

IMPACT ASSESSMENT

MARC

MARC SOLUTIONS SDN BHD

201001025092 (909006-W)

PERMODALAN KELANTAN BERHAD

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Summary

- MARC Solutions Sdn Bhd has assigned a **"Gold"** Impact Assessment to Permodalan Kelantan Berhad's (PKB) Social Finance Framework (Framework).
- The Framework sets forth the guiding principles for PKB's undertaking of Social Finance Transactions (SFTs) to fund eligible Use of Proceeds (UoP) in line with the United Nations Sustainable Development Goals (UN SDGs or SDGs). The eligible categories are expected to deliver positive social impacts.
- We consider the Framework to be in line with most requirements and recommendations of the applicable guidelines.
- As a state-owned social financing entity, PKB advances financial inclusion and socioeconomic development through its Ar-Rahn business, supported by a structured governance approach for the implementation of the Framework.



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Publication Date: 10 September 2026

This report is published in relation to the press announcement made on 10 September 2026.

IMPACT ASSESSMENT



PERMODALAN KELANTAN BERHAD
Social Finance Framework Assessment

TABLE OF CONTENTS

01	OVERVIEW OF ISSUER	2
02	MARC SOLUTIONS' SCOPE OF WORK	3
03	IMPACT SIGNIFICANCE ANALYSIS	4
04	COMPLIANCE EVALUATION	8
05	SOCIAL PERFORMANCE ANALYSIS	13
06	ASSESSMENT SCALE	16

OVERVIEW OF ISSUER

Permodalan Kelantan Berhad (PKB/the issuer/the company) is a wholly-owned subsidiary of Perbadanan Kemajuan Iktisad Negeri Kelantan (PKINK). Incorporated on 30 April 1981 as the investment arm of its parent company, PKB serves as the lead entity for the services sector within the PKINK group and supports commercial and socioeconomic development in the state of Kelantan.

PKB operates a diversified portfolio of service-oriented businesses, anchored by its Ar-Rahn¹ Islamic pawnbroking franchise. Established on 12 March 1992 as the first commercial Islamic pawnbroking institution in Malaysia, Ar-Rahn provides Shariah-compliant pawnbroking facilities protected by takaful² and remains PKB's core business segment. As at July 2026, PKB operates 35 Ar-Rahn branches across nine states, namely Kelantan, Pahang, Selangor, Kuala Lumpur, Kedah, Perlis, Johor, Sabah and Sarawak.

Beyond Ar-Rahn, PKB is involved in gold manufacturing through PKB Gold, which produces gold bars, wafers and jewellery. This business complements its pawnbroking operations by extending its presence across the gold business value chain. PKB also owns and operates Hotel Al-Ansar, a 48-room budget hotel located within its head office complex in Kota Bharu. The hotel is undergoing refurbishment and is expected to recommence operations by the end of 2026, with plans to incorporate green building features.

PKB further maintains exposure to infrastructure-related activities through its wholly-owned subsidiary, Infra Quest Sdn Bhd, which coordinates the planning, implementation and maintenance of telecommunications infrastructure in Kelantan. Across these business segments, PKB's social finance initiative is intended to support funding for activities associated with financial inclusion, telecommunications access, and local economic participation, in line with its broader developmental and service-oriented mandate.

¹ The word rahn (رهن) is Arabic for a pledge or collateral. Ar-Rahn is the term for Islamic (Shariah-compliant) pawnbroking.

² Ar-Rahn's marhun is protected by takaful while it is held in the custody of the Ar-Rahn branch. In the case of lost, stolen, damaged or destroyed collateral while under safekeeping, the customer will be compensated.

MARC SOLUTIONS' SCOPE OF WORK

MARC Solutions Sdn Bhd (MARC Solutions), a wholly-owned subsidiary of Malaysian Rating Corporation Berhad (MARC), was incorporated as a private limited company to undertake the business of providing analytics solutions for ESG risks and sustainability-related offerings.

