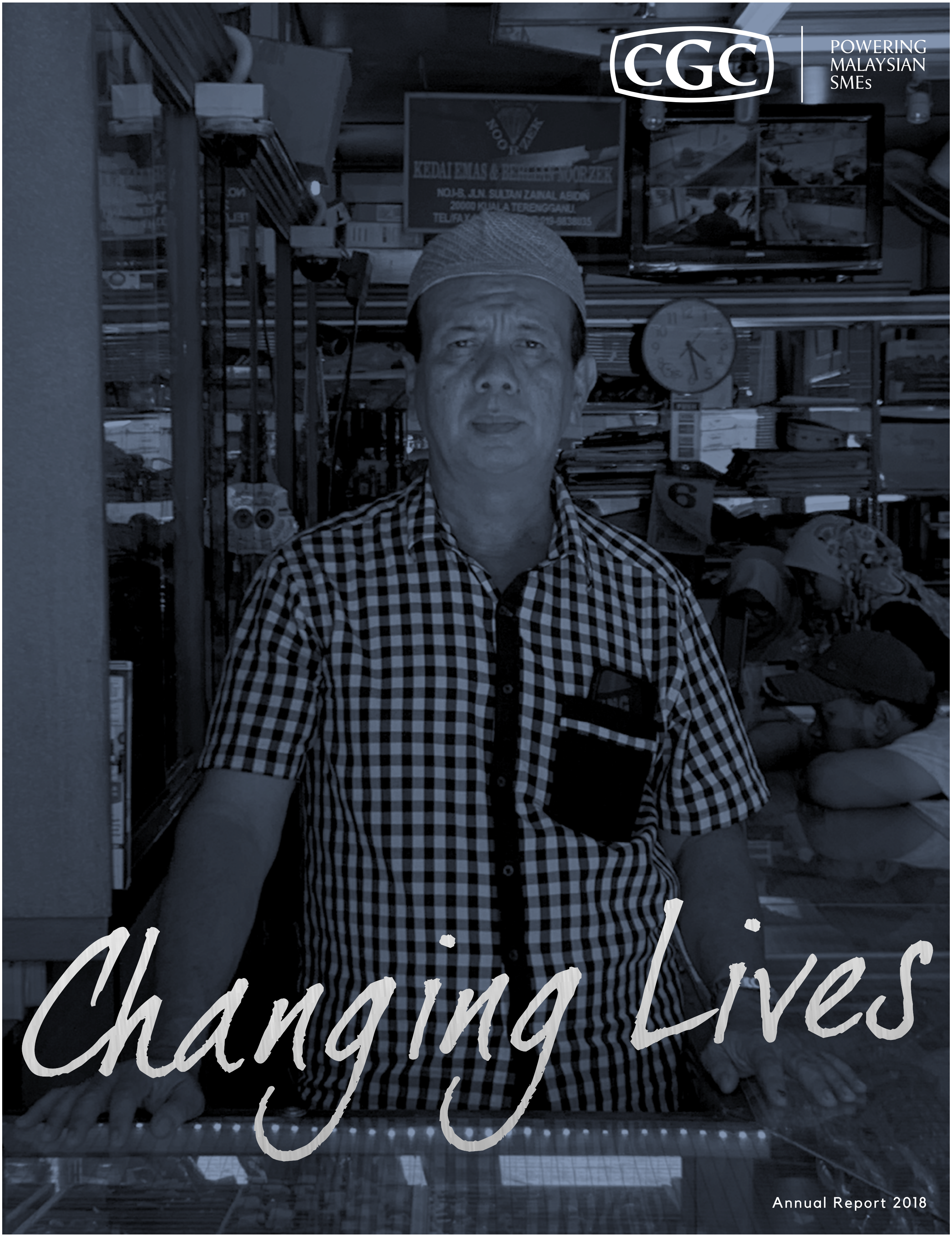


CGC

POWERING MALAYSIAN SMEs

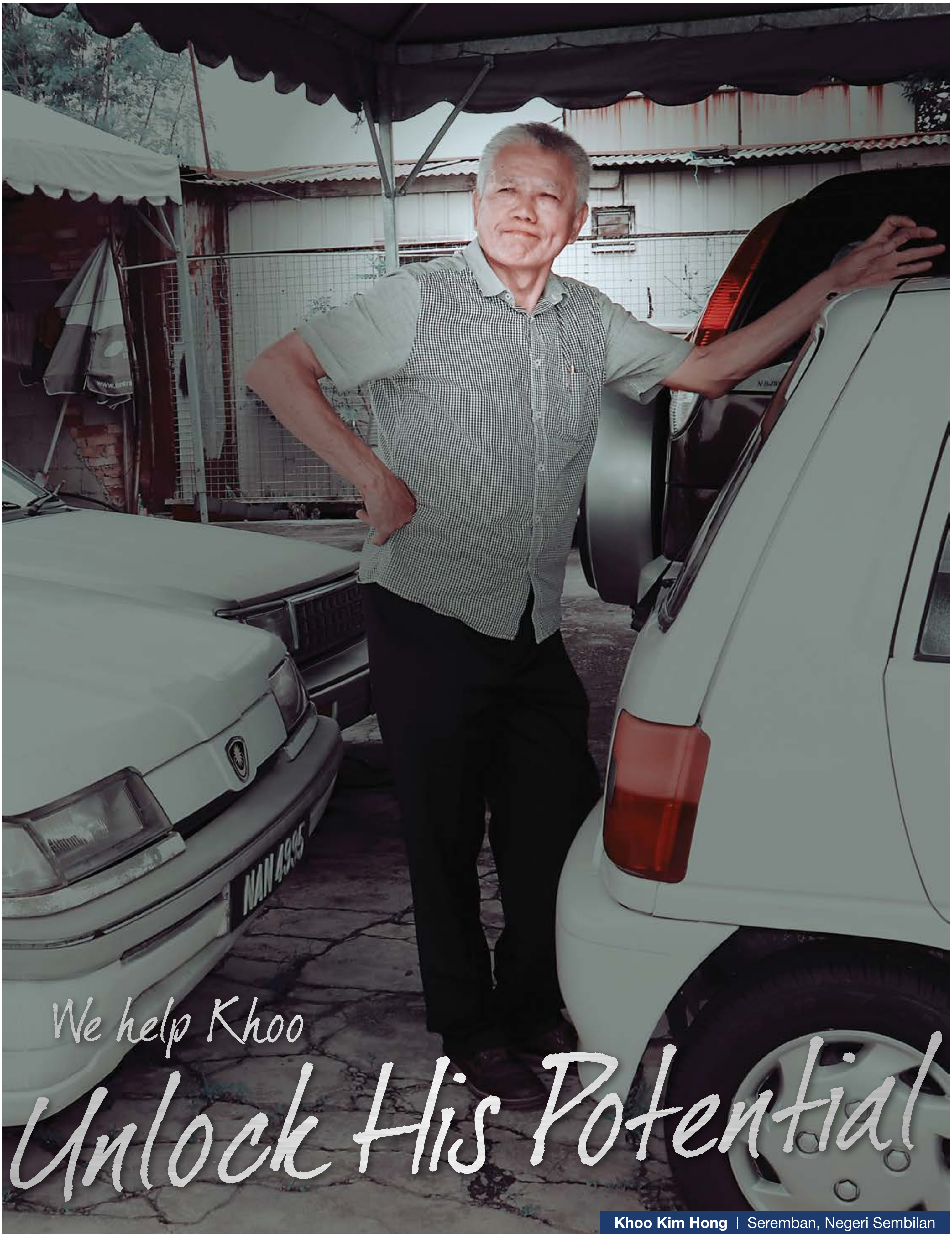
Changing Lives

Annual Report 2018

Albert Tanon | Kuching, Sarawak


We help Surinder
Fulfil Her Ambition
Surinder Kaur | Prai, Pulau Pinang


We help Kumar
Achieve His Goals
Kumar Muniandy | Masai, Johor


We help Khoo
Unlock His Potential
Khoo Kim Hong | Seremban, Negeri Sembilan


We help Surinder
Fulfil Her Ambition
Surinder Kaur | Prai, Pulau Pinang
Kudrat
Tropical COCONUT WATER
Tropical AIR KELAPA MUDA
Tropical coconut water

COVER RATIONALE

This year our cover design and theme exemplifies our purpose in meeting the financing needs of Malaysia's dynamic entrepreneurs with the determination and focus, as they challenge themselves in pursuit of their dreams. By **CHANGING LIVES**, we are helping Malaysian Micro, Small and Medium Enterprises (MSMEs) to convert their dreams into reality. As we advance the much larger agenda of financial inclusion for MSMEs, we are creating sustainable businesses, growing stronger and becoming more connected together with our customers.

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ABOUT THIS REPORT

This Annual Report serves to inform our stakeholders about the diligent and persistent efforts by CGC in powering the Malaysian MSMEs through the execution of our strategy to reach out and improve access to financing.

While advancing our financial inclusion agenda to serve the unbanked and underserved, CGC makes efficient use of its resources in order to create value in a sustainable and responsible manner.

The open and balanced assessment of our performance as contained in this Report will demonstrate to our stakeholders the Management's efforts in practising good business management supported by sound governance.

This Report provides pertinent information in a clear and concise manner about our medium and long-term view of the business as we engage all levels of the business to align itself with creating and sharing value for the long-term.

A new undertaking for CGC is our endeavour to align our strategies towards the United Nations Sustainability Development Goals to contribute to the United Nations Global Compact – these efforts are encapsulated in the Performance Scorecard section of this Report.

To arrive at this Report and clearly communicate our progress in the past year and our intent going forward, we have aligned our reporting to various guidelines including the Malaysian Code of Corporate Governance 2017, Companies Act 2016, Malaysian Financial Reporting Standards and the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI).

MAJOR MILESTONES

2018

January

MoU with the Taiwan Small and Medium Enterprise Credit Guarantee Fund

Portfolio Guarantee Agreement with Standard Chartered Bank

February

Launched imSME, Malaysia's 1st SME Financing/Loan Referral Platform

March

Won the 'TalentCorp Career Comeback ReIGNITE Award 2018'

Strategic Partnership Signing Ceremony between CGC and Hong Leong Bank

June

1st Portfolio Guarantee with Hong Leong Islamic Bank

July

Inaugural CGC International BizMatch at Indonesia for CGC Developmental Programme

1st Portfolio Guarantee with HSBC Bank

August

1st Portfolio Guarantee with Affin Islamic Bank

September

Biggest agency to participate together with MATRADE at 15th China-ASEAN Expo

November

Onboard strategic partnership with MDEC for CGC Developmental Programme

Portfolio Guarantee with Alliance Bank

2019

January

Official Document Exchange for RM100 million Portfolio Guarantee between CGC and AmBank exclusively for PROTON dealers

February

10th Anniversary of Strategic Collaboration with Standard Chartered Bank and Launch of WOWnita

Won the 'Outstanding SME Development Project' award for imSME

March

Strategic partnership with Ministry of Domestic Trade and Consumer Affairs for 'Program Citarasa Malaysia' for CGC Developmental Programme

Named 'BrandLaureate SME Strategic Business Partner' 2015-2019

April

Participated in the International Sourcing Programme in Conjunction with Malaysia International Halal Showcase 2019 for CGC Developmental Programme

Co-sponsorship of Islamic Economics Textbook launched by Prime Minister of Malaysia

CORPORATE EVENTS

2018

24 January

Memorandum of Understanding with Taiwan SMEG

CGC signed a Memorandum of Understanding with the Small and Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG) to promote knowledge and to revolutionise the credit guarantee industry.

This is the first collaboration between CGC and Taiwan SMEG, which shares the same objective of providing financial assistance and related services to MSMEs; particularly to enterprises that lack collateral and track record to obtain financing from financial institutions.

9 February

imSME Launch

imSME - Malaysia's 1st MSME financing/loan referral platform for MSMEs to search for suitable financing product was launched at Sasana Kijang, Bank Negara Malaysia (BNM).

This is CGC's first foray into FinTech. imSME will enable greater outreach to MSMEs, saving them time, money and the hassle of searching for financing the traditional way.

imSME also ensures MSMEs get into the formal financial system with just four easy steps. MSMEs will be able to apply for financing/loan online and will receive a response within 2-working days.

In addition to being a referral platform that matches business financing products, imSME has a Financial Advisory (FA) Team to support unsuccessful applicants. The imSME FA Team recommends capacity building partners to the applicants to enhance their capacity and capability to improve their chances of securing financing, and suggest alternative financing options such as Peer-to-Peer lenders.

6 March

Portfolio Guarantee Signing Ceremony with Hong Leong Bank

CGC and Hong Leong Bank Berhad signed a strategic partnership agreement to offer financing of up to RM200 million to MSMEs.

2018

6 April

Portfolio Guarantee Signing Ceremony with Standard Chartered Bank

Standard Chartered Bank Malaysia and CGC signed a Portfolio Guarantee Agreement that would enable the Bank to provide financial assistance to MSMEs. This is the ninth tranche signed between the Bank and CGC. The primary objective of this RM75 million facility is to provide working capital and asset acquisition to MSMEs.

4 June

Portfolio Guarantee-Islamic Retail and MSME Signing Ceremony with Maybank

Malayan Banking Berhad (Maybank) together with CGC held a special 'PG Signing Ceremony' to commemorate the concluded Portfolio Guarantee-Islamic Retail and SME (PG-i RSME). Through the close collaboration between both CGC and Maybank, a total of RM4.96 billion worth of financing, was availed to the MSMEs nationwide, since the first agreement in September 2013.

25 June

Annual General Meeting

Our 45th Annual General Meeting held at Bangunan CGC.

27 June

Majlis Jamuan Aidilfitri

CGC celebrated more than 1,300 guests at our Majlis Jamuan Aidilfitri held at Sime Darby Convention Centre. We hosted guests from various financial institutions, developmental financial institutions, agencies, trade chambers and members of the media.

CORPORATE EVENTS

2018

27 June

23rd CGC SME Awards

The annual CGC SME Awards recognised outstanding performance of our partner banks and MSME customers at an awards ceremony held at the Sime Darby Convention Centre.

In 2018, we recognised a total of five Financial Institutions (FIs) for their contributions. Ambank, CIMB, Maybank and Standard Chartered Bank were honoured with the Top FI Partner Award in the commercial category. Maybank Islamic bagged the Top FI Partner in the Islamic Bank category and Top Bumiputera FI Partner Maybank also emerged as Best Financial Partner for the second consecutive year.

The awards were presented by Assistant Governor of Bank Negara Malaysia (BNM) Abu Hassan Alshari Yahaya.

CGC awarded the Exemplary Customer Award to five MSMEs for their good repayment track record and rewarded them with rebates on the guarantee fees paid. We recognised five MSMEs in the Excellent Customer Award category as they no longer require our financing guarantees to borrow directly from banks.

21 September

Collaboration with Nanyang Siang Pau for Golden Eagle Award (GEA)

CGC co-sponsored the Nanyang Siang Pau Golden Eagle Award for the third time. Rahim Raduan, CGC Chief Corporate Officer and Chye Yau Kuen, Nanyang Siang Pau General Manager for Sales & Marketing signed an agreement to officiate this.

GEA honours the best MSMEs in Malaysia, giving due recognition to their hard-earned success and outstanding achievements. It provides an effective platform to benchmark successful MSMEs and to encourage MSMEs to strive for excellence.

2019

18 January

Document Exchange Ceremony between CGC and AmBank for Proton Dealers

AmBank and CGC inked a strategic collaboration with eligible PROTON dealers to provide RM100 million worth of financing through CGC's Portfolio Guarantee scheme. This is to facilitate the dealers to upgrade their facilities to 3S (sales, services and spare parts) and 4S (including body and paint) centres.

2019

27 February

Portfolio Guarantee Signing Ceremony with Standard Chartered

Standard Chartered Malaysia together with its Islamic banking arm, Standard Chartered Saadiq Malaysia signed a Portfolio Guarantee Agreement with CGC in conjunction with the 10th anniversary of collaboration to finance MSMEs. The ceremony was graced by YB Dato' Ir. Amiruddin Hamzah, Deputy Minister of Finance.

Standard Chartered Malaysia committed RM75 million for the development of local MSMEs while Standard Chartered Saadiq commits RM10 million specifically to provide working capital financing to women entrepreneurs. Known as WOWnita, this scheme is exclusively for business women with a majority share of at least 51% in their company while playing the role of a key decision maker.

2 April

Participation at the International Sourcing Programme (INSP) in conjunction with MIHAS 2019

CGC supported our MSMEs to participate in the INSP that was held in conjunction with the Malaysia International Halal Showcase (MIHAS) at Malaysia External Trade Development Corporation (MATRADE), Kuala Lumpur.

These MSMEs were introduced to buyers from Argentina, Korea, US, Republic of Kosovo, Panama, Algeria, Japan, Qatar, Saudi Arabia, Nigeria and ASEAN countries.

The INSP gathered 200 buyers from more than 50 countries to meet over 500 Malaysian companies. This is one of the biggest business matching events championed by MATRADE.

4-6 April

Karnival Kewangan Terengganu

CGC participated in the Karnival Kewangan Terengganu organised by Bank Negara Malaysia (BNM) at Tabung Haji Convention Centre, Kuala Terengganu. The programme was graced by YAB Dr Ahmad Samsuri Mokhtar, Menteri Besar of Terengganu.

Themed "Your Financial Needs Matters", the Karnival aims to raise public awareness on financial products and services, financial literacy and strengthen the community's financial management capabilities with an emphasis on preferences of the local communities.

CORPORATE EVENTS

2019

9 April

24th CGC SME Awards

CGC organised the 24th SME Awards at Sofitel Kuala Lumpur, Damansara. The awards ceremony honoured MSME customers for their active participation in CGC schemes, as well as Financial Institutions (FIs) and Development Financial Institutions (DFIs) for their continuous support. YB Tuan Lim Guan Eng, Minister of Finance presented the awards to the winners.

A total of 15 awards were presented to our top performing MSMEs under three categories; CGC Graduate Customers, Customer with Improved Credit Rating, and TPUB-i Exemplary Customers.

Seven MSMEs whose credit standings have improved and are now able to secure financing from FIs and DFIs without a CGC guarantee received the 'CGC Graduate Customer' award.

Five MSMEs won the 'Customer with Improved Credit Rating' award, which is a recognition to customers with good track record of prompt payment. Winners of this award were given rebates on their guarantee fees ranging from RM3,000 to RM18,000.

This year, CGC introduced the 'TPUB-i Exemplary Customer Award', a new category that recognises the Tabung Projek Usahawan Bumiputera-i (TPUB-i)

customers with the highest number of contracts completed. There were three winners for this award.

The CGC Top FI Partner Awards recognises the commitment demonstrated by FIs and DFIs in providing MSMEs with access to financing, delivering a suite of diversified products and services. A total of 10 awards were presented to FIs and DFIs based on the number and value of financing guaranteed, guarantee fee and positive net income growth.

In appreciation of our long-standing partnership, CGC honoured Standard Chartered Bank Berhad with the First Portfolio Guarantee and 10th Anniversary Award. Maybank walked away with the Best Financial Partner Award for the third consecutive year. This award is to recognise Maybank as the FI that has contributed immensely to the development of Malaysian MSMEs.

