BPMB
Malaysia Development Bank

Driving Impact, Delivering Progress

2025

SUSTAINABLE DEVELOPMENT SUKUK PROGRESS REPORT

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About this report

This Sustainable Development Sukuk Report 2025 ("Report") is prepared in accordance with BPMB's Sustainable Development Sukuk ("SDS") Framework. This Report provides an update on the allocation of SDS proceeds as of 31 December 2025.

BPMB, to the best of our knowledge, has complied with the relevant environmental, social and governance ("ESG") standards during the tenure of the SDS, including:

- Sustainable and Responsible Investment ("SRI") Sukuk Framework by Securities Commission Malaysia
- Sustainability Bond Guidelines by the International Capital Market Association
- ASEAN Sustainability Bond Standards by the ASEAN Capital Markets Forum

For more information on our SDS Framework and third-party external review report, kindly visit our website at www.bpmb.com.my

Introduction

1.1 Overview

About BPMB

Established in 1973, Bank Pembangunan Malaysia Berhad ("BPMB" or "we") is a Government-owned Development Financial Institution ("DFI") with a national mandate to deliver impact that advances Malaysia's sustainable and inclusive development agenda.

We finance projects aligned with the nation's priorities, enabling economic progress while strengthening environmental resilience and social well-being.

Today, BPMB's focus is anchored on sustainable and impact-driven financing across key sectors such as infrastructure, maritime, technology and oil & gas, supporting long-term national outcomes for current and future generations

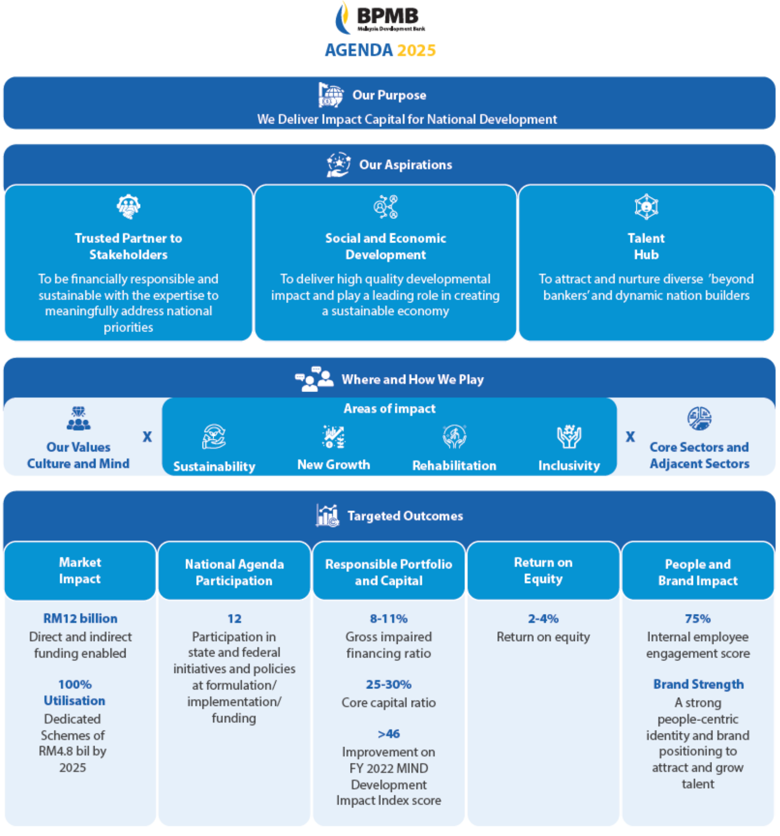
Supporting Malaysia's development for over
50 years

AAA
ratings by RAM Ratings and MARC

Total SDS allocation
RM1,046 million

Our purpose

We deliver impact capital for national development



Agenda 2025

In 2022, BPMB embarked on an exciting journey of Agenda 2025, a three-year strategic roadmap to actively deliver impact capital for national development.

This comprehensive plan outlines BPMB's purpose and aspirations, positioning the bank as a trusted partner to our stakeholders, fostering social and economic development and building a talent hub for dynamic nation builders.

