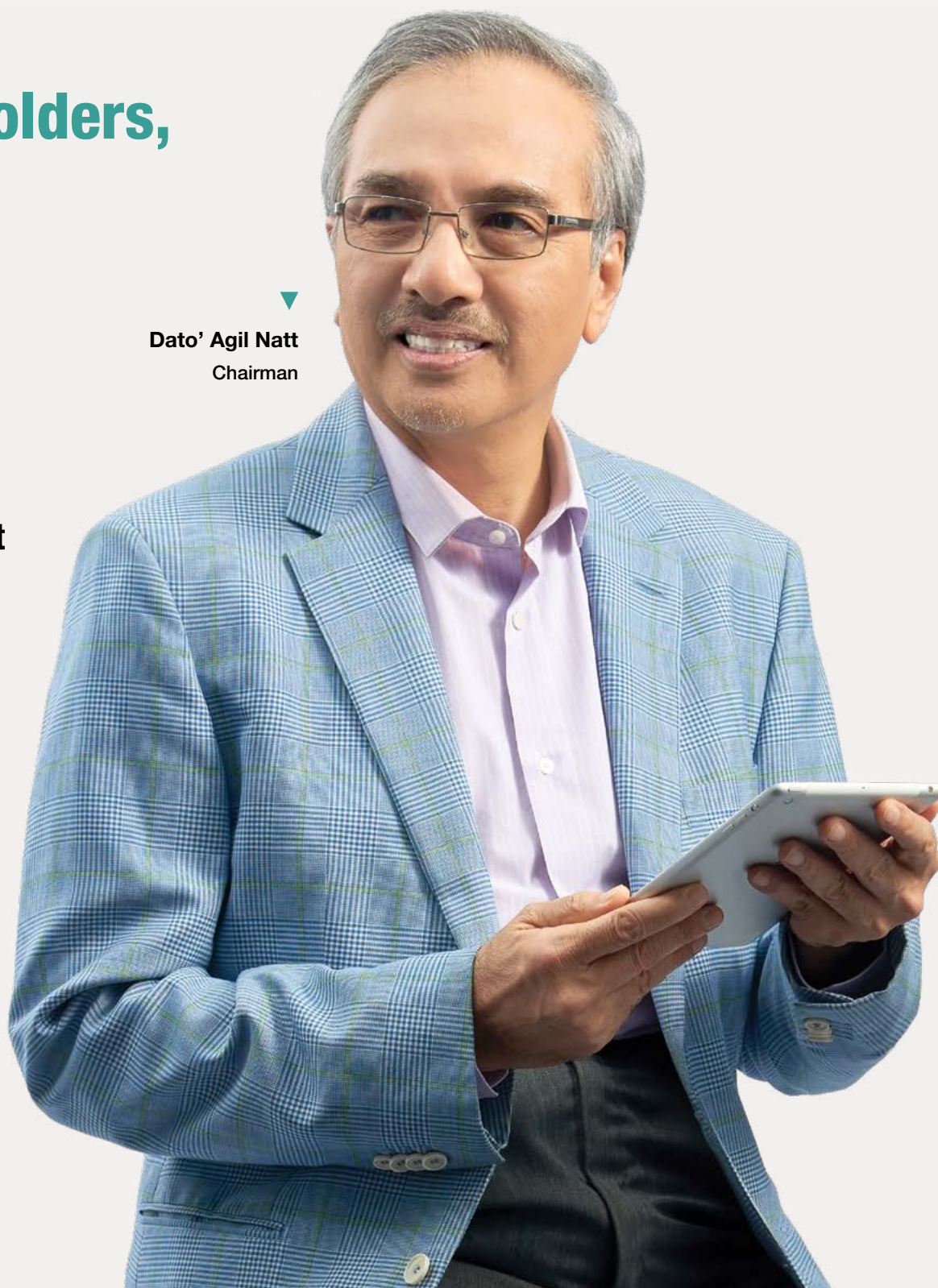


CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors, it is with great pleasure I present to you the 2018 Annual Report of Credit Guarantee Corporation Malaysia Berhad (CGC).

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Dato' Agil Natt
Chairman



CHAIRMAN'S MESSAGE

Amidst the challenging economic environment in 2018, I am pleased to share that CGC performed well and registered a portfolio growth of 12%. Our business model is able to weather economic challenges and deliver healthy financial performance.

CHANGING LIVES

At CGC, we believe in changing the lives of the micro, small and medium enterprises (MSMEs) that we serve every day. We are also driven by the commitment to reach out to the underserved MSMEs and to bring them into the formal financial system. By doing so, we are changing lives; giving MSMEs a chance to take charge of their dreams.