2019

10 April

CGC Co-sponsors Islamic Economics Textbook

CGC co-sponsored publishing of the “Islamic Economics: Principles and Analysis” textbook launched by YAB Tun Dr Mahathir Mohamad, Prime Minister during the 15th Kuala Lumpur Islamic Finance Forum (KLIFF) 2019. The textbook intends to spur the global development and advancement of Islamic economics and finance.

KEY HIGHLIGHTS

FINANCIALS

Total Income
RM471.6 million

Total Revenue
RM172.9 million

Net Profit
RM210.6 million

Total Assets
RM4.6 billion

Liabilities
RM1.3 billion

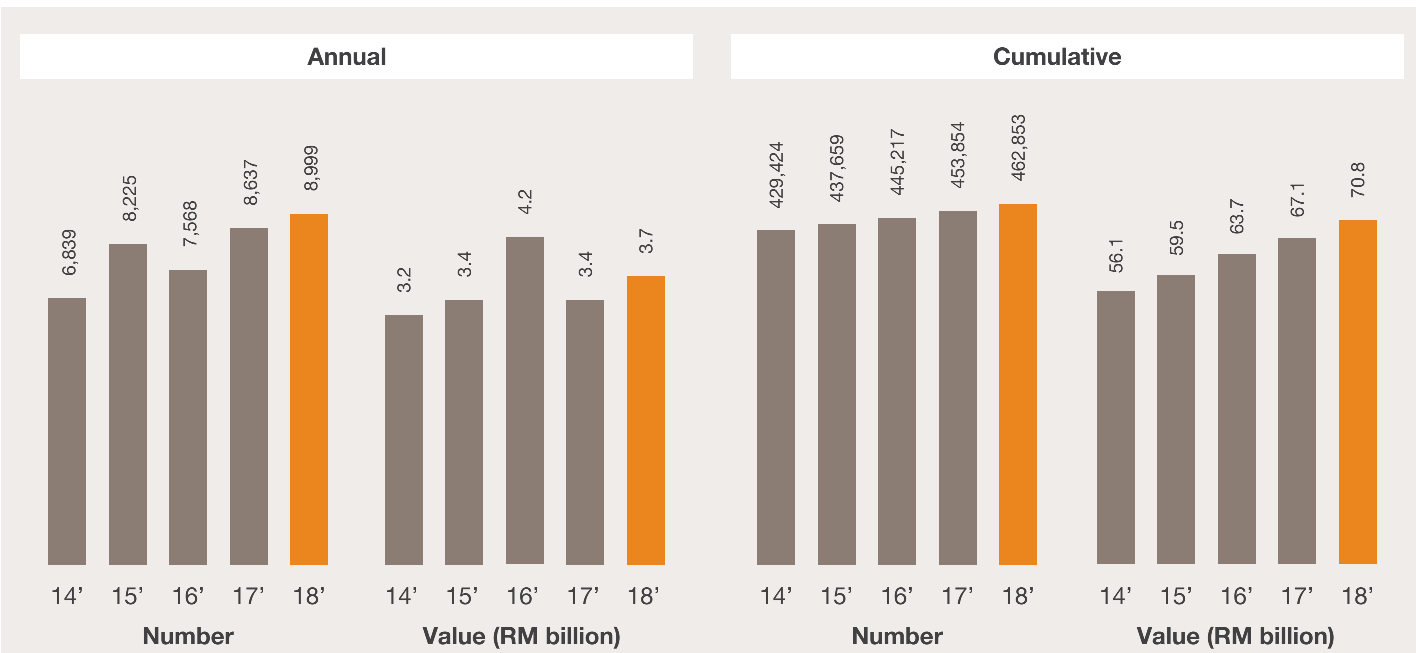
Equities
RM3.3 billion

Return on Equity
6.4 %

Guarantee Reserve Ratio
2.6 times

Cost to Income Ratio
25.9 %

GUARANTEE AND FINANCING APPROVALS



AWARDS FOR THE YEAR

CGC received wide recognition for our many achievements from domestic and international organisations.

20 February 2018
2018 Outstanding CEO

Datuk Mohd Zamree Mohd Ishak, President/CEO was awarded the '2018 Outstanding CEO' by the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP). The award is in recognition of his contribution in championing the national agenda of financial inclusion for MSMEs and transformation of CGC via the Five-Year Strategic Plan (2016-2020).

20 February 2019
Merit Award for imSME

CGC won a Merit Award for imSME – Malaysia's 1st SME Financing/ Loan Referral Platform as an 'Outstanding SME Development Project' by the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) in Muscat, Oman.

This award recognises and honours member institutions which have undertaken projects that have created a development impact in their respective countries.

12 July 2018
Sustainability Leader of the Year

Datuk Mohd Zamree Mohd Ishak, President/CEO won the 'Sustainability Leader of the Year' from the European Organisation for Sustainable Development (EOSD), ADFIAP and the Association of African Development Finance Institutions (AADFI) in cooperation with the City of Karlsruhe, Germany.

The Karlsruhe Sustainable Finance Awards honours financial institutions, related organisations and President/ CEOs for their significant contributions to the field of sustainable financing.

27 March 2019
The BrandLaureate SME Strategic Business Partner Award 2018-2019

The BrandLaureate Small and Medium Enterprises (SMEs) Strategic Business Partner Award 2018-2019 by the Asia Pacific Brands Foundation (APBF) was held at Majestic Hotel Kuala Lumpur. Datuk Mohd Zamree Mohd Ishak, President/CEO received the award at the dinner from Tan Sri Rainer Althoff, Chairman of the Asia Pacific Brands Foundation and Dr KK Johan, President of The BrandLaureate.

The award is in recognition of CGC and its pivotal role in assisting Malaysian MSMEs progress in their businesses. This is the second recognition for CGC by The BrandLaurete. The first award in 2015-2016 named CGC as The BrandLaureate Transformational Organisation Brand Award for its efforts in strengthening the foundation of its brand and improving performance efficiency.

Zakaria Yusof

Kedai Emas & Berlian Noorzek

Kuala Terengganu,
Terengganu

In 2001, Zakaria Yusof established Kedai Emas & Berlian Noorzek with CGC standing by him at the start of his business.

“Prior to venturing into the gold trading business, I was working with Lembaga Kemajuan Terengganu Tengah (KETENGAH) as a technician. Having found out about CGC from the Terengganu branch, I embarked on my journey. I applied for financing and was successful.”

As a result of the financing from CGC, Zakaria was able to quickly develop his first outlet and opened another gold trading shop, Kedai Emas & Permata Sri Iman. In addition to this, Zakaria diversified into the songket and batik businesses, bringing him further success as an entrepreneur.

“With CGC’s assistance, my business grew and was established as one of the well-known gold trading shops at Pasar Payang. Thank you CGC for believing in me.”

Zakaria applied for financing from CGC as the rate was competitive, promising and did not require any collateral. His advice for other MSMEs out there, “To succeed in business, self-motivation is very important. I am always hands-on and do not rely on my staff to manage the business, especially finances, marketing and sales”. He says that company funds and profit need to be organised diligently and professionally.

He envisions further success for his gold trading business over the next 5 years considering the good location of his outlet, quality of his products and his reasonable pricing. Zakaria recommends MSMEs to consider CGC products as it provides good guarantee and financing schemes, and advisory support to motivate and drive MSMEs to succeed in their businesses.

AT A GLANCE

ASPIRATION

To be the Household Name for SMEs by 2020.

VISION

To be an effective financial institution dedicated to promoting the growth and development of competitive and dynamic small and medium enterprises.

MISSION

To enhance the viability of small and medium enterprises through the provision of products and services at competitive terms and with the highest degree of professionalism, efficiency and effectiveness.

CORE VALUES

- **T** – **Teamwork**
- **H** – **Hardworking**
- **I** – **Integrity**
- **N** – **Nurturing**
- **K** – **Knowledgeable**

PRODUCTS AND SERVICES

CGC offers a wide range of guarantee and financing products for all type of MSMEs together with support services to improve both the viability and capability of businesses

1. Guarantee Schemes
2. Direct Financing
3. CGC Developmental Programme
4. imSME

36 PFIs

2,600 PFIs BRANCHES

ABOUT US

ABOUT US

CGC was established on 5 July 1972 with the mandate to bridge the gap between financial institutions and MSMEs by guaranteeing the financing applied by these entrepreneurs.

It has been more than 45 years since we were set up and we have transformed with time in order to stay relevant. From a traditional guarantee provider, we have evolved into a financially sustainable institution providing a wide range of guarantee and financing products. CGC also provides services that enables the transformation of MSMEs.

We are 78.6% owned by Bank Negara Malaysia (BNM) with the remaining belonging to various Development Financial Institutions (DFIs) and Financial Institutions (FIs). Our stakeholders drive our financial inclusion agenda and are directly involved in what we do.

CGC has formed strategic alliances with leading FIs and DFIs to offer financing through our Portfolio Guarantee (PG) Schemes which allows MSMEs to have relatively quicker access to funding. We also offer Wholesale Guarantee (WG) Schemes which provide guarantee coverage to FI existing financing facilities. Our other products include financing for start-ups, women entrepreneurs and contract financing.

In recent years, CGC has taken the opportunity to ride the digital wave by creating an online platform for MSMEs to search and apply for financing. imSME, Malaysia's 1st SME Financing/Loan Referral Platform, and launched in 2018, aims to significantly reduce the time taken and hassle for MSMEs to obtain financing.

As of end-2018, 22 financial institutions participated in imSME with more than 35 unsecured financing products offered. In 2018, over 3,900 MSMEs registered with imSME and 404 loans were approved amounting to RM47 million.

To date and across all its various channels, CGC has availed over 460,000 guarantees and financing to MSMEs valued at RM71 billion, impacting over 340,000 MSMEs or one-third of the total number of MSMEs in the country.

At CGC, we practice a holistic approach to our financial inclusion agenda, taking great care to ensure our MSMEs succeed beyond just obtaining a guarantee. The CGC Developmental Programme started in May 2016 assists MSMEs via Mentoring Programme, Market Access Programme and Cross Border Initiatives. To date, we have assisted over 5,400 MSMEs.

As a DFI, CGC has in the past three years assisted over 50 MSMEs to gain market access locally and internationally. These include hypermarkets, trade exhibitions and business matching events such as trips to the China-ASEAN Expo (CAEXPO), Canton Fair in Guangzhou and CGC International BizMatch in Jakarta. CGC aspires to continue assisting more MSMEs to enter the international market space.

Providing guarantees and financing is only one part of the equation in building robust MSMEs – thus CGC provides Credit Information and Credit Rating Services through its subsidiary, Credit Bureau Malaysia Sdn Bhd. Through this Bureau, CGC assists MSMEs to build their credit track record to enhance their standing and reputation, therefore enabling them to secure market-rate financing on their own.

CGC remains focused on its role to assist viable MSMEs with access to financing. The financial inclusion agenda is a top priority. With the vision to be an effective financial institution committed to promoting the development of MSMEs, we will strive wholeheartedly in the process of Changing Lives and creating value for all our stakeholders.

BRANCH NETWORK

Our 16 branches are strategically located nationwide to enable optimal coverage for our MSME customers. As part of our financial inclusion agenda, CGC also ensures we go further and beyond our physical locations to assist the underserved MSMEs.

Scan here for our Branch Network details

Nikmat Bekal Sdn Bhd

Tumpat, Kelantan

Mohamad Yusof

“With CGC, our company is growing fast as it is now easier for me to obtain financing from financial institutions. I would definitely recommend CGC to my MSME friends. It has eased my worry of qualifying and obtaining financing from the financial institutions.”

Mohamad Yusof is from Tumpat, Kelantan. Prior to running his own business as a wholesaler of diesel and other petroleum products, he worked as a lorry driver delivering fresh fish to the market. He was looking for a financial institution for additional working capital for his company. In October 2005, Mohamad went to a few banks and one of the officers asked him to seek advice from CGC.

Without the assistance from CGC, Mohamad said he would still be struggling to keep his business going. CGC granted him financing under the Tabung Usahawan Bumiputera 2.

“I believe there is no secret path to success. During the initial days, there were a lot of ups and downs. I kept with my principles of providing great service, being authentic, transparent and focusing on my end goal. This has led to my success.”

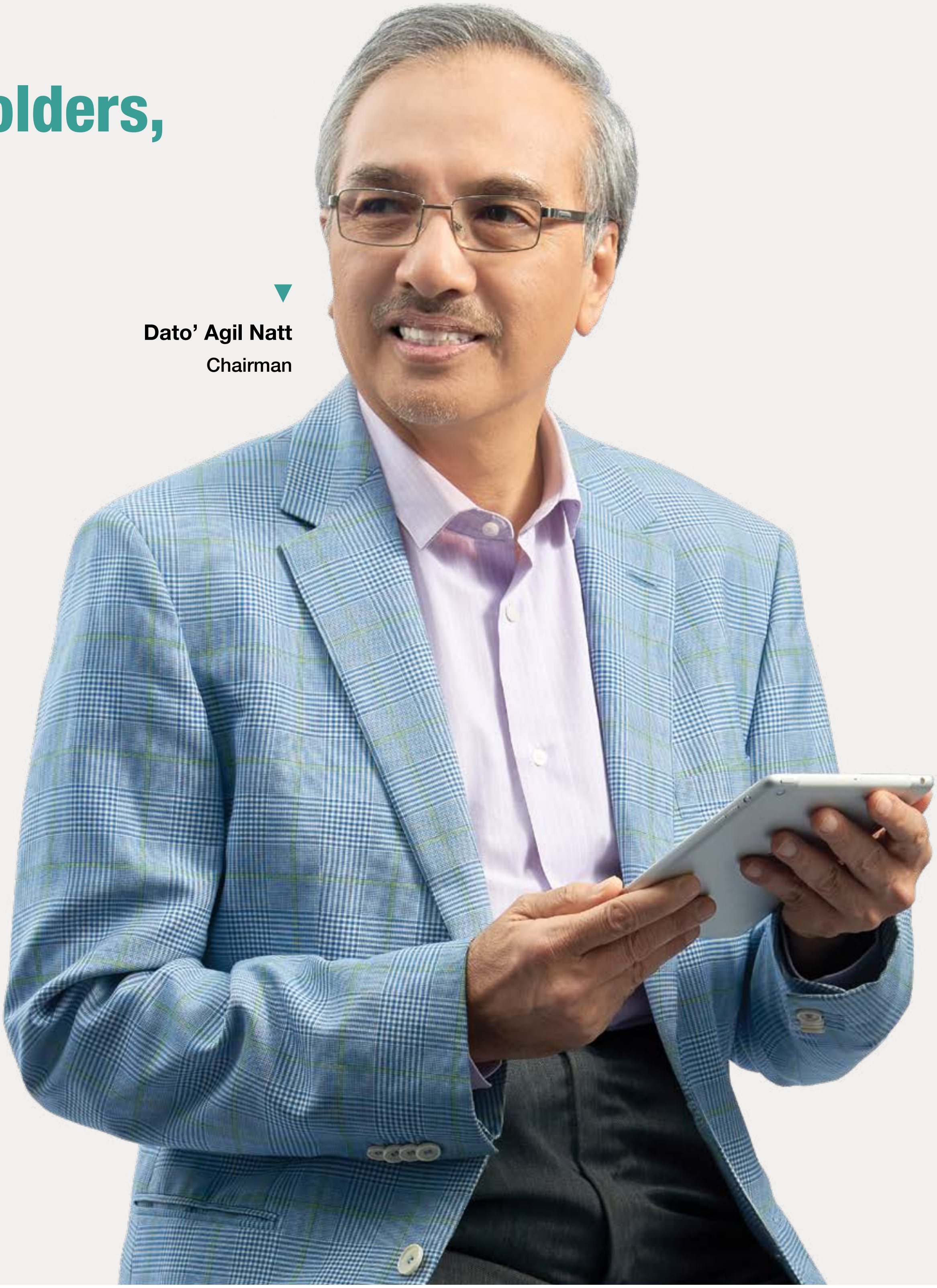
Mohamad said that analysing the competition every now and then is good as it helps to keep him on his toes. “In the next 5 years, I definitely hope to see my business thrive beyond what it is today. So my fellow MSME friends, do not give up easily. Continue to envision your success and maintain your discipline to achieve your goals.”

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).

Dato' Agil Natt
Chairman



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

> **"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."**

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.

> **"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."**

> "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."

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

IN CONVERSATION WITH PRESIDENT/CEO

Dear Shareholders,

In 2018, CGC progressed well into the 3rd year of our 5-Year Strategic Plan (5SP) and we made a significant step-up in our transformational initiatives. This includes the revision of 5SP to become 5SP+ with the inclusion of Digitisation as our 5th strategic objective. The introduction of Digitisation enables us to adapt to the ever changing business landscape in the MSME ecosystem.

Datuk Mohd Zamree Mohd Ishak

President/Chief Executive Officer

> **"As access to financing is an important aspect for the development of MSMEs, CGC continues to provide guarantees and financing through our innovative products and services to address their needs at various stages of development."**

My colleagues have worked hard to deliver each of the five strategic objectives aimed towards realising our aspiration "To Be the Household Name for SMEs by 2020". Though it was a challenging year, I am delighted to say that we managed to drive the financial inclusion agenda further through increasing access to financing as I have shared in my message last year.

CHANGING LIVES

In Malaysia's holistic MSME ecosystem, CGC and other stakeholders are the catalysts for MSMEs and we take pride in being a beacon for the underserved entrepreneurs. As access to financing is an important aspect for the development of MSMEs, CGC continues to provide guarantees and financing through our innovative products and services to address their needs at various stages of development.

Over the last few decades, CGC has intensified our roles within the MSME financing ecosystem, strengthening the foundation through the formation of strategic partnerships with all stakeholders in the ecosystem. This has broadened MSMEs' access to financing thus enabling them to realise their full potential.

In this report, we have shared a few success stories of our MSMEs to give you a glimpse of their meaningful journey with us. This is also a testament of CGC's commitment and mandate to elevate the lives of MSMEs, through the provision of our products and services.

2018 IN REVIEW

In 2018, the Malaysian economy expanded moderately at 4.7% compared to 5.9% in 2017. Net external demand contributed positively to GDP growth, while private consumption, government spending and investment moderated.

Despite the challenging economic environment, CGC registered a healthy financial performance with a total of RM173 million in revenue, derived mainly from guarantee fees of RM152 million. Our guarantee and loan base grew by RM1.3 billion. This growth is a reflection of our intensified outreach efforts in driving forward our core business functions.

In regard to the progress of our IT initiatives, I am pleased to share that we are on track with its implementation where we invested substantially into application transformation involving our Portfolio Guarantee and Wholesale Guarantee (PG/WG) schemes to further improve turnaround time.

BUSINESS PERFORMANCE

CGC performed satisfactorily in all areas of business in 2018 exceeding a few targets and made impactful progress in our MSME financial inclusion agenda. The successful implementation of our initiatives have resulted in the following achievements:

Headline Targets	Target 2018	Actual 2018	Achievement
Guarantee & Financing Base (RM billion)	13.7	12.4	90.5%
Guarantee Reserve Ratio (times)	2.8	2.6	92.9%
Cost to Income Ratio (%)	27.1	25.9	104.4%
Graduation Rate (%)	42.5	42.1	99.1%
Brand Awareness (%)	71	55	77.5%

MSME OUTREACH & EFFICIENCY CHARTER

	Target 2018	Actual 2018	Achievement
MSME Outreach			
No. of Guarantee & Financing Approval	9,000	8,999	99.9%
Value of Guarantee & Financing Approval (RM million)	4,250	3,682	86.6%
No. of Bumiputera Guarantee & Financing Approval	3,400	2,860	84.1%
Value of Bumiputera Guarantee & Financing Approval (RM million)	940	867	92.2%
Efficiency Charter			
Financing/Loans Processing for PG (% within 2 days)	90	98	108.9%
Claim Payment (% within 5 days)	90	100	111%

Guarantee and financing worth over

RM860 million

to 2,860 Bumiputera MSMEs.

imSME FA Team has assisted over

2,400

unsuccessful applicants by enhancing their capacity and capability with relevant training.