For more information, kindly visit our website at www.bpmb.com.my

1.2
Our sustainability approach

Climate ambition

Carbon neutral by 2030

Net zero emissions by 2050

Scope 1 and 2 emissions

Sustainability at BPMB

As a DFI, we play an instrumental role in driving sustainability by leveraging our financial resources, technical expertise, and strategic partnerships to support projects that balance economic growth, social inclusion, and environmental protection. Our sustainability approach is guided by our overarching Measuring Impact on National Development ("MIND") and Sustainability Framework, which outline our sustainability governance, strategy, risk management and performance metrics.

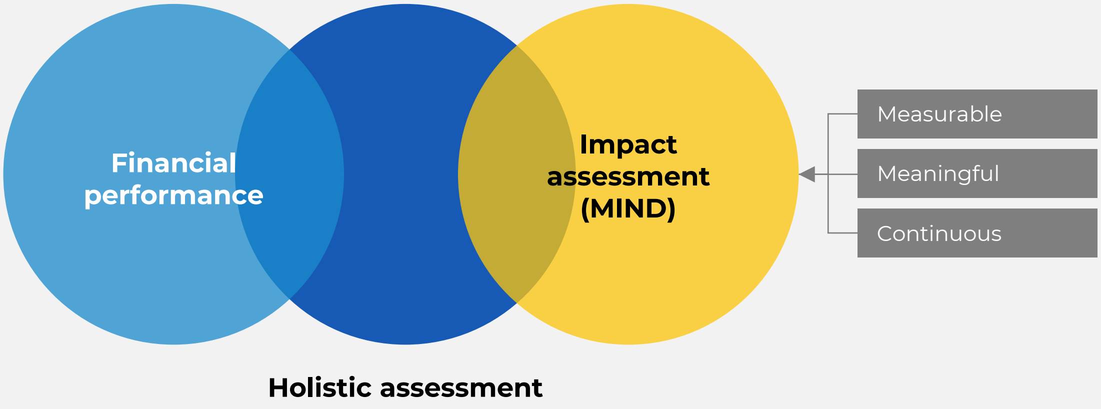
As part of our Agenda 2025 strategy, we developed a comprehensive sustainability strategy to address the 13 material matters, focusing on three key pillars: (1) supporting impactful national development, (2) developing an inclusive and diverse talent pool, and (3) driving responsible business practices. Our sustainability strategy extends beyond our traditional role as a capital provider to focus on building markets and nurturing talent, which is crucial for maintaining a continuous pipeline of impactful projects and a productive workforce essential for national development.

BPMB sustainability strategy

Sustainability pillars	**SUPPORT** IMPACTFUL NATIONAL DEVELOPMENT	**DEVELOP** INCLUSIVE AND DIVERSE TALENT POOL	**DRIVE** RESPONSIBLE BUSINESS PRACTICES
Material Matters (MM)	**MM1** Renewable and clean energy **MM2** Mitigating our portfolio's climate impact **MM3** Supporting national development **MM4** Poverty alleviation through inclusive economic activities	**MM5** Talent and development **MM6** Diversity and inclusivity in the workplace **MM7** Employee well-being	**MM8** Climate change **MM9** Data security and privacy **MM10** Ethics, integrity and core values **MM11** Transparency and reporting **MM12** Sustainable and responsible sourcing **MM13** Social responsibility as a national development partner
SDGs supported			

BPMB project evaluation approach

BPMB has shifted project evaluation from a credit-centric assessment to a holistic end-to-end assessment



With the nation in MIND

We bridge financing gaps by participating in impactful projects in underserved markets and sectors to fulfil our national development mandate. Traditionally, banks assess projects based on their financial performance and indicators such as credit risks and profitability. We take pride in being one of the first DFIs to move away from the traditional approach by incorporating impact assessment in all financing activities through our MIND Framework.

Our MIND Framework is not just a tool, but a commitment to assessing the environmental, social, and economic impact of each transaction. This assessment is in line with the Government's 12th Malaysia Plan and the United Nations' Sustainable Development Goals ("SDGs").

By evaluating and scoring both positive and negative impacts of a project/company, we produce a development impact score ("DIS") that guides our financing decisions. MIND allows us to identify and assess sustainability/ ESG risks which strengthens our overall risk management and financing decisions.

In addition to the eligibility criteria outlined in BPMB's SDS Framework, all the Use of Proceeds from the SDS are assessed and scored using MIND.