MARC Solutions is guided by its Impact Assessment Methodology that reviews sustainable financing; this can be accessed on MARC's corporate website at www.marc.com.my. With reference to the updated methodology, MARC Solutions' review of PKB's Framework consists of the following components:

- 1) an impact significance analysis for projects to be financed using SFTs
- 2) an evaluation of compliance with the applicable principles, guidelines, standards, and frameworks (collectively referred to as "the guidelines") for:
 - i) International Capital Market Association's (ICMA) Social Bond Principles (SBP)
 - ii) ASEAN Capital Markets Forum's (ACMF) ASEAN Social Bond Standards (ASEAN SBS)
 - iii) Securities Commission Malaysia's (SC) Sustainable and Responsible Investment Sukuk Framework (SRISF)
 - iv) Asia Pacific Loan Market Association (APLMA), Loan Market Association (LMA) and Loan Syndications and Trading Association's (LSTA) Social Loan Principles (SLP)
- 3) an evaluation of the issuer's sustainability implementation capacity and performance.

Frameworks or instruments which meet the minimum thresholds in each of the analytical components will be accorded either a gold, silver or bronze grading.

Our opinion is based solely on the review of the issuer's Framework and its alignment with the guidelines outlined in this document. The scope of our work is limited to this assessment and does not extend to a real-time or post-issuance verification of the UoP. Accordingly, our assessment does not provide an opinion on, nor does it guarantee against, any greenwashing risk.

For more information, visit www.marc.com.my or contact us at solutions@marc.com.my.

IMPACT SIGNIFICANCE ANALYSIS

The qualitative analysis of the impact of the eligible assets is assessed in the context of the SDGs. PKB's Framework indicates that the eligible assets collectively align with five of the 17 SDGs, with targets specified for each category.

The net proceeds from the SFTs will be utilised to fund eligible assets under the following eligible categories:

Access to Essential Services – Financial Inclusion	
Eligibility Criteria	UN SDG Targets
Provisions of microcredit financing facilities including Ar-Rahn financing, which seek to achieve the objective of addressing specific social issues in relation to financial inclusivity by increasing access to financial products such as Ar-Rahn financing to customers who are underserved or otherwise having difficulties obtaining financing.	  UN SDG 1.2 Reducing the proportion of people living in poverty in all its dimensions according to national definitions UN SDG 10.2 Empowering and promoting the social, economic and political inclusion of target populations
	Impact Indicators
	- Number of microfinancing provided through Ar-Rahn - Number of individuals / Micro, Small, and Medium Enterprises (MSMEs) supported through Ar-Rahn

Impact Assessment

As a social financing entity under the Kelantan State Government, PKB's Ar-Rahn business is the cornerstone of its social mandate, providing Shariah-compliant financing to underserved individuals and microentrepreneurs who have limited access to conventional bank lending. By supporting short-term liquidity needs for personal, education and small-business purposes, the financing enhances access to Shariah-compliant financial services and promotes the social and economic inclusion of underserved individuals and microentrepreneurs, consistent with UN SDG 1.2 and UN SDG 10.2.

Beyond its SDG linkages, the category aligns with national and state development priorities. At the national level, Ar-Rahn's microcredit financing for MSME entrepreneurs and underserved segments supports the Thirteenth Malaysia Plan (RMK 13) priorities under the Advancing Economic Complexity pillar, particularly in scaling up MSMEs and empowering the third sector, as well as improving access to financial support under the National Entrepreneurship Policy 2030 and Malaysia Social Entrepreneurship Blueprint 2030. Its target population is also consistent with Bank Negara Malaysia's (BNM) Financial Inclusion Framework 2023–2026. At the state level, Ar-Rahn supports the Kelantan state government's development philosophy of *Membangun Bersama Islam* (Developing with Islam). The SC's estimate of an MSME financing gap of up to RM90 billion further underscores the scale of the underserved financing needs addressed by the category.

The category's social relevance is supported by the operating scale of Ar-Rahn's portfolio, delivered through an established network of 35 branches across nine states, which recorded a total financing of approximately RM397 million secured against approximately RM660 million in marhun value³. The average financing amount of RM5,899 and financing-to-marhun ratio of 60.1% indicate a collateral-backed financing model with moderate financing relative to pledged collateral value, supporting the category's role as an access-to-finance mechanism within PKB's core operations.

Apart from enabling financial access, the model also incorporates customer-friendly features that support responsible financing. Financing is collateral-based and protected by takaful, capping exposure to the value of the pledged gold. Rebates reward customers who service their financing, while customers in default are granted an extension before their pledged gold is auctioned. These features help distinguish Ar-Rahn from informal or high-risk financing sources, while reducing exposure to unsecured debt accumulation.