CGC approved close to 9,000 new guarantees and financing valued at RM3.68 billion, registering a growth of 4.2% from 8,640 in 2017. This achievement was due to our continuous focus in reaching out to the underserved and unbanked MSMEs especially the micro and start-ups. Our strategic partnerships with various FIs and DFIs yielded positive results with our award winning Portfolio Guarantee and Wholesale Guarantee (PG/WG) schemes being our main revenue contributors.

In 2018, we availed guarantees and financing worth over RM860 million to 2,860 Bumiputera MSMEs. This includes RM330 million under the Tabung Projek Usahawan Bumiputera-i (TPUB-i) contract financing scheme, an all-time high in terms of approval value. Our Bumiputera business performance of 92% achievement was mainly due to the deferment of several major infrastructure projects and the delay of a few PG/WG scheme launches.

imSME MARKS OUR MAIDEN ENTRY INTO FINTECH

In February 2018, we successfully launched imSME, Malaysia's 1st SME financing/loan referral platform. I am pleased to share that since its launch until 31 March 2019, imSME has received more than 423,000 visitors with a total of 6,000 MSMEs registrations and 730 approved applications amounting to almost RM80 million. To date, imSME has a total of 22 FIs and DFIs, 4 peer-to-peer (P2P) partners and 3 capacity building agencies on-board, offering 37 unsecured financing products.

In addition to being a financing/loan referral platform, imSME has a dedicated Financial Advisory (FA) team to support unsuccessful applicants. Our imSME FA team has assisted over 2,400 unsuccessful applicants by enhancing their capacity and capability with relevant training, aimed at improving their chances to secure financing from our partners.

BEYOND GUARANTEE

At CGC, we believe in going beyond guarantee. We walk the extra mile by further promoting the growth and development of MSMEs through the CGC Developmental Programme. The CGC Developmental Programme was launched in 2016 to assist MSMEs to achieve development, long term growth and sustainability. There are three (3) main pillars in this programme namely Mentoring Programme, Market Access Programme, and Cross Border Initiative. Mentoring Programme aims to assist MSMEs to understand and gain knowledge about market access and the latest trends in digital marketing. Market Access Programme targets MSMEs that intend to expand into new markets locally and internationally. In the Cross Border Initiative, CGC leverages on its network and counterparts especially in the ASEAN region, providing joint advisory services for MSMEs. At the end of every Market Access and Cross Border Initiative programmes, business matching sessions with local and international buyers take place.

Over the last three years, CGC has brought our MSMEs to participate in international trade exhibitions and business matching events, which among others, include the China-ASEAN Expo (CAEXPO) and China Import and Export Fair. We have also organised a similar programme with our Indonesian counterpart to enable our MSMEs to trade in ASEAN's largest market. The CGC Developmental Programme helps MSMEs to embrace globalisation so that they can be more successful.

CGC also recognises the importance of Technical and Vocational Education and Training (TVET) graduates in supporting Malaysia's journey towards becoming a developed nation. In support of that, we launched the 1st cohort of CGC SME Apprentice Scheme (CGC SAS) in May 2017. The programme provides employment opportunities to TVET graduates with participating MSMEs nationwide. Under CGC SAS, we sponsor a significant portion of the TVET graduates' remuneration. Having successfully completed the 1st cohort, coupled with positive feedback received from the TVET graduates and participating MSMEs, we look forward to the launch of the 2nd cohort of CGC SAS in mid-2019.

> **"CGC approved close to 9,000 new guarantees and financing valued at RM3.68 billion, registering a growth of 4.2% from 8,640 in 2017."**

IN CONVERSATION WITH PRESIDENT/CEO

OUR PEOPLE

T H I N K

At CGC, we are changing the lives of our people by facilitating their career and personal development. Our journey towards becoming a high performance organisation is built on the bedrock of our 5 core values - **Teamwork**, **Hardwork**, **Integrity**, **Nurturing** and **Knowledge** (**T.H.I.N.K.**). I am proud to say that our people believe in Teamwork and Hardwork so as to realise their full potential, which in turn will enable us to serve MSMEs better. In CGC, the value of Integrity is reinforced both in the office and beyond. We are also building a culture that Nurtures continuous learning and promotes the sharing and application of Knowledge.

Being a people-centric organisation, we invest in our employees by providing them with ample learning and development opportunities. Amongst others, this includes an enterprise-wide change management programme that seeks to empower our people to initiate and to own change within themselves.

In promoting the culture of continuous learning, we are increasing the competencies of our people by encouraging them to pursue professional qualifications including IT-related certifications. This is to ensure the readiness of our people to embrace changes in the business landscape through upskilling and reskilling, especially in preparation for Industrial Revolution 4.0.

As the saying goes, "Health is Wealth" and healthy employees are critical for the sustainability of our business. Acknowledging this, we have embarked on our CGC Jom Sihat programme.

Our quarterly townhall sessions as well as other formal and informal gatherings foster interactions and strengthen the bond between us. With meaningful engagements and a conducive environment, we are changing the lives of our people for the better.

THE WAY FORWARD

In reaffirming our commitment to further drive access to financing for Malaysian MSMEs, CGC will focus on the following four broad strategies:

Having outlined the above broad strategies, here are our targets for 2019:

01

Expanding Outreach

- Driving Business Growth
- Investing in Product Innovation
- Establishing New Strategic Alliances
- Building a More Robust imSME
- Intensify Developmental Role

02

Operational Excellence

- Creating Seamless IT Environment
- Enterprise-wide Data Analytics
- Improvement on imSME Platform
- Develop Solutions with FinTech companies

03

Elevating Brand Awareness

- Leveraging More on Digital Media
- Co-Branding With Strategic Partners
- Brand Endorsement

04

Optimising Human Capital

- Strategic Workforce Planning
- Increase Employee Value Proposition
- Strengthening Organisational Capability
- Enhancing Human Capital Service Delivery

Headline Targets	Target FY2019
Guarantee & Financing Base (RM billion)	12.9
Guarantee Reserve Ratio (times)	3.0
Cost to Income Ratio (%)	35.5
Graduation Rate (%)	43.5
Brand Awareness (%)	75

	Target FY2019
MSME Outreach	
No. of Guarantee & Financing Approval	9,800
Value of Guarantee & Financing Approval (RM million)	4,600
No. of Bumi Guarantee & Financing Approval	3,400
Value of Bumi Guarantee & Financing Approval (RM million)	1,100
Efficiency Charter	
Financing/Loans Processing for PG (% within 2 days)	98
Claim Payment (% within 5 days)	90

Taking into account the latest development in infrastructure projects, CGC is upbeat on the prospects of availing TPUB-i to more Bumiputera contractors and our other products and services to MSMEs in general. In line with this, we will continue our relationships and increase our collaborations with both FIs and DFIs, GLCs, trade chambers and relevant government agencies to further drive our outreach agenda.

In pursuit of innovation, we are developing a supplementary scoring tool to complement our existing evaluation processes. The objective of this project is to provide micro enterprises with better access to financing opportunities. On the IT front, we will enhance MSMEs experience by leveraging on digital solutions. CGC will continue to adopt prudent and responsible risk management practices to ensure sustainability.

Coming back to the CGC Developmental Programme, we recognise the vast potential for Malaysian MSMEs to grow in the ASEAN region. With a population of over 640 million, ASEAN offers new markets for our business matching programme. CGC will also intensify our Cross Border Initiative in ASEAN.

AWARDS & APPRECIATION

I am delighted to share that our imSME platform received a Merit Award as the "Outstanding SME Development Project" from the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) on 20 February 2019. The award recognises and honours member institutions for projects that have created a development impact in their respective countries. The event in Muscat, Oman was attended by over 150 delegates from ADFIAP's 91 member institutions located in 36 countries across Asia Pacific.

I am also delighted to share that in conjunction with the International Women's Day on 8 March 2018, CGC was awarded TalentCorp's Career Comeback Reignite Award in recognition of our efforts in recruiting women who are returning to work post career break.

On a personal note, I am humbled and honoured to have been conferred the 2018 Outstanding CEO Award from ADFIAP in February during the Annual Meeting held in New Delhi, India. In July 2018, I received the Sustainable Leader of the Year Award from the European Organisation for Sustainable Development (EOSD), ADFIAP and Association of African Development Finance Institutions (AADFI) at The Karlsruhe Sustainable Finance award ceremony held in Karlsruhe, Germany. I would like to express my utmost gratitude to Dato' Agil Natt and CGC Board of Directors for their kind guidance, my colleagues as well as our stakeholders for their unwavering support and commitment. I dedicate these awards to them.

My appreciation also to both the Federal and State governments, Bank Negara Malaysia, our strategic partners, and chambers of commerce as well as business and trade associations for their strong support to CGC.

Last but not least, I would like to thank all our valued MSMEs for making CGC their preferred choice.

Datuk Mohd Zamree Mohd Ishak
President/Chief Executive Officer

“My late father was lucky. His application for the working capital was approved by CGC and that helped him to drive the company further.”

Mohamad Yusof was introduced to his father’s business of selling cylinder gas while he was an undergraduate at University Malaysia Selangor (UNISEL). He began as a security guard at the company and climbed his way up to being a general worker

Currently, as the Head of Ihsan Gas, Mohamad Yusof is responsible for overseeing the company’s management. He heard about CGC from the radio and newspaper advertisements, and contacted the nearest branch to explore the financing schemes offered by CGC. Yusof wanted to bring his company to the next level.

CGC has granted Ihsan Gas financing in 1997. With CGC, Ihsan Gas increased its capital and was able to invest more into the business. Yusof said entrepreneurs who are starting out or challenged by their financial limitations should approach CGC for assistance.

“CGC offers a range of opportunities to increase your business capacity and capability. They help to nurture, grow and expand your business,” Yusof added. Ihsan Gas plans to emerge as a well-known, well-established company with more branches nationwide and looks forward to being the sole distributor of cylinder gas in Pulau Langkawi.

Ihsan Gas Sdn Bhd

Langkawi, Kedah

Mohamad Yusof Abu Bakar

BUSINESS MODEL

OUR CAPITALS

FINANCIAL

Our source of funds is derived from other liability instruments, operations and equity to run our business and fund our growth and operational activities.

Share Capital: RM1.6 billion

HUMAN

We invest in the development of our people, provide them with the environment to grow. We want our people to drive execution excellence in implementing CGC strategic initiatives and capitalising on opportunities to provide solutions to enhance the viability of MSMEs.

Total No. of Employees: 559

SOCIAL AND RELATIONSHIPS

Social Capital is the relationship we build with our stakeholders including the communities within which we operate with our unique client centred culture. We create an enabling environment for all our stakeholders, integrate their needs into our business process and deliver on our commitments, creating long-term value and collective growth.

INTELLECTUAL

We see intellectual capital as those intangibles that provide competitive advantage. These include intellectual property, such as patents, copyrights, software and organisational systems, procedures and protocols. It also includes the intangibles that are associated with the brand and reputation that we have developed.

...ENABLE OUR BUSINESS ACTIVITIES

FINANCING

- We provide guarantees to strengthen the credit profile of MSME's financing with financial institutions
- We offer financing for business start-ups, women entrepreneurs, Bumiputera financing, financing to expand and grow business and contract financing
- We provide Malaysia's 1st SME Financing/Loan Referral Platform through imSME

SUPPORT

- We offer Credit Information and Credit Rating Services, assisting MSMEs to build a credit history and track record
- We forge strategic alliances with relevant agencies and trade associations in an effort to reach out to the MSMEs
- We provide Developmental Programmes encompassing Mentoring Programmes, Market Access and Cross Border Initiatives

SUSTAIN

- We maintain, optimise and invest in our operations, including technology and infrastructure
- We reward performance and invest in attracting, developing and retaining our people

MANAGING RISK

- Enterprise wide risk management which includes Credit Risk, Operational Risk, Strategic, Business and Financial Risk, Market Risk, Regulatory and Compliance Risk, and Reputation Risk

...DELIVERING FINANCIAL OUTCOMES FOR CGC

TOTAL INCOME
RM471.6 million

TOTAL REVENUE
RM172.9 million

LIABILITIES
RM1.3 billion

EQUITIES
RM3.3 billion

TOTAL ASSETS
RM4.6 billion

NET PROFIT
RM210.6 million

...VALUE CREATED FOR OUR STAKEHOLDERS

EMPLOYEE

- Created new and permanent job opportunities
- Invested RM1.25 million for Staff Training and Development in 2018

REGULATORS

- Adhered to sustainable practices to safeguard our assets
- Complied with regulation to mitigate against systemic risk

CUSTOMERS

- CGC has availed over 460,000 guarantees and financing to MSMEs valued at RM71 billion
- Almost 9,000 of Guarantee and Financing Approvals for MSMEs in 2018
- Guarantee and Financing Approvals for MSMEs valued at RM3.68 billion in 2018
- With the launch of imSME, MSMEs are guided faster, hassle-free and at their convenience to legitimate and authorised channels to source for their business financing needs
- The Capacity Building Services have benefited over 2,400 MSMEs
- Over 50 MSMEs have benefitted from participation in both local and international Market Access Programme under the CGC Developmental Programme
- Through our subsidiary, Credit Bureau Malaysia, credit information and credit rating services are made available to MSMEs to enhance their credibility and bankability to secure financing

ECONOMIC REVIEW AND OUTLOOK

GLOBAL ECONOMY

REVIEW

Global economic growth moderated in 2018 growing at an estimated 3.7% compared to 3.8% in 2017, dragged by weaker performance in some economies in Europe and Asia.

Unusual factors weighed on activity in large economies (new fuel emission standards in Germany, natural disasters in Japan), weakening financial market sentiment, trade policy uncertainty, and concerns about China's outlook.

OUTLOOK

Going forward, global growth is expected to slow to 3.5% in 2019 due to the persistent decline in the growth rate of advanced economies and a temporary decline in the growth rate for emerging market and developing economies in 2019.

Advanced economies growth will likely slow to 2.0% in 2019 from an estimated 2.3% in 2018. For the emerging market and developing economy group, growth will be 4.5% in 2019 (2018 : 4.6%).

Regionally, in emerging and developing Asia, growth will dip from 6.5% in 2018 to 6.3% in 2019 attributed to China's economy slowdown due to financial regulatory tightening and trade tensions with the United States. India's economy is expected to pick up in 2019, with lower oil prices and a slower pace of monetary tightening than previously expected, as inflation pressures ease.

(Source: IMF's World Economic Outlook Jan 2019)

DOMESTIC ECONOMY

REVIEW

The Malaysian economy expanded by 4.7% in 2018 compared to 5.9% in 2017. The economy faced several external and domestic challenges during the year, with the economic uncertainty partly due to global trade tensions and the change of government in Malaysia.

Unanticipated supply disruptions in the commodity-related sectors also affected Malaysia's economic performance, resulting in the larger than expected slowdown in growth. However, even with the multiple headwinds, the 4.7% growth can be considered a respectable performance.

Domestic demand continued to anchor growth in 2018 supported by private sector spending while a net growth in exports was able to offset the slower public sector spending due to the government's rationalisation efforts.

OUTLOOK

The Malaysian economy is expected to sustain its growth momentum, expanding by 4.3% to 4.8% in 2019. Private sector activity will continue to drive growth amidst the continued cost cutting in the public sector. The labour market is expected to remain supportive of growth while inflation will be stable compared to 2018.

Growth will be supported by the gradual recovery from the unanticipated commodity disruptions in 2018, which will benefit the manufacturing sector and trade activity. There will however remain risks to this projection which include the unresolved trade tensions and slower-than-expected global growth which will affect Malaysia via trade and investment channels. Domestically, a re-occurrence of the commodity supply disruption and the oversupply situation in the property market presents some risk to growth.

(Source: Bank Negara Malaysia's Annual Report 2018)

MSME INDUSTRY

REVIEW

Slight moderation in SME GDP Growth

SME GDP growth is expected to moderate slightly as compared to the earlier official projection of 7.0 - 8.0% by SME Corp.

According to RAM Business Confidence Index readings, MSMEs were positive throughout the year surpassing the neutral benchmark of 50 and consistently on an upward trend.

Based on the Malaysian Institute of Economic Research's Business Condition Survey, conditions remain challenging for manufacturers as the index slipped below the 100-point threshold in the first and fourth quarter of the year. However, the second quarter index recorded a drastic increase (post 14th General Election) above the threshold level before declining in the third quarter of 2018.

Digitisation is changing MSMEs and their opportunities. MSMEs have achieved a high level of computerisation but some are finding it difficult to cross the digitalisation gap, with significant implications for business and productivity gains.

According to Digitalisation Survey of MSMEs in 2018 by SME Corp, almost 80% of MSMEs realised the importance of ICT adoption. Below are the key findings:

Findings from the Digitalisation Survey of MSMEs in 2018:

Business Strategy

Business Strategy	
Develop new products	42.7%
Increase online marketing	38.6%
Develop employee skill set	37.6%
Develop new business strategy	36.7%
Increase online sales	32.2%
Automate business	26.6%

Key Challenges

1. Lack of understanding of digital tool usage
2. Lack of technology knowledge
3. Lack of awareness on financing options
4. Limited access to technology

Bullish about the near-term business outlook
66.7%

ICT Adoption

ICT Adoption	
Realised the importance of ICT adoption	79.7%
Productivity improvement by MSMEs following utilisation of different types of digital tools	
Social Media	+26.0%
E-business	+27.0%
Data Management	+60.0%

Access and Infrastructure

Access and Infrastructure	
Data Analytics	54.0%
Internet of Things (IoT)	35.0%
Cloud Services	44.0%
Internet Connection	90.1%

ECONOMIC REVIEW AND OUTLOOK

MSME INDUSTRY (CONTINUED)

Usage of Social Media & E-commerce

70.5% utilised social media for their businesses

43.8% adopting e-commerce

70.2% cash for payment

89.6% online banking transaction

22.8% integrated payment gateway

New development & policy measures that have impacted MSMEs include:

- Removal of the Goods and Services Tax (GST) and the implementation of Sales and Services Tax that will be applicable to only around 100,000 companies against 472,000 companies under the GST regime previously may relieve MSMEs tax burden.
- The re-establishment of the Ministry of Entrepreneur Development (MED) on 2 July 2018 by the new Government with the objectives of formulating an inclusive and competitive National Entrepreneurship Policy aims to rationalise and refocus all functions and roles of entrepreneur development programmes in order to support the nation's economic agenda and create a conducive and integrated entrepreneurship ecosystem.
- The Bankruptcy Act 1967 which has been renamed as the Insolvency Act 1967, came into force in October 2017. The Act adopts a more humane approach in dealing with bankrupts that will create a more equitable environment for entrepreneurs to restart, restore and rebuild enterprises.
- Labour-related costs would rise following the implementation of The Employment Insurance System (EIS) in January 2018.