MIND Framework

Launched in 2021

100% new financings assessed

on their economic, environmental and social impacts

About our sustainable development sukuk

2.1
Summary of our sustainable development sukuk

Issuer	Bank Pembangunan Malaysia Berhad
Rating	AAA (Malaysia Rating Corporation Berhad, MARC)
Programme	Islamic Medium-Term Notes ("Sustainability Sukuk Wakalah") Programme
Programme size	Up to RM 5.0 billion in nominal value
Total issued amount	RM 1.45 billion (1st tranche RM450.0million, issued in October 2021; 2nd tranche RM1.0billion, issued in December 2023)
Total outstanding amount	RM 1.05 billion (RM400 million was redeemed in 2025)
Use of Proceeds	Finance and/or refinance, in part or in whole, assets, businesses or projects (collectively, termed "eligible assets") which meet the eligibility criteria under the following eligible category:

SDG	Eligible category
7 AFFORDABLE AND CLEAN ENERGY	1. Renewable energy 2. Green/efficient buildings 3. Energy efficiency
8 DECENT WORK AND ECONOMIC GROWTH	4. Circular economy 5. Employment generation and retention including through SME financing
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	6. Clean transportation 7. Affordable basic infrastructure 8. Digital inclusion
10 REDUCED INEQUALITIES	9. Affordable housing 10. Access to essential services
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	11. Sustainable water and wastewater management 12. Environmentally sustainable management of living natural resources and land use
13 CLIMATE ACTION	13. Climate change adaptation

Proceeds from the SDS will not knowingly finance any business for which the principal activity is any of the following:

- Sectors which are prohibited by Shariah
- Coal mining and power generation from coal
- Fossil fuel
- Hazardous chemicals

The details of the eligibility criteria for the above eligible category are outlined in our SDS Framework, available website at www.bpmb.com.my

Process for project evaluation and selection

BPMB business team will identify potential Eligible Assets. The MIND and Sustainability (M&S) Department will assess the development impact of the potential projects in accordance with the MIND Framework and evaluate the eligibility of potential assets, businesses, and projects based on the Use of Proceeds criteria outlined in the SDS Framework. The Board Credit Committee ("BCC") or Group Credit Committee ("GCC") will make the final decision, depending on credit approval limits.

Eligible asset screening	Eligible asset due diligence	Eligible asset approval	Eligible asset monitoring
Potential eligible assets will be identified by the business team. Potential Eligible Assets can be either new or existing financing falling within the eligible categories.	A typical due diligence workflow by M&S on the proposed Eligible Assets comprises: • Impact assessment in accordance with the MIND Framework. • Confirmation of eligibility of the proposed eligible asset in accordance with the Use of Proceeds eligibility criteria. M&S prepares a review and recommendation in the form of a Development Impact Report, together with a confirmation of the asset eligibility	A list of shortlisted eligible assets is presented for approval either by the BCC, or, if approval authority has been delegated by the BCC, by the GCC prior to inclusion into the portfolio.	The portfolio of eligible assets is subsequently recorded in the SDS Asset Register. The SDS Asset Register will be reviewed by M&S to ensure there is a continued fulfilment of the eligibility criteria. The SDS Asset Register will be updated upon asset divestments/ maturity or if an asset no longer meets the eligibility criteria.

Management of proceeds

- The net proceeds from Sukuk issued will be managed by BPMB's Capital & Asset Liability Management ("CALM") and Treasury Operations & Analytics ("TROPS") team on a portfolio approach and allocated to a Portfolio selected in accordance with the eligibility criteria and evaluation and selection process outlined in the SDS Framework.
- The Portfolio is intended to be dynamic, with new eligible assets added and existing eligible assets removed, when applicable.

Management of proceeds (cont'd.)

- BPMB monitors and maintains the aggregate value of eligible assets in the Portfolio, ensuring it equals to/or exceeds the net proceeds raised from the corresponding outstanding SDS.
- Where the aggregate amount in the Portfolio is less than the total outstanding amount of the Sustainable Development Sukuk issued, BPMB may hold the unallocated amount in cash, cash equivalents and/or invest in other liquid marketable instruments in accordance with the Bank's normal liquidity management policy with preference given to SRI/ASEAN Standards/ICMA Principles compliant instruments until the amount can be allocated towards the Portfolio.

