing the working capital needs of such manufacturers for the post delivery of goods or services supplied to their customers.

As at 31 December 2024, the Bank's total portfolio for trade finance including both conventional and Islamic facilities, amounted to RM854.38 million (FY2023: RM434.56 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.

As at 31 December 2024, the Bank's total guarantees exposure amounted to RM129.70 million (FY2023: RM117.46 million).

TRADE CREDIT TAKAFUL/INSURANCE FACILITIES

The Bank offers Islamic takaful facilities for short-term trade credit insurance and medium- to long-term trade credit.

1 Short-term trade credit takaful/insurance facilities

Short-term trade credit takaful covers export, domestic, and import trade transactions with a policy term of less than one year. The facilities provide “umbrella” cover for exporters/importers who make regular exports to overseas importers and imports to domestic buyers on credit for up to 180 days. The facilities also provide cover for exports directly from third country suppliers to their destination overseas, without passing through Malaysia. As part of the type of takaful facilities available to cover short-term commercial credit risk, the Bank also provides Shariah-compliant bankers trade credit takaful facilities to protect financial institutions against the risk of non-payment by exporters arising from the default by their customers overseas.

As well, the Bank provides Bank Letter of Credit takaful policies covering Malaysian banks against the risk of non-payment of irrevocable letters of credit issued by overseas banks in respect of Malaysian exports.

2 Medium- to long-term trade credit takaful/insurance facilities

Medium- to long-term trade credit takaful that has a policy term of more than one year is offered by the Bank to enable Malaysian companies to venture into new and unfamiliar markets. The Bank provides specific takaful policies to cover the export of capital goods or services with lengthy manufacturing and/or payment periods and high contract values.

Overseas investment takaful is provided to protect overseas investments against certain political risks, such as losses arising from restrictions on the conversion or transfer of local currency, expropriation, wars and civil disturbances and breaches of contract by counterparties.

The Bank also offers specific takaful facilities to provide medium- to long-term Shariah-compliant coverage to Malaysian contractors and manufacturers undertaking one-off contracts for export of capital goods, turnkey projects, construction works, or rendering services abroad against commercial, economic, and political risks and losses occurring outside Malaysia due to events that are beyond the control of the contractor, manufacturer or its buyer.

As at 31 December 2024, Bank's total exposure under both short-term and medium- to long-term trade credit takaful/insurance facilities amounted to RM285.66 million (FY2023: RM649.16 million).

TREASURY SOLUTIONS

EXIM Bank offers a comprehensive range of Islamic and conventional treasury solutions, including hedging instrument and wholesale deposit taking.

1 Hedging instrument

The Bank also offers forward foreign exchange facilities that allow customers to hedge against adverse exchange rate fluctuations in their normal business operations, helping them maintain stable earnings. This facility is available to customers who have existing banking facilities with the Bank and have foreign exchange requirements.

2 Wholesale deposit taking

Introduced in 2024, the Bank offers both Islamic and conventional deposit products: Commodity Murabahah Deposit-i (CMD-i) for Islamic deposits and Money Market Deposit (MMD) for conventional deposits. The rate of return is calculated using a simple profit rate formula, with the principal and profit for CMD-i agreed upon and disclosed to customers upfront. These deposit instruments provide customers with competitive returns, capital preservation, and flexible tenures, supporting effective liquidity and cash flow management.

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 strategic pillars:

1. **Business Growth:** Driving sustainable financing and trade facilitation to empower exporters and SMEs, aligned with the Maqasid Shariah objective 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 adherence to Shariah principles, 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 evolve 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.

STRATEGY 2025

In 2025, 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 the enduring theme, "**Towards Ihsan Banking**," the strategy reflects the Bank's commitment to ethical, purposeful, and high-impact banking that supports Malaysia's trade and export ecosystem. Following the Government's announcement on the planned amalgamation of EXIM Bank, Bank Pembangunan Malaysia (BPMB), and SME Bank, this strategic direction has been recalibrated to remain adaptive and forward-looking.

For 2025, EXIM Bank has outlined six strategic focus areas to support its long-term aspirations and national priorities:

1. Digitalisation and Process Improvement
2. Brand Awareness
3. Customer Experience
4. Priority Business Areas
5. Growing Fee-Based Income
6. Optimising Funding Structure

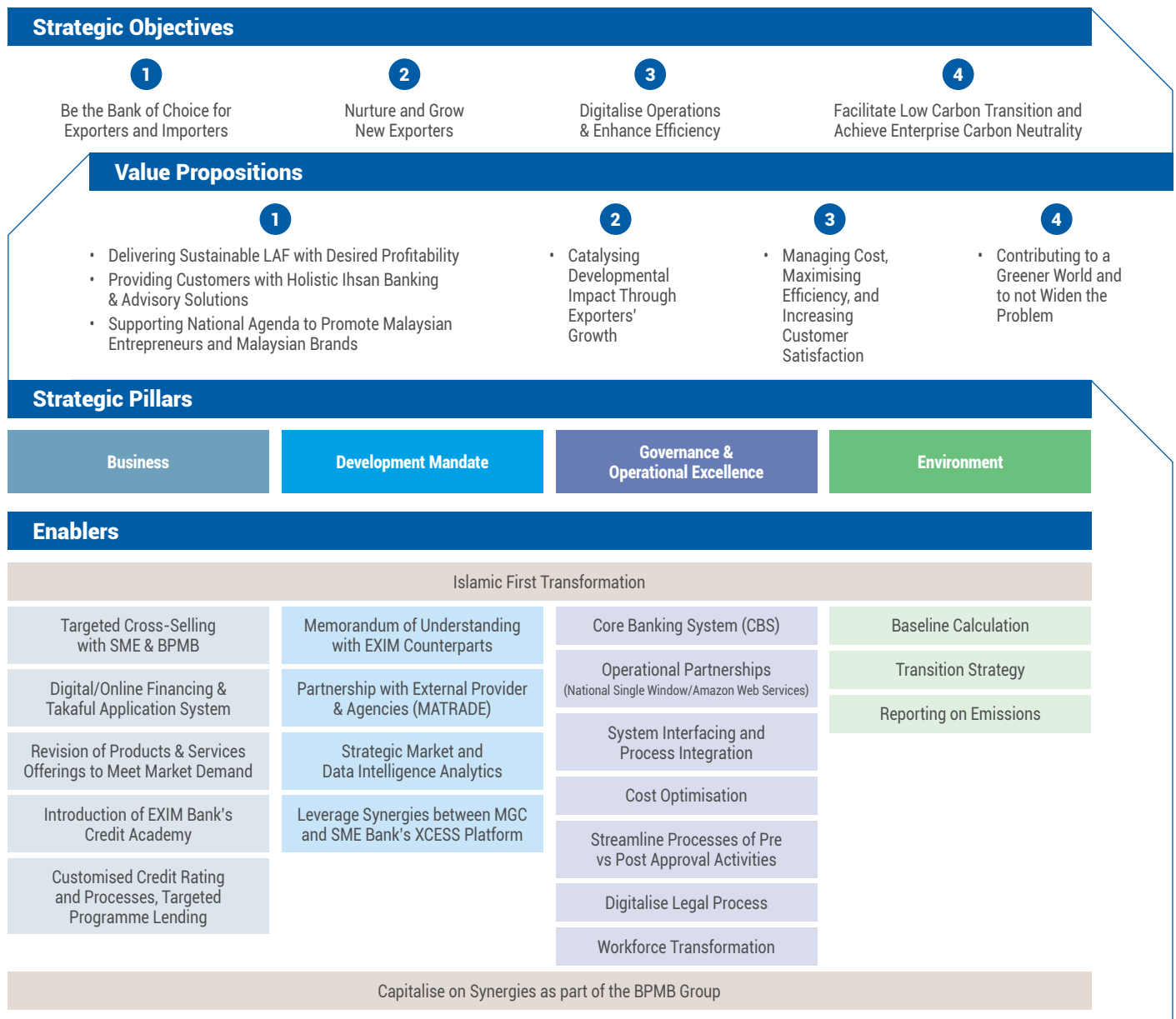
The Bank's strategy is also guided by the materiality assessment conducted in 2023, where Customer Experience and Digitalisation & Transformation emerged as the top two material matters. In response, the Bank is actively working to improve its turnaround time for disbursements under the Operational Excellence pillar, while advancing end-to-end digitalisation of internal processes to support scalable and responsive operations. To enhance customer experience, EXIM Bank is leveraging the MGC platform and tapping into the collective strength of the merging DFIs. This will not only enhance service delivery but also strengthen the Bank's visibility and brand reputation across the regional development finance ecosystem.

In parallel, the Bank continues to drive the implementation of Islamic First Policy (IFP) strategic initiatives, reinforcing its commitment to strengthening Islamic finance offerings. These initiatives are aligned with national aspiration aims at deepening Shariah-compliant financing capabilities and ensuring Islamic finance remains as a foundation pillar of the Bank's long-term value creation strategy.

In 2025, EXIM Bank is placing emphasis on Halal trade opportunities within ASEAN, coinciding with Malaysia's ASEAN Chairmanship. According to the Department of Statistics Malaysia (DOSM), four of Malaysia's top ten export markets are ASEAN nations, contributing 29% of total exports. The Bank is also exploring Central Asia as an emerging strategic market, given its geographic connectivity and resource-rich profile. Complementing the Government's push to promote Malaysian-made products and services on the international stage, EXIM Bank is also intensifying its presence in Africa and the Middle East, supporting businesses in expanding their global footprint.

Further, the Bank is expanding its trade finance offerings, including enhancing the Export Credit Refinancing (ECR) product for participating banks. By improving the product's attractiveness and accessibility, the Bank aims to increase utilisation, helping businesses overcome liquidity constraints, manage trade risks, and access new markets which ultimately contribute to increased exports, job creation, and national trade efficiency.

STRATEGY ROADMAP 2025 – 2026



PERFORMANCE MEASUREMENT FRAMEWORK

The Performance Management Framework (PMF) is an outcome-based management tool which looks beyond traditional financing growth indicators to capture DFIs' non-financial development impact through measurement of socio-economic impact indicators. This approach is intended to create strategic alignment, where incentives are structured to facilitate the achievement of meaningful developmental outcomes. Anchored in the principles of additionality, the PMF aims to achieve two main objectives:

- To refine DFIs' focus towards delivering tangible socio-economic benefits and advancing broader developmental agendas
- To establish a unified and transparent performance assessment methodology across all DFIs

By embracing the PMF, the Bank not only reinforces its commitment to transparency and accountability, but also nurtures a culture of continuous improvement and strategic coherence. The PMF helps to demonstrate the Bank's aspiration towards realising sustainable socio-economic progress and fostering inclusive development for the communities it serves.

The development mandate for EXIM Bank is assessed through three dimensions:

- Achievements of the four additionalities outlined under the PMF
- Enablers pursued in maximising developmental impact and additionalities (i.e., infrastructure, products, strategies, processes, initiatives, etc.)
- Adequacy of DFIs' ecosystem to pursue developmental objectives and institutionalisation of the PMF within DFIs

HIGHLIGHTS OF EXIM BANK'S PMF FOR FY2024

Approved Financing to Underserved

Approved financing of RM2.5 billion for the underserved segment customer exemplifying the Bank's commitment to bridging gaps in financing access.

Upward Migration

Uplifted a total of 42 customers to higher-value segments through improved financial profiles, operations, or enhanced creditworthiness. This underscores the Bank's commitment to not only provide financial services but actively facilitate the improvement of customers' financial positions.

Green Financing

During the fiscal year, the Bank committed RM489.1 million in financing to green-related sectors, demonstrating its dedication to supporting environmentally responsible initiatives.

New Exporters Nurtured & Grown

Throughout the year, the Bank has successfully grown a total of 84 exporters. This initiative not only enhanced the Bank's portfolio but also contributed significantly to the growth of the export sector, demonstrating EXIM Bank's commitment to fostering international trade and economic development.

Expansion for Non-Traditional Markets

EXIM Bank continued its unwavering mission to enhance the export of Malaysian goods and services to global markets. Its primary goal continues to be the invigoration and fortification of trade relationships, especially with developing nations, while actively promoting Malaysian involvement in reverse investment initiatives. This commitment is particularly evident in non-traditional markets.

RM2.5
billion

for the underserved
segment

42
customers

to higher-value
segments

84
exporters

grown

Looking ahead, the Bank is poised to take a proactive stance in consistently evaluating and enhancing its strategic contributions to the national economy. These regular assessments are vital to ensure the Bank remains agile and aligned with its core objectives, effectively championing and advancing Malaysia's economic interests on the global stage. This commitment to strategic reflection underscores the Bank's resolve to adapt and optimise its operations in response to the ever-changing economic landscape and global trade dynamics.

SUSTAINABILITY JOURNEY

At EXIM Bank, our sustainability strategy is anchored in our developmental mandate and reflects our commitment to balancing economic growth with environmental and social responsibility. Guided by our corporate values, we recognise the importance of managing Environmental, Social and Governance (ESG) considerations as part of sound and forward-looking business practices.

1. OUR 2024 SNAPSHOT



Established baseline for **EXIM's carbon footprint calculation**



Developed Scope 1 & 2 methodology and conducted 5-year carbon footprint analysis



Formed the EXIM Sustainability Committee, participated by 4 EXCO members, to strengthen internal governance on sustainability



Achieved 100% deliverables in compliance with BNM's CRMSA requirements



Crowned "Lender of the Year" at the Environmental Finance IMPACT Awards 2024



11 employees earned recognised sustainability certifications through a pilot programme to promote sustainability recognition among employees



Explored regenerative agriculture funding through biochar initiatives



Launched the EXIM Green Global Initiative officiated by The Minister of International Trade and Investment. RM1.5 billion of green financing has been offered to customers



Organised 25 sustainability-related events focused on awareness and knowledge sharing

SUSTAINABILITY JOURNEY

2. SUSTAINABILITY STRATEGY

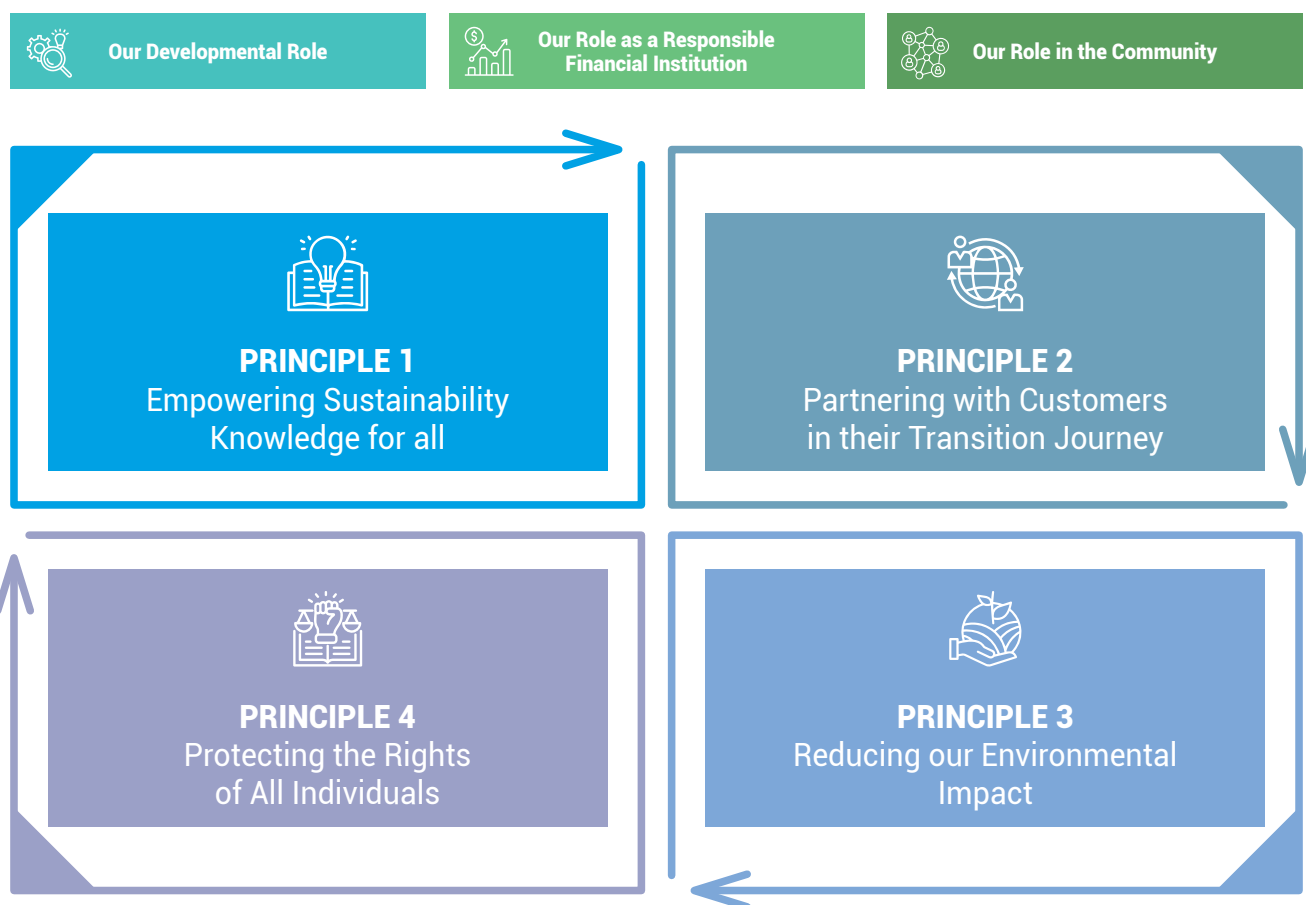
Our approach is designed to ensure we respond pragmatically to market realities while creating long-term value for our stakeholders and contributing to a more sustainable future.

a. Our Sustainability Framework

The Sustainability Framework serves as a compass to guide the management of sustainability-related business opportunities and risks, both direct and indirect, that impact the environment, society, and the economy. This framework is underpinned by various relevant policies which define our commitments and guide our approach.

b. Our Sustainability Pillars

Sustainability pillars and principles were developed to reflect our long-term commitment to a responsible growth. Serving as a strategic compass, they continue to guide our actions and priorities in shaping the way we embed sustainability into our operations, partnerships and decision-making process. These pillars are anchored and supported by our four core principles that helps us to create sustainable value for our stakeholders. These are:



EXIM Bank Sustainability Framework

This framework guides the management of sustainability-related risks and opportunities to support effective decision-making.

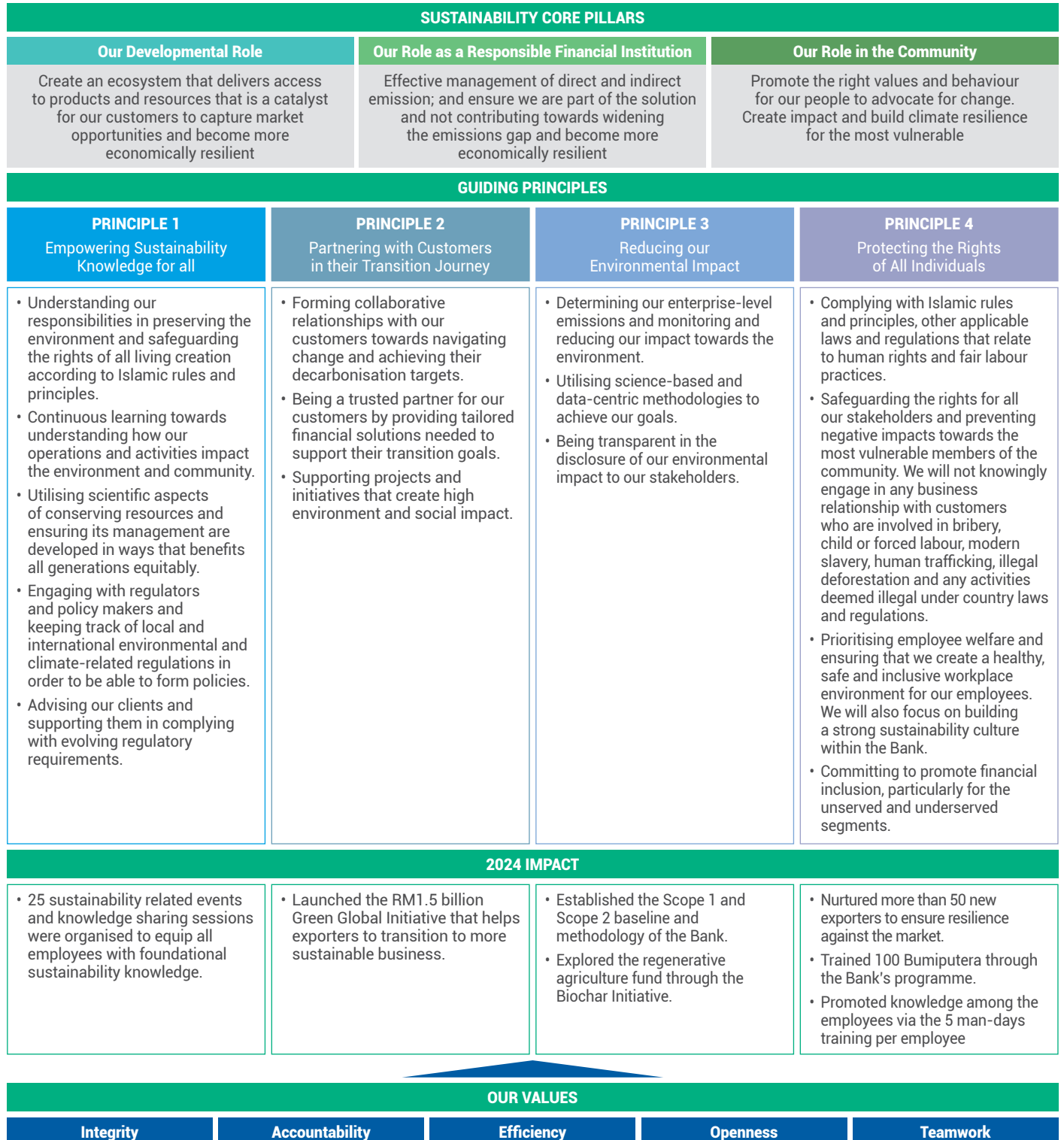


Diagram 1: EXIM Bank Sustainability Core Pillars and Guiding Principles Overview

SUSTAINABILITY JOURNEY

3. SUSTAINABILITY GOVERNANCE

Sustainability is a responsibility of all employees of EXIM Bank. As part of the commitment, we have implemented governance framework to integrate sustainability into our operations. Guided by clear policies and guidelines, this framework ensures that ESG considerations are embedded in our business practices, thus supporting the creation of a greener and more responsible financial ecosystem.

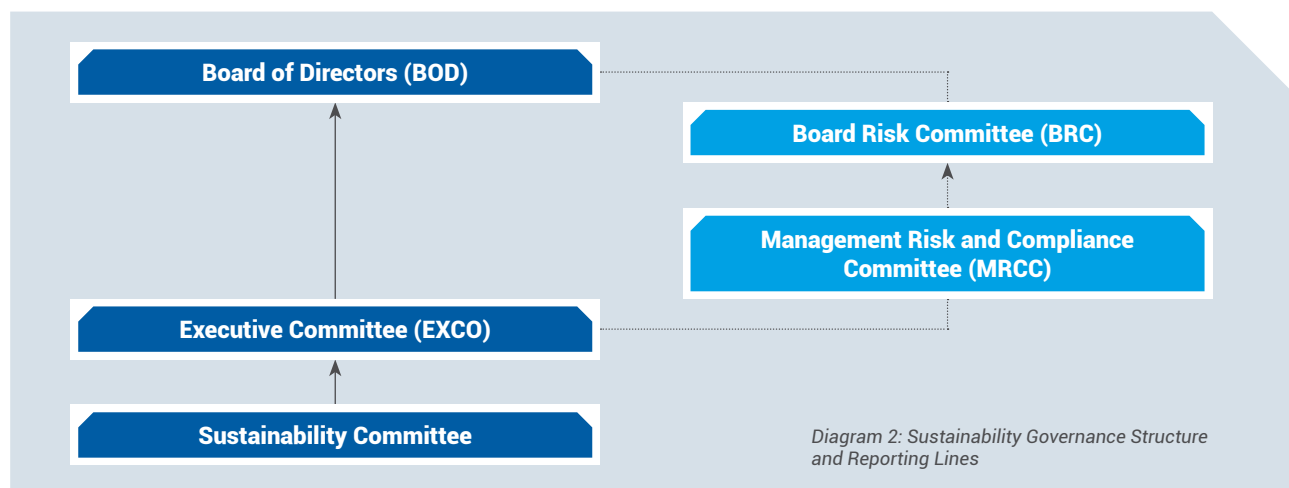
a. The Governance Structure

To integrate our strategic plans with sustainable value on long-term basis for our stakeholders, a Sustainability Committee was established. The Committee reports directly to the Executive Committee (EXCO) and is responsible for overseeing and implementing the Bank's sustainability activities and initiatives.

A dedicated sustainability team had been formed under the Strategy Office, led by the Head of Sustainability Department. This team ensures that the Bank's sustainability goals are aligned with its overall strategic vision, thereby maximising our impact on sustainable development and responsible financial practices.

Through this governance structure, climate risk oversight is embedded into the Bank's decision-making process, reinforcing our commitment to responsible and sustainable banking.

The diagram below illustrates the governance hierarchy and reporting lines of the Sustainability Committee and its supporting functions.



i. 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.

ii. 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.

iii. Executive Committee

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

iv. 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.

v. 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.

Roles and Responsibilities

The Sustainability Committee plays a pivotal role in driving EXIM Bank's sustainability agenda. Its core responsibilities include:

- **Strategic Oversight:**

Ensuring alignment of sustainability initiatives with the Bank's strategic direction and overseeing the implementation of the Sustainability Roadmap.

- **ESG Integration:**

Embedding ESG principles into the Bank's culture, strategy, and operations.

- **Risk and Compliance:**

Monitoring compliance with sustainability-related regulations and managing climate-related risks across the Bank's risk management framework.

- **Advisory and Action Planning:**

Recommending ESG metrics, targets, and action plans, while guiding the development of sustainability disclosures and reporting.

- **Implementation Monitoring:**

Tracking progress of sustainability initiatives through the Sustainability Department Project Management Office (PMO).

- **Reporting and Governance:**

Providing regular updates to EXCO and the Board and reviewing ESG-related policies for endorsement by relevant governance bodies.

vi. EXIM Sustainability Leads

To further strengthen and embed sustainable practices across all levels of the organisation, sustainability representatives—known as EXIM Sustainability Leads (ESLs)—were appointed from each department. These individuals serve as champions of change, advocating for and promoting sustainability practices within their respective departments. This initiative aims to cultivate a stronger sustainability culture throughout the Bank.

vii. Alignment to Bank Negara's requirement

As a Development Financial Institution (DFI), the Bank remain committed to complying with the regulations and policies set by Bank Negara Malaysia (BNM), including the Climate Change and Principle-based Taxonomy (CCPT) and the Climate Risk Management and Scenario Analysis (CRMSA) guidelines. In 2024, we conducted a comprehensive gap analysis, and the identified gaps were addressed in alignment with BNM's expectations.

viii. Aligning Strategy with Sustainability

The Bank recognises the increasing importance of supporting a transition to a low-carbon economy. Our climate strategy is anchored on three pillars:

1. Supporting a low-carbon and green-export sectors through financing and advisory services.
2. Managing climate-related risks and opportunities across our financing portfolio and operations.
3. Aligning internal practices with national and global climate goals, including Malaysia's Net Zero ambition by 2050.

The Bank integrates climate risk considerations into the business strategy, product design and customer engagement, with particular focus on sectors sensitive to transition and physical risks.

Through the development of our three-year Corporate Strategy Plan (CSP) for FY2024-FY2026, we emphasise on environment aspect as one of the key focus areas for the Bank. Our CSP will be centred on these four core pillars:

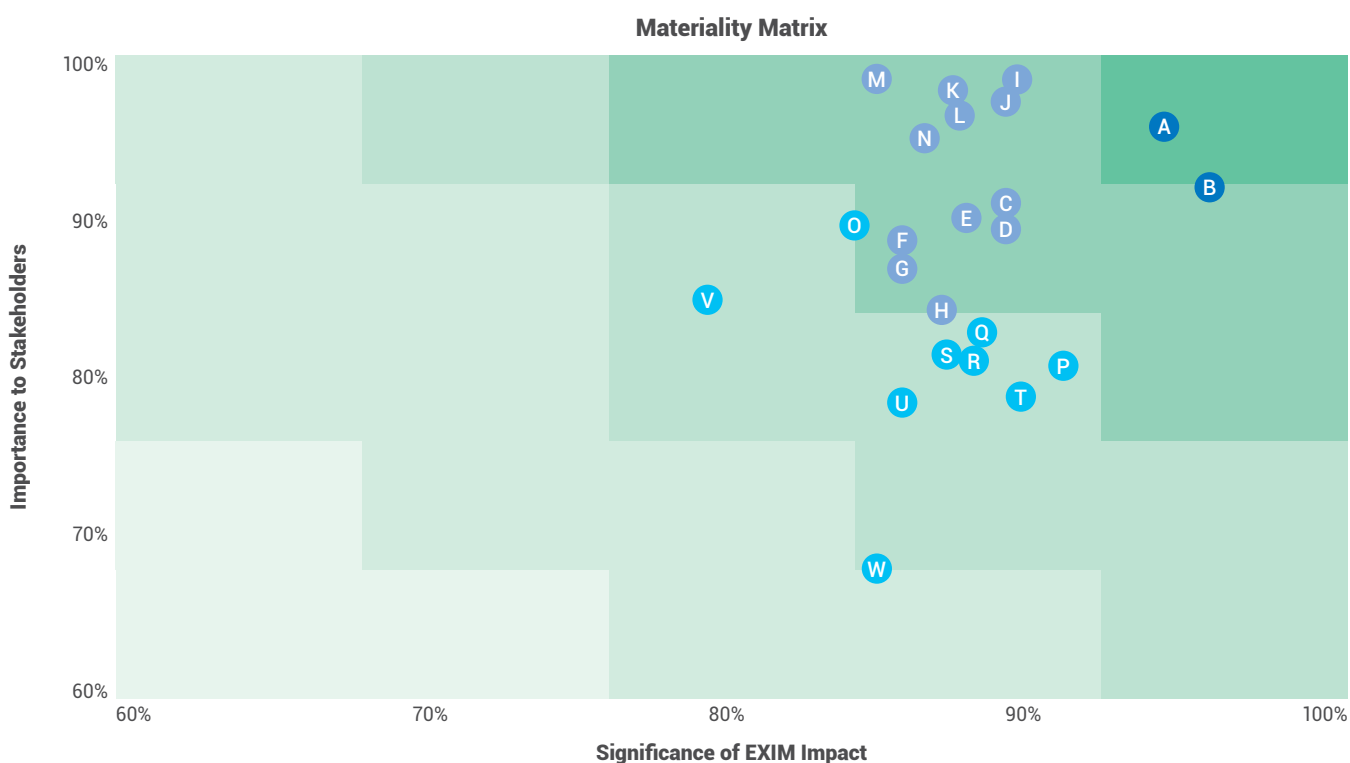


“Our commitment to sustainability is not only a risk management imperative but also a strategic opportunity to create long-term value for our stakeholders while contributing to the global climate agenda.”