Given its direct linkage to PKB's core business, operating scale and role in improving access to Shariah-compliant financing, the category is assessed to deliver meaningful and well-targeted social impact. To enhance the evidence base for its underserved impact and responsible financing outcomes, PKB is encouraged to collect, with customer consent, selected customer characteristics and behavioural indicators, including a segmentation of the portfolio by marhun value band. This would provide greater transparency on the depth of outreach to the most financially vulnerable, given that approximately 94% of both financing and marhun value is presently concentrated in the RM2,001-and-above category.

Access to Essential Services – Telecommunications

Eligibility Criteria

- Provision of telecommunication services through the development of related infrastructures such as towers, monopoles and lamp poles in areas with no or substantially inadequate access to such services to increase telecommunication connectivity for underserved communities.
- This may include projects under the Jalinan Digital Negara (JENDELA) programme which is aimed at upgrading infrastructure, enhancing internet accessibility, and boosting digital inclusion in rural and urban areas.

UN SDG Targets



UN SDG 9.1

Developing quality, reliable, sustainable, and resilient infrastructure

UN SDG 11.3

Enhancing inclusive and sustainable urbanisation

Impact Indicators

- Number of rural community residents benefitting from increased access to essential services
- Increase in number of households with internet access

Impact Assessment

The eligible category is supported by capabilities within the PKB group, where its wholly-owned subsidiary Infra Quest Sdn Bhd coordinates the planning, implementation and maintenance of telecommunications infrastructure in Kelantan. Improving digital connectivity carries positive social relevance, given its growing importance in enabling access to essential services, information and socioeconomic opportunities. For underserved communities, improved telecommunications access can help reduce digital access disparities and support broader participation in education, commerce and public services. The category is consistent with national digital inclusion priorities under JENDELA and reinforces alignment with UN SDG 9.1 and UN SDG 11.3, as improved connectivity contributes to resilient infrastructure development while supporting more inclusive access to services and economic opportunities. The relevant target areas are defined by the Malaysian Communications and Multimedia Commission's (MCMC) Universal Service Provision programme, which delineates the unconnected and underserved locations.

³ Marhun (مرهون) is the Arabic/Islamic finance term for the pledged asset or collateral in an Ar-Rahn (Islamic pawnbroking) transaction.

The social impact achieved will depend on whether financed projects are directed towards areas with demonstrable connectivity gaps and result in tangible improvements in service availability for underserved populations. As such, this category represents a potential contribution to the Framework's social objectives, subject to suitable investment opportunities arising.

Socioeconomic Advancement and Empowerment – Local Tourism and Training Facility

Eligibility Criteria

- Investments and provisions of entrepreneurial development programmes or training that are specifically designed to enhance access to opportunities and/or foster inclusion and diversity for underserved or disadvantaged groups, examples including but not limited to:
 - Collaboration with a public university, Universiti Utara Malaysia (UUM), on training programmes related to Ar-Rahn operations and gold appraisal, aimed at upskilling and providing higher-level recognition or accreditation to programme participants
 - Collaboration with local entrepreneurs as suppliers of goods and services to Hotel Al-Ansar

UN SDG Targets



UN SDG 8.3

Promoting decent job creation, entrepreneurship, creativity and innovation

UN SDG 10.2

Empowering the social, economic, and political inclusion of all — including persons with disabilities — through training, employment, and support

Impact Indicators

- Number of beneficiaries
- Number of training and entrepreneurship development programmes conducted

Impact Assessment

This category supports socioeconomic advancement through skills development and local economic participation, contributing to UN SDG 8.3 and UN SDG 10.2. PKB's established training capacity through its training arm, Akademi Permodalan, including Finance Accreditation Agency (FAA)-accredited gold appraisal training and the FAA-accredited Ar-Rahn Operational Management (AOM) programme extended to franchise personnel, strengthens the category's relevance to technical skills development within the Ar-Rahn and gold financing ecosystem. PKB's collaboration with UUM, formalised through a Memorandum of Understanding and reinforced by the appointment of PKB's senior management as advisors to UUM's Muamalat Administration degree programme, further supports the professionalisation and higher-level accreditation of industry participants.

The category shows sound and meaningful social relevance, although its impact is indirect. The training initiatives are targeted at industry participants, while the tourism-linked benefits will depend on the scale of local procurement and supplier participation, which has yet to be quantified. As Hotel Al-Ansar remains under refurbishment, the associated activities are still prospective. The extent of realised impact will therefore depend on the scale of programme delivery, beneficiary reach and the integration of local entrepreneurs into PKB's business value chain.