From basket weavers, the metal welders and all the way to technopreneurs, just to name a few, CGC continues to support the financial inclusion agenda, leveraging on our strategic partners' bank branch network of over 2,600 branches throughout Malaysia. This way, CGC is fulfilling its mandate, creating value and changing the lives of MSMEs.

SUSTAINABILITY THROUGH SERVICE

CGC goes beyond just providing financial guarantees and financing. As a Developmental Financial Institution, we are determined to go the extra mile to ensure the sustainability of the businesses that we empower. By doing this, we are also ensuring our own long-term sustainability. CGC is one of the few unique institutions that takes pride in having our MSMEs customers graduate, meaning they no longer require our guarantee to secure financing.

Our customers deserve a good start and the CGC Developmental Programme achieves that by guiding them to succeed in their businesses. The CGC Developmental Programme helps MSMEs at every stage of their growth, providing them advisory and assistance on access to financing especially those with no collaterals, right up to finding new markets for their products and services.

We believe, as we change the lives of our MSMEs, we are constantly changing ours, too. By working together

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with our customers and sharing their entrepreneurship challenges, our people are enriching their talents in many unique ways, learning new and relevant skills.

Even our Corporate Responsibility initiatives are rooted to enforce sustainability. As we reach out to the communities that we serve in our pursuit to grow the MSMEs, we instil a sense of responsibility, respect and stress the importance of change in everything that we believe and do.

BRINGING GOVERNANCE TO THE FORE

At the Board of Directors' level, we practise strong corporate governance in all our actions to ensure the sustainability of our business. Our stakeholders are assured that we are constantly strengthening our governance processes to enable a culture of accountability and transparency across CGC.

CHAIRMAN'S MESSAGE

Revenue

RM172.9

million

Shareholder's Fund

RM3.3

billion

**FUTURE OUTLOOK**

2019 is expected to be another challenging year amidst concerns of slower global growth. With our renewed determination and the use of smart technology, we are encouraged by the opportunities of further tapping into the unbanked segment moving forward.

The launch of imSME in February 2018, Malaysia's 1st SME financing/loan referral platform is essentially to create easy and hassle-free access to financing for MSMEs to grow and develop their businesses. The encouraging response received by imSME proves

that we are on the right path in our agenda of changing the lives of the underserved MSMEs.

In mid-2019, we will be rolling-out the 2nd batch of CGC SME Apprentice Scheme (CGC SAS) in support of Malaysia's agenda of producing more skilled workers. In anticipation of the eventual increase in demand for an additional 1.3 million Technical and Vocational Education and Training (TVET) workers by 2020, CGC SAS in collaboration with our participating MSMEs will be able to provide employment opportunities to these deserving TVET graduates.

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CHAIRMAN'S MESSAGE



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We will also be increasing our engagements with the stakeholders in the MSME ecosystem to expand our outreach to more entrepreneurs requiring access to financing and advisory to grow and develop their businesses.

ACKNOWLEDGEMENTS

In October 2018, Ms. Jessica Chew, Deputy Governor of Bank Negara Malaysia stepped down from our Board of Directors. On behalf of the Board, I would like to record our appreciation to Ms. Jessica Chew for her insight, valuable experience and contributions to CGC. In her place, we would like to welcome Encik Adnan Zaylani Mohamad Zahid, Assistant Governor of Bank Negara Malaysia. Encik Adnan is currently

responsible for Financial Development and Innovation, Payment Development, Islamic Banking and Takaful, Insurance Development, Development Finance and Inclusion, and Legal. We are confident that Encik Adnan will add greater depth and knowledge to the Board as we progress ahead.

I would also like to thank Bank Negara Malaysia for their unrelenting support to CGC in fulfilling our mandate. To our strategic partners in the financial industry and other stakeholders in the MSME ecosystem, our accomplishments reflect on the solid partnerships that we share and we look forward to better serve MSMEs more effectively.

My heartiest congratulations to Datuk Mohd Zamree Mohd Ishak, President/CEO of CGC for being conferred the “2018 Outstanding CEO” by the Association of Development Financing Institutions in Asia and Pacific in February. He was also named the “Sustainability Leader of the Year” at the Karlsruhe Sustainable Finance Awards 2018 in July.

Lastly, my utmost appreciation to my fellow Board Members, Management and employees of CGC for their continuous commitment and determination in changing the lives of our MSMEs to the best of our ability. Thank you for making a difference.

Dato' Agil Natt
Chairman