

## MESSAGE FROM THE PRESIDENT/CHIEF EXECUTIVE OFFICER

Dato' Shahrul Nazri Abdul Rahim  
President/Chief Executive Officer

# MESSAGE FROM THE PRESIDENT/ CHIEF EXECUTIVE OFFICER

### PROVIDING A LIFELINE FOR BUSINESS CONTINUITY

The disruption on global socioeconomic systems rendered 2020 an infamous year for business. The pandemic outbreak curtailed international trade as borders were closed and economic activities restricted to curb the spread of the COVID-19 virus. The unprecedented situation led to a sharp global GDP contraction comparable to the 1930's Great Depression.

Malaysia's situation was no different with our economy contracting by a record 5.6% in 2020. The Movement Control Order (MCO) in March 2020, followed by renewed restrictions between October and December last year contributed largely to the dismal performance. The three biggest decliners were the construction, mining and services sectors – contracting by -18.4%, -10% and -5.5% respectively. Numerous fiscal and non-fiscal stimulus measures were introduced by the Government to help businesses survive. These included the PRIHATIN package of RM250 billion in March 2020, the PRIHATIN SME+ package of RM10 billion in April 2020, the PENJAJANA package of RM35 billion in June 2020, as well as the KITA PRIHATIN package of RM10 billion. On 6 November, a National Supply Chain Finance Platform, dubbed 'JanaNiaga', was announced for small and medium enterprises (SMEs) that supply to the government or government-linked companies (GLCs).

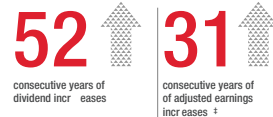
Export-Import Bank of Malaysia (EXIM Bank) was mandated to spearhead the JanaNiaga platform, and this we are steering ably towards assisting SMEs with cash flow issues and facilitating their loans from financial institutions. Through JanaNiaga, the Bank aims to play its role in mitigating the economic impact of the pandemic by helping SMEs build resilience, provide employment and sustain ongoing operations through this challenging period.

### 2021 IN FOCUS

With clients from various sectors and industries, EXIM Bank offers trade financing, credit insurance and advisory services to many cross-border businesses in the country. However, the defensive closure of borders for the most of 2020 meant that the Bank's cross-border financing operations were affected. Collaborations secured early in the year, such as the Memorandum of Understanding (MoU) between Thai and Malaysian institutions to promote SMEs on both sides of the border could not take off as planned during the year.

Despite the challenging economic environment, we continue to engage with business communities to generate loan applications and successfully generated RM23.5 million in recovery income and reduced our impaired loan amount by RM261.14 million.

These turnaround efforts from the Bank ensured sustainable operating revenue, which together with reduction in interest expense and allowances, helped EXIM Bank buoy back to profitability. Even though EXIM Bank's total assets and gross loans and financing dropped by 9% and 18% respectively, and operating revenue for the year reduced to RM181.49 million from RM381.13 million in FY2019; operating profit was RM150.83 million compared to FY2019's RM142.5 million, bringing profit before tax and zakat to RM51.15 million after FY2019's loss before tax and zakat of RM478.25 million. Contribution from our Islamic Banking business also continued to grow and represented 48.6% of operating revenue this year.



Operating revenue for FY2020 amounted to

# RM181.49 million



<b>RM23.48</b> million	<b>RM51.15</b> million
Recovery income for the year	Profit before tax and zakat improved 111%

## MESSAGE FROM THE PRESIDENT/CHIEF EXECUTIVE OFFICER

## MESSAGE FROM THE PRESIDENT/CHIEF EXECUTIVE OFFICER



The Malaysian economy in 2021 showed a remarkable 5.9 per cent growth and the nation's trade performance for the year was similarly stellar, growing at the highest rate in 13 years. Heartened by these developments, EXIM Bank continued to support the Malaysian government's aspirations to further boost the country's economic and trade performance in 2021 and beyond.