OVERALL IMPACT SIGNIFICANCE

The assessment is anchored in the Financial Inclusion category, which constitutes PKB's core business and the predominant use of proceeds. This category independently demonstrates direct and tangible social impact of high materiality and strong policy alignment. While the remaining categories are, at this stage, largely prospective and implementation-dependent, they are underpinned by credible eligibility criteria and do not detract from the Framework's central social proposition.

Overall, the anticipated impact of the eligible categories is assessed to be "Significant". This level of impact significance is assigned where underlying projects are expected to generate direct and tangible impact while advancing the issuer's social progress. Projects at this level have the potential to facilitate adjustments towards a more sustainable development trajectory and to meaningfully advance sustainable development goals.



COMPLIANCE EVALUATION

The compliance evaluation constitutes an assessment of alignment with principles applicable to the Framework. Our evaluation is expressed using a four-point score, and the final score will be calculated based on aggregation according to the weightage of the core components, which is then converted to a four-point descriptive scale which ranges from "High", "Good", "Satisfactory" to "Low".

Utilisation of Proceeds	High
Requirements & Recommendations	Compliance Evaluation
Requirements based on Applicable Guidelines	
Description of the eligible asset categories	The net proceeds shall be utilised exclusively for the financing and/or refinancing, in whole or in part, of eligible projects, assets or activities that meet the eligibility criteria as defined in the Framework. Eligible projects may include the value of fixed assets, investments, capital expenditures (capex), operating expenditures (opex) and research and development (R&D) expenditures related to the eligible categories.
	Eligible investments may also include the acquisition of stakes in, or general intercompany advances to, pure-play companies deriving at least 90% of revenue from activities aligned with the eligible categories.
	For sukuk issuances and/or Islamic financing transactions, proceeds will be utilised solely for Shariah-compliant purposes. PKB shall comply with internationally recognised sustainability best practices in the utilisation of sukuk proceeds, subject to the exclusion list established in the Framework.
	For the avoidance of doubt, proceeds may also be utilised for capex or working capital requirements, refinancing of existing and/or future financings relating to eligible projects, business expansion in relation to eligible projects, fees and expenses associated with eligible projects, and intercompany advances to PKB and its subsidiaries, provided such applications are confined to assets and activities that satisfy the eligibility criteria under the Framework.
Contribution to social objectives	The Framework has outlined the social benefits of each eligible category and the respective SDGs to which each category is expected to contribute. Please refer to the Impact Significance Analysis section for more information.
Recommendations based on Applicable Guidelines	
Quantification of social benefits	The Framework has provided the quantitative impact indicators for the eligible projects, where applicable.
Financing vs refinancing	Where relevant, PKB will disclose the amount of proceeds allocated for refinancing, along with the specific eligible projects being refinanced, within the respective transaction documents.

Look-back period for refinancing	Refinancing of opex in relation to eligible assets is subject to a maximum look-back period of up to 36 months from the time of issuance. PKB has not committed to a look-back period for capex in relation to the eligible assets. We consider PKB's look-back period to be aligned with standard market practices; however, the inclusion of a defined look-back period for capex refinancing and/or clarification on the type of projects eligible for refinancing will enhance the framework's transparency.
Alignment with guidelines and best practices	The eligible projects are aligned with the eligibility criteria and market-based social finance guidelines adopted under the Framework.
Target population for social projects	The Framework has disclosed that the target population for the eligible social projects includes: • Underserved individuals with limited access to financial services • Unconnected and underserved communities • Excluded and/or marginalised populations and communities.

Process for Project Evaluation and Selection		High
Requirements & Recommendations	Compliance Evaluation	
Requirements Based on Applicable Guidelines		
Social objectives	The Framework has defined the social objectives for eligible projects in the context of the SDGs.	
Disclosure of process	PKB evaluates and selects eligible projects for financing or refinancing under the Framework through its internal governance processes, with input from relevant business units and appropriate screening and verification measures in accordance with the eligibility criteria and internal governance procedures. The evaluation process comprises the following: 1. Identification and assessment of the pool of eligible projects through PKB's internal governance processes and procedures. 2. Assessment of eligible projects against the eligibility criteria established under the Framework with inputs from relevant business units. 3. Screening and verification of projects to ensure ongoing compliance with the Framework's requirements. 4. Oversight of the Framework's implementation by PKB's Board of Directors, which retains ultimate responsibility for the effective implementation and accountability of the Framework. To address relevant social risks associated with the eligible categories, PKB has established an Audit, Shariah & Integrity unit and has access to PKINK's Shariah Advisory Committee. These governance arrangements provide	

oversight to help ensure compliance with Shariah principles, relevant regulatory requirements and recognised ESG best practices.