SUSTAINABILITY JOURNEY

4. MATERIAL MATTERS

A Stakeholder Materiality Assessment was conducted in 2023 to identify critical sustainability issues relevant to both the Bank and our stakeholders. This process involved engagement with a broad range of internal and external stakeholders and resulted in the identification of 23 material sustainability matters. The assessment considered the Bank's developmental mandate, global sustainability trends, enterprise risk management frameworks, and Bursa Malaysia's guidance on stakeholder engagement and materiality.



List of Sustainability Matters

Critical Importance

- A** Customer Experience
- B** Digitalisation and Transformation

Very High Importance

- 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

High Importance

- 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

Through this process, the Bank identified the following material matters as most relevant to its operations and overall sustainability performance.

Ranking	Material Matters & Description	Impact Creation
1	 Customer Experience: Dedicated to delivering excellent customer service by building strong relationships and treating all customers fairly in line with our Treat Customers Fairly Charter.	EXIM Bank invests in employees and customers training to uphold fair dealing in line with its core values. For green transition, the bank incorporates assessments on biodiversity, climate risks, and engages with high-emission sectors to support their shift to sustainable practices while developing decarbonisation strategies.
2	 Digitalisation & Transformation: Improving operations by investing in digital technologies to build a modern, integrated banking system.	In 2024, EXIM Bank advanced its digitalisation and transformation by upgrading its core banking system for better integration and security, expanding digital touchpoints to enhance customer experience, and adopting data-driven approaches to improve performance and decision-making.
3	 Business Ethics & Compliance: Promoting transparency, accountability, and integrity through strong governance, ethical practices, and compliance to protect stakeholders and support long-term sustainability.	EXIM Bank's zero-tolerance approach to bribery and corruption is reinforced through the implementation of an Anti-Bribery Management System (ABMS-ISO 37001:2016), ensuring that all dealings with customers are conducted with integrity and fairness.
4	 Human Rights: Upholding human rights by enforcing social standards, fair labour practices, and integrating human rights considerations into project financing decisions.	EXIM Bank has committed to complying with applicable laws and regulations related to human rights and fair labour practices. The Bank safeguards the rights of all stakeholders, ensuring it does not engage in business relationships with customers involved in activities such as bribery, child or forced labour, modern slavery, human trafficking, illegal deforestation, or any activities deemed illegal under country laws and regulations.
5	 Occupational Health & Safety: Prioritising employees well-being through protocols and programmes that ensure a safe, healthy, and injury-free workplace.	EXIM Bank prioritises employee welfare by creating a healthy, safe, and inclusive workplace environment, focusing on building a strong sustainability culture within the bank.
6	 Diversity & Inclusion: Promoting a diverse, inclusive workplace with equal opportunities and zero discrimination across all backgrounds.	EXIM Bank is committed to fostering a healthy, safe, and inclusive workplace by upholding human rights, promoting fair labour practices, and ensuring equal opportunities without discrimination based on gender, age, culture, disability, or nationality. The Bank also aligns its sustainability efforts with human rights principles, integrating policies that safeguard individual rights and fair labour standards into its operations and culture.
7	 Data Privacy & Security: Protecting the Bank from cyber risks through strong frameworks and enhanced measures to ensure customer data privacy.	The Bank implemented a robust cybersecurity framework, including a Cyber Security Policy and Cyber Crisis Management Plan, to effectively detect and respond to cyber threats. Its Data Centre and Disaster Recovery Site also achieved ISO 27001:2023 certification, reflecting adherence to international information security standards.

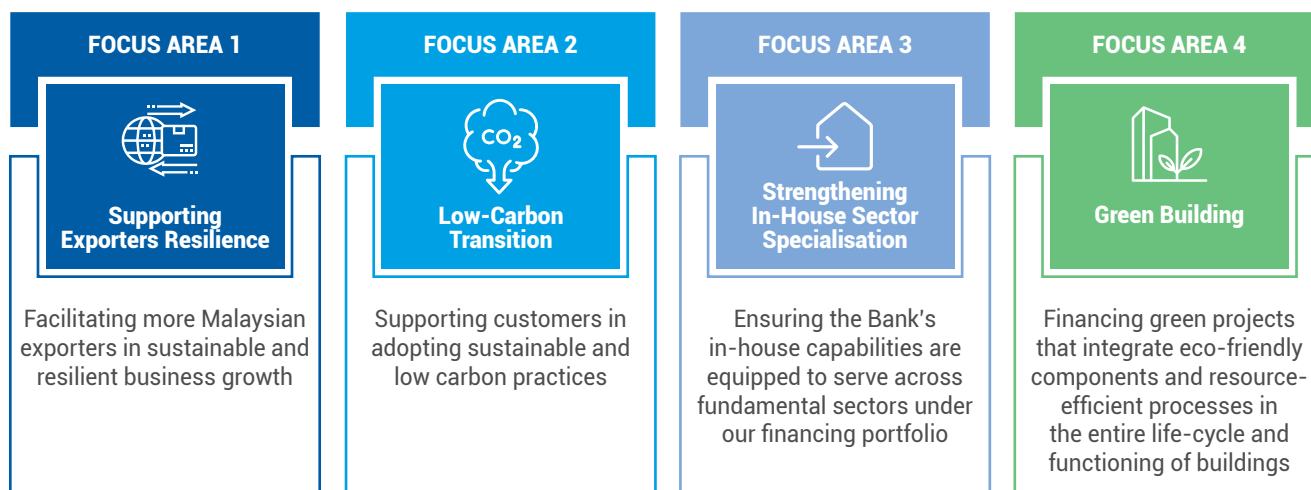
SUSTAINABILITY JOURNEY

Ranking	Material Matters & Description	Impact Creation
8	 Talent Attraction & Engagement: Building a strong workforce by attracting, retaining, and developing talent through active engagement and growth opportunities.	EXIM Bank continues to invest in training programs for employees to provide quality advice and recommendations, aligning with the Charter's commitment to embedding fair dealing into the institution's corporate culture and core values.
9	 Industry, Partnership, & Collaboration/Strategic Alliances: Promoting strategic collaboration with key partners to drive sustainable and resilient business growth.	EXIM Bank signed MOUs with various organisation to boost trade and investment, creating greater business opportunities for its customers. For example, its partnership with ICBC Malaysia promotes the use of the Chinese yuan in trade and investment settlements, strengthening financial integration between Malaysia and China.
10	 Financial Inclusion & Literacy Aspiring to lead in sustainability by: a) Providing affordable financial products and services to all communities, including SMEs, minority-owned businesses, and underserved markets. b) Empowering underserved communities with financial knowledge to build resilience against climate change.	To promote financial inclusion and literacy, EXIM Bank has turned its sustainability advocacy into action through the launch of the EXIM Green Global Initiative (GGI), supporting impactful green projects. a) Carbon Calculation Advisory and Support (CCAS): Provides free assistance to clients in measuring and managing their carbon footprints. b) Community Empowerment in environmental stewardship: Supports palm oil communities in adopting biochar application, reducing emissions and encouraging sustainable practices.

a. Going beyond material matters: Stakeholder input on sustainability focus areas

In addition to identifying material matters, we proactively gathered stakeholder input to better understand and prioritise our sustainability focus areas. Through a stakeholder survey, we presented eight potential focus areas and invited feedback from various stakeholder groups.

The following four areas emerged as the top priorities, reflecting most stakeholder preferences:



b. Establishing Scope 1 and Scope 2 Baseline

In 2024, EXIM Bank initiated the process of establishing a baseline for Scope 1 and Scope 2 greenhouse gas (GHG) emissions. This foundational step enables the Bank to measure, monitor, and systematically reduce enterprise-level carbon emissions, in line with our commitment to achieving carbon neutrality by 2030.

i. Scope 1 and Scope 2 Emissions Defined

1

Scope 1: Direct GHG Emissions

Scope 1 emissions refer to direct GHG emissions from sources that are owned or controlled by the organisation. These emissions typically result from:

- On-site combustion: Use of fuels such as petrol or diesel in vehicles, generators, or other combustion equipment.
- Fugitive emissions: Unintentional releases of GHGs, such as refrigerant leaks from air-conditioning or refrigeration systems.
- Process emissions: Emissions generated through industrial processes, such as chemical reactions or solvent usage.

At EXIM Bank, Scope 1 emissions are primarily derived from:

- Three (3) company-owned petrol vehicles
- One (1) diesel-powered backup generator

2

Scope 2: Indirect GHG Emissions

Scope 2 emissions are indirect emissions associated with the consumption of purchased electricity, steam, heating, or cooling. These emissions occur at the facility where the energy is generated but are attributable to the consuming organisation.

At EXIM Bank, Scope 2 emissions stem from:

- Electricity usage across four (4) offices and three (3) data centres

c. Methodology Selection for Baseline Emissions Calculation

To determine the most appropriate approach for establishing our emissions baseline, the Bank explored three (3) carbon emissions calculation methods and reviewed five (5) internationally recognised methodologies. After careful evaluation, the Bank adopted the Greenhouse Gas (GHG) Protocol as the preferred standard for calculating Scope 1 and Scope 2 emissions.

This decision was based on the GHG Protocol's global recognition, robust framework, and alignment with international best practices. The selection was further supported by our external sustainability consultant, KPMG Malaysia, ensuring credibility and accuracy in our baseline establishment process.

d. Selection of Baseline Year

After careful consideration, we have chosen 2019 as the Bank's baseline year for Scope 1 and Scope 2 emissions. This decision is grounded in the following rationale:

- Pre-pandemic normalcy: 2019 represents a period of "business as usual" operations, providing a reliable benchmark unaffected by the extraordinary circumstances of the COVID-19 pandemic.
- Data reliability: The data for 2019 is considered robust and representative of typical operational emissions.
- Future comparisons: By establishing a pre-pandemic baseline, the Bank can measure progress towards emissions reduction target and identify areas for improvement.

By setting a clear baseline, it allows us to accurately quantify our carbon footprint, developed targeted emissions reduction strategies and monitor progress towards sustainability goals.

e. Overview of carbon emissions against baseline

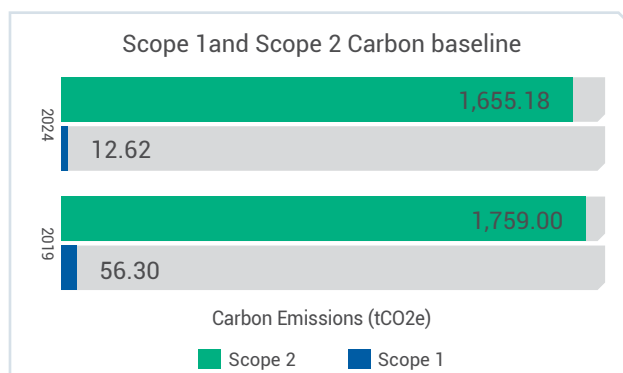


Diagram 3: EXIM Bank carbon emissions in 2024

SUSTAINABILITY JOURNEY

In 2024, EXIM Bank recorded further progress in reducing greenhouse gas (GHG) emissions, aligned with our long-term commitment to environmental sustainability. Using 2019 as the baseline year, Scope 1 emissions—comprising direct emissions from sources owned or controlled by the Bank—declined significantly from 56.30 tCO₂e in 2019 to 12.62 tCO₂e in 2024, representing a 77.6% reduction. This notable improvement was driven by enhanced fleet management, reduced reliance on diesel generators, and the adoption of more sustainable operational practices.

Similarly, Scope 2 emissions—indirect emissions associated with the consumption of purchased electricity—fell from 1,759.00 tCO₂e in 2019 to 1,655.18 tCO₂e in 2024, marking a 5.9% decrease. This reduction reflects the positive outcomes of the Bank's continued efforts to improve energy efficiency across its facilities.

The year 2024 marks a key milestone in tracking EXIM Bank's decarbonisation journey, as the Bank prepares to accelerate its emission reduction targets. In 2025, the Bank aims to achieve a further 20% reduction in Scope 1 and Scope 2 emissions relative to the 2019 baseline. Additionally, EXIM Bank will begin establishing Scope 3 emissions tracking to broaden the scope of its climate accountability. These initiatives are integral to the Bank's overarching objective of achieving carbon neutrality by 2030 and contributing meaningfully to a low-carbon future.

f. Climate Risk Management

Climate-related risks are integrated into the Bank's risk management framework in accordance with the Policy Document on Climate Risk Management and Scenario Analysis. Key initiatives include:

- Climate risk appetite – a climate-risk appetite for financing portfolio classified C5 (a) and C3 is established and approved by the BOD.
- Credit risk integration – climate risk factors are embedded in credit assessments of the credit applications prior to approval by the relevant approving authority, particularly for CCPT classification and its mitigation actions.
- Scenario Analysis and Climate Risk Stress Testing (CRST) – the Bank is progressively implementing climate scenario analysis and CRST to assess portfolio vulnerabilities under different climate pathways.

5. Sustainable Impact

Sustainability is a responsibility of all employees of EXIM Bank. As part of the commitment, we have implemented governance framework to integrate sustainability into our operations. Guided by clear policies and guidelines, this framework ensures that ESG considerations are embedded in our business practices, thus supporting the creation of a greener and more responsible financial ecosystem.

a. Sustainable Financing: Driving Environmental Impact for Exports



In September 2024, during the EXIM Sustainability Forum, the Bank launched an initiative designed to support and accelerate environmental sustainability by Malaysian entrepreneurs in the export sector. This initiative will mobilise up to RM1.5 billion by 2027 in sustainable financing to foster environmental stewardship by funding impactful green projects. The initiative includes various support measures, such as advisory services for carbon footprint management and incentives for green financing applications. Additionally, the third focus area of this sustainable financing is supporting the greening of oil palm exports, which is one of the country's major exports through the application of biochar.

b. Regenerative Agriculture: Biochar Initiative



The Regenerative Agriculture Fund is aimed to promote sustainable agriculture practices and land regeneration initiatives for plantations that produce export-oriented commodities and/or products. The aim of this initiative is to reduce the carbon footprint of palm oil production by incorporating biochar into agricultural practices thus contributing towards the reduction of Methane, a harmful greenhouse gas.

These efforts were launched under the EXIM Green Global Initiative on 24 September 2024 during the inaugural EXIM Sustainability Forum, officiated by YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, Minister of Investment, Trade and Industry (MITI). The Bank collaborated with a non-profit organisation, Wild Asia Sdn Bhd who was appointed as the implementation partner for the project. The Project site is in Sabah and the Bank's involvement is obtaining the results of the study on the impact of Biochar's application in enhancing export-oriented commodities and promoting more sustainable palm oil supply chains, and in creating low-carbon products for a global market to advocate reduction of carbon emissions.

The project also emphasises artisanal biochar production and certification for carbon C-sink credit generation. Wild Asia Sdn Bhd is the first entity in Malaysia to receive certified C-Sinks through Carbon Standards International. The project explores the potential for biochar-related initiatives to generate carbon credits. To support this exploration, a clear understanding of the certification process and the mechanisms to access carbon markets is essential. Additionally, raising awareness among internal and external stakeholders is crucial to highlight the agricultural benefits of biochar, its role in carbon reduction, and its alignment with chemical-free and regenerative farming practices.

Looking ahead, the Bank will continue to monitor the outcomes of this initiative and explore opportunities to support similar projects that align with its sustainability objectives. Any potential future expansion will be guided by the findings from the pilot project, stakeholder engagement, and alignment with national and global low-carbon development goals.

c. Environmental Awards: IMPACT Awards 2024

Our Bank is honoured to have been conferred the title of "Lender of the Year" at the Environmental Finance IMPACT Awards 2024. This prestigious international accolade recognises our steadfast commitment to sustainable finance and our pivotal role in advancing Malaysia's green and inclusive economic agenda.

This award is a testament to the dedication of the Bank and the trust placed in us by our stakeholders. It affirms the Bank's strategic direction in embedding ESG principles across our operations and financing activities. As a development financial institution mandated to support Malaysian businesses in global markets, we remain resolute in our efforts to catalyse sustainable growth and responsible trade.



SUSTAINABILITY JOURNEY

Strategic Initiatives Recognised:

1. Malaysia Global Connect Programme

Launched in September 2023, this initiative is designed to enhance the export readiness of Malaysian SMEs. It provides capacity-building and advisory services, with a strong emphasis on sustainability and global competitiveness.

2. EXIM Carbon Calculation Advisory and Support (CCAS)

Introduced in September 2024, CCAS assists clients in quantifying and managing their carbon emission, including Scope 1 and Scope 2 emissions. This initiative reflects our commitment in supporting clients in aligning with international climate standards and transitioning towards low-carbon operations.

3. EXIM Green Global Initiative

This initiative, launched in September 2024, commits up to RM1.5 billion in sustainable financing by 2027. It targets high-impact projects in renewable energy, energy efficiency, and sustainable agriculture-sectors that are critical to Malaysia's environmental and economic resilience.

Notable Projects Financed:

1. Uzma Berhad – 50MW Large-Scale Solar Project in Kedah

This project contributes significantly to Malaysia's renewable energy targets and was financed by EXIM Bank as part of our commitment to clean energy development.

2. IGNIS Environment Initiatives Sdn Bhd – Waste Management Project

This environmentally sustainable project, solely financed by EXIM Bank, exemplifies our dedication to supporting ESG-compliant infrastructure and waste management solutions.

d. Building a Culture of Sustainability

At EXIM Bank, we believe that sustainability is a shared responsibility across the organisation. Building a strong sustainability culture is essential to ensure that ESG considerations are embedded in every decision we make.

By fostering this culture, we empower our employees to take ownership of sustainability in their daily work, enabling us to collectively drive long-term value for our stakeholders and contribute meaningfully to national and global sustainability goals.

To support this, 2024 saw a continued focus on awareness-raising, education, and capacity building. We rolled out a series of sustainability-related training programmes aimed at enhancing internal understanding of ESG topics, climate-related risks, sustainable finance, and more. These efforts reflect our commitment to equipping our people with the necessary knowledge and tools to drive positive change from within.

Here are key highlights of our sustainability initiatives:

1

Capacity Building

Sustainability Training

In 2024, our training efforts placed greater emphasis on the technical aspects of sustainability, such as climate risk, emissions, and ESG integration. This shift aimed to deepen employees understanding beyond foundational knowledge and equip them with practical insights to apply sustainability principles more effectively in their roles.



These include qualifications in ESG leadership, sustainable finance, and GHG verification —conferred by globally and regionally recognised institutions such as the Centre of Sustainability and Excellence, TÜV SÜD Malaysia, Orbis Business School, and the Asian Banking School. Certifications span areas such as ESG strategy, ISO 14064 carbon accounting, and green and sustainable finance, reflecting the breadth and depth of technical competence being cultivated within the Bank.

We view this growing pool of certified talent as instrumental in embedding sustainability into our operations and decision-making processes. Looking ahead, we remain focused on cultivating a workforce that is equipped to navigate the evolving sustainability landscape and uphold our leadership in responsible banking.

2

ESG Education & Awareness

Sustainability Pocket Info

We remain committed to making sustainability knowledge accessible to everyone across the organisation. Building on the success of the “Sustainability Pocket Info” series launched in 2023, we continued to roll out new content in 2024. These short videos and bite-sized materials cover practical and relevant topics.

Engaging with Climate Change: “Our Planet: Frozen Worlds”

We organised a screening of “Our Planet: Frozen Worlds” for EXIM Bank employees, aiming to foster greater environmental awareness. The documentary vividly illustrated the critical challenges posed by global warming, encouraging each individual to consider their personal role in safeguarding our planet’s future.

3

Market Advocacy

Taking Action on Climate Change: EXIM Bank at COP29

Demonstrating our commitment to sustainability on a global stage, we participated in the COP29 United Nations Climate Change Conference held in Baku, Azerbaijan from 11 to 22 November 2024. As part of the Malaysian delegation, the Bank engaged in discussions and knowledge-sharing sessions focused on climate finance, low-carbon development, and sustainable trade. This engagement reflects the Bank’s ongoing commitment to supporting Malaysia’s climate ambitions and staying informed on emerging global sustainability trends.

Through its presence at COP29, EXIM Bank gained valuable insights into the evolving landscape of carbon markets, climate-related risk management, and green financing mechanisms. These learnings will inform the Bank’s internal strategies and future initiatives aimed at promoting a just and inclusive transition to a low-carbon economy.

4

Environmental Sustainability

Urban Hydroponic Yard and Community Support

As a step towards sustainability, we launched a “Green Innovation” project which entailed transforming the terrace on our second floor into an Urban Hydroponic Yard. Since August 2024, over 380 pots of mustard greens and pak choy have flourished and the fresh produce were donated to Pertubuhan Kebajikan Asnaf Al Barakh Malaysia, reflecting our commitment to environmental stewardship and community support.



“Used Cooking Oil Collection” Campaign

As part of the Bank’s efforts towards environmental sustainability and a circular economy, this campaign was kicked off in June 2024 with the aim to educating employees and promoting a culture of environmental responsibility. In collaboration with Petronas Dagangan Berhad and with involvement from Bank Pembangunan Malaysia Berhad (BPMB) and SME Bank, the initiative made a positive impact on our environment and set an example of corporate responsibility among employees.



SUSTAINABILITY JOURNEY

Site Visit to SEAD Bamboo

In June 2024, a meaningful and insightful field trip was organised to SEAD Bamboo, a bamboo plantation managed by a social enterprise located in Ipoh, Perak. The visit brought together the Heads of Department and the ESG Sustainability Leaders (ESLs), offering a valuable opportunity to deepen their understanding of nature-based solutions and regenerative practices in sustainability.

The programme featured a variety of hands-on and experiential learning activities. One of the highlights was bamboo planting at the Centre of Resilience Ecosystems (CoRE), where participants actively contributed to ecological restoration efforts. The group also engaged in thoughtful discussions about the significance of bamboo in a regenerative economy, learning how this fast-growing and versatile plant can play a crucial role in climate resilience, carbon sequestration, and sustainable livelihoods.



Leading the Dialogue on Sustainability and ESG

EXIM Bank is actively contributing to the national discourse on sustainability, demonstrating its commitment to ESG principles across the Malaysian financial sector.

The Bank has been a prominent voice at several recent sustainability forums, sharing its insights and journey towards embedding sustainable practices. We proudly participated in three distinct forums organised by the KSI Strategic Institute for Asia Pacific. These engagements focused on various ESG topics, targeting a diverse audience of local businesses, from SMEs to large corporations. Our contributions aimed to provide crucial exposure to the ESG requirements essential for businesses looking to expand their reach globally.



6. OUR VISION FOR THE FUTURE: PUSH FOR NET-ZERO

Malaysia is firmly committed to achieving net zero GHG emissions by 2050. The Push for Net Zero initiative is a national effort to decarbonise key sectors through energy efficiency, waste management, renewable energy adoption, and robust regulatory reform.

In alignment with Malaysia's climate goals, EXIM Bank is taking structured steps to understand and reduce its own environmental footprint. The comparison of our operational emissions between 2019 and 2024 provides a critical baseline for tracking progress and improving our understanding of our environmental impact.

As we advance on our sustainability journey, we remain committed to enhancing the scope, depth, and quality of our emissions reporting.

To further support our 20% emissions reduction target from baseline levels, we have introduced energy-saving initiatives. We are also aiming for 10% of our workforce to attain sustainability certifications, with the programmes extended to the Board and senior management.

This marks the beginning of a more structured and transparent approach to managing climate-related risks and opportunities. By enhancing our internal capabilities and aligning with international best practices, EXIM Bank is laying a solid foundation for a future-ready climate strategy that supports Malaysia's low-carbon development agenda.

SOCIAL AND ENVIRONMENTAL ENGAGEMENT

EXIM Bank's 2024 social and environmental sustainability initiatives were designed to deepen our integration of sustainable practices into core operations, foster a greener future for generations to come, fortify impact through partnerships, and actively engage our dedicated employees in these vital efforts. These collaborative programmes exemplify how corporate engagement can genuinely drive both environmental stewardship and social responsibility, forging a tangible link between the Bank's mission and the impactful actions of our valued workforce.

The Green Factory Visit: Cultivating Sustainable Practices



Continuing its focus on growing a more knowledgeable and sustainably aware workforce, EXIM Bank embarked on an insightful visit to **The Green Factory** on 6 June 2024. This programme was specifically designed to educate our employees on the critical importance of sustainable wood products and their positive impact on our ecosystem, whilst also showcasing the Bank's broader commitment to environmental preservation through collaboration.

The visit offered EXIM Bank employees a practical and inspiring education on sustainable timber production. The Green Factory distinguishes itself through its pioneering approach, employing innovative techniques that significantly reduce environmental impact. Their philosophy is rooted in a comprehensive circular manufacturing approach, which meticulously encompasses every stage of the product lifecycle. This includes:

- **Ethical material sourcing:**
Ensuring all timber is procured responsibly, without contributing to deforestation or harming biodiversity.
- **Green design:**
Incorporating eco-friendly principles from the initial design phase to minimise waste and energy consumption.
- **Eco-packaging:**
Utilising sustainable and recyclable materials for product packaging.
- **Advanced waste management:**
Implementing strategies such as light and water harvesting, designing open spaces for natural ventilation, and creating flexible, multipurpose areas to reduce resource use.

- **A strong 3R (Reduce, Reuse, Recycle) culture:**
Actively promoting these principles in all aspects of wood product manufacturing.
- **Industrial training for youth:**
Investing in the future workforce by providing training in sustainable practices.
- **Community outreach and education:**
Engaging with the wider community to share knowledge and promote environmental awareness.

Impact Generated:

- **Enhanced Knowledge and Awareness:**
Staff gained a much deeper understanding of sustainable timber production, truly grasping its positive environmental impact and the broader implications of sustainable practices in everyday life.
- **Inspiration for Innovation:**
Witnessing The Green Factory's innovative approaches first-hand is expected to spark new ideas and potentially inspire sustainable improvements and efficiencies within the Bank's own operations.
- **Strengthened Community Building:**
The shared experience fostered meaningful discussions among colleagues about sustainability, ultimately building a stronger, more environmentally conscious community within EXIM Bank.
- **Positive Brand Image and Outreach:**
Through The Green Factory's social media platforms (Facebook, Instagram) and local media coverage, EXIM Bank garnered significant positive exposure, showcasing our commitment to environmental responsibility.

SOCIAL AND ENVIRONMENTAL ENGAGEMENT

Distributing Food Packs: Compassion in Action



In a heartwarming display of compassion and community spirit, EXIM Bank donated RM19,500 to Warung Makan Sahabat on 4 May 2024, in collaboration with **Yayasan Amal Malaysia (Wilayah branch)**. The initiative represented part of the Bank's Mawaddah initiative to uplift the underprivileged, and left an indelible mark on all involved.

The substantial contribution facilitated the distribution of 300 packs of nourishing food through Warung Makan Sahabat, reaching those most in need. Beneficiaries included the homeless, individuals from the B40 income categories, asnaf, and other vulnerable members of society.

Inspired by the Hadith "The Upper Hand is better than the Lower Hand," the programme was a testament to the profound difference that can be made when communities come together in solidarity and empathy. It exemplified the true fulfilment found in serving others, and through the convergence of hearts and hands, it heralded a brighter, more inclusive future for all.

The event garnered significant participation from EXIM Bank's senior leadership, including Acting President and Chief Executive Officer Datuk Nurbayu Kasim Chang, Chief Compliance Officer Mohammad Nizam Abdul Samad, and Acting Chief People



Officer cum Chairman of the Mawaddah Committee Noor Zaidah Shahi. Their presence, alongside dedicated members of the Mawaddah Committee and other EXIM volunteers, underscored a shared dedication to the cause.

Impact Generated:

- **Catalysed Collective Action:**
The Sustainability Community Impact programme at Warung Makan Sahabat serves as a powerful reminder of the profound impact of collective action and compassion.
- **Enhanced Social Impact Awareness:**
The project cultivated a heightened awareness among staff regarding their crucial role in creating positive social impacts through direct community engagement.
- **Boosted Employee Morale:**
By actively involving staff in a tangible charitable cause, the programme significantly enhanced employee morale and satisfaction, fostering a deep sense of contribution to a greater good.
- **Enhanced Public Image and Trust:**
The programme conveyed the Bank's commitment to society and the UN SDGs, thereby reinforcing public confidence and trust.
- **Nourishing the Underserved:**
Provided essential sustenance to 300 individuals in need.

Hari Raya Aidilfitri Celebration with Rumah Titian Kasih



In the spirit of compassion and community, EXIM Bank hosted a special Hari Raya Aidilfitri celebration on 7 May 2024, extending its festive joy to 30 orphans from **Rumah Titian Kasih** in Taman Tasik Titiwangsa. This initiative, spearheaded by the Bank's Management, aimed to foster inclusivity and share the warmth of the festive season with those in need, creating a memorable experience for both staff and the young guests.

The celebration, held in conjunction with EXIM Bank's internal staff Hari Raya gathering, exemplified the Bank's commitment to social responsibility and its core values. The event provided a vibrant platform for interaction, allowing EXIM Bank employees to engage directly with the children, share festive treats, and partake in various activities designed to bring smiles and laughter. The presence of the orphans added a profound layer of meaning to the occasion, transforming a staff event into a broader community celebration.

Impact Generated:

- **Fostered Community Spirit:**

The joint celebration strengthened the bond between EXIM Bank staff and the wider community, promoting a sense of shared responsibility and collective well-being.

- **Enhanced Social Awareness:**

By directly interacting with the children from Rumah Titian Kasih, employees gained a deeper appreciation for the importance of empathy and supporting vulnerable segments of society.

- **Boosted Employee Morale:**

Participating in such a heartwarming event significantly enhanced employee morale and satisfaction, fostering a sense of pride in contributing to a greater good beyond typical corporate functions.

- **Reinforced Corporate Values:**

The initiative publicly demonstrated EXIM Bank's dedication to its social mandate and the broader principles of corporate citizenship, reinforcing public confidence and trust in the institution.

- **Provided Joy and Comfort:**

Most importantly, the event brought immense joy and comfort to the 30 orphans, offering them a festive experience filled with companionship, delicious food, and heartfelt hospitality during a significant cultural celebration.

CORPORATE EVENTS

20 February 2024

Shariah Awareness Programme & Launch EXIM Bank, Kuala Lumpur

The event was organised to foster a deeper understanding and meaningful engagement with Islamic finance among employees and stakeholders. It highlighted three strategic pillars: Educational Outreach, which introduced the foundational Shariah principles guiding Islamic finance; Internal Training, featuring specialised workshops to enhance employee expertise in Shariah-compliant financial instruments and ethical practices; and Promotion of Ethical Banking Practices, which emphasised the socially responsible nature of Islamic finance, aligning with goals of financial inclusion, equitable wealth distribution, and community welfare. Together, these initiatives reinforced the bank's commitment to integrity, transparency, and sustainable development through Shariah-compliant banking.