M&S will review the portfolio at least annually to verify that all Eligible Assets continue to meet the eligibility criteria set out in the SDS Framework. Assets that have matured or no longer comply with the eligibility criteria will be removed from the Portfolio and, as soon as practicable, substituted with suitable assets that meet the SDS Framework's eligibility criteria.

Reporting

Annually, until full allocation of the net SDS proceeds, and on a timely basis in case of material developments, BPMB will publish a progress report on the corporate website that will include, among others:

- The amount of net proceeds that have been allocated to one or more Eligible Assets defined as the whole or part of new or existing projects, under construction and/or in operation, either individually or by category, subject to confidentiality considerations (customer consent).
- The list of Eligible Asset categories with brief descriptions;
- The outstanding amount of net proceeds yet to be allocated to Eligible Assets at the end of the reporting period (if any)

As of 31 December 2025, BPMB, to the best of our knowledge, has complied with the relevant environmental, social, and governance standards related to the Eligible Assets, such as:

- The ASEAN Capital Markets Forum's ("ACMF") Green Bond Standards ("ASEAN GBS"), Social Bond Standards ("ASEAN SBS"), and Sustainability Bond Standards ("ASEAN SUS");
- The International Capital Market Association's ("ICMA") Green Bond Principles ("GBP"), Social Bond Principles (SBP), and Sustainability Bond Guidelines ("SBG");
- Sustainable and Responsible Investment ("SRI") Sukuk Framework under the Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by the Securities Commission.

2.2 Eligible assets and allocation of proceeds

As of 31 December 2025, the total net proceeds of the SDS issued of RM1,046 million have been allocated to refinance, in whole or in part, new or existing assets, businesses, and/or projects (collectively, "Eligible Assets").

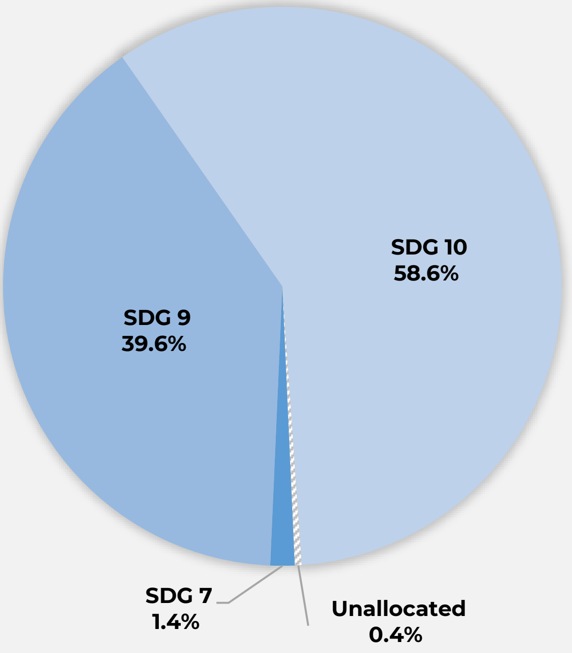
Reporting date	31 December 2025
Geographic location	Malaysia
Currency of eligible assets	Malaysian Ringgit (RM)
Total issued amount	RM1,450 million (RM 400 million redeemed)
Total outstanding amount	RM1,050 million
Total allocated amount	RM1,046 million*
Refinanced portion (%)	100%

**Values are rounded to the nearest million*

The section below outlines the Eligible Assets to which those proceeds were allocated:

Allocation	%
SDG 7 – Renewable Energy	0.7
SDG 7 - Energy Efficiency	0.7
SDG 9 – Clean Transportation	0.3
SDG 9 – Affordable Basic Infrastructure	0.3
SDG 9 – Digital Inclusion	39.0
SDG 10 – Affordable Housing	8.1
SDG 10 – Access to Essential Services: Education	50.5
TOTAL ALLOCATED	**99.6%**

Allocation by Category



Note:
Unallocated portion of the Sustainable Development Sukuk is held by BPMB in cash, cash equivalents, or liquid instruments under BPMB's liquidity policy, preferably SRI/ASEAN Standards/ICMA-compliant, until allocated to the Portfolio.