(Source: Federation of Malaysian Manufacturers, IMF's World Economic Outlook Jan 2019, MIER's Business Condition Index, BNM Annual Report 2018, RAM Business Confidence Index for 2018 & SME Corp Annual Report 2017/2018)

OUTLOOK

The government has maintained its goal for Malaysian MSMEs to contribute 41% of national GDP by 2020, from 37.1% in 2017, according to the Mid-term Review of the 11th Malaysia Plan 2016-2020 report.

There will however be headwinds as weak economic prospects are expected over the first six months of 2019 due to moderating domestic growth, uncertain global demand and investment activities as well as a lack of positive catalysts, including the relatively neutral Budget 2019.

The latest RAM Business Confidence Index for 4Q 2018-1Q 2019 indicated weaker sentiment for MSMEs with pessimistic sentiments for the construction and retail segments due to the overhang in the property segment, review/postponement of new big-ticket infrastructure projects and weaker sentiment on retail consumption in 2019.

Moving forward, SME Corp. Malaysia plans to undertake a new long-term plan to chart entrepreneurship and SME development beyond 2020. The proposed SME Masterplan 2.0 (2021-2030) will lay out strategies for entrepreneurship and SME development for business sustainability and competitiveness in order to compete in more globalised and high tech marketplace. The Masterplan will among others look into aligning MSMEs to reap the benefits from the Megatrends, such as Industrial Revolution 4.0 and digitalisation as well as to explore new business models arising from new emerging financial technology, inclusive business, sharing economy and circular economy.

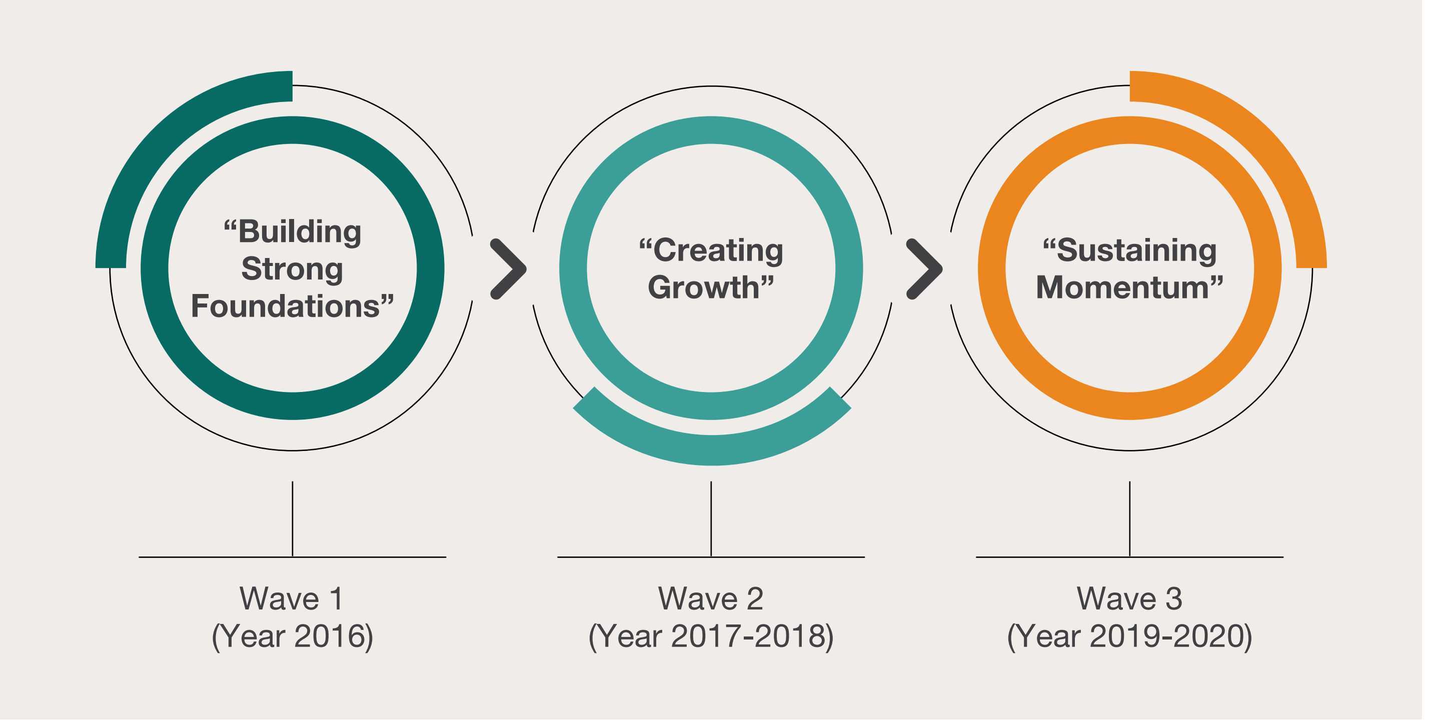
SME development allocation in the 2019 Budget was a much needed boost, especially in the areas of access to financing which would continue to be given emphasis. A total of RM17.94 billion has been earmarked for SME development in 2019 under the Third Focus: To Foster an Entrepreneurial Economy. Among the key initiatives include financing, Industry 4.0, export, tourism, agriculture, entrepreneurship, human capital development and incentives.

(Source: National Budget 2019 speech, RAM Business Confidence Index 1Q-2Q 2019, SME Annual Report 2017/2018 & SME Corp Budget 2019 commentary

5-YEAR STRATEGIC PLAN (5SP+)

Our 5-Year Strategic Plan (2016-2020) is moving into its final phase in 2019 after successfully navigating the previous phase of "Creating Growth".

The CGC strategic roadmap to 2020 calls for the rollout of initiatives under 5 Strategic Objectives in three waves over the course of five years. These waves are as follows:



The identification of the five key strategic objectives has brought us closer to our aspiration To be The Household Name for SMEs by 2020 as CGC continues to build up the brand in a sustainable manner while enhancing our people, technology and operations to create value for our stakeholders.

The final phase of the 5SP will see CGC "Sustaining Momentum" which is a clear signal for us to remain steadfast in our efforts while the addition of the fifth Strategic Objective, Digitisation, in 2018 has yielded further opportunities for CGC to make its mark in the MSME ecosystem.

5-YEAR STRATEGIC PLAN (5SP+)

5 STRATEGIC OBJECTIVES AND ITS INITIATIVES

To realise our aspirations, we have identified five Strategic Objectives and the supporting initiatives to achieve our 2020 Headline Targets:

01

Reposition CGC to become more proactive and relevant

To explore new and niche opportunities that facilitate a shift in the perception of CGC within the market, i.e. MSMEs, FIs and other partners.

02

Ensure sustainable growth

To maintain sustainable growth by enhancing and leveraging on current core activities, as well as aligning to our mandated and complementary role in the overall MSME financing ecosystem.

03

Enhance human capital

To ensure human capital is aligned to key strategies through enhancement of capabilities and its effort to attract, develop and retain talent.

04

Enhance operational efficiency and effectiveness

To enhance operational efficiency and effectiveness continuously by ensuring that key enablers are in place, i.e. people, process and technology.

05

Embark on Digitisation

To adapt to the ever changing business landscape in the MSME ecosystem. As such, it continues to have an impact on all the Strategic Objectives.

HEADLINE TARGETS FOR 2020

Guarantee and Financing Base	Guarantee Reserve Ratio	Pretax Profit	Cost to Income Ratio	Graduation Rate	Brand Awareness
RM14.5 billion	**3.3 times**	**RM160 million**	**35%**	**44%**	**80%**

OUR IT BLUEPRINT

The CGC IT Blueprint is envisioned to support the entire organisation by introducing smart, cost effective and useful technology to enable us to move quicker with accuracy and efficiency to address the needs of both the market and our people.

Strategic Outcomes

01 Customer Engagement

Improving the customer touch-point experience by enabling access through mobile devices with an intuitive interface.

02 Straight Through Processing/ Automation

Reducing the time taken for core processes through automation and integration, resulting in faster turnaround time.

03 Agility, Speed, Efficiency

Leveraging on technology to keep pace with the market and consumers, such as introducing new features and services.

04 Data and Decisions

Uses data analytics to assist Management to predict the customer's needs well ahead of time, thereby adding and creating value.

05 New Types of Services

To potentially adopt a digital operating model, e.g. provide new financial products executed via the application of FinTech.

06 Business Partnership

By partnering closely with business units, IT can drive insights to produce reduction in costs and innovation.

PERFORMANCE SCORECARD

Headline Targets	Target 2018	Actual 2018	Achievement
Guarantee & Financing Base (RM billion)	13.7	12.4	90.5%
Guarantee Reserve Ratio (times)	2.8	2.6	92.9%
Pretax Profit (RM million)	189.3	210.6	111.3%
Cost to Income Ratio (%)	27.1	25.9	104.4%
Graduation Rate (%)	42.5	42.1	99.1%
Brand Awareness (%)	71	55	77.5%

MSME OUTREACH & EFFICIENCY CHARTER

	Target 2018	Actual 2018	Achievement
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No. of Guarantee & Financing Approval	9,000	8,999	99.9%
Value of Guarantee & Financing Approval (RM million)	4,250.0	3,681.8	86.6%
No. of Bumiputera Guarantee & Financing Approval	3,400	2,860	84.1%
Value of Bumiputera Guarantee & Financing Approval (RM million)	940.0	866.7	92.2%
Efficiency Charter			
Financing/Loans Processing for PG (% within 2 days)	90	98	108.9%
Claim Payment (% within 5 days)	90	100	111.1%

Note:
* The FY2018 targets were updated following our mid-term review

2019 Targets

Headline Targets

Guarantee & Financing Base (RM billion)	Guarantee Reserve Ratio (times)	Pretax Profit (RM million)
12.9	3.0	148.0

Cost to Income Ratio (%)	Graduation Rate (%)	Brand Awareness (%)
35.5	43.5	75

External KPIs

MSME Outreach

No. of Guarantee & Financing Approval	Value of Guarantee & Financing Approval (RM million)	No. of Bumi Guarantee & Financing Approval	Value of Bumi Guarantee & Financing Approval (RM million)
9,800	4,600	3,400	1,100

Efficiency Charter

Financing/Loans Processing for PG (% within two days)	Claim Payment (% within 5 days)
98	90

RISKS AND MITIGATIONS

KEY RISKS	KEY MITIGATIONS
Business Risk	
The risk of inability to meet target or achieve financial goals.	• The Board approved Risk Appetite Statement outlining the amount and type of risks that CGC is exposed to and is willing to take in order to meet its strategic objectives. • Annual material risk assessment to determine the relevance and materiality of each risk type to CGC's business. • Capital stress testing is performed in line with CGC's Capital Adequacy Framework to ensure we operate within an appropriate level of capital. • Approving Authority Matrix ensuring all transactions are authorised in accordance to sound risk management practices with proper control procedures that includes effective oversight of activities and transactions.
Credit Risk	
The risk of loss arising from the inability or failure of a borrower or counterparty to meet their obligations. The key objective of credit risk management is to maximise the risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. Inherent Credit risk is managed at both portfolio as well as individual credit level.	• Credit Risk Policy that ensures best practices in credit risk management covering credit assessment, approval, monitoring, review, concentration risk, exception and problem credit. • Establishment of Group Exposure & Single Counterparty Exposure Limit to enhance monitoring and tracking of the total exposures granted to a particular group and single customer. • Review of Internal Risk Rating Model business rules to ensure improvement in the overall on-boarding of viable business and MSMEs. • Setting up threshold limit for larger MSMEs under Single Counterparty Exposure Limit as a monitoring tool and control measure for larger MSMEs.
Market Risk	
The risk exposure of earnings or net worth arising from changes in market factors, e.g. interest rates, foreign exchange rates, and indices, which affect income, expense and balance sheet values.	• Monitoring and independent review of the prescribed risk limits and risk levels within the agreed risk tolerance. • Advisory to the Board and Management on the market risk management strategies, risk control, asset liability management strategies, limit levels, new investment product approval and capital assets allocation decisions. • Inputs to Board and Management with respect to market risk impacts on investment exposure (by product) for purposes of credit limit setting. • Mark-to-market analysis of exposures, statistical market risk measurement analysis, sensitivity-forecasting and stress test.

KEY RISKS	KEY MITIGATIONS
Liquidity Risk	
Liquidity risk arises from differences in timing between cash inflows and outflows.	• Establishment of the Liquidity Risk Management framework to monitor and control liquidity risks exposures and funding needs to ensure financial obligations can be met at all times. • Maintain adequate liquidity, in terms of amount and quality to meet expected cash outflows. • Regular analysis on liquidity gap and other asset-liabilities.
Operational Risk	
The risk of direct or indirect loss from inadequate or failed internal processes, people and systems, or from external events.	• Continuous strengthening of operational risk management approach through development of Operational Risk Management Policy, defining a minimum standard and processes for managing operational risks and internal controls. • Identification and assessment of inherent operational risk within all business lines, leveraging on risk management tools to assess the materiality of the inherent risks. • Appropriate mitigation controls relative to the inherent operational risks and assessing the design and effectiveness of these controls. • Risk and control self-assessment conducted to form a comprehensive business lines operational risk profile and is integrated into an overall process. • Development of key risk indicators at multiple levels throughout the Corporation to monitor the key risk areas and escalate triggers at relevant committee for breaches of thresholds. • Collecting and analysing information relating to all internal operational risk events including losses. • Continuous operational risk awareness and educational programme made available at all levels.

RISKS AND MITIGATIONS

KEY RISKS	KEY MITIGATIONS
Cyber Security Risk	
This is a breach of IT security (externally and internally) resulting in financial loss, disruption or damage to the reputation of an organisation due to inability to operate systems effectively.	• Continuous strengthening of cyber-control framework to improve resilience and cybersecurity capabilities. This includes threat detection and analysis, access control, data protection, network controls, back-up and recovery and cyber security awareness. • Investment in business and technical controls to prevent, detect and respond to an increasingly hostile cyber threat environment. These include enhancing controls to protect against advanced malware, data leakage, and denial of service attacks.
Business Continuity Risk	
This is a risk of inability to respond to incidents and business disruptions to resume or recover the business operations at an acceptable predefined level.	• Established a process to identify and categorise the criticality of business functions, vulnerabilities and disruptive impact and the establishment of thresholds for activation of business continuity plans • Customised business continuity training for all employees according to the specific roles as well as regular review of the training needs to ensure its applicability. • Detailed business recovery plans that are tested periodically.

THE UNITED NATIONS
SUSTAINABLE DEVELOPMENT GOALS

The United Nations Sustainable Development Goals (SDGs) are targets for global development adopted in September 2015, set to be achieved by 2030.

Our main objective is to play a developmental role in supporting Malaysia's economic development agenda by assisting marginal but potentially viable MSMEs, particularly enterprises without collateral or with inadequate collateral and track record to obtain financing from the formal financial system.

CGC businesses and operations are directly and indirectly aligned with the SDGs, particularly in the six identified SDGs.

1 NO POVERTY	End poverty in all its forms everywhere	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	10 REDUCED INEQUALITIES	Reduce inequality within and among countries
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	17 PARTNERSHIPS FOR THE GOALS	Revitalise the Global Partnership for Sustainable Development

Mapping SDGs with CGC KPIs

Our Contributions to Society

- CGC assists MSMEs to start and grow their business, and provide opportunities to increase household income.
- BizWanita-i aims to assist women entrepreneurs to gain exposure by providing them access to financing.
- TPUB-i caters specifically for MSMEs, supporting the Bumiputera Development Agenda.
- CGC focuses on MSMEs across various sectors of the economy nationwide.
- CGC Developmental Programme promotes the growth and development of MSMEs.
- Around 60% of our workforce are female and we support women who are returning to work post career break.

Headline Targets	SDGs
Guarantee and Financing Base	1 NO POVERTY; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 10 REDUCED INEQUALITIES; 17 PARTNERSHIPS FOR THE GOALS
Guarantee Reserve Ratio	1 NO POVERTY; 8 DECENT WORK AND ECONOMIC GROWTH
Pretax Profit	1 NO POVERTY; 8 DECENT WORK AND ECONOMIC GROWTH
Cost-to-Income	1 NO POVERTY; 8 DECENT WORK AND ECONOMIC GROWTH
Graduation Rate	1 NO POVERTY; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 10 REDUCED INEQUALITIES
Brand Awareness	1 NO POVERTY; 5 GENDER EQUALITY; 8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 10 REDUCED INEQUALITIES; 17 PARTNERSHIPS FOR THE GOALS

"To me, the secret to success in business is self-motivation, hard work, not to be afraid of failure, and to be focused in whatever you do. In the next 5 years, I am looking forward to getting more exclusive supply licenses and to sell our products regionally and internationally."

Immanuel started Villaco Sdn Bhd, a firefighting equipment supplier 26 years ago in 1993. From Penampang, Sabah, Immanuel is proud of his achievements and is thankful to CGC for assisting him to expand his business. He was first introduced to CGC in 2005 while looking for financial assistance to expand his company.

"We approached many banks in Sabah but all of them rejected our application as they required collateral. CGC helped my company to grow by providing financing and giving guarantees even though we had insufficient collateral. I truly appreciate the guidance, especially from the Kota Kinabalu branch."

Immanuel was an odd job worker until he was introduced to the field of firefighting equipment. He says he was very eager to learn and gain experience, and so he took the initiative to get job placements at firefighting companies and attended courses to gain knowledge.

"I will certainly recommend CGC to aspiring MSMEs."

Immanuel Jemy Stephen

Villaco Sdn Bhd

Penampang, Sabah

PERFORMANCE BY KEY DIVISIONS

BUSINESS

Our Business Division offers a wide-range of products and services that enables CGC to deliver on the financial inclusion agenda for the MSME sector. Our goal to serve MSMEs and to assist them to succeed is clear. We have built on this further in 2018 with progress seen across all business lines. Each of our core activities is described below together with their achievements and performance in 2018.

Functions	To Drive Guarantee Business	To Drive Direct Financing Business
	Guarantee schemes are made available to MSMEs through our partner Financial Institutions (FIs) nationwide as they assist us to promote financial inclusion and grow the MSMEs exponentially. CGC guarantee covers ranges between 50% and 90%, thereby minimising the risk for the FIs in the event of a default.	Apart from our partner banks, CGC fulfils its Development Financial Institution mandate by providing direct financing products through our branches for MSMEs to obtain financing for working capital or asset acquisition.
Accomplishments	• The Portfolio Guarantee (PG) and Wholesale Guarantee (WG) are our flagship schemes with 6,670 approvals or 74% of the total number of the Corporation's guarantee approvals in 2018. In terms of approval value, the schemes contributed 77% of the total in 2018. • In 2018, the PG/WG showed strong growth with a 47.6% increase in approval value to end at RM2.84 billion, despite a slight reduction in the number of cases. The rise in approval value was the result of both an increase in the number of partner banks we worked with as well as improved support from them with a total of 19 new PG/WG tranches being launched during the year, 4 more than the previous year. Looking ahead, we need to deepen our relationships with our partner FIs further for greater MSME outreach.	• Direct financing saw a substantial increase in approval value and number of approvals across all three products. Overall, there was a 30.3% increase in approval value to RM383.31 million in 2018 compared to RM294.10 million in 2017 while the number of approvals shot up by 124%, from 450 outreach in 2017 to 1,008 outreach in 2018. • There was significant year-on-year growth especially for the BizMula-i and BizWanita-i schemes after the introduction of fast approval processing (green lane). BizMula-i saw an increase in approval value of 363% to RM42.88 million while BizWanita-i saw an increase in approval value of 268% to RM10.28 million.