7 March 2024

Ikrah Bebas Rasuah ceremony and the launch of the Organisational Anti-Corruption Plan (OACP) Sheraton Hotel, Kuala Lumpur

EXIM Bank's Organisational Anti-Corruption Plan (OACP) is a comprehensive and inclusive plan that was developed in line with the National Anti-Corruption Plan (NACP) 2019 – 2023 which requires Statutory Bodies, State-Owned Enterprises, Companies Limited by Guarantee and private sector entities regulated by the regulatory bodies, including EXIM Bank, to develop their own OACP. The Bank's OACP is an integrated anti-corruption plan, implemented by internal stakeholders of the Bank. This is a cornerstone of EXIM Bank's Anti-Bribery Management System (ABMS) to improve governance, which includes periodic assessment of potential risk areas in our business that may be exposed to corrupt practices.



20 June 2024

**EXIM Bank, ICBC
Malaysia Ink MOU**
📍 **Shangri-La Hotel
Kuala Lumpur**

EXIM Bank Malaysia and ICBC Malaysia have inked a memorandum of understanding (MOU) to jointly promote the use of the Chinese yuan as a trade and investment settlement currency between Malaysia and China.



24 September 2024

EXIM Bank inaugural Sustainability Forum
📍 **Sheraton Hotel, Kuala Lumpur**

The Bank unveiled an RM1.5 billion Green initiative for sustainable financing by 2027. The initiative includes three core programmes to help businesses meet global sustainability standards and build climate resilience, focusing on micro, small and medium enterprises (MSMEs) in the export sector. Investment, Trade and Industry Minister YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, launched the initiative which aligns with the third mission of the New Industrial Master Plan (NIMP) 2030 – 'Push for Net Zero'.



CORPORATE EVENTS

27 September 2024

EXIM Bank Supports Local Malaysian Products' Expansion into China 📍 Nanning, China

EXIM Bank Malaysia and the Malaysia Chamber of Commerce in China inked an MOU at the 21st China-ASEAN Expo (CAEXPO 2024) at Nanning, China with the interest in deepening collaboration in trade financing, investment facilitation, and knowledge sharing to promote Malaysian businesses in China and the broader ASEAN region.



20 October 2024

EXIM Bank Kayuhan Amal Mesra 50 Tahun Wilayah Persekutuan 📍 Dataran Merdeka, Kuala Lumpur

The "Kayuhan Amal Mesra 50 Tahun Wilayah Persekutuan," was organised in collaboration with DBKL, signifies a meaningful effort by EXIM Bank to engage with the community and contribute to national celebrations. Held in conjunction with the 50th anniversary of the Federal Territories on 20 October 2024, the event attracted over 500 participants, including national athletes, and members of the public. The initiative provided a platform for EXIM Bank to connect with stakeholders, promote sustainable practices, and enhance visibility within the community. The 15km cycling route, which passed through notable city landmarks added symbolic value to the event and resonated with participants.



23 October 2024

EXIM Bank, GTC Ink Agreement to Boost Cambodia's Telecommunications Infrastructure

Cambodia

EXIM Bank Malaysia has inked a financing agreement with Global Tower Corporation Pty Ltd (GTC) worth US\$19.97 million. GTC, a 75% owned subsidiary of Rohas Tecnic Bhd (RTB Group), is a key player in telecommunications infrastructure services and a prominent independent tower company licensed by Cambodia's telecommunication regulator to construct and operate telecommunication tower services in Cambodia.



8 November 2024

EXIM Bank Staff Dinner

Royale Chulan Hotel, Kuala Lumpur

The EXIM Bank Malaysia Staff Dinner 2024 was a vibrant celebration designed to honor teamwork, boost morale, and foster camaraderie among employees in a relaxed and joyful atmosphere. The evening brought together staff from all departments to reflect on the year's achievements and celebrate collective success. The dinner featured a themed celebration with elegant décor, lively entertainment, and a warm ambiance that encouraged connection and celebration. A red carpet-style entrance and professional photo booth added a touch of glamour, allowing staff to capture memorable moments. Employees were honored for long service milestones, these recognitions highlighted the dedication and excellence of the Bank's workforce. The evening was packed with engaging activities, including lucky draws with prizes ranging from tech gadgets to travel vouchers as well as live performances.



CORPORATE EVENTS

15 November 2024

EXIM Bank and China Exim Bank Sign a Framework Agreement to Strengthen Bilateral Financial Relations 📍 Shanghai, China

EXIM Bank Malaysia, and China Exim Bank celebrated a milestone by signing of a Framework Agreement. This significant event marks the continued relationship both banks share with each other and also the 50th anniversary of diplomatic relations between Malaysia and China.



18 November 2024

EXIM Bank Champions Malaysian Halal Industry as One of The Main Sponsor at MIHAS Dubai 2024 📍 Dubai, UAE

EXIM Bank Malaysia, in partnership with MATRADE, announced its sponsorship and active participation in the inaugural Malaysia International Halal Showcase (MIHAS) Dubai 2024. Following the recent success of MIHAS Kuala Lumpur, EXIM Bank was once again at the forefront, promoting Malaysia's Halal industry and driving international market access for Malaysian exporters.



2 December 2024

ICIEC and EXIM Bank Sign Strategic Retakaful Agreement to Boost Global Trade

Algiers, Algeria

The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC), a Shariah-compliant multilateral insurer and a member of the Islamic Development Bank (IsDB) Group, has entered into a strategic Quota Share Retakaful Agreement with EXIM Bank Malaysia to provide Export Trade Credit Risk Takaful on a global scale.



16 December 2024

Malaysia Petrochemicals Project Secures Project Financing from US, German, Italian, Spanish, and Malaysia Export Credit Agencies, and Islamic Development Bank Entities

EXIM Bank, Kuala Lumpur

Pengerang Energy Complex (PEC) announced it has successfully secured agreement on financing terms for USD3.5 billion project financing from leading export credit agencies (ECAs) across North America, Western and Southern Europe, and Asia, as well as Islamic financing from entities of the Islamic Development Bank.



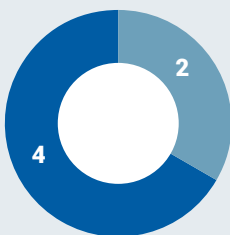
BOARD OF DIRECTORS



From left:

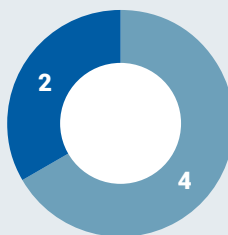
1. Datuk Bahria Mohd Tamil
2. Dr Mastura Abdul Karim
3. Dato' Charon Wardini Mokhzani (Chairman)

Composition:



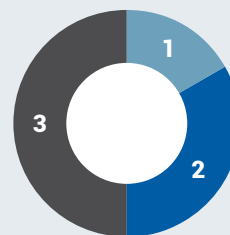
- Non-Independent Non-Executive Directors
- Independent Non-Executive Directors

Gender:



- Male
- Female

Length of Tenure:

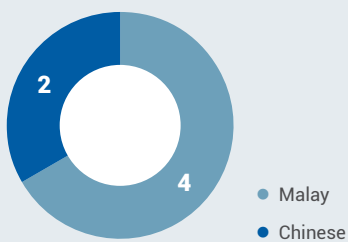


- Over 5 years
- 2-5 years
- Below 2 years

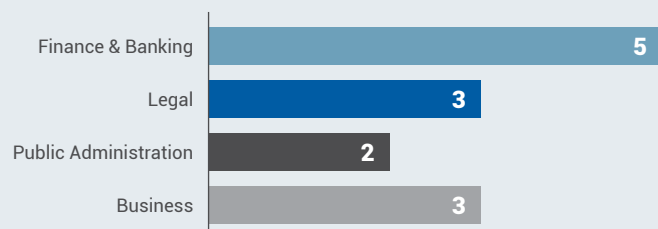


4. Encik Raymond Fam Chye Soon
5. Encik Abdul Aziz Abu Bakar
6. Encik Jeremy Lee Eng Huat

Ethnicity:



Board Skills and Experience Matrix:



DIRECTORS' PROFILE

DATO' CHARON WARDINI MOKHZANI

Independent Non-Executive Chairman



Nationality
Malaysian



Date of Appointment
4 January 2024



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, UK
- 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
- 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 of CIMB Group
- Managing Partner/Partner, Zaid Ibrahim & Co.
- Corporate Finance Manager, Rashid Hussain Securities Sdn Bhd
- Legal Assistant, Shearn Delamore & Co.

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

- Director, Kuala Lumpur Business Club
- Trustee, Yayasan Tuanku Fauziah
- Trustee, Yayasan Tuanku Syed Putra Perlis

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

- MIDF Amanah Asset Management Sdn Bhd
- MIDF Amanah Investment Bank Bhd
- Malaysian Industrial Development Finance Bhd
- CIMB Berhad Group of Companies
- Cagamas Holdings Bhd
- Khazanah Research Institute

Shareholding in EXIM Bank

- Nil

DATUK BAHRIA MOHD TAMIL

Non-Independent Non-Executive Director



Nationality
Malaysian



Date of Appointment
1 October 2019



Membership of Board Committee(s)

- Board Credit Committee
- Nomination and Remuneration Committee
- Board Risk Committee

Academic/Professional Qualification(s)

- M.A. in International Relations, Waseda University, Japan
- L.L.B. in Business Law (Hons.), Coventry University, UK

Present Appointment

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

Working Experience

- Senior Director, Bilateral Economic & Trade Relations Division, MITI
- Senior Director, Trade and Industry Support Division, MITI
- Director, Entrepreneurship Development Division, MITI
- Director, PEMUDAH (The Special Task Force to Facilitate Business), MITI
- Minister Counsellor of Economic Affairs, MITI Tokyo, Embassy of Malaysia in Japan
- Principal Assistant Director, Strategic Planning Division, MITI
- Assistant Director, Trade Support Division, MITI
- Assistant Secretary, Bilateral Trade Relations Division, MITI
- Assistant Secretary, Government Procurement Division, MOF

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

- Director, SIRIM Berhad

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

- Perbadanan Kemajuan Negeri Melaka (PKNM)
- Perbadanan Kemajuan Ekonomi Negeri Perlis (PKENPs)

Shareholding in EXIM Bank

- Nil

DIRECTORS' PROFILE

DR MASTURA ABDUL KARIM

Non-Independent Non-Executive Director



Nationality
Malaysian



Date of Appointment
3 June 2023



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

- Deputy Under Secretary (Commercial Sector) of Government Investment Companies Division, MOF
- Deputy Director of Service Industry Division, Economic Planning Unit
- Alternate Executive Director of Southeast Asia Voting Group Office, World Bank Group, USA
- Deputy Undersecretary Strategic Investment Division, MOF
- Head of Fiscal Office, Fiscal and Economics Division, MOF
- Registrar of Credit Reporting Agencies, MOF
- Principal Assistant Secretary Tax Analysis Division, MOF
- Senior Assistant Director, Budget Division, MOF
- Senior Assistant Secretary, Finance Division, MOF
- Assistant Secretary of Investment Division, MOF
- Assistant Director of Economic Planning Unit, Prime Minister Department

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

- Deputy Chairman of Investment Panel, Kumpulan Wang Simpanan Pekerja ("KWSP")
- Investment Panel Member, Pertubuhan Keselamatan Sosial ("PERKESO")
- Member of Board of Governors, University Science of Malaysia ("USM")
- Director, Perbadanan Perdagangan Luar Malaysia ("MATRADE")
- Director, Danainfra Nasional Berhad (DINB)
- Director, Malaysia Sovereign Sukuk Berhad (MSSB)
- Director, Malaysia Sukuk Global Berhad (MSGB)
- Director, Wakala Global Sukuk Berhad (WGSB)
- Director, Malaysia Wakala Sukuk Berhad (MWSB)

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

- Bank Simpanan Nasional Berhad
- Perbadanan Nasional Berhad (PERNAS)
- Piramid Pertama Sdn Bhd
- FTW Ventures Sdn Bhd
- Hartanah Mampan Sdn Bhd
- Actius Terra Global Holdings Sdn Bhd
- Sentuhan Budiman Sdn Bhd
- My City Ventures Sdn Bhd (MCVSB)
- Ayer Itam Properties Sdn Bhd (AIPSB)
- AI Real Estate Sdn Bhd (ARESB)
- Gerak Indera Sdn Bhd (GISB)
- Malaysia International Franchise Sdn Bhd

Shareholding in EXIM Bank

- Nil

ENCIK RAYMOND FAM CHYE SOON

Independent Non-Executive Director



Nationality
Malaysian



Date of Appointment
15 February 2023



Membership of Board Committee(s)

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

Academic/Professional Qualification(s)

- Member, the Malaysian Institute of Certified Public Accountants ("MICPA")
- Member, the Malaysian Institute of Accountants ("MIA")
- Master of Financial Planning, University of Sunshine Coast, Australia
- Corporate Finance (Adv Diploma), ICAEW and Securities & Investment Institute, UK
- Certified Financial Planner
- Certificate in Digital Marketing, National University of Singapore
- Certificate in Oxford Leading 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

- Chairman/Director, Generali Insurance Malaysia Berhad
- Director, Riverstone Holdings Ltd
- Director, Tiga Manfaat Sdn Bhd
- Director, Benefit Trio Sdn Bhd

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
Malaysian



Date of Appointment
20 May 2024



Membership of Board Committee(s)

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

Academic/Professional Qualification(s)

- Masters in Business Administration, Harvard Business School, USA
- Masters of Science in Software Engineering, Carnegie Mellon University, USA
- Bachelors of Science in Mechanical Engineering, Kettering University, USA

Present Appointment

- CEO, Ilham Capital Ventures Sdn Bhd
- Advisor, QuantePhi 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 Corp

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

- Director, QuintePhi Sdn Bhd
- Director, Anjung Awana Sdn Bhd
- Director, Ilham Capital Ventures Sdn Bhd
- Director, Bayu Teja Holdings Sdn Bhd
- Director, Intervest Korea Malaysia OIF B Sdn Bhd

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

- Director, QuantePhi Sdn Bhd

Shareholding in EXIM Bank

- Nil

ENCIK JEREMY LEE ENG HUAT

Independent Non-Executive Director



Nationality
Malaysian



Date of Appointment
1 July 2024



Membership of Board Committee(s)

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

Academic/Professional Qualification(s)

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

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

- Nil

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

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

Shareholding in EXIM Bank

- Nil

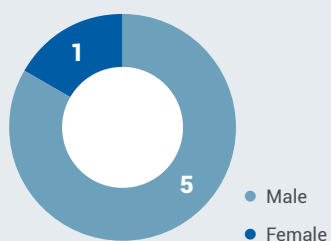
SHARIAH COMMITTEE



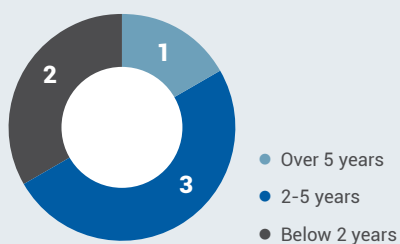
From left:

1. Dr Safinar Salleh
2. Dr Muhammad Syahmi Mohd Karim
3. Dr Ghazali Jaapar (Chairman)
4. Prof. Dr Muhammad Ridhwan Ab. Aziz
5. Dr Ahmad Zakirullah Mohamed Shaarani
6. Ustaz Mohd Bahroddin Badri

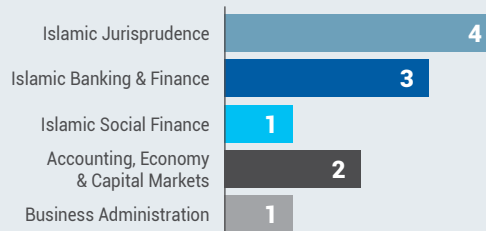
Gender:



Length of Tenure:



Board Skills and Experience Matrix:



SHARIAH COMMITTEE'S PROFILE

DR GHAZALI JAAPAR

Chairman



Nationality
Malaysian



Date of Appointment
1 May 2021

Academic/Professional Qualification(s)

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

Present Appointment(s)

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

Past Appointment(s)

- Chairman of Shariah Committee, RHB Islamic Bank
- Shariah Committee Member, FWD Takaful Berhad
- Head, Department of Islamic Law, Ahmad Ibrahim Kulliyah of Laws, IIUM
- Deputy Director Harun M. Hashim Law Center
- Director, Harun M. Hashim Law Centre
- Preparation of Modules for Diploma Pengajian Syariah, Kolej Islam Sains dan Teknologi (KIST)
- 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 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 Shariah Court.
- Published legal articles on Tazkiyah al-Syuhud in Evidence Enactment of the Shariah 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 TV Al-Hijrah for "Bicara Fail Syariah Jenayah Syariah", sponsored by Jabatan Kehakiman Syariah Malaysia, every Thursday, 10.30 pm.

SHARIAH COMMITTEE'S PROFILE

DR SAFINAR SALLEH

Committee Member



Nationality
Malaysian



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 Law, International Islamic University Malaysia (IIUM)
- Shariah Committee Member of Hong Leong Islamic Bank Berhad
- Shariah Committee Member of MUA Life Ltd. (Mauritius)

Past Appointment(s)

- 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.
- Active in internal IIUM committees, having held positions such as Director of International Islamic Banking and Finance Arbitration Competition, Committee Member of IIUM Legal Clinic and Head of Unit and Legal Consultant for Islamic Banking, Takaful and Shariah Matters, IIUM Legal Clinic.
- Served as Chairman of Pertubuhan Nur Fitrah, Chairman of Persatuan Pendidikan Bushra Selangor and Committee Member of International Muslim Women Union (IMWU) Malaysia.
- 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.

DR MUHAMMAD SYAHMI MOHD KARIM

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



Nationality
Malaysian



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 of 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)
- Chartered Accountant, Malaysian Institute of Accountant (MIA)
- Associate Member, Chartered Institute of Management Accountants (CIMA) UK
- Associate Member, Association of Shariah Advisors in Islamic Finance Malaysia (ASAS)
- Senior Associate Member, Chartered Professional in Islamic Finance (CPIF)

Present Appointment(s)

- Deputy President Operations (DPO), INCEIF University
- Shariah Committee Member, HSBC Amanah Malaysia Berhad
- Shariah Committee Member, Malaysian Life Reinsurance Group Berhad
- Board of Directors, USIM Holding Sdn Bhd

Past Appointment(s)

- 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 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 Director, 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 Key Experience

- Has vast banking experiences locally and internationally for the past 24 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 ISRA/Securities Commission 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.

SHARIAH COMMITTEE'S PROFILE

PROF. DR MUHAMMAD RIDHWAN AB. AZIZ

Committee Member



Nationality
Malaysian



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 Honors), University of Malaya
- Certified Shariah Practitioner (CSP), Association of Shariah Advisors in Islamic Finance (ASAS): Level 1 & 2

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
- Shariah Supervisory Board Member, Shuaa Funds OEIC ICC Limited, United Arab Emirates
- 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
- External Program Advisor, Bachelor of Islamic Wealth Management, Universiti Sultan Zainal Abidin
- Academic Advisor, Master in Islamic Finance, Selangor Islamic University (UIS)
- Editorial Board Members, *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)

- 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 Members 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 Members, Committee Member for various committees.
- Involved in numerous research grants, books publication, chapter in books and journals.
- Presenter for various international and local conferences in Islamic Banking, Islamic Finance and Islamic Social Finance.
- Internal and External Examiners 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 Intelekt Malaysia for two innovative products namely Bank Wakaf and Wakaf Kepakaran Profesional for duration of 100 years.

DR AHMAD ZAKIRULLAH MOHAMED SHAARANI

Committee Member



Nationality
Malaysian



Date of Appointment
1 January 2024

Academic/Professional Qualification(s)

- Ph.d in Usul al-Fiqh, University of Malaya
- Master in Islamic Revealed Knowledge – Majoring in Usul al-Fiqh (Hons), International Islamic University Malaysia (IIUM)
- Bachelor in Syariah Islamiyyah (Hons), Al-Azhar University, Tanta, Egypt
- Diploma in Syariah Islamiyyah (Hons), Institute of Islamic and Arabic Language (MADIWA), Taiping Perak
- Sijil Tinggi Ugama Pondok, Pusat Pengajian Pondok (Pondok Moden), Bachok, Kelantan

Present Appointment(s)

- Senior Lecturer, Universiti Pendidikan Sultan Idris (UPSI)
- Shariah Committee Member of Bank Muamalat Malaysia Berhad
- Shariah Committee Member of Hong Leong MSIG Takaful
- Shariah Committee Member of National Farmers Organization (Pertubuhan Peladang Kebangsaan)
- Senior Consultant (Shariah) Islamic Capital Market of Tawafuq Consultancy Sdn Bhd
- Shariah Committee Member of Kumpulan PSB (Perbadanan Ekonomi Islam Perak)
- Registered Shariah Adviser with Security Commission Malaysia

Past Appointment(s)

- Shariah Committee Member of United Overseas Bank (UOB) Malaysia
- Registered Shariah Advisor (Security Commission)/Designated Person for Fund Management/ Private Mandate of Islamic Banking and Finance Institute of Malaysia (IBFIM)
- Senior Consultant (Shariah) for IBFIM



Expertise and Key Experience

- His areas of specialisation are on Islamic Banking and Finance, Islamic Capital Market, and Usul al-Fiqh.
- His publications include books on Islamic Finance, Muamalat, Islamic Financial System and Zakat.
- Involved in committees for AIF-NOSS/NCS Development of Syariah Advisory for Banking in Malaysia - Jabatan Pembangunan Kemahiran, Committee for the Development of Educator's Manual on Shariah Standards and Operational Requirement - Bank Negara Malaysia, Curriculum Review Committee of the existing programme of Sarjana Syariah (Fiqh dan Usul), Ekonomi, Undang-Undang Syariah, Akademi Pengajian Islam- University of Malaya, and Committee for the Development of "Daftar Istilah" for Islamic Banking – Dewan Bahasa dan Pustaka.

SHARIAH COMMITTEE'S PROFILE

USTAZ MOHD BAHRODDIN BADRI

Committee Member



Nationality
Malaysian



Date of Appointment
5 January 2024

Academic/Professional Qualification(s)

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

Present Appointment(s)

- Principal Consultant, ISRA Consulting Sdn Bhd, INCEIF University
- Chairman, Shariah Advisory Committee of MBSB Bank
- Chairman, Shariah Committee of Swiss Re (Retakaful)
- Deputy Chairman, Shariah Supervisory Committee of Siraj Finance, Abu Dhabi UAE
- Shariah Committee Member of Islamic Cooperative of Angkasa (KOPSYA)

Past Appointment(s)

- Deputy Chairman, Shariah Committee of Citibank Malaysia Berhad
- Shariah Committee Member of Citibank Labuan
- EXCO of Association of Shariah Advisors (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 textbooks on Islamic finance: "Islamic Financial System: Principles & Operations" (2nd Ed) 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 Istanbul Turkey, Toronto Canada, Casablanca Morocco, Bahrain, Salalah Oman, Jakarta Indonesia, 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



NIZAM SAMAD
Chief Compliance Officer



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



NOOR ZAIDAH SHAHI
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") strives to uphold the principles and best practices of corporate governance that are transpired into the following key points:

Commitment to Corporate Governance

The Board is committed to upholding the principles and best practices of corporate governance as outlined by the Bank Negara Malaysia's ("BNM") Corporate Governance Policy Document ("CGPD"), the Malaysian Code on Corporate Governance ("the Code") and other relevant legislative and regulatory provisions.

Focus on Transparency and Integrity

The Board emphasises on transparency, accountability, responsibility, and integrity in its decision-making processes, financial disclosures and communications with stakeholders. These values are crucial for building trust and ensuring the long-term growth and sustainability of the Bank.

Strategic Intent

The Board ensures that the Bank's business strategies align with the long-term financial stability and growth, while also being consistent with national economic plans and regulatory frameworks. The Board also ensures that the Bank navigates between its mandated role, evolving market conditions and regulatory changes, maintaining resilience and contributing to the broader economy.

Delegation of Authority

The Board establishes clear structures for decision-making, ensuring that authority is appropriately delegated to Senior Management while maintaining oversight and accountability. The Board Committees assist the Board in the execution of its duties and responsibilities. Through these structures, the Board ensures efficient decision-making and upholds the highest standards of governance with robust control mechanisms in place.

Legal and Regulatory Compliance

The Board, through its Board Charter, takes into account the roles, powers, fiduciary duties, and functions vested in it by the Development Financial Institutions Act 2002 ("DFIA 2002"), Companies Act 2016, and the Constitution of the Bank. It also aligns with other primary legislative and regulatory provisions applicable to the Bank. The Board Charter also incorporates corporate governance principles and best practices as outlined in the BNM CGPD and the Code. This ensures the Bank's operations are in line with the industry standards and regulatory expectations.

Overall, the statement underscores the Board's commitment to robust Corporate Governance Practices, Legal and Regulatory Compliance, and Ethical Conducts in fulfilling its duties and responsibilities to its 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 recognises the critical importance of corporate governance to the Bank's operations and is dedicated to consistently applying its principles in all stakeholder interactions.

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.

The Bank values Independent Directors for their contributions to balanced and objective decision-making. These Directors must meet specific suitability criteria and provide checks and balances on Board decisions. Their independence from Management allows for unbiased judgment and action in the Bank's best interests. Furthermore, their diverse experience from other industries and businesses enhances the Board's effectiveness.

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 has, individually and collectively, has 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 plays a critical role to ensure that the bank adheres to sound and prudent policies and practices. The Board provides oversight to ensure effective management of the Bank and acts as a check and balance mechanism despite having no involvement in the day-to-day operations of the Bank.

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 on Shariah Governance

In addition to conventional governance responsibilities, the Board provides oversight on the Shariah governance structure and Shariah compliance of the Bank, as required by the Shariah Governance Framework for Islamic Financial Institutions. This includes approving policies related to Shariah matters and ensuring their effective implementation in consultation with the Shariah Committee.

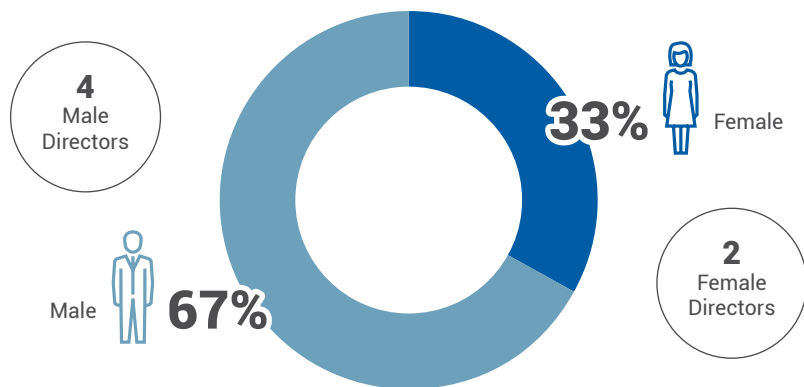
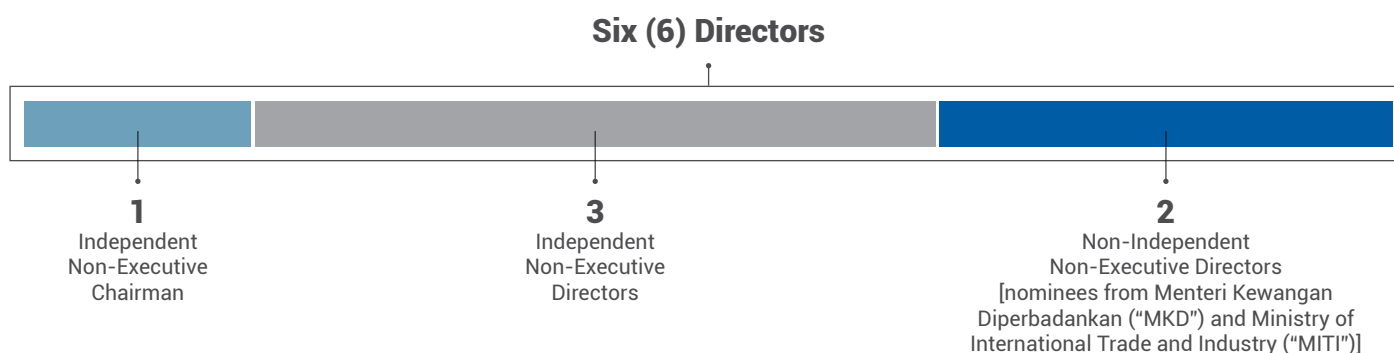
These responsibilities indicate the comprehensive role of the Board in guiding the bank's operations, ensuring compliance with regulations and standards, and safeguarding the interests of shareholders and stakeholders.

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 31 January 2025, the Board consists of:



CORE COMPETENCIES

- Banking
- Insurance/Takaful
- Finance
- Accounting
- Audit
- Legal
- Business Management
- Socioeconomics/Public Policy
- Public Administration

During the Financial Year 2024, the Board welcomed its new Chairman and two (2) Independent Non-Executive Directors during the year, reinforcing its commitment to strong leadership and governance. Additionally, the Board bid farewell to two (2) Independent Non-Executive Directors, expressing gratitude for their valuable contributions. These transitions reflect the Bank's ongoing efforts to maintain a dynamic and effective Board.

Based on the above, the present composition of the Board is in compliance with BNM's Policy Document on Corporate Governance as more than half of its members are Independent Directors. The Board is also committed to maintaining diversity in its composition across different aspects, including gender, age, skills, backgrounds, and expertise. Such diversity enriches the Board's capabilities by bringing in diverse perspectives and enabling more informed and effective decision-making.

A brief profile of each member of the Board is presented on pages 52 to 57 of this Annual Report.

The current Directors are as follows:

1. Dato' Charon Wardini Mokhzani (Chairman)¹
2. Datuk Bahria Mohd Tamil
3. Encik Raymond Fam Chye Soon
4. Dr Mastura Abdul Karim
5. Encik Abdul Aziz Abu Bakar²
6. Encik Jeremy Lee Eng Huat³

The following Directors served and ceased to be directors during the Financial Year 2024:

7. Dato' Sandra Wong Lee Yun⁴
8. Encik Hasli Hashim⁵

¹ Appointed with effect from 4 January 2024

² Appointed with effect from 20 May 2024

³ Appointed with effect from 1 July 2024

⁴ Term ended with effect from 15 July 2024

⁵ Term ended with effect from 1 December 2024

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 process and criteria for appointment and reappointment of Directors are in accordance with the specific policies of BNM, MKD Guideline, the Bank's Constitution, and its internal policies and procedures.

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:



The assessment to determine the fitness and propriety involves a 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 needed 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 2024, the Bank held 17 Board meetings, and all Directors met this minimum attendance requirement.

Senior Management or any other relevant person may be invited to attend Board meetings, allowing the Board a chance to seek clarifications or obtain details directly from them about the proposals/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.

Depending on the urgency of the matters, the Board may grant approval by way of circular resolution in writing pursuant to the Constitution of the Bank.