While these arrangements are adequate, the establishment of a dedicated sustainability committee or working group, with a defined mandate to identify, manage and monitor the material social risks of the eligible projects, would further strengthen the ongoing governance of the Framework.

PKB has committed to complying with relevant ESG standards and recognised best practices in relation to its eligible projects and SFTs.

Social risk identification and management

PKB will assess social risks during project evaluation and selection, guided by the eligibility criteria set out in the Framework, exclusion criteria and PKB's internal governance processes. These are supported by the internal Audit, Shariah & Integrity unit and access to PKINK's Shariah Advisory Committee.

Defined exclusion criteria

The Framework has defined exclusion criteria:

- Child labour or forced labour
- Gambling
- Adult entertainment
- Weapons and military contracting
- Alcohol
- Tobacco
- Production or trade in any product or activity deemed illegal under international conventions and agreements, or subject to international bans

Recommendations Based on Applicable Guidelines

Social context

The project evaluation and selection process is aligned with the eligibility criteria, the Framework's social objectives and its governance requirements.

Alignment with social standards

The Framework has disclosed the relevant policy references and definitions of the target populations for eligible social categories, including those applicable to financial inclusion, telecommunications access, and socioeconomic advancement.

Management of Proceeds

Good

Requirements & Recommendations Requirements Based on Applicable Guidelines

Compliance Evaluation

Proceeds management process

An amount corresponding to the net proceeds of any SFT issued under the Framework will be earmarked to finance and/or refinance, in part or in full, new and/or existing eligible projects. Proceeds will be managed on an aggregated basis using a portfolio approach and allocated in accordance with the eligibility criteria set out in the Framework.

Internal tracking and allocation

PKB will monitor and manage the allocation of proceeds through its internal information system throughout the tenor of the relevant SFT. The issuer has also committed to maintaining a total amount of eligible projects that is equal to or greater than the total net proceeds of all outstanding SFTs.

Where eligible projects are redeemed, no longer satisfy the eligibility criteria, or are prepaid or amortised, PKB will seek to reallocate the proceeds to other eligible projects on a best-effort basis as soon as practicable.

Periodic adjustment of unallocated proceeds

PKB aims to achieve full allocation of proceeds within 36 months.

Temporary placement of unallocated proceeds

Pending full allocation, any unallocated proceeds may be temporarily invested in cash, cash equivalents or money market instruments in accordance with PKB's liquidity management policy and the permitted investment criteria set out in the relevant financing documentation.

Recommendations Based on Applicable Guidelines

External verification of tracking and allocation

PKB may appoint an independent third party to provide external verification of the tracking and allocation of the SFT proceeds. Such verification may include an opinion on allocation and impact reporting, as well as the management of proceeds and PKB's internal tracking methodology.

While not required under the guidelines, we recommend that PKB commit to external verification of proceeds tracking and allocation to enhance transparency.

Reporting	Good
Requirements & Recommendations Requirements Based on Applicable Guidelines	Compliance Evaluation
Publication of Framework details	PKB has committed to providing annual allocation and impact reporting, as outlined in the Framework, through its website. Such reporting will be provided until the proceeds have been fully allocated and will be updated as necessary in the event of any material developments.
Annual reporting of proceeds allocation	PKB commits to providing annual allocation and impact reporting for the SFTs, to the extent feasible. Reports will be made publicly available on PKB's website. (https://www.pkb.net.my/index.php) Any material developments to the Framework will be disclosed in a timely manner on PKB's website.
Details of allocation of proceeds	The allocation report will include: ▪ The amount issued and outstanding for the SFTs ▪ The total value of eligible Projects ▪ A description of the portfolio of eligible projects including a breakdown of the allocated amounts by eligible categories where appropriate

- The amount and/or percentage of new and existing projects (share of financing and refinancing)
- Any further information on how unallocated proceeds, if any, have been held.

Project details and impact

The impact report will include the social performance of the eligible projects, reported using impact indicators as disclosed in the Framework. Where relevant, the report will also outline the key underlying methodologies and assumptions used for determination of quantitative impact metrics.