PG/WG	2017	2018
Approval Value	RM1.92 billion	RM2.84 billion
No. of MSMEs	6,936	6,670
No. of Tranches	15	19
No. of partner banks with Portfolio Guarantee scheme	10	13

BUSINESS

Functions	**To Enhance the Participation of Bumiputera MSMEs** CGC places emphasis on developing Bumiputera MSME participation in the process of nation building and has built dedicated teams for its outreach activities.	**To Promote the Growth & Development of MSMEs via CGC Developmental Programme** We started the CGC Developmental Programme in 2016 with the aim of promoting the growth and development of MSMEs. The programme has evolved over the past three years and is now well-geared to assist businesses at different stages of their growth. The approach is two-pronged; Advisory for Access to Financing and Advisory for Access to Market.
Accomplishments	• In 2018, our 16 Branches and Head Office conducted more than 200 Bumi-centric events and Taklimat Usahawan (Entrepreneur Briefings) reaching out to more than 6,900 Bumiputera MSMEs throughout the country. This not only improves our visibility, but aided in disseminating vital information on financial discipline and good report keeping. • Bumiputera MSME outreach in 2018 was 2,860 or 84% against the target set with a total approval value of RM867 million or 92% against the target set. The main contributors to these numbers were from PG/WG schemes and direct financing products through the branch channel. • There were some bright spots in the Bumiputera business which includes the TPUB-i contract financing scheme, where the approval value for the year was at an all-time high of RM330.15 million (2017: RM282.20 million).	• Through the CGC Developmental Programme, our Financial Advisory (FA) Team is assisting MSMEs coming through the imSME channel who are unable to obtain a loan/financing by conducting a comprehensive diagnosis to identify the gaps and offer remedial solutions. • The Market Access journey is more about working hand in hand with the MSMEs to prepare them for market expansion, both locally and internationally, through online and offline channels. Once a MSME is identified, the CGC Developmental Programme has an array of initiatives that will be able to build up the business and unlock their potential. • Since its inception more than 5,400 MSMEs have gone through various advisory programmes. Many have seen success while others are still being nurtured.

PERFORMANCE BY KEY DIVISIONS

BUSINESS

	To Drive CGC Fintech Initiative via imSME	To Deliver Superior Customer Experience
Functions	The first of its kind MSME financing/loan referral platform in Malaysia was mooted by Bank Negara Malaysia with the objective of bridging the gap between the MSMEs who require financing and the parties who are willing and able to provide financing - all through one platform. MSMEs can apply for loans/financing as low as RM1,000 at their preferred installment period from 1 to 10 years with four easy steps.	The Client Service Centre's (CSC) objective is to provide excellent customer service and experience.
Accomplishments	**Total Visitors** 423,473 **Total Registered MSMEs** 6,003 **TOTAL APPROVALS** **Cases** 736[(1)] **Value** RM78.51[(1)] million **Total MSMEs Referred to Capacity Building Agencies** 26 **Products Offered** 37 *Note:* *[(1)] including 21 cases via P2P valued at RM4.60 million* *Performance as at 31 March 2019*	• In 2018 we met our numbers with 99.99% of 17,179 inquiries resolved within our stipulated timeframe, even with an expanded role of supporting clients from the imSME product. • The expanded role included answering queries, resolving issues and providing advisory services through various channels. We also performed outbound calls to imSME customers to help them complete their journey in the imSME platform. • To help us with this, CSC developed its own chat bot for the imSME platform that was launched in March 2018. The imSME Digital Assistant (iDA) has since interacted with more than 17,000 users on various topics and we will be enhancing its knowledge and abilities moving forward.

BUSINESS

Functions	To Increase Engagements with Strategic Partners	To Position CGC as the Household Name among MSMEs
	Strategic partnerships with the banks allow CGC to continuously support the development of MSMEs in the country.	CGC is aware of its important role to serve the MSMEs and invests time and considerable effort to ensure that the MSME market knows who we are and what we can do for them.
Accomplishments	• Signing Ceremony with Hong Leong Bank on 6 March 2018 for a RM200 million Portfolio Guarantee facility to help MSMEs. • Signing Ceremony with Maybank on 4 June to signal the continuation of Portfolio Guarantee facilities that now totals RM4.96 billion since the first agreement in 2013. • Signing Ceremony with Standard Chartered on 6 April 2018 for a RM75 million Portfolio Guarantee facility to help MSMEs.	• With 16 branches and 137 employees, CGC is well-positioned to reach out to the MSMEs around Malaysia. • In 2018, we also held over 172 events with MSMEs consisting of Taklimat Usahawan, speaking engagements and developmental programmes. • CGC went on an advertising blitz in 2018 rolling out advertisements through all mediums in a bid to increase awareness, receiving 354 media mentions.

PERFORMANCE BY KEY DIVISIONS

CORPORATE

The Corporate Division consists of Strategic Management, Human Capital and Administration, Corporate Communications and Investment.

Strategic Management

Functions	• To support Board and Management on overall strategic visioning and to develop long term strategic business plans. • To develop annual Corporate and Divisional KPIs, and provide timely performance analysis. • To undertake broad macro-economic and industry research, and scanning to identify opportunities and challenges.
Accomplishments	• Marked the half way point of the CGC 5-year Strategic Plan by organising middle and senior management workshops to review the strategy. • Incorporation of a new fifth pillar; Embark on Digitisation. • Facilitated alignment of corporate scorecard with divisional and departmental scorecards. • Organised knowledge sharing session on economic outlook which was presented by an external expert as part of the 2019 Business Plan preparation. • Supported successful adoption of MFRS 9 especially by providing inputs on macro-economic parameters. • Identified and initiated strategic collaborations with Malaysian Digital Economy Corporation, CapitalBay, and Axiata Digital Capital to name a few. • Initiated collaboration with Peer-to-Peer (P2P) platforms as another way of contributing to the MSMEs ecosystem, ensuring that CGC keeps in line with the latest technologies and trends. • Established Innovation and Product Development Department to drive product development roadmap, charting CGC's involvement across various MSME segments. • Aligned Strategic Data Analytics Department to the Corporate Division to drive data driven decision making culture.

CORPORATE

Human Capital and Administration

Functions

- To develop effective human capital strategies by identifying challenges and opportunities in the current and future operating landscape.
- To develop and implement people solutions by leveraging on diverse Human Capital functions i.e. manpower planning, talent acquisition, performance management, compensation & benefits, learning & development (including succession planning), employee relations and industrial relations.
- To plan, organise, direct and control activities pertaining to Facilities & Administration Services management, providing support to internal and external stakeholders.

Accomplishments

- Organisation-wide re-structuring exercises to reshape divisional structures to be more effective in executing business strategies and initiatives.
- Filled senior and middle management vacant positions with key talents.
- Reduced average recruitment “fill-in-rate” from 60 days to 47 days.
- Re-introduced onboarding programme and induction pack for new joiners.
- Enhanced goal-setting for 2018 Performance Management System planning with the inclusion of self-development KPI.
- Revised salary structure to be on par with the market.
- Improved training participation from an average of 2.5 days per employee in 2017 to 2.8 days in 2018.
- Rolled-out Branch Excellence Programme to upskill front-liners.
- Re-skilling and upgrading of non-executive to executive positions.
- Executed corporate-wide change management programme.
- Increased line-driven employee engagement programmes e.g. Annual Dinner, Long Service Award, Appreciation Day, imSME brown bag etc.
- Reduced attrition rate year-on-year from 13.8% to 12.2%.

PERFORMANCE BY KEY DIVISIONS

CORPORATE

Corporate Communications

Functions

- To elevate CGC brand and achieve its aspiration To Be The Household Name for SMEs by 2020.
- To increase CGC's presence and ensure constant engagements with the media.
- To coordinate branding and advertisement campaigns in support of CGC and its businesses.
- To organise internal and external events in relation to corporate, business, corporate responsibility and employee engagement to create a unique CGC brand experience.
- To initiate ideas, develop policies, create plans, implement and coordinate corporate communication activities and initiatives.
- To manage CGC's social media channels and develop new ideas and concepts for social media content.

Accomplishments

- Won "The BrandLaureate Small and Medium Enterprises (SMEs) Strategic Business Partner" award 2018-2019.
- Formed the Branding and Communications Taskforce to ensure branding and communication initiatives are in line with our aspiration to be a Household Name for SMEs by 2020.
- Placed 13 corporate billboards nationwide.
- Strengthened brand presence through corporate sponsorships mainly The Star Outstanding Business Awards (SOBA) 2018, Nanyang Siang Pau Golden Eagle Award (GEA) 2018, Platinum Business Awards (SME Malaysia) 2018, Annual Symposium on Islamic Finance (International Centre for Education in Islamic Finance, World Bank and Islamic Research and Training Institute).
- Continued branding at CGC-Glenmarie LRT Station and all PRASARANA route maps along the Kelana Jaya Line.
- Received over 350 mentions in mainstream media including television, radio, newspaper and online publications. An increase of 68% in coverage compared to 2017.
- Organised 30 media engagement activities until March 2019.
- Achieved extensive media coverage on the imSME launch, CGC-SCB PG signing ceremony, CGC-MBB PG Retail and SME PG signing ceremony.
- Appointed an online media monitoring agency.
- Organised imSME launch, the 23rd and 24th SME Awards, CGC 46th Annual General Meeting and Majlis Jamuan Aidilfitri.
- 26 corporate responsibility programmes inclusive of donations to charitable organisations.
- Maiden foray into sports based Corporate Responsibility sponsorships.

CORPORATE

Investment

Functions	• To manage Investment Fund portfolio with more than 80% in domestic Fixed Income financial instruments.	• To ensure strong and effective credit risk management.
Accomplishments	• Maintaining a Fixed Income portfolio with strong credit quality and appropriate duration that has been consistently meeting targeted returns.	• Effective functioning of fund management activities, guided by well-established Investment Policies and Guidelines.

CREDIT

Functions	• To ensure that CGC's interests are well protected by evaluating, recommending and approving financing and guarantee applications of MSME businesses. • To enhance credit processes, procedures, policies and systems with the aim of improving approval rate and the turnaround time for approvals.	• To provide regular credit coaching, training and advice to all in the Credit Ecosystem to improve credit underwriting skills and the asset quality of the Corporation.
Accomplishments	• Improved turnaround time by 75% for our Outreach/Development products under Full Risk and Direct Financing Schemes. • Improved approval rates by 95% for Full Risk and Direct Financing Schemes which constituted 76% of CGC's Outreach/Developmental products. • Doubled Bank Negara Malaysia's fund available to CGC for developmental products under BizMula/BizWanita schemes from RM40 million to RM80 million in view of the above. • 24 hours approval for PG/WG which contributes 83% to CGC's topline.	• Successfully implemented the migration of the Portfolio Guarantee Origination System with the IT division that led to 24 hour approvals for our top contributing Portfolio/Wholesale Guarantee business. • Managed CGC's assets prudently via enhancement in credit underwriting standard and credit approval processes vis-à-vis approvals/ demand of CGC's clients. • Implemented Quick Review Exercise in 2018 third quarter which managed to contain asset quality of TPUB-i portfolio amidst slowdown in construction sector.

PERFORMANCE BY KEY DIVISIONS

FINANCE

	Finance Department	Procurement Department
Functions	• To prepare financial statements and budgeting. • To ensure effective cash management. • To enforce cost control by inculcating strong financial discipline and cost-conscious culture. • To leverage on technology to improve productivity and efficiency in finance.	• To facilitate acquisition and sourcing of goods and services in a cost effective manner. • To advise and guide CGC to source goods and services in accordance to the right processes and procedures. • To safeguard the interest of CGC by ensuring alignment to best practices and sound governance.
Accomplishments	• Complied with MFRS 9 (Financial Instruments) and adopted Group methodology definition of new impairment model. • Complied with MFRS 15 (Revenue from contracts with customers).	• Established the Vendor Code of Conduct (VCOC) to ensure vendors conform to high ethical standards, integrity, credibility, professionalism and honesty. • Introduced the Blindfold Policy for procurement processes to facilitate better selection of potential vendors by eliminating potential biasness by decision makers during vendor selection. • Enforced three quotations for price comparison for all purchase requisitions, leading to better cost control.

OPERATIONS

Comprises back office processing function that covers effective monitoring of CGC's asset quality, timely billing management, collection processes, efficient claims and recovery processes as well as ensuring perfection of documentation and timely disbursement.

Functions	Loan Monitoring & Rehabilitation Department	Billing Management Department	Claims Department
	To analyse, propose and implement efficient and effective monitoring and rehabilitation of Financing and Guarantee portfolios that have been approved by CGC. To ensure that provisions are within the set threshold.	To manage the overall billing and collection for Portfolio and Non Portfolio schemes. To issue Post Approval Letter, Letter of Guarantee (LG), cancellation/reinstatement of LG and interest/profit reimbursement.	To process and honour claim payments on defaulted loans submitted by FIs within five working days. To submit Central Credit Reference Information System (CCRIS) report as per BNM specifications.
Accomplishments	Provisions were lower than the target set for 2018. This was accomplished by intensive asset monitoring of customers and Financial Institutions partners. Implementation of provision computation using Expected Credit Loss (ECL) under the Malaysian Financial Reporting Standard (MFRS) 9.	Completion of Goods and Services Tax refund for Non-PG Schemes within the stipulated timeframe.	Obtained ISO 9001: 2015 certification.

PERFORMANCE BY KEY DIVISIONS

OPERATIONS

	Subrogation & Recovery Department	Documentation & Disbursement Department
Functions	To maximise recovery and collection from Full Risk, Shared Risk and Recalled Accounts.	To deliver fair, reliable and accurate reporting on turnaround time for Direct Financing Schemes (BizMula-i/BizWanita-i and TPUB-i).
Accomplishments	Recovery and collection exceeded target for Full Risk, Shared Risk and Recalled Accounts.	Improved journey for both BizMula-i & BizWanita-i customers through the implementation of in-house documentation from September 2018 onwards.

INFORMATION TECHNOLOGY (IT)

Functions	To manage the overall IT environment through comprehensive strategies in meeting the requirements of the business.	
Accomplishments	The migration of the Portfolio Guarantee Origination system to a new platform enabled the processing of Portfolio/Wholesale Guarantee applications within a 24-hour turnaround time. Modernised CGC's computer and storage platforms. Enhanced information security defense by implementing best of breed security solutions and adopting best practices in infrastructure design for CGC's environment.	Implementation of Internal Reporting Integrated System (IRIS) to improve the process of retrieving information. Set up the Data Governance Working Committee (DGWC), a platform for continuous discussion on data integrity matters to support accurate regulatory reporting.

OUR PEOPLE

HUMAN CAPITAL SERVICES

Career Enhancement and Retention

Progressing in one's career is an organic process; it does not move in a linear fashion. CGC believes that employees' growth is best achieved through work experience. Job rotation is a key development tool that opens the doors to learning new knowledge, skill enrichment, and in some cases, re-wiring of one's mindset and character. It builds multi-skilled employees with the propensity and adaptability to change. Job rotation and re-skilling initiatives makes CGC a lean organisation.

Competitive Compensation & Benefits

We are prudent in our compensation practices which are highly correlated to organisational, divisional and individual performance. CGC ensures competitiveness of our compensation and benefit practices by striving to be on par with the market so as to continuously attract, motivate and retain our employees.

LEARNING AND DEVELOPMENT

Shifting the Gear Towards High Performance Culture

Embracing the inevitability of change, CGC facilitates desired behaviours that will drive our 5SP+ strategies.

A powerful motivation for change is the one that comes from within. Our corporate-wide change management programme, 'Change Starts With Me' was successfully organised to equip employees with the right mind-set and behaviours, to be open, adaptive and thrive in uncertainty. This programme has sustained employee engagement and boosted morale.

Continuous Up-Skilling of Employees

With Industrial Revolution 4.0 (IR 4.0), CGC recognises that up-skilling and re-skilling of employees with future-relevant skills will be the number one challenge. Employees are encouraged to take up professional certification, participate in cross-functional action learning programmes and attend in-class training.

In order to optimise the 2018 learning budget, CGC allocated a significant slice of the budget for in-house training programmes. Corporate-wide, the average learning man-days increased year-on-year. One of the more signicant training is the Branch Excellence Programme for the purpose of up-skilling our front-liners.

To further extend the impact of learning, employees who attended public training programmes are required to conduct sessions with their peers, sharing learnings and insights that they have obtained. Human Capital provides the oversight and structure for the sharing session.

Enhanced Learning Experience

Employee learning experience is enhanced via the integration of digital alongside traditional face-to-face learning. This 'blended learning' empowers employees to develop their knowledge and skills at their own pace.

We developed e-learning modules that resides on a web-based Learning Management System (LMS) to administer, plan, track and report learning progress. The CGC e-learning platform will be launched in the second quarter of 2019.

HUMAN CAPITAL STRATEGY

Strategic Talent Acquisition

Strategic talent acquisition is key to the growth of CGC. Throughout 2018, we have filled up key positions, allowing a good blend of both internal and external talents to drive our strategic imperatives forward. Overall, both hiring and hiring turnaround time improved by almost 20%.

OUR PEOPLE

Diversity is key to capitalise on future opportunities and to solve challenges, and in that context, we source our talents from both Financial and non-Financial sectors.

Shifting towards the goal of a lean workforce, CGC deploys a talent acquisition strategy that leverages on hiring employees on contractual-basis. We also support internships by giving more university students the opportunities to deliver meaningful projects.

Supporting our mission to build viable MSMEs, CGC provides talent placement services for Technical and Vocational Education and Training (TVET) graduates with our MSMEs clients nationwide. 80% of our first cohort have been employed permanently. At the time of writing, we are in the final leg of placing the second cohort.

Moving forward, CGC is experimenting with the sourcing and assessment of candidates via social media and intelligent use of technology.

Organisational Development

We reviewed our organisational structure to ensure optimal manning, effective span of control and equitable compensation. In 2018, CGC established two (2) new divisions i.e. Corporate, and Technology & Operations. We have also incorporated a Procurement function.

CGC continuously reassess the capacity and competency needs through our Strategic Workforce Planning (SWP) initiative. Employees are constantly given the opportunity to be up-skilled and re-skilled to enhance their abilities.

As part of our leadership development agenda, we refresh the expectations on our leaders and employees through the CGC Competency Model. We apply the Model into the various Human Capital processes with the objective to empower employees and to assign them to a clear call-for-action. In addition, the Model helps Senior Management, assisting them to design individual development plans for future talents and successors.

Employee Experience

We continue to engage and appreciate our employees through various activities anchored by the CGC core values T.H.I.N.K. i.e. Teamwork – Hardworking – Integrity – Nurturing – Knowledgeable.

Healthy employee engagement is evident in CGC through two-way communication between Management and employees. Our quarterly townhalls keep employees informed of recent progress and provide updates on organisational performance. The Breakfast Session with President/CEO and Senior Management was introduced in 2018. These interactive sessions in small groups of 15 to 20 employees allow them to share their feedback and recommendations.

CGC also introduced the President/CEO Award to celebrate employees who have performed above and beyond the call of duty. The winners are recognised during the townhall session and in 2018 we had three winners for this award.