The Roles of the Chairman at Board Meetings

The Chairman's main responsibility is to lead Board meetings and ensure the Board operates effectively while upholding good corporate governance. This involves, but is not limited to, the following:

1. Leading the Board and Management in setting the values and standards of the Bank along with the Directors to create an environment of trust.
2. To promote the highest standards of corporate governance, probity and integrity with respect to the deliberations and decisions made.
3. 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'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 concurring on 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 nineteen (19) meetings during the financial year. Details of the BCC members and their meeting attendance are available on page 72 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 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 fourteen (14) times during the financial year. Details regarding the BAC members and their meeting attendance can be found on page 72 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 has held fourteen (14) meetings during the financial year. Details of the BRC members and their meeting attendance are available on page 72 of this Annual Report.

Nomination and Remuneration Committee ("NRC")

The NRC 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 ten (10) times during the financial year. Details of the NRC members and their meeting attendance can be found on page 72 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 has held four (4) meetings during the financial year. Details of the BTC members and their meeting attendance are provided on page 72 of this Annual Report.

STATEMENT ON CORPORATE GOVERNANCE

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 2024 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) ⁶	16	16	-	-	-	-	-	-	-	-	-	-
% of attendance	100%		-		-		-		-		-	
Dr Mastura Abdul Karim (DMAK)	17	14	-	-	14	12	-	-	14	13	-	-
% of attendance	82%		-		86%		-		93%		-	
Datuk Bahria Mohd Tamil (DBMT)	17	17	19	19	-	-	10	10	-	-	4	4
% of attendance	100%		100%		-		100%		-		100%	
Raymond Fam Chye Soon (RFCS)	17	17	19	19	14	13	-	-	14	14	4	4
% of attendance	100%		100%		93%		-		100%		100%	
Encik Abdul Aziz Abu Bakar (AAAB) ⁷	10	10	13	13	10	10	5	5	-	-	-	-
% of attendance	100%		100%		100%		100%		-		-	
Encik Jeremy Lee Eng Huat (JLEH) ⁸	7	7	-	-	8	8	4	4	9	9	-	-
% of attendance	100%		-		100%		100%		100%		-	

Directors who have ceased/resigned since the last report	Number of Meetings											
	Board Meetings		BCC		BRC		NRC		BAC		BTC	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Dato' Sandra Wong Lee Yun (DSW) ⁹	10	10	-	-	6	5	6	6	6	6	-	-
% of attendance	100%		-		83%		100%		100%		-	
Encik Hasli Hashim (HH) ¹⁰	16	15	18	18	12	12	10	10	-	-	4	4
% of attendance	94%		100%		100%		100%		-		100%	

⁶ DCWM was appointed as Chairman/Director of EXIM Bank effective from 4 January 2024

⁷ AAAB appointed as a Director of EXIM Bank effective from 20 May 2024. Appointed as a member of BCC and NRC member on 27 May 2024. Appointed as a member of BAC and redesignated as Chairman of NRC on 30 July 2024

⁸ JLEH appointed as a Director of EXIM Bank, a member of BAC and BRC effective from 1 July 2024. Appointed as a member of NRC and redesignated as Chairman of BAC on 30 July 2024

⁹ DSW ended her term as a Director of EXIM Bank effective from 15 July 2024

¹⁰ HH ended his term as a Director of EXIM Bank effective from 1 December 2024

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:



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 values ongoing professional development for its Directors and encourages their participation in relevant courses and activities to enhance their knowledge and effectiveness in serving the Bank's best interests. The Company Secretary regularly informs Directors about relevant training opportunities and continuously monitors and documents Board training activities.

All Directors of EXIM Bank are required to complete the Financial Institutions Directors' Education (FIDE) Core Programme as well as the Islamic Finance for Board (IF4BOD) Programme. 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.

STATEMENT ON CORPORATE GOVERNANCE

During the financial year, induction programs for new directors, namely Dato' Charon Wardini Mokhzani, Encik Abdul Aziz Abu Bakar and Encik Jeremy Lee Eng Huat were conducted on 5 February 2024, 23 May 2024 and 6 August 2024, respectively at the Bank's premises. All the Directors have completed the mandatory programmes except for Encik Abdul Aziz Abu Bakar and Encik Jeremy Lee Eng Huat. They will attend and complete FIDE Core Programme in 2025 as registration for 2024 has closed.

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. The list of training programmes attended by the Directors is as follows:

Training Focus	List of Conferences/Seminars and Training Programmes
Corporate Governance	• Governance & Compliance Mastery: AMLA, Conflict of Interest, and Integrity for EXIM Bank's Leaders • DFI Green Finance Workshop in collaboration with World Bank – DFI in Action: Strategies for Closing Finance Gaps for Climate Resilience and Sustainability • Board Masterclass on Corporate Governance Policy Document: Driving High Board Performance • Tomorrow's Challenges in Insurance Board Governance, Best Practices and Compliance
Leadership	• BNM's Engagement Session with Chairperson and CEOs of Banking Institutions and Associations in conjunction with the release of AR 2023, EMR 2023 and FSR 2H 2023 • FIDE Forum: Directors Masterclass Series – What Directors Must Know: Recent Development in Climate Science • BNM FIDE Forum: Responsibility Mapping Engagement with Directors of Financial Institutions • Engagement Session with FIDE Forum Members on BNM Annual Report 2023, Economic and Monetary Review 2023 and Financial Stability Review 2H 2023 • The Sasana Symposium 2024 • Board and Shariah Engagement: Briefing on NPL and Basel 3 • Distinguished Board Leadership Series 2024: Digital Transformation of the World's Best Bank • Masterclass I: Boardroom Climate Essentials • 11th Annual 2024 Asia Summit • KWAP Inspire Conference • Bespoke Workshop: A Delicate Balance – Board and Management Relationship
Finance	• Corruption Free Pledge (CFP) and the launch of EXIM Organisational Anti-Corruption Plan (OACP) & Certification ISO 37001: 2016 Anti-Bribery Management System (ABMS) Ceremony • Breakfast Talk: Leveraging AI in the Fight Against Financial Crime • 3rd Malaysian Banking Conference 2024 • Preventing Fraud: The Board's Roles and Responsibilities • Economic Outlook & Post-Budget 2025 Forum • Sustainability Task Force on Nature Related Financial Disclosures • Bengkel Ekonometrik Bersama World Bank • Transformative Insight into Islamic Finance Practices • Seminar on IFRS S1 and S2: Are We Ready?

Training Focus	List of Conferences/Seminars and Training Programmes
Audit, Compliance and Risk Management	• Bank Audit Conference: Future of Internal Audit – Embracing Change, Staying Relevant • Impact of Climate Risk to Expected Credit Loss Assessment Session • Director's Liabilities within their Respective Institution's AML Frameworks • Cyber Security Annual Training: EXIM Cyber Security Training Cyber Threat Landscape 2024 • Insights Across Borders: Thriving in the Bermuda Triangle of Technology, Risks and Talent • AMLA Training, Conflict of Interest and Related Party Transactions • Webinar: Cybersecurity and Data Privacy – The Fight Against Financial Crime • Preparing for FATF Mutual Evaluation: Key Expectation for Insurance Industry • Evolution of the Malaysian Insurance & Takaful Sectors in Risk Management, Compliance & Audit • Personal Data Protection Act 2010 and Cybersecurity Act 2024 • Competition Act 2010 • Strategic Insights: Navigating Islamic Finance, Climate Change & Cybersecurity
Shariah-related topics	• Board and Shariah Committee Engagement Sessions • Muzakarah Cendekiawan Syahirah Nusantara (MUZAKARAH 2024) Pemerkasaan Pematuhan Syariah ke arah Mengukuhkan Industri Kewangan Islam • Shariah Awareness and Engagement Session • Islamic Finance for Board Programme • Shariah Programme with Board: Transformative Insights into Islamic Financial Practices
Others	• MITI Pit-Stop: Brown Bag Session on Malaysia Asean Chairmanship: Sharing of Experiences • Program Kelestarian, Peralihan dan Pertanian Regeneratif Sempena Forum Kelestarian EXIM Bank Malaysia • PNB Knowledge Forum 2024 – Closed Door Dialogue • Be Less Stressed: Socialise Better

Board Evaluation and Declarations

The Board conducts an annual Board Effectiveness Evaluation ("BEE") with the objective of assessing the performance and effectiveness of the Board as a whole, Board Committees, and individual Directors. This is important to enable the Board to identify areas for professional development and process improvements. The results of this exercise form part of the basis for the re-appointment of Directors.

The BEE is a self and peer assessment based on a set of questionnaire. The exercise is conducted internally and facilitated by the Corporate Secretarial Department ("CSD"). The results are presented to and discussed by the NRC and the Board, allowing them to identify strengths, areas for improvement, and potential issues requiring attention. In addition, the Board also engages an external consultant to conduct 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 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.

STATEMENT ON CORPORATE GOVERNANCE

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 2024 is set out on page 171 of this Annual Report.

PART 7: COMPANY SECRETARY

The Board is supported by an experienced and qualified Company Secretary, assisted by the CSD to ensure its effective functioning. This includes providing guidance on corporate governance matters and facilitating communication between the Board and Senior Management. The Company Secretary is bound to maintain the confidentiality of the Bank's affairs.

DISCLOSURE ON SHARIAH GOVERNANCE

EXIM Bank offers Shariah compliant products and services, including 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) from time to time.

EXIM Bank's Shariah compliance businesses are being well guided by robust Shariah governance infrastructure, policies and procedures aligned with BNM's Shariah Governance Policy Document (SGPD). The Bank 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. The framework manages Shariah Non-Compliance (SNC) risk through various functions like Shariah risk management, Shariah review, and Shariah audit.

SHARIAH COMMITTEE

Shariah Committee is responsible for providing objective and sound advice to EXIM Bank, ensuring that its aims and operations, business, affairs, and activities comply with Shariah requirements. While the Board holds ultimate responsibility for Shariah governance and compliance, it relies on the Shariah Committee's expertise and guidance in all matters related to Islamic finance, reinforcing the Bank's commitment to Shariah integrity and governance excellence.

Duties & Responsibilities

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

1. Providing decision or advice to the Bank on the application of any Shariah Advisory Council ("SAC") of BNM rulings or standards on applicable Shariah matters for the operations, business, affairs and activities of EXIM Bank.
2. Providing a decision or advice on the operations, business, affairs and activities of the Bank which may trigger a SNC event and to be accountable for the quality, accuracy and soundness of its own decision or advice.
3. Deliberating SNC finding 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. In the event where the Shariah Committee recommends additional restrictions in applying SAC rulings, EXIM Bank will:
 - i. Document the Shariah Committee's decision-making process and rationale;
 - ii. Seek the Board's perspective on the Shariah Committee's decision regarding SAC rulings;
 - iii. Promptly inform BNM of any such decisions or advice.
6. Shariah Committee have rights to delegate some of its functions to any department in EXIM Bank in endorsing and validating products guidelines, marketing advertisement, sales illustrations and brochures for EXIM Bank's products and services, as well as delegating its power and authority to EXIM Bank's Shariah control functions in reviewing the level of Shariah compliance, particularly with regards to the actual implementation and operation of EXIM Bank's Islamic financial contracts.

When delegating Shariah Committee 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.

DISCLOSURE ON SHARIAH GOVERNANCE

7. Exercising objectivity in coming up with his judgment and be free from associations or circumstances that may impair the exercise of his professional objectivity. In fulfilling his responsibility, a Shariah Committee member must ensure that his judgment in arriving at a Shariah decision or advice is not affected by his other professional commitments.
8. Endorsing relevant EXIM Bank's policies and procedures to ensure that the contents do not contain any elements which are not in line with Shariah.
9. Ensuring the Islamic finance products of EXIM Bank comply with Shariah principles in all aspects, the Shariah Committee must endorse the following
 - i. The terms and conditions contained in the proposal form, contract, agreement or other legal documentation used in executing the transactions; and
 - ii. The product manual, marketing advertisements, sales illustrations and brochures used to describe the product.
10. Assessing relevant Shariah related reports carried out by Shariah review, Shariah risk management and Shariah audit functions in order to ensure compliance with Shariah matters in its Islamic business operations.
11. 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 so as to ensure compliance with the Shariah principles.
12. 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.
13. The Shariah Committee will represent EXIM Bank to attend any meetings with the SAC or other relevant bodies pertaining to any Shariah issues relating to EXIM Bank's Islamic business and operation as and when necessary.
14. The Shariah Committee may recommend and assess the nominees for Shariah Committee members. This includes assessing Shariah Committee members proposed for reappointment, before submission to Nomination and Remuneration Committee (NRC), the Board and subsequently, for final approval by BNM.

Training Requirements for Shariah Committee

The newly appointed Shariah Committee members have attended an in-house induction session arranged by Shariah & Social Finance Department of EXIM Bank. This session provides the new members with a comprehensive understanding of the Bank's business, operations and internal Shariah governance functions.

To stay updated on developments in Islamic financial business, Shariah Committee members have attended selected local programs and seminars. Additionally, they are encouraged to participate in courses, talks, training programs, and industry seminars to enhance their knowledge and skills in line with the evolving Islamic finance landscape.

Composition & Background

As of 2024, the Shariah Committee of EXIM Bank consists of six (6) members. A majority (four members) are Shariah-qualified scholars, while the remaining two 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 2024, the Shariah Committee convened sixteen (16) meetings, including seven (7) special sessions. The attendance record of the Shariah Committee members for these meetings is as follows:

No.	Name of Shariah Committee Members	No. of Meetings Attended*
1.	Dr Ghazali Jaapar	16/16
2.	Dr Safinar Salleh	16/16
3.	Dr Muhammad Syahmi Mohd Karim	16/16
4.	Prof. Dr Muhammad Ridhwan Ab. Aziz	16/16
5.	Dr Ahmad Zakirullah Mohamed Shaarani	16/16
6.	Ust. Mohd Bahroddin Badri	16/16

* Reflects the number of meetings attended during the time the members held office.

SECRETARIAT TO THE SHARIAH COMMITTEE

Shariah & Social Finance Department (SSFD) takes the roles as the secretariat to the Shariah Committee and has the responsibility of providing operational support for effective functioning of the Shariah Committee, which includes:

- 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 BNM 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.

INTERNAL SHARIAH CONTROL FUNCTIONS

In ensuring effective management of Shariah non-compliance risk within EXIM Bank, the following functions has performed its roles on an ongoing basis:

- Shariah risk management;
- Shariah review; and
- Shariah audit.

Shariah Risk Management

Shariah risk management function is part of the Bank's enterprise-wide risk management framework in line with the principles outlined in the BNM's Policy Document on Shariah Governance. The function is resided under Shariah, Operational, and Climate Risk Department, Risk Management Division.

DISCLOSURE ON SHARIAH GOVERNANCE

The main function of Shariah risk management as follows:

- To identify, measure, monitor, control and report the Shariah non-compliance risks exposures associated with the operations, business, affairs, and activities of the Bank.
- Responsible for the development, maintenance and enhancement of the Shariah Risk Management governance, policies and procedures and its implementation, including reporting of the Shariah non-compliance risk exposures to the Management, Risk and Compliance Committee (MRCC), Shariah Committee (SC), Board Risk Committee (BRC), and the Board.
- Ensure that any incident of Shariah non-compliance is reported to BNM as requirement outlined in BNM Policy Document on Operational Risk Reporting (ORR).

The management of Shariah risk is targeted at preventing and managing loss events and potential Shariah Non-Compliance ("SNC") risk by leveraging and using operational risk management tools namely; Risk and Control Self-Assessment ("RCSA"), Key Risk Indicator ("KRI"), Loss Event Data ("LED"), Key Control Testing ("KCT"), Scenario Analysis ("SA") and Stress Test ("ST").

The tools are facilitated by the automation system known as EXIM Governance, Risk & Compliance (GRC) System. The EXIM GRC System is a web-based application that is used as a tool in risk identification and assessment. Its key objective is to improve monitoring and reporting of risk activities in all departments through the Risk & Control Self-Assessment ("RCSA") and Key Risk Indicator ("KRI").

Shariah Review

Dedicated Shariah review of EXIM Bank is established under the purview of Compliance Department which undertake the roles of conducting regular review to ensure EXIM Bank's businesses, operations, affairs, and activities of Islamic Banking and Takaful are conducted in compliance with Shariah requirements as per the BNM's SAC and the Bank's Shariah Committee's resolution.

Shariah review functions mainly include:

- Evaluating EXIM Bank's level of compliance to the Shariah.
- Propose remedial rectification measures to resolve Shariah non-compliance issue.
- Put control mechanism to avoid recurrences.

Shariah review is guided by its Shariah Review Plan in performing regular review exercise to provide assurance to the Senior Management, Shariah Committee, and the Board on the state of Shariah compliance in EXIM Bank.

Shariah Review Plan is developed mainly by the risk-based approach in evaluating the adequacy and effectiveness of the policies and procedures emplaced in managing Shariah non-compliant and approved by relevant committees including Shariah Committee. Subsequently, the outcome of Shariah review activities shall be reported periodically to the relevant internal committees including the Shariah Committee.

Shariah Audit

Shariah Audit of EXIM Bank resides under the Audit & Assurance Department (AAD) and it is classified as a regulatory audit with the execution guided by an annual audit plan and audit programme prepared by AAD.

Reporting independently to the Board Audit Committee (BAC) with accountability to the Shariah Committee within the Bank's governance framework and BNM's SGPD, the function of Shariah Audit includes:

- Providing independent assessment on the quality and effectiveness of EXIM Bank's internal control, risk management systems, governance processes as well as overall compliance of the Bank's operations, business, affairs, and activities with Shariah requirements.
- Providing independent assurance on the effectiveness of internal control systems and related policies and procedures implemented by EXIM Bank to govern the conduct of its Islamic business operations and activities.

The methodology and scope of Shariah Audit are established by AAD in line with areas stipulated by BNM's SGPD as well as accepted 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 manage various type 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:

- Establishment and review of the risk appetite approved by the Board.
- Formulation of risk limits covering all relevant and material risks.
- Establishment of effective risk identification, assessment, monitoring, mitigation and reporting processes.
- Development of risk methodology and models supported by a robust model validation process.

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	- The Bank shall clearly define the roles and responsibilities of parties involved in the entire risk management processes. - 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. - 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.

STATEMENT OF RISK MANAGEMENT

Principle	Details
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	- The Bank is responsible for ensuring that the monitoring and reporting systems are properly implemented. - 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.

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:

- The Board and Senior Management have clear role and responsibilities in managing the Bank's risks.
- Roles and responsibilities of various committees and Senior Management that support the Bank's risk management initiatives are clearly defined.
- 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.
- 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:

Board of Directors (Board)	Shariah Committee (SC)
The ultimate governing body, responsible for overall risk oversight and setting the appropriate governance structure and risk appetite.	Responsible for providing objective and sound advise to the Bank to ensure that its aims, operations, business and affairs and activities are compliance with Shariah.

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

Management Committees	
Management Risk and Compliance Committee (MRCC)	a. Responsible for monitoring and reviewing the management of key and emerging risks of the Bank. 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. b. The MRCC, if deemed appropriate, may recommend to the BRC for review and approval at the Board.
Management Credit Committee (MCC)	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.
Assets and Liabilities Committee (ALCO)	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.
Information Technology Steering Committee (ITSC)	a. 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. b. 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.

In addition, the Board Audit Committee (BAC) and Audit and Compliance Issues Resolution Committee (ACIRC) play a very important and pivotal role in the overall internal control governance of the Bank. Details of the Roles and Responsibilities of these Committees are provided in the Statement of Internal Control.

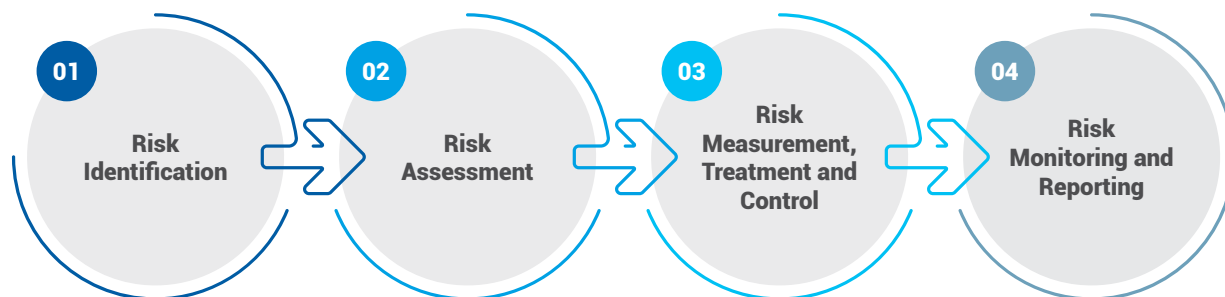
The Three Lines of Defense model adopted by the Bank is as follows:

Line of Defense	
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	a. Second line of defense shall remain well-defined, effective and independent from business and operational decisions. b. Compliance Department (CD) and the Risk Management Division (RMD) as part of the second line of defense 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 defense is established.
Third Line	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 defense 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.

STATEMENT OF RISK MANAGEMENT

RISK MANAGEMENT PROCESSES

The following is a summary of the Risk Management Processes:



Risk Management Processes	
Risk Identification	- 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. - 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	- Regular assessment on the effectiveness of the Bank's management of risk. - 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. - 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	- Establishment of proper controls and limits. - Proper coordination and communication for effective risk management between the business and functional lines. - Evaluation for the effectiveness of the risk mitigation plan or strategy provided. - Constructively challenge the assessments produced by the business lines. - 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	- Identify and specify the internal and external requirements of monitoring and reporting. - 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. - The risk reporting systems shall be accurate, dynamic and comprehensive.

RISK AND COMPLIANCE CULTURE

The Bank aims to strengthen the Designated Compliance and Operational Risk Officer (DCORO) programme to promote 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 Acting Chief Risk Officer (Acting 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 Integrated Online Network (ORION) Reporting Procedures and Procedures on Managing Shariah Non-Compliance (SNC) Risk.

COMPLIANCE RISK MANAGEMENT

The compliance function uses both the qualitative or quantitative indicators to identify and assess the adequacy of internal controls in managing compliance risk.

The compliance function reports to the Board oversight on the assessment and analysis of compliance risk highlighting key changes in the compliance risk profile that require further attention. Additionally, the compliance function reports any identified deficiencies and provides action plans to address them within stipulated a timeframe.

The compliance function also serves as an advisory resource to the Board and the Bank's staff providing updates on the developments affecting legal and regulatory requirements and accessing their implications on the Bank's compliance risk profile and capacity to manage compliance risk in the future.

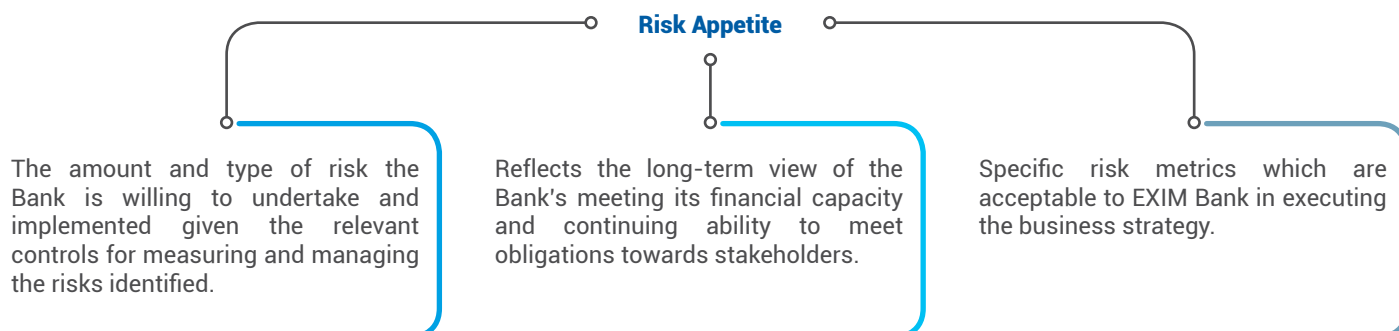
TECHNOLOGY RISK MANAGEMENT

The technology risk management function is responsible for the establishment of board-approved Framework on Technology Risk Management and Framework on Cyber Resilience as well as the specific policies and procedures that are consistent with the regulatory requirements.

These specific policies and procedures include the Bank's technology processes and services as well as proper cyber-resilience capabilities with continuous validation of controls and as the overseeing party of the information technology and cyber risks.

The technology risk management function also provides independent advice on critical technology projects and ensuring critical issues that may have an impact on the Bank's risk appetite are adequately deliberated or escalated in a timely manner.

RISK APPETITE



STATEMENT OF RISK MANAGEMENT

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 Risk Appetite Policy (the Policy) addresses the following:

- Overall approach including policies, processes, controls, and systems through which the risk appetite is established, communicated, monitored and reported.
- The governance in overseeing the implementation, monitoring and reporting of the risk appetite in EXIM Bank.
- Address the Risk Appetite Statement (RAS) and risk appetite metrics coverage.
- 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:

Primary Enterprise Risk Category	Dimension
1. Asset Liability, Liquidity and Market Risk	- Capital/ALM/Liquidity Risk - Earning/Profitability - Deposit Taking Activities
2. Credit risk	- Asset Quality - Concentration Risk - Takaful/Insurance Business
3. Shariah & Operational risk	Operational Loss and Lapses
4. Compliance risk	- Regulatory & Compliance - Anti-Bribery and Corruption
5. Information and cyber security risk	Information and Cyber Security (ICS) Risk
6. Climate-Related Risk	Climate-Related Risk Portfolio
7. Islamic Financing	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 such as 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.

KEY FRAMEWORKS AND APPROVED POLICIES

Respective primary enterprise risks in the Bank are managed by the following key frameworks and approved policies:

Key Frameworks	• Risk Management Framework • Framework for Technology Risk Management • Framework on Cyber Resilience	
Key Policies	• Approving Authorities and Authority Limits • Policy on Risk Appetite • Credit Risk Policy • Policy on Expected Credit Loss • Policy on Operational Risk • Policy on Shariah Risk Management	• Policy on Asset Liability Management and Market Risk • Policy on Liquidity Risk Management • Policy on Risk Retention • Policy on Product Management • Policy on Fraud Management • Policy on Climate Risk Management

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 2024, 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.

STATEMENT OF RISK MANAGEMENT

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 as a result of its failure to comply with legal and regulatory requirements 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	Mitigations
1.	Credit Risk	- Perform independent credit evaluation as well as periodic review of the Portfolio Risk Rating (PRR), Target Market and Risk Acceptance Criteria (TMRAC), product programs, 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	- Ascertain the soundness of Shariah governance framework through four 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.
3.	Operational Risk	- 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.

No.	Primary Enterprise Risk	Mitigations
4.	Market Risk	• 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	• 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	• 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	• Support the Bank's strategy by establishing clear roles and responsibilities to help embed good compliance and risk management practices throughout the business to align business outcome with the risk appetite. • Integrating a Compliance Risk Management Program (CRMP) into the daily management of business and strategic planning. The CRMP helps to protect the Bank's reputation, lower the cost of capital, reduce costs and helps the Bank to minimise the risk of investigation, prosecution, and penalties. • Maintain robust and comprehensive compliance framework, policies and procedures. • Embedded compliance function through the establishment of the Designated Compliance and Operational Risk Officer (DCORO) functions in every division for active monitoring of compliance and reporting matters. • Compliance issues are promptly highlighted and presented for deliberation at the Management and Board Committees.
8.	Climate-related risks	• 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.

STATEMENT OF RISK MANAGEMENT

MILESTONE AND ACHIEVEMENTS IN 2024

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

In 2024, the RMD achieved the following major milestones and implemented the following initiatives:

1. Review of Approving Authorities and Authority Limits

The Approving Authorities and Authority Limits (AA) is a compilation of authorised approving authorities, signatories and their respective limits approving financial and non-financial transactions as well as expenditures or activities within the Bank.

The review considers the latest organisational structure of the Bank which prioritises operational efficiency of the Bank's AA and activities, as well as the associated risk factors and control measures including the recommending party and approval authority. Additionally, the review addresses best governance practices to ensure compliance with regulatory requirements.

2. Review of Framework on Risk Management

The Framework on Risk Management (the Framework) is an overarching risk management document for the Bank based on its mandated role as a government-owned Development Financial Institution (DFI) 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.

The Framework addressed the requirements of BNM's Climate Risk Management and Scenario Analysis (CRMSA) and governance of the climate risk stress test for year 2024.

3. Review of Framework for Technology Risk Management

The Framework for Technology Risk Management (Framework) is an ongoing iterative process of identifying risk associated with the use, ownership, operation and adoption of technology within EXIM Bank, weighing its impact on the business and addressing the risk to bring it to an acceptable level.

The Framework set the underlying approach of managing technology risk within the scope of EXIM Bank's infrastructure and technology environment. The Framework forms part of EXIM Bank overall risk management, internal control and governance arrangements.

4. Review of Framework for Cyber Resilience

Cyber resilience is key to data and application availability. It is also a key component of the digital transformation journey. With proper cyber-resilience capabilities, EXIM Bank will reduce cyber threats and technology risk with continuous validation of controls.

The cyber resilience practice is also more than mere malware detection and response, data backup, or Disaster Recovery (DR) capabilities. It extends to the capabilities to prepare for and adapt to changing cyber threat conditions, so EXIM Bank can withstand and recover rapidly from disruptions. Achieving cyber resilience depends on the ongoing cycle of interconnected set of policy and guidelines which span the comprehensive approach required to address the breadth of cyberthreats on both onpremises and cloud infrastructures.

The document set the high-level guidelines comprising of necessary components in cyber security principles to support EXIM Bank in improving the security posture, adapt and recover from cyber-attacks and comply with regulatory requirements in respect of cybersecurity and cyber resilience.

5. New Policy on Cloud Risk Management

Cloud computing is a service and delivery model that enables on-demand network access to a shared pool of computing resources i.e., servers, storage, and services. Over the recent years leading up to the COVID-19 pandemic, more and more entities including financial institutions are moving their traditional on-premises resources to the cloud for better availability and streamlining of resources.

This document provides guidelines for the assessment of common key risks and considerations of control measures when adopt cloud services to strengthen Banks' cloud risk management capabilities.

6. Review of the Bank's credit risk related documentations

The Credit Risk Policy (the Policy) provides overarching principles of credit risk management for the Bank's conventional and Islamic financing.

The Credit Processes and Procedures (the Procedures) cover the Islamic banking and conventional banking businesses to complement the Credit Risk Policy governing financing/ lending and explains the detailed workings of the credit policies and contains prudential procedures to inculcate a risk-aware credit culture.

The Bank has reviewed and enhanced its credit risk policy and procedures for effective implementation across the organisation and incorporated the climate-related risk elements.

7. Review of Takaful/Insurance related policies

The Policy on Credit Takaful/Insurance (the Policy) serve as a system of principles and rules in the implementation of the operations in Takaful/Insurance function in the Bank. The Policy are based on best practice in line with the Takaful/Insurance principles that are practical, effective and consistent with the Bank's role as a developmental financial institution.

The Risk Retention Policy address the primary considerations in setting retention include protection of the Bank's capital, stabilisation of income and availability sufficient fund to meet large claims.