2.3
Allocation of proceeds 2023 - 2025 summary

SDG	Eligible Asset Description	Amount (RM'mil)*		
		2023	2024	2025
7 AFFORDABLE AND CLEAN ENERGY	• Renewable energy • Green/efficient buildings • Energy efficiency	**191** (13%)	**9** (1%)	**15** (1%)
8 DECENT WORK AND ECONOMIC GROWTH	• Circular economy • Employment generation and retention including through SME financing	**69** (5%)	**44** (3%)	- (0%)
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	• Clean transportation • Affordable basic infrastructure • Digital inclusion	**448** (31%)	**460** (32%)	**415** (40%)
10 REDUCED INEQUALITIES	• Affordable housing • Access to essential services	**742** (51%)	**921** (64%)	**616** (59%)
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	• Sustainable water and wastewater management • Environmentally sustainable management of living natural resources and land use	**-** (0%)	**-** (0%)	**-** (0%)
13 CLIMATE ACTION	• Climate change adaptation	**-** (0%)	**-** (0%)	**-** (0%)
	Total Assets Allocated (RM'mil)	**1,450**	**1,434**	**1,046**

**Amounts rounded to the nearest RM million*

2.3
Allocation of proceeds 2025

Between 1 January 2025 and 31 December 2025, financing assets amounting to RM535 million were removed due to repayment and changes in eligibility. These were substituted with RM147 million of other eligible financing assets under the Sustainability Sukuk utilisation.

Eligible category	Supported SDGs	Eligible Asset Description	Amount (RM'mil)	Allocation (%)
Digital Inclusion	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Financing or refinancing of activities that promote SME participation in the digital economy, e-commerce, and their digital transformation, notably through but not limited to the following: • Development or upgrade of digital infrastructure, platforms, and tools that support SME access to online markets and digital services; • Initiatives that enhance digital skills, adoption of technology, and inclusive access to affordable connectivity for SMEs.	409.2	**39.0%**
Access to Essential Services: Education	10 REDUCED INEQUALITIES	Financing or refinancing of activities that expand access to publicly funded primary, secondary, adult and vocational education, notably through but not limited to the following: • Construction, extension, or refurbishment of public primary and secondary schools and universities; • Construction, extension or refurbishment of technical/vocational training centres; • The construction of public student housing; • E-learning	530.8	**50.5%**
Affordable Housing	10 REDUCED INEQUALITIES	Financing or refinancing of activities that expand access to affordable and adequate housing, notably through but not limited to the following: • Construction, extension, or refurbishment of public or subsidised housing units; • Development of mixed-income residential communities to improve housing inclusivity; • Initiatives that support homeownership or innovative, energy-efficient housing solutions for low- and middle-income households.	84.7	**8.1%**

Eligible category	Supported SDGs	Eligible Asset Description	Amount (RM'mil)	Allocation (%)
Others: Renewable Energy, Energy Efficiency, Clean Transportation and Affordable Basic Infrastructure		Financing or refinancing of businesses, activities or projects, including research, development and deployment of processes, infrastructure, technologies and facilities that support the transition towards a low-carbon, resource-efficient and inclusive economy through: • Generation, transmission, distribution and storage of renewable energy from sustainable sources, including associated enabling infrastructure; • Improvements in energy efficiency across industrial, commercial, residential and public sector assets, including demand-side management and energy-saving technologies; • Development, expansion and adoption of clean and low-emission transportation systems, vehicles and supporting infrastructure; • Provision, upgrade or maintenance of affordable, reliable and resilient basic infrastructure that supports essential services, economic activity and improved quality of life.	21.0	**2.0%**
Total Assets Allocated (RM'mil)			1,045.7	99.6%
Total Assets Unallocated (RM'mil)			4.3	0.4%
Total			**1,050**	**100.0%**

Our impact

3.1
Highlighted impact projects

This section presents case studies illustrating how SRI Sukuk proceeds have supported projects delivering environmental and socio-economic outcomes aligned with BPMB's development mandate.

The impact figures disclosed in this section are based on customer-provided data assessed under BPMB's MIND Framework. These figures represent projected outcomes at the point of assessment and are subject to actual implementation and operational performance.

PROJECT HIGHLIGHT 1 :

Circular pulp and paper manufacturing project in Pekan, Pahang

Proceeds were allocated to support the development of a pulp and paper manufacturing facility within an eco-industrial park in Pahang. The facility converts oil palm biomass, specifically Empty Fruit Bunches (EFB), into woodfree pulp and paper using a patented biomass processing technology. Construction and commissioning have been completed and commercial operations began in 2022.