> **"We continue to engage and appreciate our employees through various activities anchored by the CGC core values T.H.I.N.K. i.e. Teamwork – Hardworking – Integrity – Nurturing – Knowledgeable."**

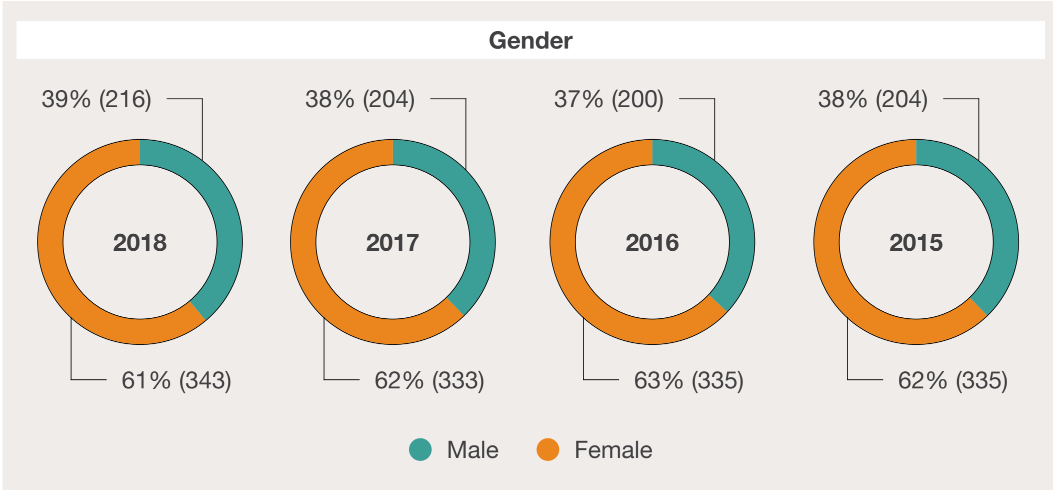
Corresponding to the framework set by Human Capital, engagement activities are spearheaded by employee-led committees comprising members from different departments. These committees strengthen inter-divisional collaboration and teamwork. In 2018, employees organised Corporate Responsibility initiatives which include visits to orphanages, home for the elderly, and other CGC-wide events.

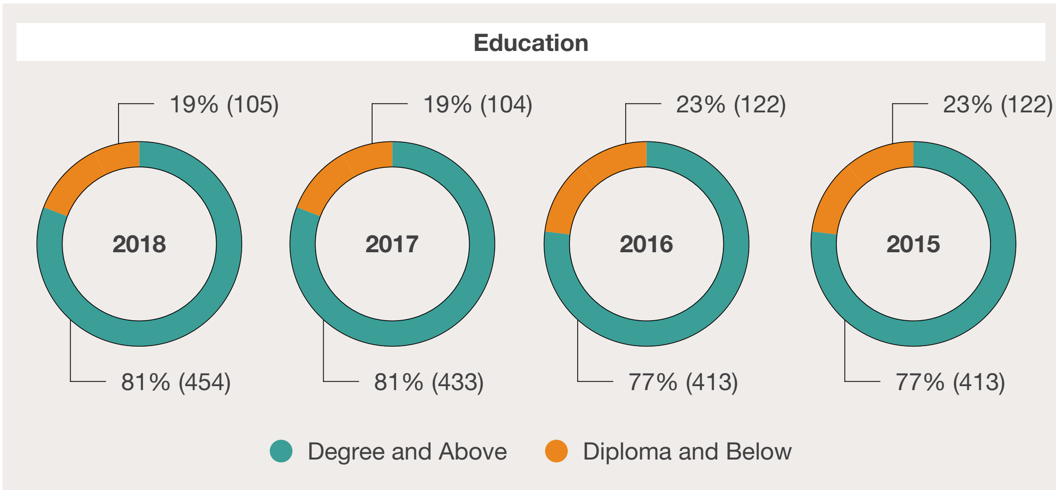
A much anticipated event was the Annual Dinner, organised by employees in November with the theme "Colours of Rangoli". The highlight of the dinner was the awards ceremony for Sales Excellence and Long Service. More than 70 employees were recognised for their long service with one of them having served CGC for 35 years.

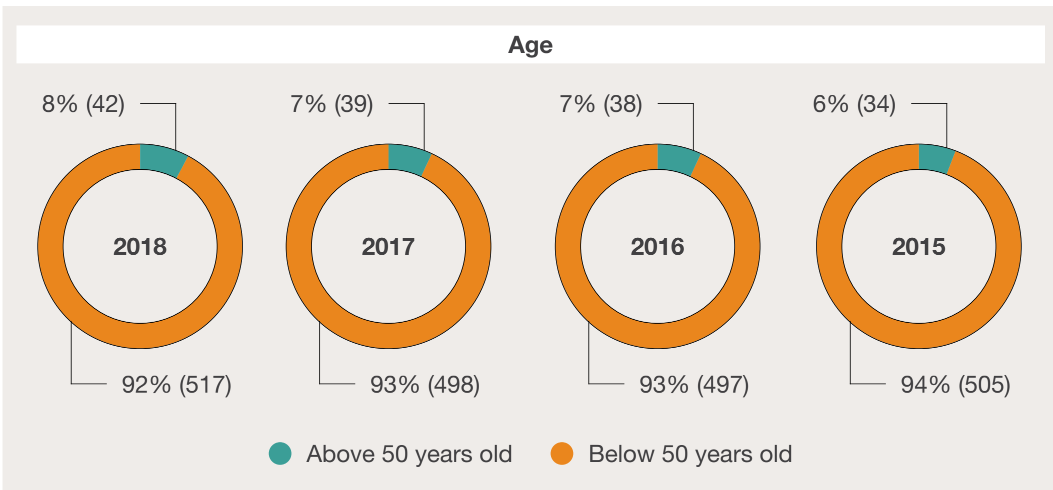
Another employee-led initiative was the CGC Appreciation Day. Employees showed their appreciation for one another by expressing their gratitude with chocolates and bookmarks. More than 2,000 gifts packs were distributed to all employees in the Head Office and branches nationwide.

As CGC embarks on digitalising Human Capital practices, we are designing meaningful Employee Value Propositions as a blue-print to improve the experience of our existing and new employees.

CGC WORKFORCE







OUR PEOPLE

EMPLOYEE ENGAGEMENT

Performing competitively in the evolving MSME financing landscape requires competent and empowered people working together diligently. Our core values, T.H.I.N.K. Teamwork – Hardworking – Integrity – Nurturing – Knowledgeable continue to play a role in shaping the employee engagement activities organised in 2018.

More robust and inclusive activities were organised whereby respective departments spearheaded the activities within the framework set by Human Capital. Among the activities organised by employees were Annual Dinner, Appreciation Day, Products' Brownbag Sessions and several visits to orphanage, as well as old folks' home.

Our people are essential to the successful delivery of CGC's strategy and to sustain business performance. The snapshots of the employee engagement initiatives are as follows:

Quarterly Town Halls

The CGC town hall is held at our Headquarters in Kelana Jaya every quarter and is attended by over 500 employees, including those from the 16 branches nationwide through videoconferencing. Datuk Mohd Zamree Mohd Ishak, President/CEO chairs the town hall, sharing information on our progress in relation to the headline targets and our 5-Year Strategic Plans. The town hall functions as one of the engagement platforms for employees and Management. This interactive session is well received as employees are able to raise questions and seek clarification from Management.

In 2018, CGC invited external experts to share their knowledge on subjects pertaining to IR 4.0, tips on healthy living, and other topics of interest. We also celebrated our employees during these sessions to appreciate their commitment and contribution to CGC.

30 April 2018
Labour Day Badge Distribution

In conjunction with Labour Day, the Documentation & Disbursement department distributed tailor-made button badges to a total of 300 CGC employees as a gesture of appreciation for their contribution to the company.

14-18 May 2018
ISO 9001:2015 Certification Workshop - Strategic Approach to Risk Based Thinking

This special certification workshop is one of four ISO 9001:2015 training series that was carried out in 2018. The training was to spread awareness and increase understanding to the members from the Claims Department.

30-31 May 2018
Define Smart KPI (Refresher Plus)

The programme was held in line with CGC's 2018 Business Plan; where all employees were required to submit their internal assessment for the year in phases. The 2-day training was held at headquarters for the benefit of the Management in ensuring that their respective department's/branches' KPIs were in accordance to the SMART principle.

26 June 2018
Middle Management Workshop - 5SP+ The Way Forward

Held at the New World Hotel, Petaling Jaya, the Middle Management Workshop served as a platform for CGC middle managers to discuss proposed solutions and possible implementation of action plans to corporation-wide issues.

29 June 2018
Special Raya Gift

We gave away over 200 bottled 'dodol' to our employees, much to their delight.

OUR PEOPLE

9 August 2018
Introduction to Digital Marketing

This seminar was held to educate employees on basic online marketing and to create awareness on the power of analytics and customer experience mapping. Effective tips on leveraging social media to grow a business were also shared.

15-17 September 2018
Treasure Hunt

In our effort to promote team spirit between CGC Management and employees, and to instill a sense of togetherness, Kelab Rekreasi CGC has been successfully organising the Treasure Hunt. In 2018 a total of 39 teams consisting of 136 participants took part in an exciting Hunt that covered interesting landmarks in Terengganu. Participants also lent their support to a CR programme with Asrama Anak-anak Yatim Darul Falah. Chairman Dato' Agil Natt flagged off the participants together with Datuk Mohd Zamree Mohd Ishak, President/CEO. This event is highly anticipated and sees strong participation from employees every year.

6 August, 26 September & 15 October
Brown Bag Sessions

Three Brownbag Sessions were organised in 2018 to create awareness amongst employees on the mechanism and functionality of imSME and Peer-to-Peer Financing.

10 November 2018
Annual Dinner & Long Service Award

Themed 'Colours of Rangoli', the 2018 CGC Annual Dinner was attended by our Board of Directors, Management and employees. More than 70 employees were recognised with the Long Service Awards, with one of our employees served CGC for 35 years. There was also recognition for employees with outstanding sales achievements.

7 December 2018
Appreciation Day

Appreciation Day was organised by the Internal Audit department for employees to show their appreciation to each other and to bring cheer to the workplace. More than 2,000 gift packs were distributed to employees at headquarters and at the 16 branches, nationwide. The event is testament to our culture of giving and appreciation.

19 February 2019
'Jom Sihat' Challenge

A six week fitness programme facilitated by fitness guru Kevin Zahri was organised to promote healthy living.

ECONOMIC PRACTICES

imSME 2018 ACHIEVEMENTS

On 9 February 2018, CGC introduced imSME that serves as an alternative channel for MSMEs to source for financing products, saving them both time and hassle of going through the time consuming process of shopping for a loan/financing in the traditional way. imSME changes the lives of MSMEs at different stages of their business developments by connecting them to authorised channels to source for business funding.

Technology is the key to the continuous growth and development of imSME as a financing/loan referral platform.

Winner of the Merit Award, the "Outstanding SME Development Project" from the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)

Total Visitors

423,473

Total Registered MSMEs

6,003

Total Approvals

Cases	Value
736[1]	RM78.51[1] million

Total MSMEs Referred to Capacity Building Agencies

26

Participating Financial Institutions (PFIs)

22

P2P Partners

4

Capacity Building Agencies

3

Note:
[1] including 21 cases via P2P valued at RM4.60 million
Performance as at 31 March 2019

MAKING A DIFFERENCE WITH imSME

AZIZUL HASHIM

"It was a simple application process that significantly reduced my time and effort involved in applying for financing. I have recommended imSME to my friends and will continue to be its ambassador. The platform has many benefits and more people should leverage on it".

Ijoi Maju Aksesori dan Tayar
Motorcycle Parts and Accessories

CHUNG KAH YIN

"I got my very first business financing via imSME. As a start-up, getting the first financing via the user friendly imSME platform was easy and straightforward".

Ezperer Enterprise
Toys Distributor

Royal Aup Company
General Construction, Equipment, and Machinery Supplier

"I came across imSME while searching online for financing. This user friendly platform saves time and I am able to gain information easily. My business has grown with the financing from imSME. Thank you imSME!"

JACKSON ANAK BULI

Edanasz Fath Resources
Food Manufacturer

"As a small start-up business, it was not easy to get financing for capital injection. With imSME, I am lucky because it has eased my effort to search for the right financing. I am one step closer to becoming a successful woman entrepreneur".

SAYYIDAH MUSTAGHFIRAH MOHD NASRULLAH

ECONOMIC PRACTICES

HSA SETIAMURNI SDN BHD

MOHD HANAFIAH ABDULLAH
Owner

HOW DID YOU LEARN ABOUT imSME?

Through a friend.

WHAT WAS THE PURPOSE OF APPLYING FOR THE LOAN?

I was in need of working capital and contract financing.

WHAT CHALLENGES DID YOU FACE WHILE APPLYING FOR THE LOAN?

I approached CGC, unfortunately due to my existing loans which exceeded the allowable exposure limit, I was not able to secure financing. Furthermore, the contract obtained at that point in time was with small private companies and hence I failed to meet the criteria to obtain the contract financing.

HOW DID THE FINANCIAL ADVISORY (FA) TEAM ASSIST YOU?

I received a detailed explanation on why my request to obtain financing was declined. The FA Team recommended me to a peer to peer (P2P) lender as an alternative financing option. Prior to this, I was not aware about P2P lenders.

WAS THE ASSISTANCE BY THE FA TEAM USEFUL?

Yes, I was referred to QuicKash and I managed to obtain a loan. It was approved and disbursed quickly.

HOW HAS imSME IMPROVED YOUR BUSINESS?

I am very grateful that through imSME and FA Team, I was able to secure contract financing which helped me to grow my business to what it is today.

ELITE WERKS SDN BHD

MOHD FAIZ SUBERI
Owner

HOW DID YOU LEARN ABOUT imSME?

Through the CGC Wangsa Maju branch officer.

HOW DID THE FINANCIAL ADVISORY (FA) TEAM ASSIST YOU?

The FA Team advised and guided us on alternative financiers. I was introduced to peer to peer lenders, as a legitimate financing alternative to MSMEs.

WHAT WAS THE PURPOSE OF APPLYING FOR THE LOAN?

Elite Werks required working capital for more stable cash flow to run our business.

WAS THE ASSISTANCE BY THE FA TEAM USEFUL?

Yes. Thanks to the recommendation of the FA Team, I managed to secure financing from Fundaztic, a P2P lender.

WHAT CHALLENGES DID YOU FACE WHILE APPLYING FOR THE LOAN?

As a small business with just a few staff, no banks were willing to provide us financing. We went to a few banks to apply for a loan but failed as they felt the company was not qualified due to our low income. Elite Werks did not meet the criteria set by CGC and the banks.

HOW HAS imSME IMPROVED YOUR BUSINESS?

With the loan obtained from Fundaztic, I was able to improve the operations, pay salary more promptly and expand the business. I was able to create more products which led to better revenue. Thanks to the FA Team for diligently assisting me.

BEYOND GUARANTEE – THE CGC DEVELOPMENTAL PROGRAMME

We started the CGC Developmental Programme in 2016 with the aim of promoting the growth and development of our MSMEs. The programme has evolved over the past three years and is now well-geared to assist businesses at different stages of their growth. The approach is two-pronged; to assist MSMEs to access financing as well as to help them gain access to new markets and channels through various developmental programmes.

ADVISORY FOR ACCESS TO FINANCING

Through the CGC Developmental Programme, our Financial Advisory (FA) Team is assisting MSMEs that come through the imSME channel that are unable to obtain a loan/financing. We conduct a comprehensive diagnosis to identify the gaps, offer remedial solutions, and follow up on the MSMEs until they have obtained a loan/financing. The FA Team will also look into alternative financing options such as Peer-to-Peer (P2P) lenders in cases where the MSME is unable to get loan/financing from Financial Institutions.

If the MSMEs are still unable to obtain loan/financing at this stage, and depending on the issue that needs to be addressed, our FA Team will refer them to capacity building agencies. Agencies such as the Centre for Entrepreneur Development and Research (CEDAR), Institut Keusahawanan Negara (INSKEN) and the Malaysian Institute of Accountants (MIA), will be able to help build the MSMEs capacity and capabilities.

Leveraging on the insights gained, our FA Team will aim to increase the rate of conversion of MSMEs obtaining loan/financing, and broaden the financing options for MSMEs. We track the progress of all the MSMEs we advise and look forward to their entrepreneurial journey.

ADVISORY FOR ACCESS TO MARKET

While access to financing is focused on helping MSMEs with the important step of getting their business in order, the access to market journey is more about working hand in hand with the MSMEs to prepare them for market expansion, both locally and internationally and through online and offline channels. Once a MSME is identified, the CGC Developmental Programme has an array of initiatives that will be able to build up the business and unlock their potential.

We also provide Mentoring Programmes with workshops by subject matter experts on relevant and trending business topics to ensure MSMEs are kept abreast of new and effective ways to do business. The topics include Go Digital Talk and Gaining Market Access Workshop.

Once the MSME is ready, the CGC Developmental Programme opens up the way to new markets. In Malaysia, we introduced MSMEs to bigger market channels such as hypermarkets and pharmacies, thereby opening up huge opportunities for new sales distribution.

> **"We started the CGC Developmental Programme in 2016 with the aim of promoting the growth and development of our MSMEs."**

Internationally, CGC and partnering agencies like MATRADE brings the MSMEs to trade expos such as the China-ASEAN Expo (CAEXPO) or Canton Fair. CGC also conducted business matching sessions with our counterparts in other countries, for MSMEs to showcase their products to new customers and gain insights into how international trade is conducted.

In order to cater to challenges faced by MSMEs, we customise specific and relevant coaching sessions, such as product packaging, and how to perform a sales pitch. Our advisory services would help MSMEs to meet the kind of qualifications, certifications or criteria needed for their products to ensure a smooth transition into the new markets.

Going forward, we plan to introduce the Industrial Revolution 4.0 topic under our Go Digital Talk and to collaborate with more advisory partners such as the Ministry of Domestic Trade and Consumer Affairs (KPDNHEP).

CGC DEVELOPMENTAL PROGRAMME PERFORMANCE

To date, more than 5,400 MSMEs have gone through various advisory programmes in the CGC Developmental Programme. Many have been successful while others are still being nurtured.

Initiative	YTD (May 2016-2018)
Overall	5,457
Advisory for Financing Access*	2,462
Advisory for Market Access	2,942

* FA Team was established in 2018

Through the unique CGC Developmental Programme, we want to set MSMEs down the right path to obtain financing with the help of our FA Team. Our Market Access Programme will be on hand to be the guide for MSMEs who are ready to expand. Conversely, if a Market Access participant quickly needs to ramp up their production and requires loan/financing to meet orders, our CGC Developmental Programme will assist to match the MSME to suitable loan/financing.

As CGC develops and grows with our MSMEs, we will keep them informed on the latest innovations and relevant issues with financing and market access to help them along their entrepreneurial journey.