The Bank has also reviewed the risk appetite of risk retention for year 2024 for risk monitoring and reporting.

8. Review of Policy on Asset Liability Management and Market Risk

In response to the growing importance of environmental sustainability and regulatory requirements, EXIM Bank is committed to integrating climate-related risk considerations into its market risk management framework.

This outlines the essential components of the Bank's approach to managing Climate-Related Risk effectively.

The Climate-Related Risk includes potential financial losses from climate change. These risks are divided into Physical Risks, like damage from extreme weather, and Transition Risks, such as financial impacts from regulatory changes and shifts toward a low-carbon economy.

9. New Policy on Trade Surveillance

The Policy on Trade Surveillance (Policy) has been developed in accordance with the BNM Code of Conduct for Malaysia Wholesale Financial Markets and Guidance Document for Wholesale Market Conduct Practices.

The Policy sets a comprehensive framework for monitoring and detecting potential market abuse, insider trading, and other forms of misconduct related to trading activities.

The Policy also address the risk identification and surveillance, internal controls and culture as well as the roles and responsibility.

STATEMENT OF RISK MANAGEMENT

10. Policy on Operational Risk

The Policy on Operational Risk addressed the requirements of BNM's Climate Risk Management and Scenario Analysis (CRMSA) which specified that the impact of climate-related risk events on internal operations must be assessed, including material outsourcing activities and ability to quickly recover capacity to continue providing critical services at an optimum level.

The outcome of the assessment, if significant to the critical business functions, must be reflected in the business continuity plan (BCP) accordingly.

11. Policy on Climate Risk Management

Climate change has the potential to negatively affect EXIM Bank, which could in turn impact the stability of the overall financial system. This could have broader implications for sustainability of the domestic economic growth.

This Policy on Climate Risk Management (Policy) includes guiding principles for identifying, assessing, monitoring, mitigating, and reporting of risks associated with climate change and to reflect the BNM's Policy document requirements on Climate Risk Management and Scenario Analysis (CRMSA).

This Policy is to ensure the Bank is equipped to effectively manage and adapt to the potential risks and impacts of climate change, ensuring resilience and promoting sustainable practices in business and operations.

12. Policy on Risk Appetite Policy

The Risk Appetite Policy (The Policy) governs the Bank's approach to establishing, communicating and monitoring risk appetite through policies, controls and mechanisms. The Policy also outlines the governance structure for overseeing the implementation and monitoring of the Bank's risk appetite.

The Bank's risk appetite addresses major types of risk taking into account both the willingness and capacity to take on risk while considering the long-term financial capacity and ability to meeting obligations to stakeholders.

13. Review of Risk Appetite Metrics

To comprehensively manage the Bank's operating dimensions and the primary enterprise risk categories identified in the Framework on Risk Management, the Bank is further streamlining its risk appetite metrics in accordance with the Bank's Corporate Strategic Plan year 2024.

This will allow for more focused and granular monitoring and reporting of the risk appetite metrics.

14. Policy on Product Management Version 4 (2024)

This Policy on Product Management (The Policy) sets out the governance of product management in the Bank, within the scope of the mandated roles in providing credit facilities to finance and support exports and imports of goods, services, and overseas projects with emphasis on non-traditional markets, in addition to providing export credit insurance services, export financing insurance, overseas investments insurance and guarantee facilities.

This Policy further sets out the overall product management and requirements including the responsible parties, the product management approval and control of risk associated with the development, offering and marketing of new product as well as product variation in the Bank.

15. Stress Test Methodologies, Analysis and Documentations

The Bank conducted comprehensive stress test covering all the material risks i.e credit risk, market risk, interest rate risk, operational risk and Shariah non-compliance (SNC) risk periodically as well as the reverse stress testing in accordance with the requirements outlined in the BNM's Policy Document on Stress Testing.

The stress test conducted covered a broad range of scenarios capturing foreseeable changes in the Bank's portfolio composition, new information, developments in operating conditions and emerging risks which may not necessarily be covered by historical events.

The Bank has updated the Procedures on Stress Testing (Procedures) and incorporated the stress scenario/parameters and run-off scenario which can be caused by concerns about the bank's stability, negative news, or broader economic issues.

16. Role of Risk Management in the Bank's Sustainability Implementation Roadmap

For smooth implementation of the Bank's Sustainability Implementation Roadmap and in consultation with Messrs. KPMG as the Bank's appointed consultant, RMD has established the Climate Risk Working Group (CRWG).

The CRWG ensure timely review of RMD's related risk documents in relation to BNM's Policy document on Climate Risk Management and Scenario Analysis, Climate Change and Principle-based Taxonomy (CCPT) and Climate Risk Stress Test (CRST) Methodology Paper.

This also include review of risk appetite on climate-related risk portfolio.

Under the Roadmap, CRWG is responsible for the Bank's CCPT data compilation, streamline of internal processes as well as awareness sessions.

The CRWG also responsible in coordinating the challenge session with internal independent reviewers and CCPT reporting to BNM.

For climate risk stress test, the Bank is to address the BNM's CRST Methodology Paper requirements which specify further details on the applicability of the stress test exercise, the portfolio scope and granularity and the completion timeline.

STATEMENT OF RISK MANAGEMENT

RISK MANAGEMENT KEY PRIORITIES FOR 2025

Key risk management priorities:

Areas	Details
a. Review of Risk Appetite Metric	Conduct review based on latest Bank's position and alignment with Corporate Strategic Plan (CSP) 2025. The metric shall be read together with the Risk Appetite Policy document which defines the overall governance, types and aggregate tolerance levels of risk that the Bank is willing to accept in pursuit of its business objectives arising from the banking and insurance/takaful activities. This includes communication to the stakeholders, monitoring and reporting requirements.
b. Climate Related Risk	Continuous review of RMD related risk documents and processes in relation to BNM's Policy document on Climate Risk Management and Scenario Analysis (CRMSA), Climate Change and Principle-based Taxonomy (CCPT) and Climate Risk Stress Test (CRST).
c. Comprehensive stress test assessment	As the comprehensive stress testing is a continuous process and assessment, RMD will strive for continuous improvement on the stress test exercise moving forward by exploring potential areas for enhancements as well as establishing linkage between stress test to other risk tools and measurements such as ICT and risk appetite metrics. Further to the above, the Bank also to conduct industry-wide operational risk scenario analysis. This include developing exceptional but plausible and worst-case scenarios for assessment to derive financial and non-financial impact estimate given a crisis theme.
d. Implementation of the Internal Capital Adequacy Assessment Process (ICAAP)	On-going process for effective integration of capital management with business plan and stress test.
e. New Credit Risk Rating Solution	To embark on new Credit Risk Rating Solution to replace the current Credit Risk Management System (CRMS) which expires in March 2025.

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 an 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 stakeholder's investments, customer's interests, and EXIM Bank's assets. Reviews are continuously carried out by the Bank to ensure the system 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 therefore, 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 which have been established by the Board and that the BAC execute to ensure the integrity of the systems of the internal controls are as follows:

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

STATEMENT ON INTERNAL CONTROL

- 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 biannual basis to Bahagian Pengurusan Integriti Agensi of the Malaysian Anti-Corruption Commission.

In 2024, the BAC held six scheduled meetings and seven Special BAC meetings to discuss and deliberate on agenda items that include AAD's Annual Audit Plan and Internal Audit Reports, BNM Composite Risk Rating Report, External Auditors' Statutory Audit Plan and their Report, and financial statements of the Bank.

In addition, the Board Audit Committee (BAC) continued its oversight of the Audit & Compliance Issues Resolution Committee (ACIRC) chaired by the President and Chief Executive Officer (PCEO) to expedite the resolution of audit as well as compliance-related issues. Since establishment in 2023, ACIRC has continued to be a platform that facilitates the effective and prompt implementation of management actions. In 2024, eight ACIRC meetings were held involving five scheduled and three special meetings.

Furthermore, BAC reiterated to Senior Management on the importance and continuous need to strengthen the consequence management framework in reinforcing compliance culture as well as instilling discipline among personnel across the Bank.

AUDIT & ASSURANCE DEPARTMENT (AAD)

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

AAD independently reviews the adequacy and integrity of the system of internal control in managing key risk and reports accordingly to the Board Audit Committee (BAC) on every two months basis, or more often, as and when required. Where weaknesses have been identified as a result of reviews performed, improvement measures are recommended to strengthen controls and follow-up on these measures is conducted by AAD to assess the status of implementation thereof by Management. In addition, the BAC also meets with the CIA without the presence of Senior Management at least once a year.

In 2024, AAD continued to perform its integral coordinating role as secretariat to the Audit & Compliance Issues Resolution Committee (ACIRC). In this capacity, AAD organized ACIRC meetings and materials, periodically reported the status of management actions taken as well as prepared minutes of meeting. This role ensured that ACIRC operated efficiently and remained focused on expediting the resolution of issues in strengthening the level of governance, risk management and internal controls.

RELATIONSHIP WITH EXTERNAL AUDITOR

The BAC has established a collaborative and professional relationship with the external auditor. In 2024, The BAC met once with the external auditor without the presence of the Management of EXIM Bank.

In 2024, BAC assessed the effectiveness of Ernst & Young (EY) as the Bank's external auditor by utilising a questionnaire that focuses on the overall audit process, its effectiveness, and the quality of the output. Arising from this evaluation, the BAC had therefore recommended to the Board that EY be reappointed as auditor.

ANALYTICS
to Date

FINANCIAL STATEMENT

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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 2024.

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
Profit for the year	113,495	113,495

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)	(Appointed on 4 January 2024)
Raymond Fam Chye Soon	
Dr Mastura Binti Abdul Karim	
Datuk Bahria binti Mohd Tamil	
Abdul Aziz Abu Bakar	(Appointed on 20 May 2024)
Lee Eng Huat	(Appointed on 1 July 2024)
Dato' Wong Lee Yun	(Tenure ended on 15 July 2024)
Hasli Hashim	(Tenure ended on 1 December 2024)

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

Norlela binti Sulaiman

Chin Yin Jack

(Appointed on 21 November 2024)

(Resigned on 2 April 2024)

(Resigned on 21 November 2024)

EXIM Sukuk Malaysia Berhad

Norhayati binti Azit

Aqeel Bin Mokhtar

Muhamad Firdaus Bin Mokhtar

Rupavathy A/P Govindasamy

Ng Jui Shan

(Appointed on 7 January 2025)

(Appointed on 20 March 2025)

(Resigned on 7 January 2025)

(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	1,615
Other emoluments	36
	1,651

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 RM15 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 RM124,000.

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.

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES

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

OTHER STATUTORY INFORMATION

- (a) Before the statements of financial position, statements of profit and 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.
- (g) Before the statements of financial position, statements of profit and 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.

DIRECTORS' REPORT

SIGNIFICANT AND SUBSEQUENT EVENTS

- (a) 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	14 January 2025	Long-term Foreign Currency Issuer Default Rating: BBB+ Support Rating Floor: BBB+ Senior Unsecured Notes: BBB+ Outlook: Stable
Moody's Investors Service	28 February 2025	Long-term Foreign Currency Issuer: A3 Senior Unsecured Rating: A3 Long-term Ratings (Exim Sukuk Malaysia Berhad): A3 Outlook: Stable
RAM Ratings	21 November 2024	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

There have been no significant adjusting events subsequent to the financial year ended 31 December 2024.

AUDITORS AND AUDITORS' REMUNERATION

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

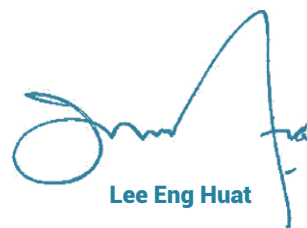
Auditors' remuneration are as follows:

	Group RM'000	Bank RM'000
Ernst & Young	586	586

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



Dato' Charon Wardini Mokhzani
27 March 2025



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 Blessing be upon the Prophet of Allah, on his Family and all his Companions.



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

In carrying out the roles and responsibilities as EXIM Bank's Shariah Committee as prescribed in the Bank's Shariah Committee Charter and Bank Negara Malaysia ("BNM") Shariah Governance Policy Document ("Shariah Governance"), we hereby submit the following report in respect of Shariah compliant business activities of EXIM Bank for the financial year ended 31 December 2024.

BOARD OF DIRECTOR'S 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 aims and operations, business affairs and activities in relation to its Islamic banking and 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 aims and operations, 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 BNM's Shariah Governance. Shariah & Social Finance Department ("SSFD") 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 BNM's Shariah Governance. Meanwhile, in ensuring adequate Shariah compliance control, the functions are taken out by Shariah, Operational & Climate Risk Department, Shariah Review and Shariah Audit that resides in the Risk Management Division, Compliance Department, and Audit & Assurance Department, respectively, where they have the functions to continuously assess and manage Shariah non-compliance ("SNC") risks, conduct Shariah review and Shariah audit 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 sixteen (16) meetings held by the Shariah Committee of the Bank in which we reviewed and deliberated on, among others; the Bank's Islamic banking and takaful products, operational processes, guidelines and manuals relating to Shariah compliant transactions 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 business operations 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.

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; coordinating communications and disseminating information among the Shariah Committee, the Board of Directors ("Board") and its committees as well as senior management; performing in-depth research and studies on Shariah issues; 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; ensuring proper dissemination of decisions or advice of the Shariah Committee within the Bank and 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 operations, business, affairs and activities of the Bank.

The management of SNC risk is executed through the three (3) lines of defence. The three (3) lines of defence are: First - the business units and functional lines; Second - Shariah Risk and Shariah Review; Third - Shariah Audit.

During financial year 2024, the Bank had continuously enhanced the implementation of robust control measures in managing its SNC risk in line with the risk appetite strategy and metrics as approved by the Board. For effective SRM function, the Governance, Risk, and Compliance ("GRC") System is used to facilitate the Shariah risk profiling exercise, which includes the Risk and Control Self-Assessment ("RCSA"), Key Risk Indicator ("KRI"), Key Control Testing ("KCT"), and Loss Event Database ("LED").

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 operations, business, affairs, and activities with Shariah.

During the year, Shariah Committee has assessed the work carried out by Shariah reviewer and provide insights from Shariah perspective to the Shariah auditor. Their reports were deliberated in the Shariah Committee meeting, where the findings become 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 Bank Negara Malaysia as well as Shariah decisions and resolutions made by the Shariah Committee.

SHARIAH COMMITTEE'S REPORT

ISLAMIC FIRST POLICY

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

a. Prioritising Islamic Finance

Islamic financial solutions are prioritized over conventional products, except in justified circumstances where Shariah-compliant alternatives are unavailable or unsuitable.

b. Ensuring Shariah Compliance

All Islamic financing 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 recent identification of a SNC event 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 operations, promoting continuous awareness, adherence, and integrity in Islamic finance.

Through these key principles, the Shariah Committee recognises the significant outcomes driven by the implementation of the Islamic First Policy. It has contributed to the growth of Islamic assets, expanded the Bank's Islamic financing portfolio, and reinforced Shariah compliance across all facets of banking operations.

SHARIAH TRAINING AND AWARENESS

In line with the IFP agenda, in 2024, the Bank emphasized the criticality of enhancing the level of awareness and knowledge of the Bank's staff. The Bank had embarked on more focus and structured training of which three levels of Shariah and Islamic Finance training were conducted internally, in line with BNM's Shariah Governance framework. The training sessions provided included:

No.	Programme Title	Participants
1	Basic: Shariah and Islamic Finance (SAIF)	167
2	Intermediate: Islamic Finance Essentials (IFE)	170
3	Advance: Certification Islamic Finance Program (CIFP)	23

DISCLOSURE ON SHARIAH NON-COMPLIANT EVENT

Throughout 2024, we had confirmed the following two (2) incidents of Actual SNC event to the Bank:

Nature of Events	Measures Undertaken
Collection of profit prior to execution of Tawarruq transaction. Nonetheless, the Shariah Committee of the view that the incident did not have any financial implication to the Bank in view that the upfront collected profit was off-set by the later Tawarruq.	The Bank has taken measures to strengthen - the relevant policies and procedures
Accidental Investment of Islamic Cash Collateral in Conventional Money Market Instrument. As a result, the Shariah Committee had decided that the Shariah Non-Compliance income shall be de-recognized from the income and channelled to charitable cause.	A sum of AUD54,295.06 (RM153,020.00) interest income has been de-recognized by channelling for charitable cause. The Bank has taken measures to enhance the Standard Operating Procedures

SHARIAH COMMITTEE'S REPORT

DISCLOSURE ON SHARIAH NON-COMPLIANT EVENT (cont'd)

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 Bank Negara Malaysia.

Based on the zakat computation of Working Capital Method and Growing Capital Method, the Bank was not in the position to pay zakat for financial year ended 31 December 2024.

SHARIAH OPINION

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

- i. SSFD and other Shariah Control Functions have been effectively discharging their role for ensuring the requirement of Shariah compliant has been fulfilled within the institution.
- ii. The Islamic financial business operations of EXIM Bank for the financial year ended 31 December 2024 have been conducted in conformity with the Shariah rules and principles.
- iii. The contracts, transactions and dealings entered by the Bank in relation to its Islamic financial business during the financial year ended 31 December 2024 that were reviewed by Shariah Committee, were in compliance with Shariah.
- iv. The computation of zakat was in compliance with Shariah.

We pray to Allah the Almighty to grant us all the success and straight-forwardness and Allah knows best.

Signed on behalf of the Committee in accordance with a resolution of the Shariah Committee dated 27 March 2025.



Dr Ghazali Jaapar
Chairman

Kuala Lumpur, Malaysia



Dr Safinar Salleh
Member

STATEMENT BY DIRECTORS

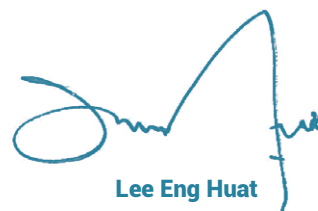
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

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 111 to 244 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 2024 and of their financial performance and cash flows for the financial year then ended.

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



Dato' Charon Wardini Mokhzani
27 March 2025



Lee Eng Huat

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 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 111 to 244 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 Nurbayu binti Kasim Chang
at Kuala Lumpur in the Federal Territory
27 March 2025



Dato' Charon Wardini Mokhzani

Before me,



No. 30, Tingkat Bawah, Blok B, 13
Flat PKNS, Jalan Raja Muda Musa,
50300 Kg. Baru, Kuala Lumpur



Nurbayu binti Kasim Chang

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 2024 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 111 to 244.

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 2024, 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
<u>Expected credit losses ("ECL") of loans, advances and financing, and financial investments not carried at fair value through profit or loss</u> As at 31 December 2024, loans, advances and financing represent 59.15% and 52.44% of the total assets of the Group and of the Bank, respectively, and financial investments not carried at fair value represent approximately 15.47% and 15.29% of the total assets of the Group and of the Bank, respectively. As at 31 December 2024, ECL allowance amounting to approximately RM1.67 billion has been provided for the loans, advances and financing of the Group and of the Bank, respectively, and ECL allowance amounting to approximately RM0.38 billion has been provided for financial investments not carried at fair value of the Group and of the Bank respectively. 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"). Management also uses externally available industry and financial data, as appropriate, to supplement internally available credit experiences. Refer to the material accounting policy information, significant accounting estimates and judgement and the disclosures of loans, advances and financing and investments.	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. 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. 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. 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. We involved our credit modelling specialists in the performance of these procedures where their specific expertise was required. We also assessed whether the financial statements' disclosures appropriately reflect the Group's and the Bank's exposures to credit risk.

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 and the information included in the annual report, but does not include the financial statements of the Group and of the Bank and our auditors' report thereon.

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.

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.

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)

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: (cont'd)

- 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.

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
27 March 2025



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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		Group	
	Note	2024 RM'000	2023 RM'000
Assets			
Cash and bank balances	4	26,699	15,744
Deposits and placements with banks and other financial institutions	5	1,278,340	1,972,976
Financial investments at fair value through profit or loss ("FVTPL")	6	5,011	6,377
Financial investments at fair value through other comprehensive income ("FVOCI")	7	651,955	501,195
Financial investments at amortised cost	8	206,581	233,795
Loans, advances and financing	9	3,282,287	3,160,467
Reinsurance contract assets	10	3,936	9,872
Derivative financial instruments	11	-	63
Other assets	12	30,378	56,918
Deferred tax assets	13	-	-
Investment properties	15	760	778
Intangible assets	16	4,245	4,375
Property and equipment	17	57,813	61,225
Right-of-use assets	18	1,135	2,588
Total assets		5,549,140	6,026,373
Liabilities			
Borrowings	19	3,356,906	3,841,506
Deposit from a corporate customer	44(h)	10,005	-
Lease liabilities	20	1,161	2,686
Insurance contract/takaful certificates liabilities	10	25,718	36,837
Takaful participants fund	44(i)	6,632	4,151
Other payables and accruals	21	340,383	364,533
Provision for commitments and contingencies	22	17,843	44,412
Derivative financial instruments	11	110,854	143,274
Deferred tax liabilities	13	-	-
Deferred income	23	10,218	17,560
Total liabilities		3,879,720	4,454,959
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		(11,301)	(12,219)
Accumulated losses		(1,277,944)	(1,375,032)
Shareholders' equity		1,669,420	1,571,414
Total liabilities and shareholders' fund		5,549,140	6,026,373
Commitments and contingencies	39	945,901	1,178,368

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2024

		Bank	
	Note	2024 RM'000	2023 RM'000
Assets			
Cash and bank balances	4	26,699	15,744
Deposits and placements with banks and other financial institutions	5	1,278,340	1,972,976
Financial investments at fair value through profit or loss ("FVTPL")	6	5,011	6,377
Financial investments at fair value through other comprehensive income ("FVOCI")	7	651,955	501,195
Financial investments at amortised cost	8	206,581	233,795
Loans, advances and financing	9	3,282,287	3,160,467
Reinsurance contract assets	10	3,936	9,872
Derivative financial instruments	11	-	63
Other assets	12	30,378	56,918
Deferred tax assets	13	-	-
Investment in subsidiaries	14	64,129	64,129
Investment properties	15	760	778
Intangible assets	16	4,245	4,375
Property and equipment	17	57,813	61,225
Right-of-use assets	18	1,135	2,588
Total assets		5,613,269	6,090,502
Liabilities			
Borrowings	19	3,356,906	3,841,506
Deposit from a corporate customer	44(h)	10,005	-
Lease liabilities	20	1,161	2,686
Insurance contract/takaful certificates liabilities	10	25,718	36,837
Takaful participants fund	44(i)	6,632	4,151
Other payables and accruals	21	340,414	364,559
Provision for commitments and contingencies	22	17,843	44,412
Derivative financial instruments	11	110,854	143,274
Deferred tax liabilities	13	-	-
Deferred income	23	10,218	17,560
Amount due to subsidiaries	40(b)	64,103	64,108
Total liabilities		3,943,854	4,519,093
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		(11,301)	(12,219)
Accumulated losses		(1,277,949)	(1,375,037)
Shareholders' equity		1,669,415	1,571,409
Total liabilities and shareholders' fund		5,613,269	6,090,502
Commitments and contingencies	39	945,901	1,178,368

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

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

		Group		Bank	
	Note	2024 RM'000	2023 RM'000 Restated	2024 RM'000	2023 RM'000 Restated
Operating revenue	25	298,958	282,358	298,958	282,358
Interest income	26	205,216	210,316	205,216	210,316
Interest expense	27	(147,536)	(149,644)	(147,536)	(149,644)
Net interest income		57,680	60,672	57,680	60,672
Insurance/takaful service results	28	6,557	14,071	6,557	14,071
Income from Islamic business	44	72,407	46,016	72,407	46,016
Other income/(losses), net	29	30,149	(51,891)	30,149	(51,891)
Net income		166,793	68,868	166,793	68,868
Overhead expenses	30	(97,412)	(91,393)	(97,412)	(91,393)
Operating profit/(loss)		69,381	(22,525)	69,381	(22,525)
Writeback for expected credit losses ("ECL")					
on loans, advances and financing	33	65,923	66,730	65,923	66,730
Writeback for ECL on commitment and contingencies	34	5,442	3,058	5,442	3,058
(Allowance)/writeback for ECL on financial investments	35	(24,770)	585	(24,770)	585
Profit before surplus attributable to takaful participants		115,976	47,848	115,976	47,848
Surplus attributable to takaful participants	44	(2,481)	(10,818)	(2,481)	(10,818)
Profit before taxation		113,495	37,030	113,495	37,030
Taxation	36	-	-	-	-
Net profit for the year		113,495	37,030	113,495	37,030
Basic earnings per share (sen)	37	4.19	1.37	4.19	1.37

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Net profit for the year	113,495	37,030	113,495	37,030
<u>Other comprehensive income</u>				
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Fair value changes of financial investments at FVOCI	918	9,005	918	9,005
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	918	9,005	918	9,005
Total comprehensive income for the year, net of tax	114,413	46,035	114,413	46,035

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital RM'000	Accumulated losses RM'000	Non- distributable fair value adjustment reserve RM'000	Total RM'000
Group				
At 1 January 2023	2,958,665	(1,395,697)	(21,224)	1,541,744
Dividends on RCCPS (Note 38)	-	(16,365)	-	(16,365)
Total comprehensive income for the year	-	37,030	9,005	46,035
At 31 December 2023	2,958,665	(1,375,032)	(12,219)	1,571,414
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
Bank				
At 1 January 2023	2,958,665	(1,395,702)	(21,224)	1,541,739
Dividends on RCCPS (Note 38)	-	(16,365)	-	(16,365)
Total comprehensive income for the year	-	37,030	9,005	46,035
At 31 December 2023	2,958,665	(1,375,037)	(12,219)	1,571,409
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

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from operating activities				
Profit before taxation	113,495	37,030	113,495	37,030
Adjustments for:				
ECL Stage 3 loans, advances and financing (Note 33)				
- Charged for the year	81,058	131,972	81,058	131,972
- Writeback during the year	(46,747)	(111,398)	(46,747)	(111,398)
ECL Stage 1 and 2 loans, advances and financing (Note 33)				
- Writeback during the year	(8,472)	(87,304)	(8,472)	(87,304)
Allowance/(writeback) for ECL on financial investments (Note 35)	24,770	(585)	24,770	(585)
Writeback for ECL on commitment and contingencies (Note 34)	(5,442)	(3,058)	(5,442)	(3,058)
Depreciation				
- Property and equipment	3,043	3,077	3,043	3,077
- Investment properties	18	18	18	18
- Right of use assets	1,228	1,586	1,228	1,586
Amortisation of intangible assets	1,630	1,513	1,630	1,513
Unrealised loss on financial investment at FVTPL	1,367	2,945	1,367	2,945
Asset written-off	10	17	10	17
Unrealised foreign exchange (gain)/loss	(145,101)	103,171	(145,101)	103,171
Gain on derivative, net	(26,202)	(30,107)	(26,202)	(30,107)
Loss on MTN/Sukuk, net	45,952	81,885	45,952	81,885
Amortisation of premium less accretion of discount	(1,459)	(1,526)	(1,459)	(1,526)
Operating profit before changes in working capital	39,148	129,236	39,148	129,236
Changes in working capital:				
Deposits and placements with banks and other financial institutions	21,835	10,192	21,835	10,192
Loans, advances and financing	(202,666)	(17,871)	(202,666)	(17,871)
Reinsurance contract assets	5,936	3,332	5,936	3,332
Other assets	25,233	14,174	25,233	14,174
Derivative financial instruments	(67)	(28,896)	(67)	(28,896)
Other payables and accruals	(32,390)	59,283	(32,385)	59,288
Deferred income	(7,342)	3,444	(7,342)	3,444
Provision for commitment and contingencies	(20,791)	-	(20,791)	-
Insurance contract/takaful certificates	(11,119)	(18,173)	(11,119)	(18,173)
Takaful participants fund	2,481	4,151	2,481	4,151
Amount due to subsidiaries	-	-	(5)	(5)
Cash (used in)/generated from operations, representing net cash (used in)/generated from operating activities	(179,742)	158,872	(179,742)	158,872

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2024

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Cash flows from investing activities				
Proceeds from disposals of property and equipment	1	-	1	-
Purchase of property and equipment	(3,159)	(4,855)	(3,159)	(4,855)
Purchase of intangible assets	(177)	(512)	(177)	(512)
Proceed from disposal of investment	70,784	461,056	70,784	461,056
Purchase of investments	(222,258)	(507,110)	(222,258)	(507,110)
Net cash used in investing activities	(154,809)	(51,421)	(154,809)	(51,421)
Cash flows from financing activities				
Proceeds from deposits from a corporate customer	10,005	-	10,005	-
Net repayment of borrowings	(430,279)	(1,012,932)	(430,279)	(1,012,932)
Net repayment of lease liabilities	(1,300)	(1,599)	(1,300)	(1,599)
Net cash used in financing activities	(421,574)	(1,014,531)	(421,574)	(1,014,531)
Net decrease in cash and cash equivalents	(756,125)	(907,080)	(756,125)	(907,080)
Net foreign exchange difference	94,279	82,264	94,279	82,264
Cash and cash equivalents at beginning of the year	1,837,929	2,662,745	1,837,929	2,662,745
Cash and cash equivalents at end of the year	1,176,083	1,837,929	1,176,083	1,837,929
Cash and cash equivalents comprise the following balances:				
Cash and bank balances	26,699	15,744	26,699	15,744
Deposits and placements with banks and other financial institutions	1,278,340	1,972,976	1,278,340	1,972,976
Less: Restricted deposits (Note 5)	(128,956)	(132,431)	(128,956)	(132,431)
Less: Deposits and placements more than three months	-	(18,360)	-	(18,360)
Cash and cash equivalents	1,176,083	1,837,929	1,176,083	1,837,929

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 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.

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

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 27 March 2025.

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.

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 2024, the Group and the Bank adopted the following new and amended MFRS which are effective for annual financial periods on or after 1 January 2024:

- MFRS 7 *Supplier Finance Arrangements* (Amendments to MFRS 107 and MFRS 7)
- MFRS 16 *Lease Liability in a Sale and Leaseback* (Amendments to MFRS 16)
- MFRS 101 *Non-current Liabilities with Covenants* (Amendments to MFRS 101)
- MFRS 107 *Supplier Finance Arrangements* (Amendments to MFRS 107 and MFRS 7)

The adoption of the above new MFRSs and amendments to MFRSs 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 2025

- MFRS 121 *Lack of Exchangeability* (Amendments to MFRS 121)

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

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

Effective for financial periods beginning on or after 1 January 2026

- MFRS 1 *First-time Adoption of Malaysian 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 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)

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*

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*

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.

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)

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.

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

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).

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)

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).

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.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

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

(e) Impairment of non-financial assets (cont'd)

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.

(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 or 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.

(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.

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)

(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.

(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.

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 (cont'd)

Definition of Shariah concept: (cont'd)

- (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.

(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.

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.

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)

Fair value hedge (cont'd)

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").

(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.

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 (cont'd)

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 Bank. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

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

(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.

(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.

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

The Group and 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 Bank recognises as it provides services under the contract.
- Upon initial recognition, the Group and 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.
- 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 and that pass the PAA eligibility test.