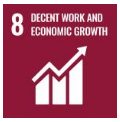
Circular economy impact

Malaysia produces substantial quantities of oil palm biomass each year, and EFB is often underutilised or disposed of through pathways that provide limited economic value. The project addresses this inefficiency by converting EFB into value-added pulp and paper products through a waste-to-value model. This reduces waste sent to landfill and supports more efficient utilisation of biomass resources.

Production activities are integrated into a closed-loop, bio-integrated system, where by-products are channelled into secondary green products and renewable energy, supporting zero-waste operations. In 2024, approximately 27152 tonnes of EFB were recycled through production processes, enhancing resource efficiency and reducing the need for timber-based pulp inputs. Manufactured products have obtained nationally recognised eco-label certifications, indicating improved environmental performance and supporting market uptake of sustainable materials.

The project contributes to the development of a circular bio-based industrial ecosystem in Malaysia by creating demand for biomass utilisation and supporting downstream green value chains, consistent with national circular economy ambitions and BPMB's development mandate.

SDG alignment



SRI category
Green:
Eco-efficient and circular economy adapted products/ Production technologies and processes

Converts underutilised EFB biomass into value-added pulp & paper

Integrated closed-loop & zero-waste production system

27152 tonnes of EFB recycled in 2024 through production processes

Products achieved national eco-label certifications

Contributes to Malaysia's circular bio-based industrial ecosystem

PROJECT HIGHLIGHT 2 :

LED streetlighting upgrade project in Shah Alam

Proceeds were allocated to support the replacement of 11,660 units of conventional high-pressure sodium vapour streetlights with energy-efficient LED units across Shah Alam, Selangor. The works encompassed the supply, installation and maintenance of LED streetlighting over a 15-year period under agreement with the local authority. The project has been completed and is fully operational.

Energy efficiency impact

Conventional public streetlighting systems rely on high-pressure sodium lamps which consume higher energy and drive increased operating emissions. The project addresses this inefficiency by replacing legacy units with LED fixtures rated at approximately 70 watts, compared to existing lamps of 150 watts or higher, resulting in an estimated 50% reduction in electricity demand for streetlighting purposes.

The upgraded system is expected to reduce annual energy consumption by approximately 5.22 GWh, translating to an estimated 3,955 tCO_2e in avoided emissions over the operational period, contributing to climate change mitigation through improved energy efficiency. By promoting the adoption of efficient lighting technologies, the project also increases access to energy-efficient equipment and supports broader low-carbon urban infrastructure objectives under SDG 7.

The streetlighting upgrade indirectly supports local connectivity and green community initiatives by enhancing lighting quality and reliability across transport corridors in Shah Alam. The project has also contributed to local industry development through the creation of approximately 160 job opportunities, and is delivered by an ISO 9001:2015 and ISO 14001:2015 certified provider, reflecting established operational and environmental management standards.