Recommendations Based on Applicable Guidelines

Timely updates or more frequent reporting

In addition to its annual reporting, PKB will provide timely disclosures on its website regarding any material developments.

Qualitative and quantitative impact indicators

The impact report will include quantitative and qualitative performance measures, where feasible. To strengthen impact transparency, PKB is further encouraged to report impact metrics at the eligible-category level and, for the Financial Inclusion category, to include customer-segment disclosures, consistent with the recommendation made in the Impact Significance Analysis.

Alignment with ICMA impact reporting guidance

The impact indicators detailed in the Framework are largely in alignment with ICMA's Harmonised Framework for Impact Reporting.

Publication of external reviews

Where undertaken, any post-issuance verification reports relating to the SFTs will also be made publicly available on PKB's website.

Although not mandated by the guidelines, committing to external verification would align with market best practices and further enhance transparency.

OVERALL COMPLIANCE EVALUATION

Overall, we consider the Framework to be aligned with the core components of the respective standards i.e. UoP, Process for Project Evaluation and Selection, Management of Proceeds and Reporting (including Disclosures).

▼			
Low	Satisfactory	Good	High

SOCIAL PERFORMANCE ANALYSIS

Development-Led Social Mandate

PKB's social positioning is primarily development-led, with social considerations embedded within its operating mandate and business activities. The company's approach is centred on supporting financial inclusion, entrepreneurship development, and socioeconomic participation, reflecting its alignment with state-level policy aspirations and national development priorities. This positioning is reflected in its core Ar-Rahn business, which provides Shariah-compliant financing to individuals and microentrepreneurs who may face barriers to accessing conventional financial services.

PKB's strategic direction is aligned with the Kelantan state government's philosophy of *Membangun Bersama Islam* (Developing with Islam), which emphasises balanced socioeconomic progress grounded in Islamic principles. At the national level, its activities are broadly consistent with priorities under the RMK 13, the Malaysia Social Entrepreneurship Blueprint 2030, and the National Entrepreneurship Policy 2030 through their emphasis on improving access to financing, strengthening MSME development, and promoting inclusive participation in entrepreneurial activities. Its financial inclusion focus is further anchored in BNM's Financial Inclusion Framework 2023–2026, which defines the underserved segments that the Ar-Rahn business seeks to reach.

The Framework represents a step towards formalising this orientation within PKB's financing activities. It provides a structured basis for linking future SFTs to eligible social objectives, supported by allocation and impact reporting commitments. The Framework appears to represent the primary formal articulation of PKB's social finance approach at this stage, while its broader social strategy remains at an early stage of development.

Social and Shariah Governance

PKB's governance is anchored at the Board level, with the Board of Directors retaining ultimate responsibility for the effective implementation and accountability of the Framework. Senior management is responsible for overseeing future updates to the Framework, including any revisions or expansion of the eligibility criteria. This indicates that governance oversight is currently centred on social financing activities and the ongoing maintenance of the Framework.

In managing social and conduct risks, PKB relies on internal governance processes supported by inputs from relevant business units, as well as screening and verification measures applied to eligible projects and activities. The internal Audit, Shariah & Integrity unit plays an important role in addressing relevant social risks associated with eligible categories, while also ensuring that operations are conducted in a Shariah-compliant manner and in adherence to regulatory requirements. PKB also has access to PKINK's Shariah Advisory Committee, which provides checks and balances and supports internal controls and sound governance practices.

This governance structure is relevant given PKB's business model, which is underpinned by Shariah-compliant financing, ethical conduct and community-oriented financial services. The integration of audit, Shariah and integrity oversight provides a governance basis for managing conduct, compliance and social risks across its operations. Nevertheless, broader ESG governance arrangements, such as a dedicated sustainability committee, formal sustainability function or standalone ESG governance framework, have yet to be formalised.

Human Capital Development and Operational Capability

PKB demonstrates a structured approach to strengthening workforce capability through Akademi Permodalan, its training unit established under the PKB Group to enhance staff training and capability development. The training platform covers areas such as induction, soft skills, event management, marketing, team building, workplace culture, and research and development, and collaborates with UUM in its training programmes.

The company's human capital initiatives are particularly relevant to its Ar-Rahn and gold-based financing ecosystem, where technical competency, operational consistency and appraisal capability are important to responsible service delivery, collateral valuation and operational risk management. These efforts are supported by Akademi Permodalan's Gold Appraiser Training programme, which has received full accreditation from the FAA, an accreditation and quality assurance body supported by BNM and the SC.