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

Group and the Bank aggregates insurance/takaful and reinsurance 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.

(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.

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 (cont'd)

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.

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.

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)

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.

(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 and 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.

NOTES TO THE FINANCIAL STATEMENTS

2. MATERIAL ACCOUNTING POLICY INFORMATION (cont'd)

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

(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.

(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.

(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.

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)

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 sufficiency 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.

The overlays and post-model adjustments involved significant level of judgement and reflect the management's views of possible severities of the pandemic and paths of recovery in the forward-looking assessment for ECL estimation purposes.

The impact of these post-model adjustments were estimated at both portfolio and vulnerable obligors level amounting to RM30,345,000 (2023: RM35,056,000) for the Group and the Bank as at 31 December 2024.

(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.

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)

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 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 the Group and Bank's view of current conditions at the reporting date and current expectations of future events that might affect those cash flows.

The estimates of future cash flows reflect the the Group and 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 Bank would require for bearing non-financial risk and its degree of risk aversion. The Group and 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.

- *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.

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 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 procedures.

4. CASH AND BANK BALANCES

	Group and Bank	
	2024	2023
	RM'000	RM'000
Cash and bank balances	26,699	15,744

5. DEPOSITS AND PLACEMENTS WITH BANKS AND OTHER FINANCIAL INSTITUTIONS

	Group and Bank	
	2024	2023
	RM'000	RM'000
Deposits and placements with:		
Licensed banks	1,003,929	1,022,513
Other financial institutions	274,411	950,463
	1,278,340	1,972,976

Included in the above deposits are restricted deposits amounting to RM128,956,000 (2023: RM132,431,000).

6. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS ("FVTPL")

	Group and Bank	
	2024	2023
	RM'000	RM'000
At fair value		
Quoted securities:		
Shares	5,011	6,377
Total financial investments at FVTPL	5,011	6,377

NOTES TO THE FINANCIAL STATEMENTS

7. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVOCI")

	Group and Bank	
	2024	2023
	RM'000	RM'000
At fair value		
Corporate Bonds and Sukuk	651,955	501,195
Total financial investments at FVOCI	651,955	501,195

Included in financial investments at FVOCI are investments to meet the requirement of Sukuk Programme of the Group amounting to RM30,433,400 (2023: RM31,212,000).

The maturity profile of financial investments at FVOCI are as follows:

	Group and Bank	
	2024	2023
	RM'000	RM'000
Within one year	60,362	71,107
One year to three years	181,858	111,588
Three years to five years	159,698	129,225
After five years	250,037	189,275
	651,955	501,195

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 2023	87	-	100,000	100,087
Writeback during the year	(87)	-	-	(87)
At 31 December 2023/1 January 2024	-	-	100,000	100,000
At 31 December 2024	-	-	100,000	100,000

8. FINANCIAL INVESTMENTS AT AMORTISED COST

	Group and Bank	
	2024	2023
	RM'000	RM'000
Money market instruments: Malaysian Government Securities	152,121	152,538
Unquoted securities: Corporate Bonds and Sukuk	334,408	342,963
	486,529	495,501
Less: Allowance for ECL	(279,948)	(261,706)
Total financial investments at amortised cost	206,581	233,795

NOTES TO THE FINANCIAL STATEMENTS

8. 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 2023	15	-	250,783	250,798
Writeback during the year (Note 35)	(15)	-	(483)	(498)
Exchange differences	-	-	11,406	11,406
At 31 December 2023/1 January 2024	-	-	261,706	261,706
Allowance during the year (Note 35)	-	-	24,770	24,770
Exchange differences	-	-	(6,528)	(6,528)
At 31 December 2024	-	-	279,948	279,948

9. LOANS, ADVANCES AND FINANCING

	Group and Bank 2024 RM'000	2023 RM'000 Restated
At amortised cost		
Loans, advances and financing	4,736,674	4,728,104
Amount due from Export Credit Refinancing ("ECR")* debtors	212,453	121,021
Staff loans	337	429
Gross loans, advances and financing	4,949,464	4,849,554
Less: Allowance for ECL on loans, advances and financing:		
- 12-month ECL - Stage 1	(108,619)	(127,306)
- Lifetime not credit impaired ECL - Stage 2	(73,427)	(63,212)
- Lifetime ECL credit impaired - Stage 3	(1,485,131)	(1,498,569)
Net loans, advances and financing	3,282,287	3,160,467

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	
	2024	2023
	RM'000	RM'000
Buyer Credit	822,847	877,158
Overseas Investment Financing	258,053	316,715
Term Financing	186,046	173,101
Overseas Project Financing	965,772	1,587,468
Supplier Credit	95,490	150,631
Revolving Credit-i	20,766	17,862
Supplier Financing-i	516,403	134,533
Term Financing-i	1,354,748	851,859
Overseas Investment Financing-i	69,986	33,080
Overseas Contract Financing-i	48,219	93,371
Overseas Project Financing-i	374,317	455,557
Malaysian Kitchen Financing Facility ("MKFF")	1,001	2,487
Malaysian Kitchen Financing Facility-i ("MKFF-i")	1,341	1,345
ECR	212,453	121,021
Vendor Financing	681	884
Vendor Financing-i	21,004	32,053
Staff loans and advances	337	429
	4,949,464	4,849,554

(ii) Gross loans, advances and financing analysed by contractual maturity are as follows:

	Group and Bank	
	2024	2023
	RM'000	RM'000
Within one year	2,859,148	1,726,585
One year to three years	397,376	1,655,055
Three years to five years	437,543	585,328
Over five years	1,255,397	882,586
	4,949,464	4,849,554

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 2024 RM'000	2023 RM'000
Conventional		
Fixed rate	112,430	126,485
Variable rate	2,430,250	3,084,714
Islamic		
Fixed rate	14,725	3,070
Variable rate	2,392,059	1,635,285
	4,949,464	4,849,554

(iv) Gross loans, advances and financing analysed by geographical area are as follows:

	Group and Bank 2024 RM'000	2023 RM'000
Malaysia	2,172,749	2,093,764
East Asia	1,663,797	1,812,242
South Asia	106,174	319,813
Central Asia	387,818	188,681
Middle East	138,272	86,425
Africa	125,216	26,225
Europe	337,031	92,706
America	-	127,070
Oceania	18,407	102,628
	4,949,464	4,849,554

(v) Gross loans, advances and financing analysed by industry are as follows:

	Group and Bank 2024 RM'000	2023 RM'000
Primary agriculture	12,434	12,828
Manufacturing	1,304,915	932,719
Transport, storage and communication	890,476	991,484
Construction	599,091	751,527
Wholesale and retail trade, and restaurants and hotels	464,409	314,569
Others	1,678,139	1,846,427
	4,949,464	4,849,554

NOTES TO THE FINANCIAL STATEMENTS

9. LOANS, ADVANCES AND FINANCING (cont'd)

(vi) Movements of gross impaired loans, advances and financing ("impaired loans") are as follows:

	Group and Bank 2024 RM'000	2023 RM'000 Restated
At 1 January	2,086,013	2,024,493
Impaired during the year	-	6,297
Interest/financing income recognised during the year	32,765	31,837
Recoveries	(13,399)	(11,792)
Amount written off	(3,205)	(56,060)
Exchange differences	(84,319)	91,238
At 31 December	2,017,855	2,086,013
Gross impaired loans as a percentage of gross loans, advances and financing		
- with ECR debtors	40.77%	43.01%
- without ECR debtors	42.60%	44.12%
Net impaired loans as a percentage of gross loans, advances and financing		
- with ECR debtors	10.76%	12.11%
- without ECR debtors	11.25%	12.42%

(vii) Gross impaired loans, advances and financing analysed by geographical area are as follows:

	Group and Bank 2024 RM'000	2023 RM'000 Restated
Malaysia	129,987	282,088
East Asia	1,070,334	1,102,008
South Asia	66,726	63,620
Central Asia	387,818	383,078
Middle East	265,174	148,022
Africa	97,816	106,506
Oceania	-	691
	2,017,855	2,086,013

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 2024 RM'000	2023 RM'000 Restated
Primary agriculture	12,434	12,827
Manufacturing	72,997	77,263
Transport, storage and communication	484,336	493,685
Construction	467,028	490,987
Wholesale and retail trade, and restaurants and hotels	170,746	175,549
Others	810,314	835,702
	2,017,855	2,086,013

(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				
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 (writeback)/charged 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 differences	-	-	(44,544)	(44,544)
At 31 December	108,619	73,427	1,485,131	1,667,177

9. LOANS, ADVANCES AND FINANCING (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				
2023				
Restated				
At 1 January	77,086	200,736	1,466,033	1,743,855
Transferred to Stage 1	75,525	(75,525)	-	-
Transferred to Stage 3	-	(4,881)	4,881	-
Net remeasurement	(7,284)	(12,148)	15,693	(3,739)
Financial assets derecognised	(18,021)	(44,970)	-	(62,991)
Total amount charged/(writeback) to profit or loss during the year (Note 33)	50,220	(137,524)	20,574	(66,730)
Other movement with no profit or loss impact:				
- Reversal of ECL relating to bad debt written off	-	-	(56,060)	(56,060)
- Exchange difference	-	-	68,022	68,022
At 31 December	127,306	63,212	1,498,569	1,689,087

	Group and Bank 2024 RM'000	2023 RM'000
Breakdown of ECL Stage 1 and 2:		
From non-impaired loans, advances and financing	182,046	190,518
	182,046	190,518
As % of net loans, advances and financing (exclude gross impaired loan and staff loan)	6.21%	6.90%

Overlays and post-model adjustments have been applied to address emerging risk in order to determine a sufficiency 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 impact of the management overlays has improved based on the latest performance by customers from geopolitical tension, elevated inflation and increase in interest rates. The management overlays relating to the gross outstanding loans, advances and financing of the Group and the Bank as at 31 December 2024 amounted to RM312,212,000 (2023: RM336,284,000). Total additional overlays for ECL maintained by the Group and the Bank as at 31 December 2024 stood at RM30,345,000 (2023: RM35,056,000).

NOTES TO THE FINANCIAL STATEMENTS

10. INSURANCE CONTRACT/TAKAFUL CERTIFICATE LIABILITIES AND REINSURANCE CONTRACT ASSETS

	Group and Bank	
	2024	2023
	RM'000	RM'000
Insurance contract/takaful certificates liabilities	(25,718)	(36,837)
Reinsurance contract assets	3,936	9,872
	(21,782)	(26,965)

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 1.1.2023	(6,228)	(7,866)	(23,319)	(37,413)
Insurance/Takaful revenue	4,999	-	-	4,999
Insurance/Takaful service expense	-	(450)	4,942	4,492
Insurance/Takaful finance expense	(936)	-	-	(936)
Premium/contribution received	(1,210)	-	-	(1,210)
Balance as at 31.12.2023/1.1.2024	(3,375)	(8,316)	(18,377)	(30,068)
Insurance/Takaful revenue	7,605	-	-	7,605
Insurance/Takaful service expense	-	2,554	3,954	6,508
Insurance/Takaful finance expense	(260)	(99)	-	(359)
Premium/contribution received	(2,756)	-	-	(2,756)
Balance as at 31.12.2024	1,214	(5,861)	(14,423)	(19,070)

Insurance contract/takaful certificates liabilities under PAA

	Liabilities for remaining coverage	Liabilities for incurred claims	Total
Balance as at 1.1.2023	(2,340)	(15,259)	(17,599)
Insurance/Takaful revenue	2,630	-	2,630
Insurance/Takaful service expense	-	8,935	8,935
Premium/contribution received	(735)	-	(735)
Balance as at 31.12.2023/1.1.2024	(445)	(6,324)	(6,769)
Insurance/Takaful revenue	1,048	-	1,048
Insurance/Takaful service expense	-	(217)	(217)
Premium/contribution received	(710)	-	(710)
Balance as at 31.12.2024	(107)	(6,541)	(6,648)

NOTES TO THE FINANCIAL STATEMENTS

10. INSURANCE CONTRACT/TAKAFUL CERTIFICATE LIABILITIES AND REINSURANCE CONTRACT ASSETS (cont'd)

Reinsurance contract assets

	Assets for remaining coverage	Amounts recoverable on incurred claims	Total
Balance as at 1.1.2023	12,078	1,126	13,204
Net income or expense from reinsurance contracts held	(5,459)	(813)	(6,272)
Reinsurance finance expense	223	-	223
Premium/contribution paid	2,717	-	2,717
Balance as at 31.12.2023/1.1.2024	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	3,651	285	3,936

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.

As at 31 December 2024, the Bank has entered into the following derivative financial instruments:

	2024			2023		
	Fair Value Assets RM'000	Fair Value Liabilities RM'000	Notional Amount RM'000	Fair Value Assets RM'000	Fair Value Liabilities RM'000	Notional Amount RM'000
<u>Derivatives used in fair value hedges</u>						
Interest/profit rate swaps	-	110,854	2,013,975	-	141,633	2,065,500
<u>Derivative held for trading</u>						
Forward foreign exchange contract	-	-	-	63	1,641	102,591
Total	-	110,854	2,013,975	63	143,274	2,168,091

NOTES TO THE FINANCIAL STATEMENTS

11. DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

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 derivative 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.

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 as an interest/profit rate, foreign currency rate or equity index.

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)

Full details of hedging as follows:

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 Libor + 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 Libor + 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 Libor + 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 Libor + 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 Libor + 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 Libor + 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 Libor + 1.40% p.a. (receive fixed USD annually/pay float USD quarterly)	Fixed 4.25% per annum (payable 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

2023

Notional amount	Hedging instrument: Interest/Profit Rate Swap	Hedged item: MTN/SUKUK	Hedging relationship	Nature of risk
USD100 million	Floating rate of 3 months Libor + 1.40% p.a. (receive fixed USD annually/pay float USD quarterly)	Fixed 4.25% per annum (payable annually)	Fair value hedge	Interest rate
HKD596 million*	USD76.83 million at floating rate of 3 months USD Libor + 1.24% p.a. (receive fixed HKD annually/pay USD quarterly)	Fixed 2.95% per annum (payable annually)	Fair value hedge	Interest rate & foreign currency
HKD300 million*	SGD47.89 million at floating rate of 6 months SGD SOR + 1.00% p.a. (receive fixed HKD annually/pay float SGD semi annually)	Fixed 2.95% per annum (payable annually)	Fair value hedge	Interest rate & foreign currency
USD50 million	Floating rate of 6 months Libor + 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 Libor + 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 Libor + 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 Libor + 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 Libor + 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 Libor + 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

* Matured on 13 March 2023

NOTES TO THE FINANCIAL STATEMENTS

11. DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)**Fair value hedge** (cont'd)

The unrealised (loss)/gain arising from the fair value hedges are as follows:

	Group and Bank	
	2024	2023
	RM'000	RM'000
Unrealised fair value gain from hedging instruments	24,623	28,807
Unrealised fair value loss from hedged items	(22,059)	(39,696)
	2,564	(10,889)

12. OTHER ASSETS

	Group and Bank	
	2024	2023
	RM'000	RM'000
Interest/profit receivables (excluding interest/profit on loans, advances and financing)	23,795	27,069
Tax prepayment	6,583	6,583
Other receivables, deposits and prepayments, net*	-	23,266
	30,378	56,918

* Included in other receivables, deposits and prepayments as at 31 December 2024 is an amount related to a bank guarantee of RM20,790,652 which has crystallised, with a corresponding ECL charge transferred from provision for commitments and contingencies during the financial year.

	Group and Bank	
	2024	2023
	RM'000	RM'000
(i) Gross other receivables	21,623	24,098
Less: ECL transferred from provision for commitments and contingencies (Note 22)	(20,791)	-
Less: ECL	(832)	(832)
Net receivables	-	23,266

NOTES TO THE FINANCIAL STATEMENTS

13. DEFERRED TAX (LIABILITIES)/ASSETS

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At 1 January	-	-	-	-
Recognised in profit or loss (Note 36)				
- Origination and reversal of temporary differences	(303)	(1,351)	(303)	(1,351)
- Benefits from previously unutilised business losses	303	1,351	303	1,351
At 31 December	-	-	-	-

Deferred tax assets

	Unutilised business losses RM'000	Total deductible temporary differences RM'000
Group and Bank		
At 1 January 2023	5,745	5,745
Recognised in statement profit and loss	(1,351)	(1,351)
At 31 December 2023/1 January 2024	4,394	4,394
Recognised in statement profit and loss	(303)	(303)
At 31 December 2024	4,091	4,091

Deferred tax liabilities

	ROU assets and accelerated capital allowance on property and equipment RM'000	Total taxable temporary differences RM'000
Group and Bank		
At 1 January 2023	5,745)	(5,745)
Recognised in profit or loss	1,351	1,351
At 31 December 2023/1 January 2024	(4,394)	(4,394)
Recognised in profit or loss	303	303
At 31 December 2024	(4,091)	(4,091)

NOTES TO THE FINANCIAL STATEMENTS

13. DEFERRED TAX (LIABILITIES)/ASSETS (cont'd)

Presented after appropriate offsetting as follows:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Deferred tax assets	4,091	4,394	4,091	4,394
Deferred tax liabilities	(4,091)	(4,394)	(4,091)	(4,394)
	-	-	-	-

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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unutilised tax losses	17,047	18,308	17,047	18,308
Tax rate	24%	24%	24%	24%
	4,091	4,394	4,091	4,394

The deferred tax assets have been recognised as at 31 December 2024 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	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Unutilised business losses	1,211,389	1,302,408	1,211,389	1,302,408
Other deductible temporary differences	205,323	229,306	205,323	229,306
	1,416,712	1,531,714	1,416,712	1,531,714

Year of expiry of unutilised business losses is analysed as follows:

	2024 RM'000	2023 RM'000
Expiring in 2029	603,707	694,726
Expiring in 2030	391,931	391,931
Expiring in 2033	215,751	215,751
	1,211,389	1,302,408

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 tax the 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	
	2024 RM'000	2023 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 place of	Effective ownership interest (%)	
			2024	2023
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	
	2024 RM'000	2023 RM'000
Cost		
At 1 January/31 December	1,300	1,300
Accumulated depreciation		
At 1 January	522	504
Charged for the year (Note 30)	18	18
At 31 December	540	522
Carrying amount	760	778

	Group and Bank	
	2024 RM'000	2023 RM'000
Included in the carrying amount of investment properties are:		
Freehold land	400	400
Buildings	360	378
	760	778
Fair value of investment properties	1,300	1,140

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENT PROPERTIES (cont'd)

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	
	2024 RM'000	2023 RM'000
Computer software		
Cost		
At 1 January	20,875	19,242
Additions	177	512
Transfer from property and equipment	1,323	1,121
At 31 December	22,375	20,875
Accumulated depreciation		
At 1 January	16,500	14,987
Charged for the year (Note 30)	1,630	1,513
At 31 December	18,130	16,500
Carrying amount	4,245	4,375

NOTES TO THE FINANCIAL STATEMENTS

17. PROPERTY AND EQUIPMENT

Group and Bank	Freehold land RM'000	Building RM'000	Office equipment RM'000	Renovation and improvements RM'000	Motor vehicles RM'000	Furniture, electrical, fittings and equipment RM'000	Computers RM'000	Work-in-progress RM'000	Total 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

17. PROPERTY AND EQUIPMENT (cont'd)

Group and Bank	Freehold land RM'000	Building RM'000	Office equipment RM'000	Renovation and improvements RM'000	Motor vehicles RM'000	Furniture, electrical, fittings and equipment RM'000	Computers RM'000	Work-in-progress RM'000	Total RM'000
Cost									
At 1 January 2023	30,000	33,000	1,162	29,998	528	4,810	11,760	847	112,105
Additions	-	-	108	64	-	9	686	3,988	4,855
Transfer to intangible assets	-	-	-	-	-	-	-	(1,121)	(1,121)
Disposals	-	-	(49)	-	(9)	(10)	(142)	-	(210)
Asset written-off	-	-	-	-	-	-	(29)	(555)	(584)
At 31 December 2023	30,000	33,000	1,221	30,062	519	4,809	12,275	3,159	115,045
Accumulated depreciation									
At 1 January 2023	-	8,910	987	26,691	521	4,610	9,246	-	50,965
Charged for the year	-	660	86	838	2	60	1,431	-	3,077
Disposals	-	-	(49)	-	(9)	(10)	(142)	-	(210)
Asset written-off	-	-	-	-	-	-	(12)	-	(12)
At 31 December 2023	-	9,570	1,024	27,529	514	4,660	10,523	-	53,820
Carrying amount									
At 31 December 2023	30,000	23,430	197	2,533	5	149	1,752	3,159	61,225

NOTES TO THE FINANCIAL STATEMENTS

18. RIGHT-OF-USE ASSETS

	Group and Bank	
	2024	2023
	RM'000	RM'000
Premises		
Cost		
At 1 January	7,520	7,032
Additions	658	488
Remeasurement of lease terms	(883)	-
At 31 December	7,295	7,520
Accumulated depreciation		
At 1 January	4,932	3,346
Charged for the year (Note 30)	1,228	1,586
At 31 December	6,160	4,932
Carrying amount	1,135	2,588

19. BORROWINGS

	Group and Bank	
	2024	2023
	RM'000	RM'000
Term loans/Revolving credits - unsecured	1,306,666	644,133
Medium Term Notes("MTN")/Sukuk	2,050,240	2,052,324
Syndicated financing	-	1,145,049
	3,356,906	3,841,506

	Group and Bank	
	2024	2023
	RM'000	RM'000
(i) <u>Term loans/Revolving credits - unsecured</u>		
Repayable within one year	1,111,142	440,643
One year to three years	195,524	203,490
	1,306,666	644,133
(ii) <u>Medium Term Notes("MTN")/Sukuk</u>		
Repayable within one year	89,499	-
One year to three years	1,549,170	91,757
Three years to five years	411,571	1,540,049
Over five years	-	420,518
	2,050,240	2,052,324

NOTES TO THE FINANCIAL STATEMENTS

19. BORROWINGS (cont'd)

	Group and Bank 2024 RM'000	2023 RM'000
(iii) <u>Syndication financing</u>		
Repayable within one year	-	1,145,049
	-	1,145,049
	3,356,906	3,841,506

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
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	-
2023					
- USD	3,416,775	1,364,451	91,757	1,540,049	420,518
- RM	22,198	22,198	-	-	-
- EUR	139,612	139,612	-	-	-
- GBP	203,490	-	203,490	-	-
- AUD	59,431	59,431	-	-	-
	3,841,506	1,585,692	295,247	1,540,049	420,518

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 RM223,775,000) (2023: USD50,000,000 (approximately RM229,500,000)). 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% (2023: 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% (2023: 0.50%) per annum above the Islamic Cost of Fund since March 2014.

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)

- (c) Revolving Euro loan of one (1) year up to an aggregate of EUR30,000,000 (approximately RM139,878,000) (2023: EUR30,000,000 (approximately RM152,304,000)).

The loan was obtained on 12 March 2012. Interest rate on the loan is charged at the rate of 0.80% (2023: 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 RM111,887,500) (2023: USD25,000,000 (approximately RM114,750,000)) renewable after one (1) year.

The financing was obtained on 13 May 2013. Profit rate on the financing is charged at the rate of 0.50% (2023: 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 RM89,510,000) (2023: USD20,000,000 (approximately RM91,800,000)) 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% (2023: 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 RM559,512,000) (2023: EUR120,000,000 (approximately RM609,216,000)). 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% (2023: 0.80%) per annum above EURIBOR for EUR and 0.80% above COF for USD and GBP.

- (g) Multi-currency Commodity Murabahah Revolving Credit-i up to an aggregate of USD75,000,000 (approximately RM335,662,500) (2023: USD75,000,000 (approximately RM344,250,000)). 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% (2023: 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 2024.

- (h) Commodity Murabahah Revolving Credit-i up to an aggregate of USD25,000,000 (approximately RM111,887,500) (2023: USD25,000,000 (approximately RM114,750,000)).

The financing was obtained on 16 December 2016. Profit rate on the financing is charged at the rate of 0.45% (2023: 0.45%) per annum above the Islamic Cost of Fund.

- (i) Commodity Murabahah Revolving Credit-i up to an aggregate of USD50,000,000 (approximately RM223,775,000) (2023: USD50,000,000 (approximately RM229,500,000)) 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 RM89,510,000). (2023: USD20,000,000 (approximately RM91,800,000))

The loan was obtained on 20 October 2020. Interest on loan is charged at the rate of 0.75% (2023: 0.75%) per annum above Cost of Fund.

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)

- (k) Revolving US Dollar loan up to a maximum facility of USD50,000,000 (approximately RM223,775,000). (2023: USD50,000,000 (approximately RM229,500,000)).

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 RM118,887,500). (2023: USD25,000,000 (RM114,750,000)).

The loan was obtained on 8 December 2023. Interest on loan is charged at the rate of 0.75% per annum above SOFR.

- (m) Term Financing Facility of GBP35,000,000 (approximately RM196,647,500). (2023: GBP35,000,000 (approximately RM204,659,000)).

The loan was obtained on 28 August 2023 and repayable after a period of 3 years. Profit on the financing is charged at 1.03% per annum above Term SONIA.

- (n) Commodity Murabahah Revolving Credit-i loan up to a maximum facility of RM50,000,000. (2023: RM50,000,000)

The loan was obtained on 21 June 2023. Interest on loan is charged at the rate of 0.75% 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 2024, the fund balance was RM106,342 (2023: RM188,404).

The funding is interest-free and commence from 6 March 2020 and expire on the repayment date.

Syndicated financing

- (a) Syndicated Term Financing Facility of USD300,000,000 (approximately RM1,342,650,000). (2023: USD300,000,000 (approximately RM1,377,000,000)).

The loan was obtained on 5 November 2019 and repayable after a period of 4.5 years. Profit on the financing is charged at 0.90% per annum above LIBOR. This facility has matured on 21 May 2024.

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.

NOTES TO THE FINANCIAL STATEMENTS

19. BORROWINGS (cont'd)

Borrowings of the Group and the Bank comprise the followings: (cont'd)

Medium Term Notes (cont'd)

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 RM448 mil)	15 years	4.250%	Fixed
26 Nov 2021	USD350 mil (equivalent to RM1,566 mil)	5 years	1.831%	Fixed

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 RM90 mil)	10 years	3.350%	Fixed

20. LEASE LIABILITIES

	Group and Bank 2024 RM'000	2023 RM'000
At 1 January	2,686	3,797
Addition	658	488
Interest expenses - lease liabilities	143	122
Repayment during the year	(2,326)	(1,721)
At 31 December	1,161	2,686

	Group and Bank 2024 RM'000	2023 RM'000
Repayable within one year	992	1,165
One year to three years	169	1,521
	1,161	2,686

NOTES TO THE FINANCIAL STATEMENTS

21. OTHER PAYABLES AND ACCRUALS

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000 Restated
Sinking fund and debt services reserve accounts	122,259	98,833	122,259	98,833
RCCPS dividend payables	108,378	91,971	108,378	91,971
Interest payable	22,965	46,466	22,965	46,466
Amount due to Teraju*	16,616	54,004	16,616	54,004
Others	70,165	73,259	70,196	73,285
	340,383	364,533	340,414	364,559

* 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	
	2024 RM'000	2023 RM'000
Provision for commitments and contingencies	17,843	44,412

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 2023	14,272	1,758	29,944	45,974
Total amount (writeback)/charged to profit or loss during the year (Note 34)				
- Transferred to Stage 1	1,201	(1,201)	-	-
- Financial assets derecognised	(5)	(202)	-	(207)
- Net remeasurement	2,013	(104)	(4,760)	(2,851)
	3,209	(1,507)	(4,760)	(3,058)
Exchange differences	-	-	1,496	1,496
At 31 December 2023/1 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)				
- 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	17,291	552	-	17,843

NOTES TO THE FINANCIAL STATEMENTS

23. DEFERRED INCOME

	Group and Bank	
	2024	2023
	RM'000	RM'000
Arising from:		
(i) Guarantee and other fees from conventional banking activities		
At 1 January	12,922	11,058
Addition during the year	994	3,428
Recognised in profit or loss	(10,533)	(1,564)
At 31 December	3,383	12,922
(ii) Guarantee and other fees from Islamic banking activities		
At 1 January	4,638	3,057
Addition during the year	4,575	2,973
Recognised in profit or loss	(2,378)	(1,392)
At 31 December	6,835	4,638
	10,218	17,560

24. SHARE CAPITAL AND REDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES

(a) Share capital

	Group and Bank			
	2024		2023	
	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.

The Special Rights Redeemable Share ("Special Rights") may be held or transferred only to the Ministry of Finance (Incorporated) or its successors or any Ministry, representative or any person acting on behalf of the Government of Malaysia.

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.

NOTES TO THE FINANCIAL STATEMENTS

24. SHARE CAPITAL AND REDEEMABLE CONVERTIBLE CUMULATIVE PREFERENCE SHARES (cont'd)

(a) Share capital (cont'd)

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).