SDG alignment

7 AFFORDABLE AND CLEAN ENERGY

SRI category
Green: Energy efficiency

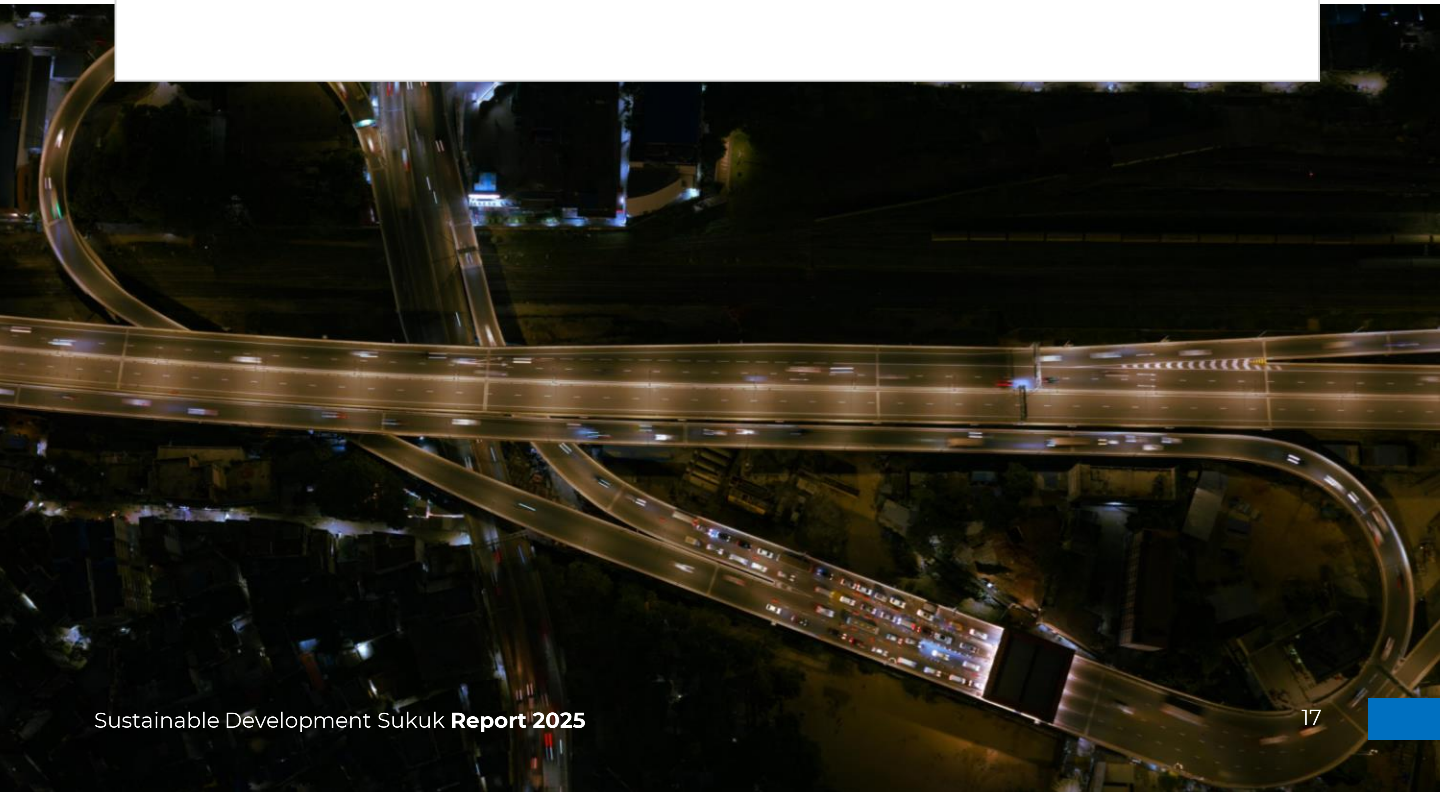
11,660
LED streetlights installed

~50%
electricity reduction vs. legacy lamps

5.22GWh
annual energy reduction

3,955tCO_2e
avoided emissions

160
jobs created



PROJECT HIGHLIGHT 3 :

Student hostel development project, multiple locations

Proceeds were allocated to part-finance the development of residential hostels for public polytechnic students across seven locations in Malaysia, namely Banting, Ipoh, Jeli, Johor Bahru, Kota Bahru, Port Dickson and Seberang Perai. The project was undertaken under a concession agreement with the Government of Malaysia to design, construct, operate and maintain purpose-built hostel facilities until 2036. Construction was completed in 2016, and the hostels are fully operational.

Access to essential services impact
The project improves access to essential accommodation services for approximately 10,000 public polytechnic students by providing purpose-built hostels within or near campus grounds. This reduces reliance on private rental markets and lowers financial and logistical barriers to tertiary education, particularly for students relocating from non-urban areas or lower-income households. By improving proximity and affordability of accommodation, the project supports more equitable participation in technical and vocational education pathways.

The hostels are situated in conurbation areas, indirectly stimulating local socio-economic activity through demand for transport, food services and retail. Construction utilised Industrialised Building System (IBS) materials, supporting efficient build quality, while ongoing maintenance and asset management services are ISO-certified through established vendors, ensuring safety and operational standards throughout the concession period.

SDG alignment

10 REDUCED INEQUALITIES

SRI category
Social: Access to Essential Services

Provides accommodation to ~10,000 students *(based on data obtained by client)*

Reduces barriers for students from non-urban & low-income backgrounds

MSME involvement in social infra value chain

Stimulates local socio-economic activity (transport, food, retail)

Uses IBS materials ensuring build quality

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