MENTORING PROGRAMME

2018

Gaining Market Access Workshops

- 14 Mar – Kuching
- 15 Apr – Kota Bahru
- 10 Jul – Alor Setar
- 16 Aug – K.Terengganu
- 29 Sep – Batu Pahat
- 30 Oct – Johor Bahru

Go Digital Talks

- 21 Mar – Johor Bahru
- 25 Apr – Ipoh
- 12 Jul – Penang
- 29 Aug – K. Kinabalu
- 25 Sep – Melaka
- 15 Nov – Klang Valley

ECONOMIC PRACTICES

MARKET ACCESS PROGRAMME

Chairman Dato' Agil Natt visits a MSME's booth at the CGC-Glenmarie LRT Station

Our MSMEs meeting Mydin buyers during a market access programme

Products of our MSME customers on hypermarket shelfs

CGC collaborates with Ministry of Domestic Trade and Consumer Affairs at the Program Citarasa Malaysia launch

Datuk Mohd Zamree, President/CEO visiting a MSME's booth during the Program Citarasa Malaysia launch

CGC Team with YB Datuk Seri Saifuddin Nasution Ismail, Minister of Domestic Trade and Consumer Affairs during the Program Citarasa Malaysia launch

CROSS BORDER INITIATIVES

CGC International BizMath 2018 in Jakarta, Indonesia

Our MSMEs at the CGC International BizMath 2018 in Jakarta, Indonesia

CGC MSMEs at the Canton Fair 2018 in Guangzhou, China

CGC MSMEs at the China-ASEAN Expo (CAEXPO) 2018 in Nanning, China

YB Dr Ong Kian Ming, Deputy Minister of International Trade and Industry engaged with our MSMEs during the China-ASEAN Expo (CAEXPO) 2018 in Nanning, China

MAKING A DIFFERENCE WITH CGC DEVELOPMENTAL PROGRAMME

TANJUNG EMAS TRADING SDN BHD

TAN WEY KIAT
Marketing Manager
Market Access: CAEXPO 2018

HOW DID YOU KNOW ABOUT THE CGC DEVELOPMENTAL PROGRAMME?

Tanjung Emas applied for a loan from Agro Bank and selected CGC to be our guarantor. As a customer of CGC, we were excited when Tanjung Emas was selected to attend the China-ASEAN Expo (CAEXPO) 2018.

HOW DID YOU FEEL ABOUT BEING SELECTED INTO THIS PROGRAMME?

We are grateful. This opportunity is a big springboard for us and we believe it will lead us into the international market.

WHAT DID YOU GAIN FROM THE MARKET ACCESS PROGRAMME?

While attending the Expo, we were introduced to many products from various countries. We learnt a lot about their market approach, product packaging, new recipes and many more insights on developing our business.

HOW HAS THIS OPPORTUNITY IMPACTED YOUR BUSINESS?

We realised our strengths and the gaps in our products. For example, our traditional packaging of Cincalok (shrimp paste) in a glass bottle is too heavy for customers from China. Thus, we need to come out with new lighter packaging to cater to the market. Also, since foreign customers are not familiar with our products, we have to provide additional guidance (e.g. booklet that has recipes) to teach them how to use our products.

HOW ARE YOU IMPROVING YOUR OPERATIONS?

After receiving feedback from the Chinese customers, we are taking steps to make our products more convenient to consume and enhance our recipes. We are also adjusting the taste to be more suitable for the Chinese palette.

WHERE DO YOU SEE YOUR BUSINESS IN 10 YEARS?

We see huge potential for our products. Realising this, we will be embarking to secure higher certifications (e.g. HALAL, HACCP, or other food certificate) to enable smooth access into the international market.

CALAQISYA SDN BHD

HAZWAN FAIZ ABD RAHIM
Marketing Director
Market Access: CAEXPO 2018

HOW DID YOU KNOW ABOUT THE CGC DEVELOPMENTAL PROGRAMME?

At a Maybank organised business expansion programme, I was introduced to the CGC Developmental Programme.

HOW DID YOU FEEL ABOUT BEING SELECTED INTO THIS PROGRAMME?

It was a great opportunity for MSMEs like us to be able to test the acceptance of our product at an international market. We are hoping for similar programmes to be offered as it will help us grow.

WHAT DID YOU GAIN FROM THE MARKET ACCESS PROGRAMME?

We learned about the dealing process between merchants & logistic companies. In addition, the trip also helped us to build a stronger team, internally.

HOW HAS THIS OPPORTUNITY IMPACTED YOUR BUSINESS?

After the programme, we are now a step forward in terms of brand visibility. We are now receiving enquiries from potential overseas clients, with Brunei as our first foreign venture.

HOW ARE YOU IMPROVING YOUR OPERATIONS?

We have increased our manpower as we will be coming out with a few more new products for the international market. Our focus now is centered towards ensuring quality and effective marketing.

WHERE DO YOU SEE YOUR BUSINESS IN 10 YEARS?

We are targeting to expand into neighbouring countries and we hope to eventually be a household name in the region.

With constant help, guidance and support from CGC Developmental Programme, we are confident of achieving this vision.

CORPORATE PARTNERSHIPS

COLLABORATION WITH INDUSTRY PLAYERS

CGC has strong relationships with key industry players and Bumiputera trade bodies. The key events participated by CGC in 2018 follows:

Telekom Malaysia (TM) Bumiputera Vendor Development Programme

CGC collaborated with TM to make our financing available via TM Bumiputera Vendor Development Programme.

TM Biznet

CGC participated in TM Biznet to educate participants on the importance of keeping business records and informing them about our financial products.

CELCOM Vendor Development Programme

CELCOM Vendor Development Programme (VDP) was initiated by the Ministry of International Trade and Industry (MITI) in 2015 to assist in nurturing and developing mainly Bumiputera entrepreneurs through capacity building programmes which covers financing, training and knowledge/skills upgrade.

Currently there are more than 400 vendors of which more than 60% are Bumiputera vendors registered with CELCOM.

Our financing is now available for vendors under CELCOM's VDP. CGC is working closely with CELCOM in nurturing the first group of 50 Bumiputera vendors which were selected based on criteria like 100% Bumiputera ownership, turnover and track record.

Persatuan Pedagangan dan Pengusaha Melayu Malaysia (PERDASAMA)

PERDASAMA is a NGO with an active membership of 14,000 companies that champions the future of traders and Malay entrepreneurs in the country. Various programmes and activities are organised such as seminars, conferences, forums, trade missions, exhibitions and business-matching.

CGC and PERDASAMA worked together on a number of events including the Women Empowerment Programme, the 29th Malaysia International Machinery Fair (MIMF) with PERDASAMA NASIONAL and Coaching On Business Financing for PERDASAMA WANITA members.

Persatuan Kontraktor Melayu Malaysia (PKMM)

CGC collaborated with PKMM to make our products available to members, specifically Tabung Projek Usahawan Bumiputera-I (TPUB-i).

Construction Industry Development Board (CIDB) Malaysia

CGC collaborated with CIDB and carried out 'Program Kolaborasi Bersama Industri Seminar Peningkatan Akses Pembiayaan' with CIDB Wilayah Persekutuan Kuala Lumpur.

Mass Rapid Transit Corporation Sdn Bhd (MRT)

Our collaboration with MRT is inked in a Memorandum of Understanding where CGC is the preferred financier for its smaller Bumiputera contractors. CGC makes itself visible with its presence in discussions during the balloting and the issuance of Letters of Award and subsequent follow-ups with sub-contractors about their financing needs.

OTHER ENGAGEMENT

CGC also collaborated with various Government Linked Companies in availing financial assistance to their Bumiputera contractors/ vendors, specifically for the TPUB-i product.

edotco Group Sdn Bhd (edotco)

edotco is the first and leading regional integrated telecommunications infrastructure services company in Asia specialising in end-to-end solutions in the tower services sector including co-locations, build-to-suit, energy, transmission and operations and maintenance (O&M). edotco is Axiata's new communications infrastructure solutions and services company.

Tenaga Nasional Berhad (TNB)

TNB's core activities are in the generation, transmission and distribution of electricity. Other activities include repairing, testing and maintaining power plants, providing engineering, procurement and construction services for power plants related products, assembling and manufacturing high voltage switchgears, coal mining and trading.

Lebuhraya Borneo Utara Sdn Bhd (LBU)

LBU was appointed the Project Delivery Partner for the development and upgrading of the Pan Borneo Highway Sarawak by the Government of Malaysia and Sarawak State Government.

COMMUNITY AND STAKEHOLDER ENGAGEMENTS

MEDIA

CGC registered stronger media presence in 2018 with significant coverage of our events. Our collaborations with financial institutions, business partners and other corporate engagements were well attended and covered by the media. Events which were widely reported by the media include the signing ceremonies with Hong Leong Berhad, AmBank (M) Berhad; the launch imSME; signing of Memorandum of Understanding with Credit Guarantee firm Taiwan SMEG, and our various Corporate Responsibility (CR) initiatives.

In addition, several exclusive interviews with major newspapers and leading radio and TV stations were also conducted to increase CGC's presence and brand awareness. Efforts and initiatives to foster closer ties with the media through networking activities such as media luncheons and media visits were also organised throughout the year.

CGC will continuously reach out to our MSMEs nationwide by leveraging on a comprehensive media strategy which include both mainstream media and social media. We believe a strong relationship with the media is integral to achieving our aspiration To Be The Household Name for SMEs by 2020.

CGC IN THE NEWS

24 January 2018
CGC-Taiwan SMEG MoU Signing Ceremony

9 February 2018
imSME Launch

23 May 2018
Hari Gawai Interview

24 May 2018
Hari Kaamatan Interview

30 May 2018
ASTRO AEC Interview

30 August 2018
CGC Merdeka Midnight Rugby Meet 2018

20 September 2018
Nanyang Siang Pau Interview on imSME

3 January 2019
The Sun Daily Interview with President/CEO on MSME Challenges and imSME

18 January 2019
AmBank and CGC Strategic Collaboration with Proton

25 January 2019
ASTRO Awani Interview on imSME

30 January 2019
ASTRO Awani – Komen Tengahari @ Persidangan Jiwa SME

27 February 2019
Standard Chartered and CGC Celebrate 10 Years of Collaboration

COMMUNITY AND STAKEHOLDER ENGAGEMENTS

VISITS BY EXTERNAL DELEGATES

CGC has been a proud host to dignitaries, government officials and bankers from around the world as we share our message of financial inclusion through various study visits. We will continue to share our knowledge to benefit other nations and their respective MSMEs.

Date	Delegations	Description
11 April 2018	Bank Negara Malaysia (BNM) - Alliance for Financial Inclusions (AFI) Joint Learning Programme	CGC hosted this study visit as part of the BNM-AFI Joint Learning Programme on Building an Inclusive Micro, Small and Medium Enterprises (MSME) Financing Ecosystem. The study visit was attended by 25 delegates including Governors and Deputy Governors of Banks and high ranking officials from 14 countries.
19 April 2018	High Commissioner from Papua New Guinea (PNG)	Hon. Richard Maru, Minister for National Planning and Monitoring, Hon. Petrus Thomas MP, Minister of Immigration, H.E Mr Peter Vincent, OL, High Commissioner of PNG and delegates were hosted at Bangunan CGC. The visit was to understand our business model with the aim of applying the same model in PNG and exploring potential collaboration with CGC.
18 May 2018	Gyeonggi Credit Guarantee Foundation of Korea	This study visit by Gyeonggi Credit Guarantee Foundation of Korea was on understanding CGC's role in establishing financing policies in support of MSMEs in Malaysia.
8 August 2018	Institute of Chartered Accountants in England and Wales (ICAEW)	CGC hosted Chris Priestly, Head of Employers Authorisation and Review from ICAEW. CGC is an ICAEW Approved Training Employer (ATE).
4 October 2018	Southern African Development Community-Development Finance Resource Centre (SADC-DFRC) and Japan International Cooperation Agency (JICA)	Stuart Kufeni, CEO of SADC-DFRC and Tetsuya Fukunaga of JICA visited CGC to understand our role in supporting the development of micro, small and medium enterprises.
7 February 2019	Malaysian Institute of Certified Public Accountants (MICPA)	Encik Novie Tajuddin, CEO of Malaysian Institute of Certified Public Accountants (MICPA) and his team visited CGC to discuss on potential collaborations.
27 March 2019	Egypt Financial Institutions	A total of 22 delegates from various Egyptian financial institutions comprising representatives from Egyptian Banking Institute, Banque du Caire, QNB Alahli, United Bank, Blom Bank, Central Bank of Egypt, Banque Misr, Abu Dhabi Islamic Bank, Credit Agricole Egypt and the National Bank of Egypt visited CGC.

COLLABORATION WITH INDUSTRY PARTNERS

CGC continues to engage with various business and industry partners through our sponsorship programmes. In addition to enhancing collaboration, these sponsorships are also meant to increase our brand awareness and presence among Malaysian MSMEs.

The STAR Outstanding Business Awards (SOBA) 2018

The Star Outstanding Business Awards (SOBA) recognises up-and-coming enterprises and their contributions to the Malaysian economy. In line with the Government's commitment to develop homegrown enterprises, SOBA seeks to inspire and encourage local businesses to promote Malaysia and showcase its products and services to the world.

CGC has been sponsoring SOBA since 2015 and this is our 4th consecutive year.

17 May 2018
SOBA Awards Launch

15 January 2019
SOBA Awards Night

The Platinum Business Awards (PBA) 2018

The Platinum Business Awards (formerly known as SME Recognition Award) is an annual award programme organised by the SME Association of Malaysia to honour SMEs and individuals for their outstanding achievements and contributions.

Launched in 2002, this award programme is into its 17th consecutive year. CGC has been sponsoring PBA since 2017 and this is our 2nd consecutive year.

21 March 2018
PBA Launch

23 November 2018
PBA Awards Night

The Golden Eagle Award (GEA) 2018

Nanyang Siang Pau through its Golden Eagle Awards (GEA) honours the best SMEs in Malaysia by recognising their success and outstanding achievements. The award aims to benchmark successful Malaysian SMEs and to encourage many more to strive for excellence in today's ever-changing, competitive and globalised marketplace.

2018 marks the 18th Golden Eagle Award. CGC has been sponsoring GEA since 2016 and this is our 3rd consecutive year.

31 May 2018
GEA Launch

9 November 2018
GEA Gala Dinner

COMMUNITY AND STAKEHOLDER ENGAGEMENTS

CORPORATE ENGAGEMENT

9 February 2018
HBSACM 40th Anniversary Dinner

The Harvard Business School Alumni Club of Malaysia (HBSACM) celebrated their 40th anniversary at the Sime Darby Convention Centre. CGG Management attended the dinner which also saw Bank Negara Malaysia Governor deliver a speech entitled "Public Policy Perspective - Some Thoughts and Contemplations from A Central Banker".

27 February 2018
MRCA CNY Banquet 2018

The Malaysia Retail Chain Association (MRCA) hosted a Chinese New Year dinner and CGC Management attended. MRCA comprises more than 290 leading retail chain stores operators and over 20,000 retail chain outlets throughout Malaysia.

20 July 2018
KLSCCCI 114th Anniversary Dinner

CGC Board Directors, President/CEO and Management attended the Chinese Chamber of Commerce & Industry of Kuala Lumpur & Selangor (KLSCCCI) dinner in show of their support.

23-26 November 2018
31st ACSIC Conference

CGC participated at the 31st Asian Credit Supplementation Institution Confederation (ACSIC) Conference which was held in Udaipur, India from the 23rd to 26th November 2018. Themed "Credit Guarantee a Vehicle for Inclusive Growth", the conference was attended by 9 nations and 14 organisations across Asia.

3 December 2018
MATRADE 25th Anniversary Dinner

CGC Management attended the dinner in support of our collaboration with the Malaysia External Trade Development Centre (MATRADE).

11 December 2018
INCEIF Annual Symposium on Islamic Finance

Datuk Mohd Zamree Mohd Ishak, President/CEO of CGC was a panelist at the 'Islamic Finance, Inclusion & Poverty Alleviation' forum hosted by the International Centre for Education in Islamic Finance (INCEIF).

Other Events Participated by CGC

1. Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) 41st Annual Meeting, India (20 February 2018)
2. Global Sustainable Finance Conference. Karlsruhe, Germany (12-13 July 2018)
3. Bank Negara Malaysia (BNM) Forum on Performance Measurement for Development FIs (9 August 2018)
4. International Development Forum on "SME Finance and Development in the Age of Digitalisation" Istanbul, Turkey. (11-12 September 2018)
5. Global Islamic Finance Conference 2018 (3-4 October 2018)
6. International Centre for Education in Islamic Finance (INCEIF) 10th Convocation (27 October 2018)
7. National Policy on Industry 4.0 Launching Ceremony organised by Ministry of International Trade and Industry (MITI) (31 October 2018)
8. ICLIF Leadership Energy Summit (LESA) (14-15 November 2018)
9. ADFIAP 42nd Annual Meeting. Oman, Turkey (20 February 2019)

NATION BUILDING

CGC believes in engaging constantly with our stakeholders and co-sponsors initiatives to reach out and foster greater ties with MSMEs. In 2018, CGC carried out over 20 sponsorship-based initiatives and organised almost 50 events at the branches nationwide to engage with our MSME customers, conducting talks and briefings on our products and services.

21 March 2018
New Finance New Retail (NFNR) Workshop 2018

Leong Weng Choong, CGC Chief Business Officer was one of the panellists for the session themed “DFIs and the Key Factors for MSMEs in gaining funds”. The workshop, endorsed by the Secretariat for the Advancement of Malaysian Entrepreneurs was attended by over 500 MSMEs.

30-31 March 2018
Bumiputera Entrepreneurs Gathering

CGC participated in this gathering to promote better growth and development of entrepreneurs as part of our outreach programme for Bumiputera MSMEs.

29 October 2018
Pre-Budget Forum

CGC Director Teoh Kok Lin moderated a panel discussion titled “Nation’s Needs vs. the Rakyat’s Needs” at the 2018 Pre-Budget Forum organised by the Kuala Lumpur & Selangor Chinese Chamber of Commerce & Industry.

2 November 2018
National Budget 2019 Forum

CGC Management discussed and shared insights on MSME financing and development allocation under Budget 2019.

8 December 2018
Karnival Pendidikan Kerjaya dan Usahawan Muda Bumiputera

CGC co-sponsored the Karnival Pendidikan Kerjaya dan Usahawan Muda Bumiputera (PUTRA 2018) which was officiated by YAB Tun Dr Mahathir Mohamad, Prime Minister at Dewan Agung Tuanku Cancelor UITM, Selangor.

The engagement aims to intensify the presence of CGC among budding young Bumiputera entrepreneurs. In addition, we leveraged on PUTRA 2018 to reach out to potential job seekers. More than 10,000 youths attended this programme.

Maybank ‘Building Capacity & Capability for MSMEs’ Programme

In 2018, CGC co-sponsored a series of workshops in collaboration with Malayan Banking Berhad (Maybank) to empower and support MSMEs. A total of eight workshops were held at different venues which benefited over 2,000 MSMEs nationwide.

CORPORATE RESPONSIBILITY (CR) PROGRAMMES

Our CR programme is a continuous effort to give back to society in support of local communities. We operate an extensive CR programme which aims to:

01 Develop sustainable efforts towards managing the growth a of local communities

02 Be actively involved and support the underprivileged communities

03 Focus on education, social well-being, sports development, and community building

04 Support charitable organisations

05 Build and strengthen relationship between CGC and fellow Malaysians

CGC carries out CR initiatives throughout the year and sees active participation by the CGC Board, Management and employees.

We celebrate the underprivileged communities especially during festive seasons, through our CR programmes. CGC reaches out to these communities to ensure they too, do not miss out on the celebrations.

As part of our commitment to improve the well-being of Malaysians, CGC continues to contribute towards enhancing cancer awareness and healthy living. The CGC team participated in the "Relay for Life" fundraising event by the National Cancer Society of Malaysia. CGC also holds an annual blood donation drive at our headquarters in collaboration with the National Blood Centre. The programme has been receiving strong support from our employees.