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	
	2024	2023
	RM'000	RM'000
		Restated
Interest income from non-impaired loans	106,795	129,413
Interest income from impaired loans	44,123	34,637
Income derived from Islamic banking fund	106,204	90,182
Income from banking fees	14,496	10,988
Insurance/takaful service revenue	6,557	14,071
Others	20,783	3,067
	298,958	282,358

NOTES TO THE FINANCIAL STATEMENTS

26. INTEREST INCOME

	Group and Bank	
	2024	2023
	RM'000	RM'000
		Restated
Loans, advances and financing		
- Interest income from non-impaired loans	106,795	129,413
- Interest income from impaired loans	30,330	31,837
- Recoveries from impaired loans	13,793	2,800
Money at call and deposit placements with banks and other financial institutions	42,235	31,628
Financial investments at FVOCI and at amortised cost	12,688	15,020
Amortisation of premium, net	(625)	(382)
	205,216	210,316

27. INTEREST EXPENSE

	Group and Bank	
	2024	2023
	RM'000	RM'000
Interest expense on term loans/revolving credits	14,090	7,503
Interest expense on Medium Term Notes	50,418	58,038
Interest expense on derivatives	83,028	84,103
	147,536	149,644

NOTES TO THE FINANCIAL STATEMENTS

28. INSURANCE/TAKAFUL SERVICE RESULTS

	Group and Bank	
	2024	2023
	RM'000	RM'000
Insurance revenue		
<i>Contracts not measured under PAA</i>		
Expected claims and insurance/takaful service expense incurred in the period	3,456	2,899
Change in the risk adjustment for non-financial risk	4,149	1,927
Others	-	173
<i>Contracts measured under PAA</i>	1,048	2,630
	8,653	7,629
Insurance service expenses		
Incurred claims and other service expense	3,743	(1,088)
Changes to liabilities for incurred claims	(6)	14,965
Losses/reversal of losses on onerous contracts	2,554	(450)
	6,291	13,427
Net expenses from reinsurance contracts held		
Amounts relating to changes in the assets for remaining coverage	(8,053)	(5,459)
Amounts recoverable for claims and expenses incurred in the period	-	167
Changes that relates to past service	(28)	(980)
	(8,081)	(6,272)
Insurance/takaful service results	6,863	14,784
Insurance/Takaful finance expense		
Insurance/Takaful finance expenses from contracts issued	(359)	(936)
Reinsurance finance income from contracts held	53	223
	(306)	(713)
Net income from insurance/takaful business	6,557	14,071

NOTES TO THE FINANCIAL STATEMENTS

29. OTHER INCOME/(LOSSES)

	Group and Bank	
	2024	2023
	RM'000	RM'000
Fee income from loans, advances and financing	15,659	12,779
Unrealised foreign exchange gain/(loss)	145,101	(103,171)
Realised foreign exchange gain/(loss):		
- Financial assets at amortised cost	22,772	77,049
- Financial liabilities at FVTPL	(148,977)	15,682
Loss on disposal of equipment	(10)	(17)
Rental income	24	18
Unrealised fair value gain on non-hedging derivatives	1,579	1,300
Unrealised fair value gain on hedging derivatives	24,623	28,807
Unrealised fair value loss on MTN/Sukuk	(22,059)	(39,696)
Amortisation of premium on MTN/Sukuk	(23,893)	(42,189)
Others	15,330	(2,453)
	30,149	(51,891)

30. OVERHEAD EXPENSES

		Group and Bank	
		2024	2023
	Note	RM'000	RM'000
Personnel costs	(i)	63,972	56,483
Establishment related expenses	(ii)	13,118	12,861
Promotion and marketing expenses	(iii)	1,260	1,456
General administrative expenses	(iv)	19,062	20,593
		97,412	91,393

(i) Personnel costs

	Group and Bank	
	2024	2023
	RM'000	RM'000
Salaries, allowances and bonuses	48,654	41,588
Defined contribution plan	7,671	6,395
Other staff related expenses	7,647	8,500
	63,972	56,483

NOTES TO THE FINANCIAL STATEMENTS

30. OVERHEAD EXPENSES (cont'd)**(ii) Establishment related expenses**

	Group and Bank	
	2024	2023
	RM'000	RM'000
Depreciation:		
- Property and equipment (Note 17)	3,043	3,077
- Investment properties (Note 15)	18	18
- Right-of-use assets (Note 18)	1,228	1,586
Amortisation of intangible assets (Note 16)	1,630	1,513
Interest expense - lease liabilities	143	122
Rental of equipment	112	59
Repairs and maintenance of property and equipment	6,944	6,486
	13,118	12,861

(iii) Promotion and marketing expenses

	Group and Bank	
	2024	2023
	RM'000	RM'000
Advertisement and publicity	1,260	1,456

(iv) General administrative expenses

	Group and Bank	
	2024	2023
	RM'000	RM'000
Asset written off	2,225	584
Auditors' remuneration		
- statutory audit	580	520
- regulatory related services	3	3
- other services	3	3
Compensation for termination of a system software	-	2,000
General and administrative expenses	10,065	10,021
Non-Executive directors remuneration (Note 31)	1,651	1,365
Professional fees	4,206	5,256
Others	329	841
	19,062	20,593

NOTES TO THE FINANCIAL STATEMENTS

31. DIRECTORS' FEES AND REMUNERATION

	Fees RM'000	Other Emoluments RM'000	Total RM'000
Group and Bank			
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

NOTES TO THE FINANCIAL STATEMENTS

31. DIRECTORS' FEES AND REMUNERATION (cont'd)

	Fees RM'000	Other Emoluments RM'000	Total RM'000
Group and Bank			
2023			
Non-Executive Directors:			
Dato' Azman Mahmud	144	27	171
Dato' Dr Amiruddin bin Muhamed	54	-	54
Datuk Bahria binti Mohd Tamil	142	-	142
Datuk Dr Syed Muhamad Syed Abdul Kadir	122	-	122
Dato' Wong Lee Yun	144	-	144
Pauline Teh Abdullah	179	-	179
Raymond Fam Chye Soon	158	-	158
Dr Mastura Binti Abdul Karim	59	-	59
Hasli Hashim	4	-	4
	1,006	27	1,033
Shariah Committee Members:			
Prof. Datin Dr Rusni Hassan	90	-	90
Dr Safinar Salleh	61	-	61
Dr Ghazali Jaapar	61	-	61
Dr Muhammad Syahmi Mohd Karim	61	-	61
Prof. Dr Muhammad Ridhwan bin Ab. Aziz	59	-	59
	332	-	332
Total Directors' remuneration (excluding benefits in-kind) (Note 30)	1,338	27	1,365

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 Acting 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	
	2024 RM'000	2023 RM'000
Salaries and other short-term benefits	3,102	3,800
Defined contribution plan ("EPF")	493	582
	3,595	4,382

NOTES TO THE FINANCIAL STATEMENTS

33. WRITEBACK FOR ECL ON LOANS, ADVANCES AND FINANCING

	Group and Bank	
	2024	2023
	RM'000	RM'000
		Restated
(Writeback)/allowances for ECL on loans, advances and financing (Note 9 (ix))		
- 12-month ECL - Stage 1, net	(18,687)	50,220
- Lifetime not credit impaired ECL - Stage 2, net	10,215	(137,524)
- Lifetime ECL credit impaired - Stage 3, charged for the year	81,058	131,972
- Lifetime ECL credit impaired - Stage 3, written back during the year	(46,747)	(111,398)
	25,839	(66,730)
Impaired loans/financing:		
- Bad debts recovered	(91,762)	-
	(65,923)	(66,730)

34. WRITEBACK FOR ECL ON COMMITMENTS AND CONTINGENCIES

	Group and Bank	
	2024	2023
	RM'000	RM'000
(Writeback)/allowances for ECL on commitments and contingencies (Note 22)		
- 12-month ECL - Stage 1, net	(190)	3,209
- Lifetime not credit impaired ECL - Stage 2, net	301	(1,507)
- Lifetime ECL credit impaired - Stage 3, net	(5,553)	(4,760)
	(5,442)	(3,058)

35. ALLOWANCE/(WRITEBACK) FOR ECL ON FINANCIAL INVESTMENTS

	Group and Bank	
	2024	2023
	RM'000	RM'000
Financial investments at FVOCI (Note 7)	-	(87)
Financial investments at amortised costs (Note 8)	24,770	(498)
	24,770	(585)

NOTES TO THE FINANCIAL STATEMENTS

36. TAXATION

The major components of taxation for the years ended 31 December 2024 and 31 December 2023 are:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Deferred tax expense (Note 13):				
- Origination and reversal of temporary differences	(303)	(1,351)	(303)	(1,351)
- Benefits from previously unutilised business losses	303	1,351	303	1,351
	-	-	-	-

Income tax is calculated at the Malaysian statutory tax rate of 24% (2023: 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 is as follows:

	Group		Bank	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit before taxation	113,495	37,030	113,495	37,030
Income tax using Malaysian statutory tax rate of 24% (2023: 24%)	27,239	8,887	27,239	8,887
Non-deductible expenses	362	6,637	362	6,637
Utilisation of previously unrecognised tax losses	(21,845)	(4,513)	(21,845)	(4,513)
Deferred tax assets not recognised on unutilised business losses	(5,756)	(11,011)	(5,756)	(11,011)
	-	-	-	-

37. BASIC AND DILUTED EARNINGS PER SHARE

	Group		Bank	
	2024	2023	2024	2023
Issued ordinary shares as at 31 December ('000)	2,708,665	2,708,665	2,708,665	2,708,665
Net profit for the year (RM'000)	113,495	37,030	113,495	37,030
Basic and diluted earnings per share (sen)	4.19	1.37	4.19	1.37

The basic and diluted earnings per ordinary share has been calculated based on the profit after taxation 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	
	2024	2023
	RM'000	RM'000
<u>Banking operation commitments</u>		
Contracted but not provided for:		
Guarantee facility	129,700	117,459
Letter of credit	-	286
Undrawn loans and financing	798,926	1,049,679
	928,626	1,167,424
<u>Operational commitments</u>		
Approved but not contracted for:		
Within one year	17,275	10,944
Total commitments and contingencies	945,901	1,178,368

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.

The Group has related party transactions and balances with the following parties:

(a) Key management personnel

Key management personnel is 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.

(b) Subsidiaries

	Bank	
	2024	2023
	RM'000	RM'000
Amount due to subsidiaries	64,103	64,108

NOTES TO THE FINANCIAL STATEMENTS

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.

The Group's and the Bank's credit exposure arising from financing facilities with connected parties are as disclosed below:

	Group and Bank	
	2024	2023
	RM'000	RM'000
Aggregate value of outstanding exposure with connected parties	817,827	738,617
Off-balance sheet exposure	44,755	45,900
Equities and Private Debt Securities ("PDS") held	-	70,000
	862,582	854,517
Total exposure to connected parties as % of total capital	49.25%	46.37%
Total exposure to connected parties as % of total outstanding exposures	9.78%	9.67%

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 focus on the unpredictability of financial markets and seek 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)

The main areas of financial risks faced by the Group and the Bank and the policies are set out as follows: (cont'd)

b. Market risk

The Group's and the Bank's market risk arise due to changes foreign currency value 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.

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 are 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.

NOTES TO THE FINANCIAL STATEMENTS

42. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

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.

Regulatory capital

The following table set forth capital resources and capital adequacy for the Bank as at 31 December:

	Without Transitional Arrangement 2024 RM'000	With Transitional Arrangement 2024 RM'000	Without Transitional Arrangement 2023 RM'000	With Transitional Arrangement 2023 RM'000
Ordinary share capital	2,708,665	2,708,665	2,708,665	2,708,665
Accumulated losses [#]	(1,374,220)	(1,374,220)	(1,396,129)	(1,396,129)
Current year profit [#]	113,402	113,402	38,274	38,274
Eligible Tier 1 capital	1,447,847	1,447,847	1,350,810	1,350,810
Loss provision and regulatory reserve*	182,046	182,046	190,518	190,518
Redeemable convertible cumulative preference shares	250,000	250,000	250,000	250,000
Provision for guarantee and claims [#]	18,684	18,684	23,015	23,015
Provision for commitment and contingencies	17,843	17,843	44,412	44,412
Eligible Tier 2 capital	468,573	468,573	507,945	507,945
Investment in subsidiaries	(64,129)	(64,129)	(64,129)	(64,129)
Total capital base	1,852,291	1,852,291	1,794,626	1,794,626
Risk weighted assets	4,380,887	4,380,887	4,411,445	4,411,445

NOTES TO THE FINANCIAL STATEMENTS

42. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

	Without Transitional Arrangement 2024 RM'000	With Transitional Arrangement 2024 RM'000	Without Transitional Arrangement 2023 RM'000	With Transitional Arrangement 2023 RM'000
Capital Ratio				
- With proposed RCCPS dividend				
Core capital ratio	32.67%	32.67%	30.25%	30.25%
RWCR	41.91%	41.91%	40.31%	40.31%
- Without proposed RCCPS dividend				
Core capital ratio	33.05%	33.05%	30.62%	30.62%
RWCR	42.28%	42.28%	40.68%	40.68%

The numbers are based on MFRS 4, in accordance with Capital Regulatory Framework of BNM.

* The loss provision for 2024 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.

The Group and the Bank have 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 2024 and 50% for 2023. There is no impact on capital ratio as the Group and the Bank is in net ECL writeback for 2024 and 2023.

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 managementApproach 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
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)
		(16,697)	16,697	(16,697)	16,697
2023					
EUR	5	21	(21)	21	(21)
GBP	5	146	(146)	146	(146)
SGD	5	2,378	(2,378)	2,378	(2,378)
USD	10	(7,568)	7,568	(7,568)	7,568
AUD	10	1,931	(1,931)	1,931	(1,931)
		(3,092)	3,092	(3,092)	3,092

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.

	United states dollar RM'000	Euro RM'000	Singapore dollar RM'000	Great Britain Pound RM'000	Australian dollar RM'000	Others RM'000
Group and Bank						
2024						
Assets						
Cash and bank balances	3,832	3,969	96	2,314	925	108
Deposits and placements with banks and other financial institutions	947,836	24,733	-	13,318	18,042	-
Investment securities	79,230	-	-	-	-	-
Loans, advances and financing	1,829,279	102,850	1,059	234,342	18,573	-
Other assets	36,214	1,175	-	17	98	-
	2,896,391	132,727	1,155	249,991	37,638	108
Liabilities						
Borrowings	2,904,004	128,222	-	231,651	14,465	-
Other payables & accruals	65,130	1,012	977	4,160	2,680	70
Derivative financial instruments	110,854	-	-	-	-	-
Provision for commitment & contingencies	20,789	-	-	-	-	-
	3,100,777	129,234	977	235,811	17,145	70
On-balance sheet open position	(204,386)	3,493	178	14,180	20,493	38
Add/(less): Net forward position	-	-	-	-	-	-
Net open position (liabilities)/assets	(204,386)	3,493	178	14,180	20,493	38

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)

	United states dollar RM'000	Euro RM'000	Singapore dollar RM'000	Great Britain Pound RM'000	Australian dollar RM'000	Others RM'000
Group and Bank						
2023						
Assets						
Cash and bank balances	6,510	1,869	130	430	1,716	111
Deposits and placements with banks and other financial institutions	634,245	26,434	-	9,014	34,377	-
Investment securities	81,257	-	-	-	-	-
Loans, advances and financing	2,368,520	142,551	1,121	205,975	49,666	(26)
Derivative financial instruments	63	-	-	-	-	-
Other assets	41,611	13	-	4	108	-
	3,132,206	170,867	1,251	215,423	85,867	85
Liabilities						
Borrowings	3,404,587	139,612	-	203,080	59,804	-
Other payables & accruals	88,331	94	1,046	3,349	7,384	46
Derivative financial instruments	143,274	-	-	-	-	-
Provision for commitment & contingencies	26,679	-	-	-	-	-
	3,662,871	139,706	1,046	206,429	67,188	46
On-balance sheet open position						
	(530,665)	31,161	205	8,994	18,679	39
Add/(less): Net forward position	102,467	(30,461)	-	-	-	-
Net open position (liabilities)/assets						
	(428,198)	700	205	8,994	18,679	39

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 maintain 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:

	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
Group						
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 a corporate customer	-	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)

	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
Group						
2023						
Assets						
Cash and bank balances	-	-	-	-	15,744	15,744
Deposits and placement with banks and other financial institutions	1,954,616	18,360	-	-	-	1,972,976
Financial investments at fair value through profit or loss	-	-	-	-	6,377	6,377
Financial investments at fair value through other comprehensive income	-	71,107	240,813	189,275	-	501,195
Financial investments at amortised cost	-	-	182,691	51,104	-	233,795
Loans, advances and financing	678,997	94,688	1,490,460	896,237	85	3,160,467
Reinsurance contract assets					9,872	9,872
Derivative financial instruments	-	63	-	-	-	63
Other assets	-	-	-	-	125,884	125,884
Total assets	2,633,613	184,218	1,913,964	1,136,616	157,962	6,026,373
Liabilities and equity						
Borrowings	363,798	1,223,694	1,834,136	419,878	-	3,841,506
Derivative financial instruments	-	143,274	-	-	-	143,274
Insurance contract/takaful certificates liabilities	-	-	-	-	36,837	36,837
Other liabilities	-	1,165	1,521	-	430,656	433,342
Shareholders' equity	-	-	-	-	1,571,414	1,571,414
Total liabilities and equity	363,798	1,368,133	1,835,657	419,878	2,038,907	6,026,373
Period gap	2,269,815	(1,183,915)	78,307	716,738	(1,880,945)	-
Cumulative gap	2,269,815	1,085,900	1,164,207	1,880,945	-	-

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)

	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
Bank						
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
Derivative financial instruments	-	-	-	-	-	-
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 a corporate customer	-	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)

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)

	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
Bank						
2023						
Assets						
Cash and bank balances	-	-	-	-	15,744	15,744
Deposits and placement with banks and other financial institutions	1,954,616	18,360	-	-	-	1,972,976
Financial investments at fair value through profit or loss	-	-	-	-	6,377	6,377
Financial investments at fair value through other comprehensive income	-	71,107	240,813	189,275	-	501,195
Financial investments at amortised cost	-	-	182,691	51,104	-	233,795
Loans, advances and financing	678,997	94,688	1,490,460	896,237	85	3,160,467
Reinsurance contract assets	-	-	-	-	9,872	9,872
Derivative financial instruments	-	63	-	-	-	63
Other assets	-	-	-	-	190,013	190,013
Total assets	2,633,613	184,218	1,913,964	1,136,616	222,091	6,090,502
Liabilities and equity						
Borrowings	363,798	1,223,694	1,834,136	419,878	-	3,841,506
Derivative financial instruments	-	143,274	-	-	-	143,274
Insurance contract/takaful certificates liabilities	-	-	-	-	36,837	36,837
Other liabilities	-	1,165	1,521	-	494,790	497,476
Shareholders' equity	-	-	-	-	1,571,409	1,571,409
Total liabilities and equity	363,798	1,368,133	1,835,657	419,878	2,103,036	6,090,502
Period gap	2,269,815	(1,183,915)	78,307	716,738	(1,880,945)	-
Cumulative gap	2,269,815	1,085,900	1,164,207	1,880,945	-	-

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	
	2024 Impact on profit and loss Increase/ (decrease) RM'000	2023 Impact on profit and loss Increase/ (decrease) RM'000	2024 Impact on profit and loss Increase/ (decrease) RM'000	2023 Impact on profit and loss Increase/ (decrease) RM'000
Interest/Profit rate - parallel shift				
+ 50 basis points	288	303	362	230
- 50 basis points	(288)	(303)	(362)	(230)

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:

	2024 Impact on OCI Increase/ (decrease) RM'000	2023 Impact on OCI Increase/ (decrease) RM'000
+ 50 basis points	(5)	45
- 50 basis points	5	(45)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

42. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

Liquidity risk management (cont'd)

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.

Table below analyses assets and liabilities of the Group's and the Bank's according to their contractual maturity:

	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
Group						
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
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 a corporate customer	-	-	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)

	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
Group						
2023						
Assets						
Cash and bank balances	15,744	-	-	-	-	15,744
Deposits and placements with banks and other financial institutions	-	1,954,616	18,360	-	-	1,972,976
Financial investments at fair value through profit or loss	-	-	-	-	6,377	6,377
Financial investments at fair value through other comprehensive income	-	-	71,107	240,813	189,275	501,195
Financial investments at amortised cost	-	-	-	182,691	51,104	233,795
Loans, advances and financing	-	679,082	94,688	1,490,460	896,237	3,160,467
Reinsurance contract assets	313	-	948	8,611	-	9,872
Derivative financial instruments	-	63	-	-	-	63
Other assets	125,884	-	-	-	-	125,884
Total assets	141,941	2,633,761	185,103	1,922,575	1,142,993	6,026,373
Liabilities						
Borrowings	-	363,124	1,222,568	1,835,296	420,518	3,841,506
Derivative financial instruments	-	143,274	-	-	-	143,274
Insurance contract/takaful certificates liabilities	23,756	109	3,470	9,502	-	36,837
Other liabilities	430,656	-	1,165	1,521	-	433,342
Total liabilities	454,412	506,507	1,227,203	1,846,319	420,518	4,454,959
Net maturity mismatch	(312,471)	2,127,254	(1,042,100)	76,256	722,475	1,571,414

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)

	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
Bank						
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
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 a corporate customer	-	-	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)Measurement (cont'd)

Table below analyses assets and liabilities of the Group's and the Bank's according to their contractual maturity: (cont'd)

	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
Bank						
2023						
Assets						
Cash and bank balances	15,744	-	-	-	-	15,744
Deposits and placements with banks and other financial institutions	-	1,954,616	18,360	-	-	1,972,976
Financial investments at fair value through profit or loss	-	-	-	-	6,377	6,377
Financial investments at fair value through other comprehensive income	-	-	71,107	240,813	189,275	501,195
Financial investments at amortised cost	-	-	-	182,691	51,104	233,795
Loans, advances and financing	-	679,082	94,688	1,490,460	896,237	3,160,467
Reinsurance contract assets	313	-	948	8,611	-	9,872
Derivative financial instruments	-	63	-	-	-	63
Other assets	190,013	-	-	-	-	190,013
Total assets	206,070	2,633,761	185,103	1,922,575	1,142,993	6,090,502
Liabilities						
Borrowings	-	363,124	1,222,568	1,835,296	420,518	3,841,506
Derivative financial instruments	-	143,274	-	-	-	143,274
Insurance contract/takaful certificates liabilities	23,756	109	3,470	9,502	-	36,837
Other liabilities	494,790	-	1,165	1,521	-	497,476
Total liabilities	518,546	506,507	1,227,203	1,846,319	420,518	4,519,093
Net maturity mismatch	(312,476)	2,127,254	(1,042,100)	76,256	722,475	1,571,409

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.

	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
Group and Bank						
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						
<u>Banking operation commitments</u>						
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)**Liquidity risk management** (cont'd)

	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
Group and Bank						
2023						
Financial liabilities						
Borrowings	-	363,124	1,297,893	2,083,464	478,508	4,222,989
Other payables	430,656	-	1,165	1,521	-	433,342
Derivative financial instruments	-	-	82,293	150,893	-	233,186
	430,656	363,124	1,381,351	2,235,878	478,508	4,889,517
Commitments and contingencies						
Banking operation commitments						
Contracted but not provided for:						
Guarantee facility	117,459	-	-	-	-	117,459
Letter of credit	286	-	-	-	-	286
Undrawn loans and financing	1,049,679	-	-	-	-	1,049,679
	1,167,424	-	-	-	-	1,167,424

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.

NOTES TO THE FINANCIAL STATEMENTS

42. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

Credit risk management (cont'd)

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.

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:

	Maximum exposure to credit risk RM'000	Collateral value RM'000	Net exposures RM'000
Group and Bank			
2024			
<u>Credit exposure for on-balance sheet assets:</u>			
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
Other assets excluding tax prepayment	30,378	-	30,378
	5,480,176	1,893,210	3,586,966
<u>Credit exposure for off-balance sheet assets:</u>			
Banking operations commitments [#]	910,783	-	910,783
	6,390,959	1,893,210	4,497,749

* 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)

	Maximum exposure to credit risk RM'000	Collateral value RM'000	Net exposures RM'000
Group and Bank			
2023			
<u>Credit exposure for on-balance sheet assets:</u>			
Cash and bank balances	15,744	-	15,744
Deposits and placements with banks and other financial institutions	1,972,976	-	1,972,976
Financial investments*	734,990	-	734,990
Loans, advances and financing	3,160,467	2,624,091	536,376
Reinsurance contract assets	9,872	-	9,872
Net derivative financial instruments	63	-	63
Other assets excluding tax prepayment	50,335	-	50,335
	5,944,447	2,624,091	3,320,356
<u>Credit exposure for off-balance sheet assets:</u>			
Banking operations commitments [#]	1,123,012	-	1,123,012
	7,067,459	2,624,091	4,443,368

* Financial investments exclude investments in equities.

[#] Banking operation commitments are netting off expected credit losses.

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.

NOTES TO THE FINANCIAL STATEMENTS

42. FINANCIAL RISK MANAGEMENT POLICIES (cont'd)

Credit risk exposure (cont'd)

Collateral and credit enhancement (cont'd)

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:

	2024 RM'000	2023 RM'000
<u>Collateral type</u>		
Secured by cash	54,782	119,290
Secured by property	1,321,350	1,481,218
Secured by machinery	517,078	1,023,583
	1,893,210	2,624,091

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
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

	Gross carrying amount RM'000	ECL RM'000	Net carrying amount RM'000	Fair value of collateral held* RM'000
2023				
<u>Credit impaired financial assets</u>				
Loans, advances and financing	2,086,013	1,498,569	587,444	1,300,973
Financial investments at FVOCI	100,000	100,000	-	-
Financial investments at amortised cost	342,963	261,706	81,257	-
Total credit impaired financial assets	2,528,976	1,860,275	668,701	1,300,973

* 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

	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
Group and Bank								
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.)

Exposures to credit risk by geographical region 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
2023								
Malaysia	15,744	1,972,976	734,990	1,022,828	9,872	63	56,918	3,813,391
East Asia	-	-	-	955,958	-	-	-	955,958
South Asia	-	-	-	61,659	-	-	-	61,659
Central Asia	-	-	-	142,242	-	-	-	142,242
Middle East	-	-	-	27,356	-	-	-	27,356
Africa	-	-	-	51,117	-	-	-	51,117
Europe	-	-	-	334,009	-	-	-	334,009
America	-	-	-	515,178	-	-	-	515,178
Oceania	-	-	-	50,120	-	-	-	50,120
	15,744	1,972,976	734,990	3,160,467	9,872	63	56,918	5,951,030

* 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

	Banking operation commitments* RM'000
Group and Bank	
2024	
Malaysia	741,737
East Asia	44,346
Middle East	12,363
Europe	111,224
Oceania	1,113
	910,783

	Banking operation commitments* RM'000
Group and Bank	
2023	
Malaysia	1,063,604
East Asia	9,495
South Asia	12,072
Africa	36,589
Oceania	1,252
	1,123,012

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	Net derivative financial instruments RM'000	Other assets RM'000	Total assets 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 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
Group and Bank								
2024								
(cont'd.)								
Wholesale and retail trade; repair of motor Vehicles and motorcycles	-	-	736,079	2,675,569	-	-	-	3,411,648
Water supply; sewerage, waste management and remediation activities	-	-	-	64,923	-	-	-	64,923
Financial and insurance/takaful activities	-	-	-	25,328	-	-	-	25,328
Other service activities	26,699	1,278,340	96,529	505,812	3,936	-	-	1,911,316
Information and communication	-	-	25,928	-	-	-	30,378	56,306
Human health and social work activities	-	-	-	9,386	-	-	-	9,386
	-	-	-	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.)

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 assets RM'000
2023								
Manufacturing	-	-	88,218	811,544	-	-	-	899,762
Construction	-	-	77,576	515,673	-	-	-	593,249
Transportation and storage	-	-	71,107	505,622	-	-	-	576,729
Professional, scientific and technical activities	-	-	-	12,200	-	-	-	12,200
Electricity, gas, steam and Air conditioning supply	-	-	134,220	193,954	-	-	-	328,174
Accommodation and food Service activities	-	-	-	35,872	-	-	-	35,872
Agriculture, forestry and fishing	-	-	35,756	9,597	-	-	-	45,353
Mining and quarrying	-	-	-	695,027	-	-	-	695,027
Real estate activities	-	-	-	80,030	-	-	-	80,030
Government	-	-	205,351	-	-	-	-	205,351
	-	-	612,228	2,859,519	-	-	-	3,471,747

* 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 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
Group and Bank								
2023								
(cont'd.)								
Administrative and support service activities	-	-	612,228	2,859,519	-	-	-	3,471,747
Wholesale and retail trade, repair of motor vehicles and motorcycles	-	-	-	53,752	-	-	-	53,752
Water supply; sewerage, waste management and remediation activities	-	-	-	12,243	-	-	-	12,243
Financial and insurance/ takaful activities	15,744	1,972,976	92,043	212,166	9,872	63	-	2,302,864
Other service activities	-	-	30,719	-	-	-	56,918	87,637
	15,744	1,972,976	734,990	3,160,467	9,872	63	56,918	5,951,030

* 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

	Banking operation commitments[#] RM'000
Group and Bank	
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.

	Banking operation commitments[#] RM'000
Group and Bank	
2023	
Manufacturing	429,426
Transportation and storage	36,308
Professional, scientific and technical activities	5,009
Construction	96,855
Electricity, gas, steam and air conditioning supply	85,056
Administrative and support service activities	343,672
Wholesale and retail trade; repair of motor vehicles and motorcycles	118,923
Real estate activities	3,018
Water supply, sewerage, waste management and remediation activities	4,745
	1,123,012

[#] 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:

	2024 RM'000	2023 RM'000
Group and Bank		
Financial investments at FVOCI (Gross):		
AA	538,804	377,275
Government guarantees	113,151	123,920
	651,955	501,195
Financial investments at amortised cost (Gross):		
Long-term		
D	334,408	342,963
Government guarantees	152,121	152,538
	486,529	495,501
Net derivative financial liabilities:		
Financial institutions		
AA	(18,759)	(13,060)
BBB+	(92,095)	(128,573)
	(110,854)	(141,633)

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
2024				
Commercial customer				
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 a-	-	-	-	-
Risk Rating bb-	-	12,056	-	12,056
Risk Rating b+	-	-	-	-
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

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
2023				
Commercial customer				
Risk Rating 3	216,825	-	-	216,825
Risk Rating 4	96,914	-	-	96,914
Risk Rating 5	1,276,842	-	-	1,276,842
Risk Rating 6	706,333	64,043	-	770,376
Risk Rating 7	-	34,849	-	34,849
Risk Rating 9	-	1,530	-	1,530
Impaired	-	-	2,086,013	2,086,013
	2,296,914	100,422	2,086,013	4,483,349
Sovereign				
Risk Rating bb-	-	15,455	-	15,455
Risk Rating ccc+	-	1,609	-	1,609
Risk Rating ccc-	-	227,691	-	227,691
	-	244,755	-	244,755
	2,296,914	345,177	2,086,013	4,728,104

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 RM22,249,243 (2023: Nil).

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.

The following table represents financial assets and liabilities measured at fair value and classified by level with the following fair value measurement hierarchy:

	Carrying value RM'000	Fair value Level 1 RM'000	Fair value Level 2 RM'000
Group and Bank			
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	-
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

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.):

	Carrying value RM'000	Fair value Level 2 RM'000	Fair value Level 3 RM'000
Group and Bank			
2024			
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 a corporate customer	10,005	-	10,005
Borrowings (non-hedged portion)	1,396,165	-	1,396,165

	Carrying value RM'000	Fair value Level 1 RM'000	Fair value Level 2 RM'000	Fair value Level 3 RM'000
Group and Bank				
2023				
Financial assets				
Assets measured at fair value				
Financial investments at FVOCI				
- Unquoted debt securities	501,195	-	501,195	-
Financial investments at FVTPL				
- Quoted shares	6,377	6,377	-	-
Derivative financial instruments	63	-	-	63
Total financial assets carried at fair value	507,635	6,377	501,195	63
Financial liabilities				
Liabilities measured at fair value				
Borrowings (hedged portion)	-	1,960,567	-	1,960,567
Derivative financial instruments	-	143,274	-	143,274

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.):

	Carrying value RM'000	Fair value Level 1 RM'000	Fair value Level 2 RM'000	Fair value Level 3 RM'000
Group and Bank				
2023				
Financial assets				
Assets not measured at fair value				
Investment properties	-	778	-	1,140
Financial investments at amortised cost				
- Unquoted debt securities	-	233,795	233,795	-
Loans, advances and financing	-	3,160,467	-	2,997,658
Financial liabilities				
Liabilities not measured at fair value				
Borrowings (non-hedged portion)	-	1,880,939	-	1,880,939

There were no transfers between Level 1, Level 2 and Level 3 of the fair value hierarchy during the financial year.

(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.

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

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.

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 a corporate customer

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.

NOTES TO THE FINANCIAL STATEMENTS

43. INSURANCE RISKS (cont'd)

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.