Towards this end, the Bank extended financing support of RM10.2 billion into 12 primary key sectors under the national key economic areas and this amount was equivalent to 11.3 per cent of the country's net trade balance during the year. We remained steadfast and resolute in our commitment to manage the financial health of the Bank, putting in place measures to both preserve asset quality and strengthen our role of helping Malaysian exporters increase their global presence.

We are pleased to report that our total assets stood at RM13.74 billion as of end 2021, equivalent to 1.2 per cent of the nation's gross domestic product (GDP). Our financial standing was further validated by renowned rating agencies Fitch, Moody's Investors Service and RAM Ratings, who declared the Bank's long-term outlook as stable.

Moody's in particular, affirmed the Bank's A3 foreign currency senior unsecured debt and issuer ratings, as well as our (P) A3 senior unsecured medium-term notes programme rating.

### KEY ACHIEVEMENTS

EXIM continued to enhance its developmental role in 2021 to invigorate investments and trade for Malaysian exporters, many of whom are small-and-medium enterprises (SMEs). During the year under review, we extended RM2.05 billion in both financing and insurance to support the SME segment. This amount far exceeded the RM1.2 billion gazetted in the 2021 Malaysian Budget, thus signifying our commitment to this segment, which now makes up 80 percent of our total clientele.

A major headway made in 2021 was in relation to our transformation towards a full-fledged Islamic bank, where we provided Islamic-only trade financing facilities to our clients. As the Bank pursues its Islamic banking aspirations, we plan to broaden and deepen our Islamic financing portfolio and facilitate a smooth transition process for our existing customers.

Another key task the Bank took on during the year was to strengthen internal governance policies, in accordance with Bank Negara Malaysia's promotion of good governance within the Malaysian financial sector. The Bank signed the Corruption Free Pledge (also known as Ikrar Bebas Rasuah) in August 2021, further cementing our commitment by establishing an organisation-wide integrity plan.



### OUTLOOK AND PROSPECTS

Furthermore, we deepened our pledge to the community and environment in 2021 by collaborating with Credit Guarantee Corporation Malaysia to help refugee children. We also extended our financial support to Zoo Negara for another year for its upkeep of the endangered South American Macaws, and also supported elephant conservation in Malaysia through our work with the Kuala Gandah National Elephant Conservation Centre.

In terms of business performance, a higher revenue of RM570.18 million was recorded for the year 2021, 15.89 per cent higher than the RM492.0 million posted in 2020. Notwithstanding the improvement in performance, the Bank registered a loss before tax and zakat of RM88.08 million for 2021, mainly contributed by the total provision made for Global Incentive For Trading ("GIFT") accounts amounting to RM391.67 million. In response, the Bank has engaged specialists to strengthen its internal processes as a good measure to expand its future financing venture, particularly its readiness to facilitate innovative products to support challenging global market needs.

During the year, EXIM also continued to receive strong support from its major shareholder, the Minister of Finance (Incorporated), whereby RM250 million was injected for subscription of Redeemable Cumulative Convertible Preference Shares to be issued. This will enable the Bank to further spread its wings to support Malaysian businesses.

### ACKNOWLEDGEMENTS

All our efforts to date have been in sync with our realigned organisational strategy, now known as Strategy 2025. Among the changes that have been outlined are to realign our growth to be above the nation's GDP growth, the transformation journey to become an Islamic bank within 3 to 5 years, to ensure asset quality, to ensure adequate capital and to stand guided by Bank Negara's new Performance Measurement Framework.

Finally, to the stalwart EXCO, management and staff of EXIM Bank, I thank you for your enthusiasm, passion and willingness to go beyond the call of duty in serving all stakeholders. It's been a privilege to work alongside this dynamic team.

What we cannot deliver as individuals, we shall achieve as a team.

Thank you.

**Dato' Shahrul Nazri Abdul Rahim**  
President/Chief Executive Officer