Recent training activities further demonstrate continued efforts to strengthen operational standards across the Ar-Rahn network. These include the Ar-Rahn AOM programme, SOP compliance workshops for branch personnel, and gemstone-related training conducted by Akademi Permodalan. Such initiatives support workforce readiness, technical proficiency, and consistent implementation of operating procedures across the company's core business activities. However, publicly available information remains focused primarily on training activities rather than outcomes. Systematic disclosure on training coverage, competency outcomes and employee development indicators would enable a more robust assessment of the effectiveness of its capacity-building efforts.

Community Engagement and Social Responsibility

PKB's social contribution extends beyond its financing activities through community welfare initiatives, healthcare-related support and targeted assistance to vulnerable groups. The company's community engagement activities include programmes such as Jaulah Musa'adah⁴, which involved 35 Ar-Rahn branches nationwide and provided food assistance to five asnaf⁵ families per branch, indicating a structured approach to branch-level community outreach.

PKB has also undertaken Ramadan⁶-related welfare initiatives, including the Ihtiram Ramadan⁷ programme, which involved the distribution of iftar⁸ meals to 100 residents around Kota Bharu, and Program Maidatul Rahman⁹, which supported 37 selected asnaf beneficiaries through food baskets and cash assistance. These initiatives demonstrate the company's efforts to support vulnerable groups, particularly within the communities where it operates.

In addition, PKB has contributed to community healthcare infrastructure and stakeholder support. This includes the sponsorship of gazebos and seating facilities at Hospital Raja Perempuan Zainab II in Kota Bharu, as well as appreciation visits to healthcare personnel in conjunction with Nurses Day. These initiatives indicate a welfare-oriented approach to community engagement, with particular emphasis on asnaf support, Ramadan-related assistance and local community institutions. However, disclosures remain largely activity-focused, with limited information on the effectiveness and longer-term impact of these initiatives. PKB could strengthen its social impact reporting by establishing clearer programme objectives, and consistently disclosing beneficiary reach to demonstrate longer-term social value generated by its community investments.

⁴ Jaulah Musa'adah is an Arabic phrase that can be translated as Community Aid Outreach.

⁵ Asnaf (أصناف) refers to the categories of people who are eligible to receive zakat (obligatory almsgiving in Islam).

⁶ Ramadan (رمضان), the Islamic holy month of fasting and charitable giving.

⁷ Ihtiram Ramadan (احترام رمضان) means "Honouring Ramadan" or "Respecting Ramadan".

⁸ Iftar (إفطار) is the evening meal used to break the daily fast during Ramadan.

⁹ Program Maidatul Rahman refers to Charity Meal Programme.

OVERALL SOCIAL PERFORMANCE ASSESSMENT

Overall, we consider PKB's overall social performance to be "Very Good". Social considerations are integrated into the issuer's operations through its development-led social mandate, supported by Board-level oversight and established Shariah and integrity controls, and structured workforce-development and community engagement initiatives. While PKB is not presently subject to mandatory sustainability reporting requirements, its allocation and impact reporting commitments under the Framework are expected to enhance transparency on the social outcomes of its financing activities over time.



ASSESSMENT SCALE

Grade	Description
 A gold medal icon with the word "GOLD" in the center.	Instruments or frameworks assessed at this level are judged to offer very significant social impact based on the projects to be supported and/or the KPIs linked to the issuance. The relevant processes fully adhere to the core principles of the applicable guidelines with strong alignment to best practices, supporting high standards of accountability and transparency.
 A silver medal icon with the word "SILVER" in the center.	Instruments or frameworks assessed at this level are judged to offer fairly significant social impact based on the projects to be supported and/or the KPIs linked to the issuance. The relevant processes are consistent with the core principles of the applicable guidelines, supporting satisfactory standards of accountability and transparency.
 A bronze medal icon with the word "BRONZE" in the center.	Instruments or frameworks assessed at this level are judged to offer fairly significant social impact based on the projects to be supported and/or the KPIs linked to the issuance. The relevant processes are somewhat consistent with the core principles of the applicable guidelines but exhibit shortcomings in the areas assessed.

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Published by:

MARC SOLUTIONS SDN BHD 201001025092 (909006-W)
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