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.

	2024 Net RM'000	2023 Net RM'000
Estimated Liabilities for incurred claims ("LIC")	21,958	26,824

Claim liability sensitivity analysis

a. Change in claim costs

Changing the claim costs by 10% will give the following results.

	2024 Net		2023 Net	
	RM'000 High +10%	RM'000 Low -10%	RM'000 High +10%	RM'000 Low -10%
Estimated LIC	22,012	21,904	26,874	26,774

NOTES TO THE FINANCIAL STATEMENTS

43. INSURANCE RISKS (cont'd)**Claim liability sensitivity analysis** (cont'd)**b. Change in claims severity**

Changing the claims severity by 10% will give the following results.

	2024 Net		2023 Net	
	RM'000 High +10%	RM'000 Low -10%	RM'000 High +10%	RM'000 Low -10%
Estimated LIC	22,023	21,893	26,884	26,763

c. Change in Claims Handling Expenses ("CHE")

Changing the CHE by 10% will give the following results.

	2024 Net		2023 Net	
	RM'000 High +10%	RM'000 Low -10%	RM'000 High +10%	RM'000 Low -10%
Estimated LIC	21,958	21,958	26,824	26,823

d. Change in risk adjustment

Changing the risk adjustment by 10% will give the following results.

	2024 Net		2023 Net	
	RM'000 High +10%	RM'000 Low -10%	RM'000 High +10%	RM'000 Low -10%
Estimated LIC	22,055	21,861	27,360	26,287

	2024 Net RM'000	2023 Net RM'000
Estimated Liabilities for Remaining Coverage ("LRC")	2,885	4,764

Liability for remaining coverage**a. Change in claim frequency**

Changing the claim frequency by 10% will give the following results.

	2024 Net		2023 Net	
	High +10%	Low -10%	High +10%	Low -10%
Estimated LRC	2,892	2,878	4,767	4,762

NOTES TO THE FINANCIAL STATEMENTS

43. INSURANCE RISKS (cont'd)**Liability for remaining coverage** (cont'd)**b. Change in claims severity**

Changing the claims severity by 10% will give the following results.

	2024 Net		2023 Net	
	RM'000 High +10%	RM'000 Low -10%	RM'000 High +10%	RM'000 Low -10%
Estimated LRC	2,893	2,878	4,769	4,760

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.

	2024 Net		2023 Net	
	RM'000 High +10%	RM'000 Low -10%	RM'000 High +10%	RM'000 Low -10%
Estimated LRC	1,883	2,905	4,825	4,488

d. Change in Maintenance Expenses ("ME")

Changing the ME by 10% will give the following results.

	2024 Net		2023 Net	
	RM'000 High +10%	RM'000 Low -10%	RM'000 High +10%	RM'000 Low -10%
Estimated LRC	3,166	2,604	4,953	4,575

e. Change in risk adjustment

Changing the risk adjustment by 10% will give the following results.

	2024 Net		2023 Net	
	RM'000 High +10%	RM'000 Low -10%	RM'000 High +10%	RM'000 Low -10%
Estimated LRC	3,172	2,599	4,911	4,618

NOTES TO THE FINANCIAL STATEMENTS

44. ISLAMIC BUSINESS

Statements of financial position as at 31 December 2024

		2024			2023		
	Note	Islamic business fund RM'000	Takaful fund RM'000	Total RM'000	Islamic business fund RM'000 Restated	Takaful fund RM'000	Total RM'000 Restated
Group and Bank							
Assets							
Cash and bank balances	(a)	8,248	1,505	9,753	6,173	278	6,451
Deposits and placements with banks and other financial institutions	(b)	435,360	20,966	456,326	1,114,921	20,217	1,135,138
Financial investments at fair value through profit or loss	(c)	5,011	-	5,011	6,377	-	6,377
Financial investments at fair value through other comprehensive income	(d)	328,517	-	328,517	313,886	-	313,886
Financial investments at amortised cost	(e)	165,607	-	165,607	192,702	-	192,702
Islamic financing	(f)	2,018,898	-	2,018,898	1,280,839	-	1,280,839
Reinsurance contract assets		-	102	102	-	1,003	1,003
Other receivables		5,023	-	5,023	677	215	892
Total assets		2,966,664	22,573	2,989,237	2,915,575	21,713	2,937,288
Liabilities							
Financing payable	(g)	1,156,056	-	1,156,056	1,614,644	-	1,614,644
Deposit from a corporate customer	(h)	10,005	-	10,005	-	-	-
Deferred income		5,617	1,219	6,836	4,638	-	4,638
Insurance contract/takaful certificates		-	5,459	5,459	-	8,962	8,962
Takaful participants fund	(i)	-	6,632	6,632	-	4,151	4,151
Provision for commitments and contingencies	(j)	16,249	-	16,249	18,915	-	18,915
Other liabilities	(k)	521,258	9,263	530,521	566,174	8,600	574,774
Total liabilities		1,709,185	22,573	1,731,758	2,204,371	21,713	2,226,084
Financed by:							
Islamic banking fund		1,324,198	-	1,324,198	800,000	-	800,000
Reserves		(16,646)	-	(16,646)	(16,624)	-	(16,624)
Accumulated losses		(50,073)	-	(50,073)	(72,172)	-	(72,172)
Total Islamic business fund and Takaful fund		1,257,479	-	1,257,479	711,204	-	711,204
Total liabilities and Islamic business fund		2,966,664	22,573	2,989,237	2,915,575	21,713	2,937,288
Commitments and contingencies							
	(o)	771,217	-	771,217	911,216	-	911,216

NOTES TO THE FINANCIAL STATEMENTS

44. ISLAMIC BUSINESS (cont'd)

Statement of profit or loss for the year ended 31 December 2024

		2024			2023		
	Note	Islamic business fund RM'000	Takaful fund RM'000	Total RM'000	Islamic business fund RM'000 Restated	Takaful fund RM'000	Total RM'000 Restated
Group and Bank							
Income derived from Islamic banking fund	(l)	158,867	-	158,867	143,015	-	143,015
Financing cost		(86,460)	-	(86,460)	(96,999)	-	(96,999)
Net income from Islamic banking fund		72,407	-	72,407	46,016	-	46,016
Takaful revenue		-	4,077	4,077	-	5,610	5,610
Takaful service expenses*		-	481	1,318	-	10,419	11,364
Net expenses from reinsurance contracts held		-	(991)	(991)	-	(4,045)	(4,045)
Total takaful service results		-	3,567	4,404	-	11,984	12,929
Takaful Finance Expense		-	(1,086)	(1,086)	-	(1,166)	(1,166)
Net income from takaful service results		-	2,481	3,318	-	10,818	11,763
Islamic banking fund and Takaful fund results		72,407	2,481	75,725	46,016	10,818	57,779
Other income/(expenses), net* (m)		15,027	-	14,190	(14,197)	-	(15,142)
Net Income from Islamic business		87,434	2,481	89,915	31,819	10,818	42,637
Administrative expenses (Allowance)/writeback for expected credit losses ("ECL") on advances and financing	(n)	(2,293)	-	(2,293)	(2,133)	-	(2,133)
Writeback/(allowance) for ECL on commitments and contingencies		(41,077)	-	(41,077)	6,647	-	6,647
		2,805	-	2,805	(1,562)	-	(1,562)

NOTES TO THE FINANCIAL STATEMENTS

44. ISLAMIC BUSINESS (cont'd)

Statement of profit or loss for the year ended 31 December 2024 (cont'd)

		2024			2023		
	Note	Islamic business fund RM'000	Takaful fund RM'000	Total RM'000	Islamic business fund RM'000 Restated	Takaful fund RM'000	Total RM'000 Restated
Group and Bank							
(Allowance)/writeback for ECL on financial investments		(24,770)	-	(24,770)	570	-	570
Profit before surplus attributable to takaful participants		22,099	2,481	24,580	35,341	10,818	46,159
Surplus attributable to takaful participants		-	(2,481)	(2,481)	-	(10,818)	(10,818)
Profit for the year before zakat		22,099	-	22,099	35,341	-	35,341
Zakat		-	-	-	-	-	-
Net profit for the year		22,099	-	22,099	35,341	-	35,341
Other comprehensive income to be reclassified to profit or loss in subsequent periods:							
Fair value changes on FVOCI		(22)	-	(22)	4,675	-	4,675
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		(22)	-	(22)	4,675	-	4,675
Total comprehensive income for the year		22,077	-	22,077	40,016	-	40,016

* 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 2024**

	Islamic Banking Fund RM'000	Accumulated losses RM'000	Fair value adjustment reserve RM'000	Total RM'000
Group and Bank				
At 1 January 2023	800,000	(107,513)	(21,299)	671,188
Net profit for the year	-	35,341	-	35,341
Other comprehensive income	-	-	4,675	4,675
At 31 December 2023/1 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	1,324,198	(50,073)	(16,646)	1,257,479

NOTES TO THE FINANCIAL STATEMENTS

44. ISLAMIC BUSINESS (cont'd)

Statement of cash flows for islamic business fund the financial year ended 31 December 2024

	Group and Bank 2024 RM'000	2023 RM'000
Cash flows from operating activities		
Profit before zakat	22,099	35,341
Adjustments for:		
ECL Stage 3 of financing		
- Charged for the year	22,397	60,724
- Writeback during the year	(32,297)	(51,400)
ECL Stage 1 and 2 of financing		
- Allowance/(writeback) during the year	50,977	(15,971)
Allowance/(writeback) for ECL on financial investments	24,770	(570)
(Writeback)/allowance for ECL on commitment & contingencies	(2,805)	1,562
Unrealised foreign exchange (gain)/loss	(142,360)	31,354
Amortisation of premium less accretion of discount	(834)	(1,144)
Operating (loss)/profit before working capital changes	(58,053)	59,896
Islamic financing	(739,377)	15,404
Deposit from a corporate customer	10,005	-
Other assets	(28,046)	6,753
Other liabilities	(38,641)	21,136
Deferred income	2,198	1,579
Reinsurance contract assets	901	4,933
Increase in qard payables	2,481	4,151
Takaful contract liabilities	(3,503)	(16,523)
Net cash (used in)/generated from operating activities	(852,035)	97,329
Cash flow from investing activities		
Purchase of investments	(87,814)	(294,151)
Proceed from disposal of investments	70,784	160,832
Net cash used in investing activities	(17,030)	(133,319)
Cash flows from financing activities		
Net drawdown/(repayment) of financing payable	184,210	(290,403)
Net cash generated from/(used in) financing activities	184,210	(290,403)
Net decrease in cash and cash equivalents	(684,855)	(326,393)
Net foreign exchange difference	(14,586)	55,256
Cash and cash equivalents at beginning of year excluding on behalf of customer	1,090,084	1,361,221
Cash and cash equivalents at end of year	390,643	1,090,084
Cash and cash equivalents comprise:		
Cash and bank balances	9,753	6,451
Deposits and placements with financial institutions	456,326	1,135,138
Less: Deposits and placements on behalf of customers	(75,436)	(51,505)
	390,643	1,090,084

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 2024

(a) Cash and bank balances

	Islamic business fund RM'000	Group and Bank Takaful fund RM'000	Total fund RM'000
2024			
Cash and bank balances	8,248	1,505	9,753

	Islamic business fund RM'000	Group and Bank Takaful fund RM'000	Total fund RM'000
2023			
Cash and bank balances	6,173	278	6,451

(b) Deposits and placements with banks and other financial institutions

	Islamic business fund RM'000	Group and Bank 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

	Islamic business fund RM'000	Group and Bank Takaful fund RM'000	Total fund RM'000
2023			
Deposits and placements with:			
Licensed banks	592,880	-	592,880
Other financial institutions	522,041	20,217	542,258
	1,114,921	20,217	1,135,138

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 2024 (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 2024 and 31 December 2023 is an amount related to Operator's fund of RM113,725 (2023: RM109,674).

	Group and Bank 2024 RM'000	2023 RM'000
Further breakdown to deposits and placements are as follows:		
For EXIM Bank	380,890	1,083,633
On behalf of customers and government	75,436	51,505
	456,326	1,135,138

(c) Financial investments at fair value through profit or loss

	Group and Bank 2024 RM'000	2023 RM'000
At fair value		
Quoted shares	5,011	6,377
Total financial investments at FVTPL	5,011	6,377

(d) Financial investments at fair value through other comprehensive income

	Group and Bank 2024 RM'000	2023 RM'000
At fair value		
Corporate Bonds and Sukuk	328,517	313,886
Total financial investments at FVOCI	328,517	313,886

Included in financial investments at FVOCI are investments to meet the requirement of Sukuk Programme of the Group amounting to RM31,212,000 (2023: RM31,212,000).

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 2024 (cont'd)

(d) Financial investments at fair value through other comprehensive income (cont'd)

The maturity profile of money market instruments are as follows:

	Group and Bank	
	2024 RM'000	2023 RM'000
Within one year	60,362	71,107
One year to three years	80,591	60,917
Three years to five years	70,169	71,820
After five years	117,395	110,042
	328,517	313,886

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 2023	87	-	100,000	100,087
Writeback during the year	(87)	-	-	(87)
At 31 December 2023/1 January 2024	-	-	100,000	100,000
At 31 December 2024	-	-	100,000	100,000

(e) Financial investments at amortised cost

	Group and Bank	
	2024 RM'000	2023 RM'000
Unquoted securities:		
Corporate Bonds and Sukuk	445,555	454,408
Less: Allowance for ECL	(279,948)	(261,706)
Total financial investments at amortised cost	165,607	192,702

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 2024 (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 2023	15	-	250,784	250,799
Writeback during the year	(15)	-	(483)	(498)
Exchange differences	-	-	11,405	11,405
At 31 December 2023/1 January 2024	-	-	261,706	261,706
Allowance during the year	-	-	24,770	24,770
Exchange differences	-	-	(6,528)	(6,528)
At 31 December 2024	-	-	279,948	279,948

(f) Islamic financing

	Group and Bank	
	2024 RM'000	2023 RM'000
(i) Murabahah	138,434	54,556
Istisna'	27,798	28,552
Tawarruq	2,044,168	1,489,548
Ijarah	61,647	65,699
Wakalah	134,737	-
	2,406,784	1,638,355
Less: Allowance for ECL on impaired advances and financing		
- 12-month ECL - Stage 1	(63,156)	(32,929)
- Lifetime not impaired ECL - Stage 2	(28,703)	(7,953)
- Lifetime ECL credit impaired - Stage 3	(296,027)	(316,634)
Net advances and financing	2,018,898	1,280,839

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 2024 (cont'd)

(f) Islamic financing (cont'd)

(ii) The maturity structure of the advances and financing are as follows:

	Group and Bank	
	2024	2023
	RM'000	RM'000
Within one year	1,170,529	539,865
One year to three years	241,053	591,883
Three years to five years	264,344	177,764
Over five years	730,858	328,843
	2,406,784	1,638,355

(iii) Islamic gross advances and financing analysed by profit rate sensitivity are as follows:

	Group and Bank	
	2024	2023
	RM'000	RM'000
Fixed rate	14,725	3,070
Variable rate	2,392,059	1,635,285
	2,406,784	1,638,355

(iv) Islamic gross advances and financing analysed by geography are as follows:

	Group and Bank	
	2024	2023
	RM'000	RM'000
Malaysia	1,453,849	593,940
East Asia	486,094	525,585
South Asia	61,696	80,367
Europe	234,342	205,975
West Africa	15,344	37,501
Oceania	18,407	49,487
Middle East	137,052	145,500
	2,406,784	1,638,355

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 2024 (cont'd)

(f) Islamic financing (cont'd)

(v) Islamic gross advances and financing analysed by industry are as follows:

	Group and Bank	
	2024	2023
	RM'000	RM'000
Primary agriculture	12,435	12,827
Mining and quarrying	49,227	58,313
Manufacturing	978,639	509,004
Transport, storage and communication	243,159	269,071
Construction	433,073	582,577
Wholesale and retail trade, and restaurants and hotels	92,533	56,353
Other	597,718	150,210
	2,406,784	1,638,355

(vi) Movements in impaired advances and financing are as follows:

	Group and Bank	
	2024	2023
	RM'000	RM'000
At 1 January	575,131	597,105
Impaired during the year	2,973	9,282
Recoveries	(13,399)	(8,915)
Written-off	(2,389)	(43,028)
Exchange differences	(24,148)	20,687
At 31 December	538,168	575,131

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 2024
(cont'd)

(f) Islamic financing (cont'd)

(vii) Advances and financing analysed by facility and Shariah contract are as follows:

	Murabahah RM'000	Istisna RM'000	Tawarruq RM'000	Ijarah RM'000	Wakalah RM'000	Total RM'000
2024						
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 2024 (cont'd)

(f) Islamic financing (cont'd)

(vii) Advances and financing analysed by facility and Shariah contract are as follows (cont'd.):

	Murabahah RM'000	Istisna RM'000	Tawarruq RM'000	Ijarah RM'000	Wakalah RM'000	Total RM'000
2023						
At amortised cost						
Malaysian Kitchen Financing Facility-i	-	-	1,345	-	-	1,345
Overseas Contract Financing-i	-	-	93,371	-	-	93,371
Overseas Investment Financing-i	-	-	33,079	-	-	33,079
Overseas Project Financing-i	24,027	28,552	402,977	-	-	455,556
Revolving Credit-i	-	-	17,862	-	-	17,862
Supplier Financing-i	29,182	-	92,931	12,420	-	134,533
Term Financing-i	1,347	-	797,233	53,279	-	851,859
Vendor Financing-i	-	-	32,054	-	-	32,054
Export Credit Refinancing-i	-	-	18,696	-	-	18,696
Gross financing	54,556	28,552	1,489,548	65,699	-	1,638,355
Allowances for ECL on advances and financing						
- 12-month ECL - Stage 1	-	-	-	-	-	(32,929)
- Lifetime not impaired ECL - Stage 2	-	-	-	-	-	(7,953)
- Lifetime ECL credit impaired - Stage 3	-	-	-	-	-	(316,634)
Net advances and financing	54,556	28,552	1,489,548	65,699	-	1,280,839

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 2024
(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
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
	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
2023				
At 1 January	41,508	15,345	337,389	394,242
Transferred to Stage 1	54	(54)	-	-
Transferred to Stage 3	-	(4,881)	4,881	-
Net remeasurement	3,883	(2,188)	4,443	6,138
Financial assets derecognised	(12,516)	(269)	-	(12,785)
Total net profit and loss charge during the period	(8,579)	(7,392)	9,324	(6,647)
Exchange differences	-	-	(30,079)	(30,079)
At 31 December	32,929	7,953	316,634	357,516

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 2024
(cont'd)

(f) Islamic financing (cont'd)

(ix) Overlays and adjustments for ECL

The impact of the management overlays has improved based on the latest performance by customers from geopolitical tension, elevated inflation and increase in interest rates. With the improvement of customers credit risk and conduct of accounts, the overlay has been released accordingly for financing assets for the financial year ended 31 December 2024.

ECL (with overlays) are as follows:

	Outstanding Amount RM'000	Group and Bank Modelled ECL RM'000	Management Overlay RM'000	Total ECL* RM'000
2023	34,846	4,830	(4)	4,826
	34,846	4,830	(4)	4,826

* Total ECL for financing where management overlay has been provided.

(g) Financing Payable

	Group and Bank 2024 RM'000	2023 RM'000
(i) <u>Revolving credit facility - unsecured</u>		
Within one year	871,033	173,023
One year to three years	195,524	-
	1,066,557	173,023
(ii) <u>Sukuk</u>		
One year to three years	89,499	91,757
(iii) <u>Syndication financing</u>		
One year to three years	-	1,349,864
	1,156,056	1,614,644

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 2024
(cont'd)

(h) Deposit from a corporate customer

	Group and Bank 2024 RM'000	2023 RM'000
<u>Term deposit</u>		
Murabahah	10,005	-
(i) The maturity profile of term deposit is as follows: Within one year	10,005	-
(ii) The deposit is sourced from following type of customer: Financial institution	10,005	-

(i) Takaful participants fund

		Group and Bank 2024 RM'000	2023 RM'000
<u>Takaful participants fund</u>			
Accumulated surplus/(deficit)	(i)	6,632	4,151
Qard	(ii)	-	-
		6,632	4,151

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.

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 2024 (cont'd)

(i) Takaful participants fund (cont'd)

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.

	2024 RM'000	2023 RM'000
(i) <u>Accumulated surplus/(deficit)</u>		
At beginning of the year	4,151	(6,667)
Net surplus of the Takaful fund	2,481	10,818
At end of the year	6,632	4,151
(ii) <u>Qard</u>		
At beginning of the year	-	6,667
Decrease in Qard	-	(6,667)
At end of the year	-	-

(j) Provision for commitments and contingencies

	Group and Bank 2024 RM'000	2023 RM'000
Provision for commitments and contingencies	16,249	18,915

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 2024
(cont'd)

(j) Provision for commitments and contingencies (cont'd)

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 RM'000
At 1 January 2023	13,343	554	3,201	17,098
Transferred to Stage 1	3	(3)	-	-
Financial asset derecognised	(5)	(202)	-	(207)
Net remeasurement	1,792	(99)	75	1,768
Exchange differences	-	-	256	256
At 31 December 2023/1 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	15,698	551	-	16,249

(k) Other liabilities

	Group and Bank	
	2024 RM'000	2023 RM'000
Sinking fund and debt services reserve accounts	116,056	91,003
Profit payable	7,008	29,526
Amount due to Teraju	16,616	54,004
Financing from banking business*	360,952	376,936
Others	29,889	23,305
	530,521	574,774

* The financing from banking business is unsecured, does not bear profit and has no fixed terms of repayment.

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 2024 (cont'd)

(l) Income derived from Islamic banking fund

	Group and Bank 2024 RM'000	2023 RM'000
Islamic financing:		
Murabahah	24,733	22,758
Tawarruq	78,132	58,136
Ijarah	51	116
Financing profit from impaired financing	2,973	9,111
ECR-i debtors	316	62
Deposits and placements with banks and other financial institutions	38,148	42,299
Financial investments	14,514	10,533
	158,867	143,015

(m) Other income/(expenses), net

	Group and Bank 2024 RM'000	2023 RM'000
Fee Income	4,021	2,396
Unrealised fair value loss for equity investment	(1,367)	(2,920)
Foreign exchange gain/(loss)		
- unrealised	142,360	(31,354)
- realised	(147,216)	16,634
Others	17,229	1,047
	15,027	(14,197)

(n) Allowances/(writeback) for ECL on advances and financing

	Group and Bank 2024 RM'000	2023 RM'000
Allowances/(writeback) for ECL on advances and financing		
- 12-month ECL - Stage 1, allowance/(writeback), net	30,227	(8,579)
- Lifetime not impaired ECL - Stage 2, allowance/(writeback), net	20,750	(7,392)
- Lifetime ECL credit impaired - Stage 3, allowance	22,397	60,724
- Lifetime ECL credit impaired - Stage 3, writeback	(32,297)	(51,400)
	41,077	(6,647)

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 2024 (cont'd)

(o) Commitments and contingencies

	Group and Bank 2024 RM'000	2023 RM'000
<u>Banking operation commitments</u>		
Contracted but not provided for:		
Guarantee facility	5,193	2,152
Letter of credit	-	286
Undrawn financing	766,024	908,778
Total commitments and contingencies	771,217	911,216

(p) Shariah disclosures

(i) Shariah non-compliant ("SNC") events

There are two (2) events related to SNC event occurred as follows:

	No. of event	2024 RM'000	No. of event	2023 RM'000
SNC with no financial impact to the Bank:				
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	1	-

(ii) Sources and uses of charity funds

	Group and Bank 2024 RM'000	2023 RM'000
At 1 January	2,079	2,640
Funds distributed during the year		
- Contribution to non-profit organisation	(478)	(561)
Funds received during the year	619	-
At 31 December	2,220	2,079

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 2024 (cont'd)

(q) Regulatory Capital

	Before Transitional Arrangement 2024 RM'000	Group and Bank After Transitional Arrangement 2024 RM'000	Before Transitional Arrangement 2023 RM'000	After Transitional Arrangement 2023 RM'000
Islamic banking fund	1,324,198	1,324,198	800,000	800,000
Accumulated losses**	(72,728)	(72,728)	(108,096)	(108,096)
Current year profit**	21,996	21,996	35,368	35,368
Add: Transitional arrangement	-	-	-	-
Eligible Tier 1 capital	1,273,466	1,273,466	727,272	727,272
Collective allowance on Islamic financing*	91,859	91,859	40,882	40,882
Provision for commitments and contingencies	16,249	16,249	18,915	18,915
Provision for guarantee and claim	1,495	1,495	1,531	1,531
Eligible Tier 2 capital	109,603	109,603	61,328	61,328
Total capital base	1,383,069	1,383,069	788,600	788,600
Risk weighted assets	2,759,198	2,759,198	1,893,904	1,893,904
Core capital ratio	46.15%	46.15%	38.40%	38.40%
RWCR	50.13%	50.13%	41.64%	41.64%

* 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 2024 (cont'd)

(r) Shariah directors remuneration

	Group and Bank	
	2023 RM'000 Restated	2022 RM'000
Salaries and other short-term benefits	476	332
	Fees RM'000	Total RM'000
Group and Bank		
2024		
Shariah Committee Members (Note 31):		
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
Dr Ahmad Zakirullah bin Mohamed Shaarani	76	76
Ustaz Mohd Bahroddin bin Badri	76	76
	476	476
Group and Bank		
2023		
Shariah Committee Members (Note 31):		
Prof. Datin Dr Rusni Hassan	90	90
Dr Safinar Salleh	61	61
Dr Ghazali Jaapar	61	61
Dr Muhammad Syahmi Mohd Karim	61	61
Prof. Dr Muhammad Ridhwan Ab. Aziz	59	59
	332	332

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 2024 (cont'd)

(s) Liquidity risk management

Measurement

Table below analyses assets and liabilities of the Islamic business's according to their contractual maturity:

	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
Islamic business						
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 a corporate customer	-	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)

Notes to the financial statements for Islamic business fund and Takaful fund for the financial year ended 31 December 2024
(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):

	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
Islamic business						
2023						
Assets						
Cash and bank balances	6,173	-	-	-	-	6,173
Deposits and placements with banks and other financial institutions	-	1,114,921	-	-	-	1,114,921
Financial investments at fair value through profit or loss	-	-	-	-	6,377	6,377
Financial investments at fair value through other comprehensive income	-	-	71,107	132,737	110,042	313,886
Financial investments at amortised cost	-	-	-	-	192,702	192,702
Islamic financing	-	-	390,274	594,670	295,895	1,280,839
Other assets	677	-	-	-	-	677
Total assets	6,850	1,114,921	461,381	727,407	605,016	2,915,575
Liabilities						
Financing payable	-	-	173,023	1,441,621	-	1,614,644
Other liabilities	589,727	-	-	-	-	589,727
Total liabilities	589,727	-	173,023	1,441,621	-	2,204,371
Net maturity mismatch	(582,877)	1,114,921	288,358	(714,214)	605,016	711,204

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 2024 (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.

	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
Islamic business fund						
2024						
Non-derivative financial liabilities						
Financing payable	-	-	871,033	291,031	-	1,162,064
Deposit from corporate a customer	-	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						
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
2023						
Non-derivative financial liabilities						
Financing payable	-	-	173,023	1,446,277	-	1,619,300
Other liabilities	589,727	-	-	-	-	589,727
Total financial liabilities	589,727	-	173,023	1,446,277	-	2,209,027
Commitments and contingencies						
<u>Banking operation commitments</u>						
Contracted but not provided for:						
Guarantee facility	2,152	-	-	-	-	2,152
Letter of credit	286	-	-	-	-	286
Undrawn loans and financing	908,778	-	-	-	-	908,778
Total commitments and contingencies	911,216	-	-	-	-	911,216

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)

	2024					2023				
	Business segments			Total RM'000	Banking RM'000 Restated	Business segments			Total RM'000 Restated	
Insurance and Takaful RM'000	Support RM'000	Banking RM'000	Insurance and Takaful RM'000			Support RM'000				
Net interest income	57,680	-	-	57,680	60,672	-	-	-	60,672	
Insurance/takaful service results	-	6,557	-	6,557	-	14,071	-	-	14,071	
Income from Islamic business	72,407	-	-	72,407	46,016	-	-	-	46,016	
Other income/(losses), net	14,805	-	15,344	30,149	(49,439)	-	(2,452)	(51,891)	(51,891)	
Net income/(loss)	144,892 (11,808)	6,557 (2,503)	15,344 (83,101)	166,793 (97,412)	57,249 (12,293)	14,071 (3,253)	(2,452) (75,847)	(2,452) (75,847)	68,868 (91,393)	
Operating profit/(loss)	133,084	4,054	(67,757)	69,381	44,956	10,818	(78,299)	(78,299)	(22,525)	
Writeback for ECL on loans, advances and financing	65,923	-	-	65,923	66,730	-	-	-	66,730	
Writeback for ECL on commitment and contingencies	5,442	-	-	5,442	3,058	-	-	-	3,058	
(Allowance)/writeback for ECL on financial investments	-	-	(24,770)	(24,770)	-	-	585	585	585	
	204,449	4,054	(92,527)	115,976	114,744	10,818	(77,714)	(77,714)	47,848	
Surplus attributable to takaful participants	-	(2,481)	-	(2,481)	-	(10,818)	-	-	-	
	204,449	1,573	(92,527)	-	114,744	-	(77,714)	(77,714)	(10,818)	
Net profit for the year				113,495					37,030	

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. The corporate exercise, currently underway, is intended to better support the nation's economic and development goals.

47. PRIOR YEAR ADJUSTMENT

The Group and the Bank have made a restatement of RM28,851,000 in respect of the interest income for the credit impaired loans and RM2,986,000 Islamic financing profits (included within the income from Islamic business) for credit impaired financing which were not previously accounted for. Accordingly, the Group and the Bank have restated a corresponding allowance for ECL for these credit impaired loans and financing.

The effects of the restatement is as follows:

(a) Statements of profit or loss

	As previously stated RM'000	Group and Bank as previously Adjustment RM'000	As restated RM'000
31 December 2023			
Interest income	181,465	28,851	210,316
Income from Islamic business	43,030	2,986	46,016
Writeback for ECL on loans, advances and financing	98,567	(31,837)	66,730
Net profit for the year	37,030	-	37,030

(b) Note 9 Loans, advances and financing

	As previously stated RM'000	Group and Bank Adjustment RM'000	As restated RM'000
Loans, advances and financing	4,696,267	31,837	4,728,104
Amount due from Export Credit Refinancing ("ECR") debtors	121,021	-	121,021
Staff loans	429	-	429
Gross loans, advances and financing	4,817,717	31,837	4,849,554
Less : Allowance for ECL on advances and financing			
- 12-month ECL - Stage 1	(127,306)	-	(127,306)
- Lifetime not credit impaired ECL - Stage 2	(63,212)	-	(63,212)
- Lifetime ECL credit impaired - Stage 3	(1,466,732)	(31,837)	(1,498,569)
Net loans, advances and financing	3,160,467	-	3,160,467



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