In addition to giving back to society, our CR initiatives fosters greater teamwork amongst the hardworking CGC employees. It has also projected CGC as an organisation with integrity and one that nurtures society, as we become more knowledgeable about our communities and their needs.

> **"CGC celebrates the underprivileged communities especially during festive seasons."**

A full list of our efforts are as follows:

3 February 2018
Kuala Lumpur Ride & Run

CGC contributed to this event that saw over 30,000 participants, as part of our effort to promote healthy living among Malaysians.

23 May 2018
Hari Gawai with Students in Miri

Chief Corporate Officer, Rahim Raduan and our volunteers from Headquarters and Miri Branch celebrated Hari Gawai with over 90 students from SJK (C) Chung Hwa Bakam, SM Sains Miri and Kolej Tun Datu Tuanku Haji Bujang.

25 May 2018
Pesta Kaamatan with Taman Cahaya Training Centre for the Blind

Our Sandakan Branch celebrated Pesta Kaamatan with members from the Taman Cahaya Training Centre for the Blind, Sandakan. The team from CGC was led by Rahim Raduan, Chief Corporate Officer, and our volunteers from the branch. This initiative was also geared towards assisting the residents to be employment ready.

28 July 2018
Relay for Life Fundraising

CGC participated in the Relay for Life fundraising event for National Cancer Society Malaysia. This is our third consecutive participation in the programme that celebrates cancer survivors and honours those who have passed on.

29 July 2018
Visit to Rumah Anak Yatim Damai

Our Finance Division organised a visit to Rumah Anak Yatim Damai, Kuang. Shazmeer Mokhtar, Chief Finance Officer led a team of volunteers to paint the futsal court walls and clean up the home. The children enjoyed a talk on the importance of education.

30 August 2018
CGC Merdeka Midnight Rugby Meet

This was our maiden foray into sports based CR and the rugby tournament was organised in conjunction with the "Merdeka Carnival" activity hosted by the Ministry of Communications and Multimedia. The tournament saw the participation of 10 alumni teams from prestigious boarding schools in Malaysia.

24 September 2018
Blood Donation Drive

This is our 4^{th} consecutive collaboration with the National Blood Centre. Over the years, there has been an increase in the number of our employees who donated their blood in line with our intention to increase awareness on health issues among the employees.

29 September 2018
A Day with Residents of Pusat Jagaan Mahmudah

It was a treat for senior citizens from Pusat Jagaan Mahmudah, Semenyih. This special CR initiative was headed by Chief Technology & Operations Officer, Yushida Husin and our employees from the IT and Claims department. The aged residents enjoyed the manicures and pedicures session.

COMMUNITY AND STAKEHOLDER ENGAGEMENTS

29-30 September 2018
Federal Territory Amateur Fencing Association – Young Stars Fencing Competition

CGC supported this fencing tournament which aims to encourage young Malaysian fencers.

27 October 2018
Young Entrepreneurs Golf Tournament

In 2018, CGC participated in sports based events as part of our Corporate Responsibility programme and in support of young entrepreneurs through a game of golf.

2 November 2018
Creative Art Session with Pusat Pengurusan Al-Firdaus

Children from Pusat Pengurusan Al-Firdaus, Shah Alam attended a programme on creative art skills. Chief Credit Officer, Zarina Osman hosted the children, accompanied by CGC Management and employees.

3 November 2018
Festival of Lights with Lovely Nursing Centre

Datuk Mohd Zamree Mohd Ishak, President/CEO together with CGC management and employees celebrated Deepavali with senior citizens from Pusat Jagaan Orang-orang Tua Kurang Upaya & Terbiar Lovely Nursing Centre, Petaling Jaya. We spring cleaned the home together with the residents and enjoyed lunch with them. Prior to this event, a clothing drive was organised at Bangunan CGC and the contributions were channeled to the Home.

15 December 2018
International University Malaya – Wales Rugby Tournament

CGC sponsored this rugby tournament that saw teams from various institutions of higher learning taking part.

17 December 2018
Jom Kembali ke Sekolah Bersama CGC

CGC brought cheer to underprivileged students from SK Parit 4, Sungai Besar, gifting these children with school bags, school shoes and uniforms. This is also aimed at easing financial constraints faced by their parents. The children were treated to a morning of fun and games, followed by lunch at the school. The team from CGC was led by our Chief Internal Auditor, Fakrul Azmi.

19 December 2018
Christmas with Good Samaritan Home

CGC rang in Christmas with children from the Good Samaritan Home, Klang. The team had a great time preparing the home for the celebration and entertained the children with Christmas carols. In return, the children put up a mini performance for the CGC team as a gesture of appreciation.

18 February 2019
Chinese New Year with Children from House of Joy

Children from the House of Joy, Puchong enjoyed a Chinese New Year celebration with CGC and were treated to a delicious dinner, lion dance and magic show. CGC contributed basic necessities to the home. Our Chief Business Officer, Leong Weng Choong, hosted the children on behalf of CGC.

1 March 2019
Food Distribution Programme with PERTIWI Soup Kitchen

This is our second collaboration with PERTIWI Soup Kitchen in support of a noble cause to feed the homeless and urban poor. The CGC team showed up in full force to distribute dinner inclusive of meals, bread, ice cream and packet drinks at two locations in the Kuala Lumpur city center. The initiative received strong support from our Board Members, President/CEO, Management and employees.

8 March 2019
Send-off for the Malaysian Special Olympics Athletes

CGC sponsored air tickets for the Malaysian Special Olympics athletes to participate at the 50th Special Olympics World Summer Games held in Abu Dhabi, Dubai, United Arab Emirates.

Sarina started her business in 2015 from her home, where she had a small space to make her products by hand, assisted by one helper.

As her processed food manufacturing business grew, she found out about CGC and approached the Ipoh branch in 2017.

"I wanted to develop my business further by obtaining better machinery and to renovate my new shoplot. I decided to move to a shoplot to enhance productivity," Sarina said.

CGC provided Sarina with financing for working capital under the BizWanita-i scheme.

"Without CGC, I may still be doing business at home. Today, my products are marketed in Brunei, Singapore and the Philippines," says Sarina proudly.

In the next five years, Sarina is looking forward to bring her products to China and Japan, adding that there is a plan to explore the European market too.

Sarina advises all aspiring MSMEs to always work hard to grow your respective businesses. "Ups and downs are normal if you want to develop further. Commitment is very important."

SB Food Malaysia Sdn Bhd

Ipoh, Perak

Sarina Bibi Ibrahim

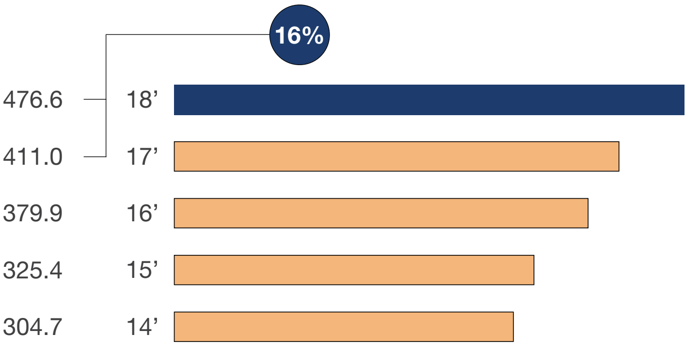
5-YEAR FINANCIAL SUMMARY AND HIGHLIGHTS

	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
GROUP					
Total Income	**476,603**	411,018	379,913	325,390	304,671
Profit Before Taxation	**262,523**	221,658	236,664	190,699	199,550
Profit After Taxation	**262,540**	222,008	236,284	190,699	198,505
Profit Attributable to Shareholders	**263,095**	222,497	237,191	192,221	200,606
Shareholders' Equity	**3,711,288**	3,611,818	3,377,484	3,150,975	2,958,531
Total Equity	**3,712,704**	3,613,789	3,379,944	3,154,342	2,958,726
Total Asset	**5,023,319**	5,091,909	4,841,083	4,767,381	4,563,430

5-YEAR FINANCIAL SUMMARY AND HIGHLIGHTS

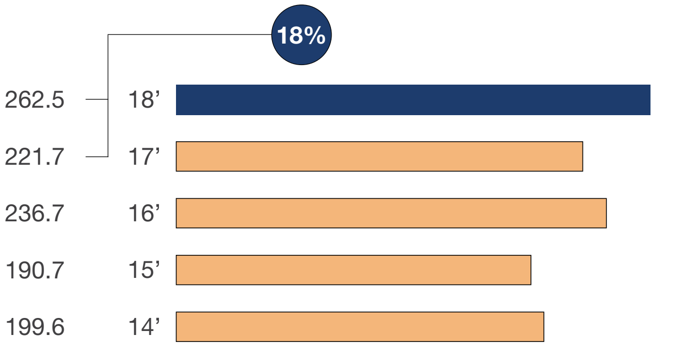
TOTAL INCOME

In RM Million



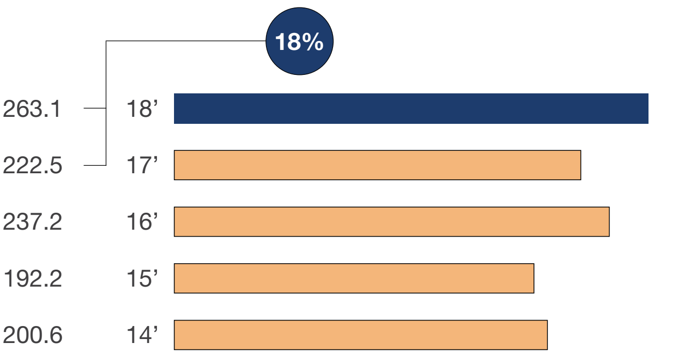
PROFIT BEFORE TAX

In RM Million



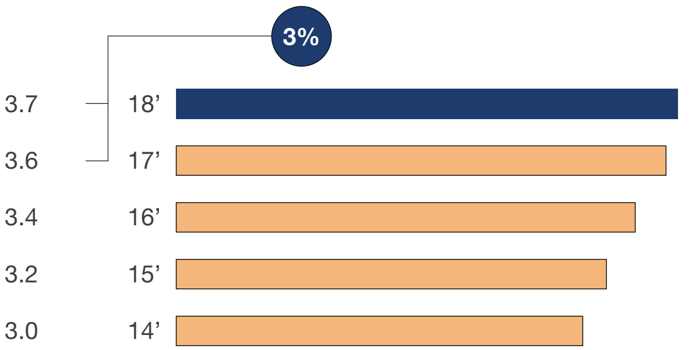
PROFIT ATTRIBUTABLE TO SHAREHOLDERS

In RM Million



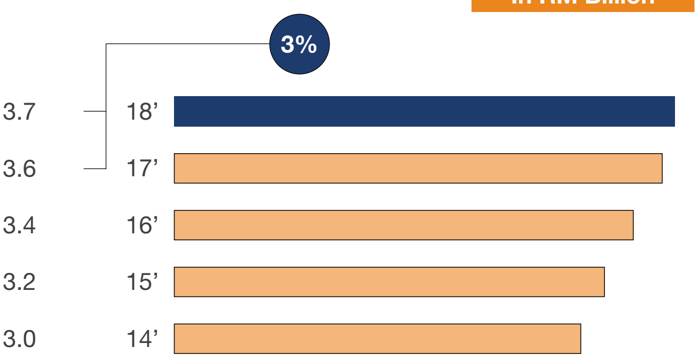
SHAREHOLDERS' EQUITY

In RM Billion



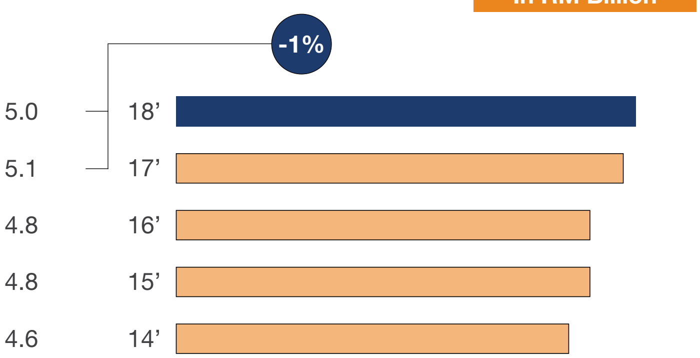
TOTAL EQUITY

In RM Billion



TOTAL ASSETS

In RM Billion

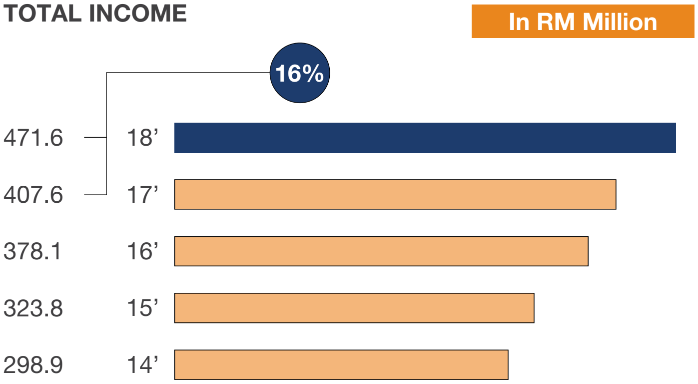


5-YEAR FINANCIAL SUMMARY AND HIGHLIGHTS

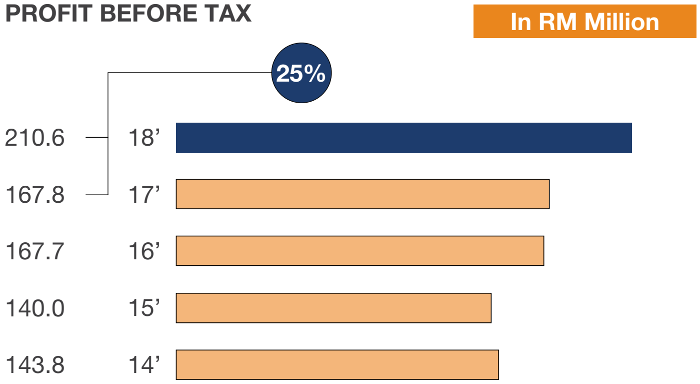
	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
COMPANY					
Total Income	**471,572**	407,626	378,147	323,762	298,915
Profit Before Taxation	**210,636**	167,849	167,730	140,030	143,766
Profit After Taxation	**210,636**	167,849	167,730	140,030	143,766
Profit Attributable to Shareholders	**210,636**	167,849	167,730	140,030	143,766
Total Equity	**3,311,293**	3,266,715	3,088,604	2,932,565	2,790,375
Total Asset	**4,620,019**	4,742,429	4,546,819	4,542,817	4,392,241

5-YEAR FINANCIAL SUMMARY AND HIGHLIGHTS

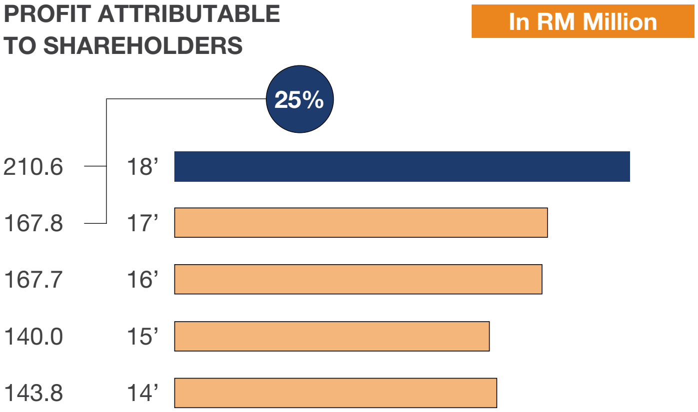
TOTAL INCOME



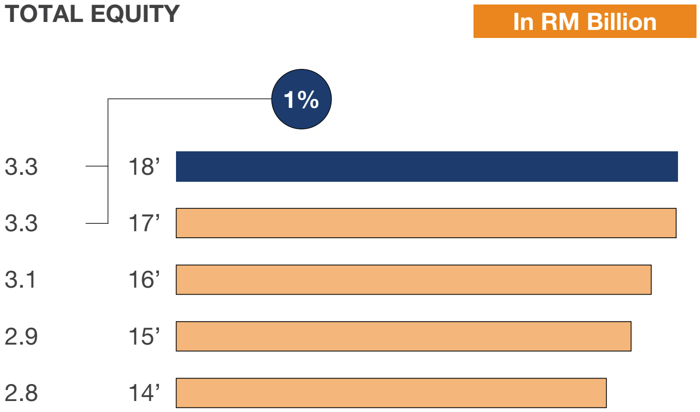
PROFIT BEFORE TAX



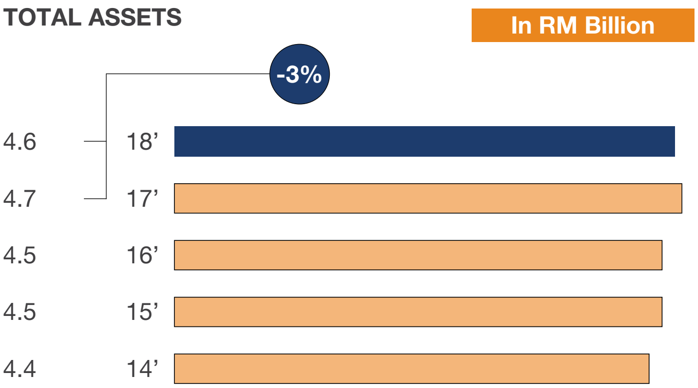
PROFIT ATTRIBUTABLE TO SHAREHOLDERS



TOTAL EQUITY



TOTAL ASSETS



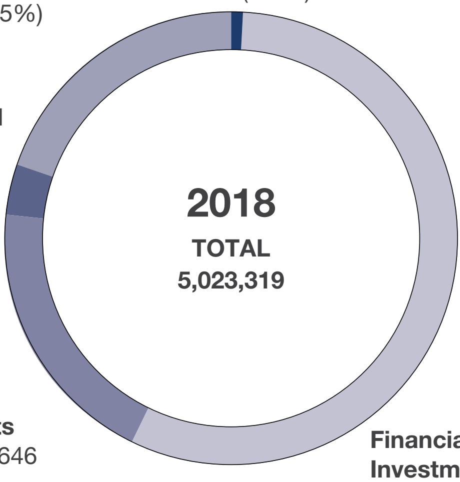
SIMPLIFIED STATEMENTS OF FINANCIAL POSITION

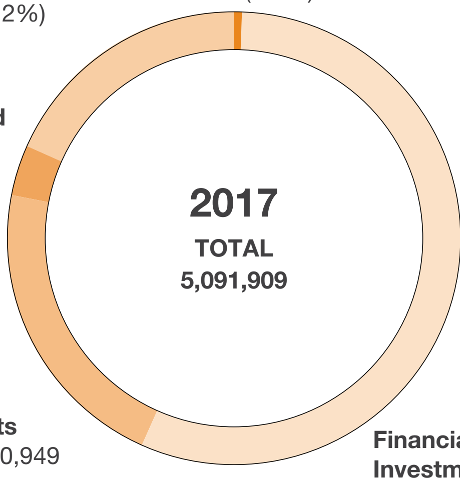
	2018		2017	
	RM'000	%	RM'000	%
GROUP				
PPE and Intangible Asset	**49,251**	**1.0%**	41,602	0.8%
Financial Investments	**2,826,029**	**56.3%**	2,856,593	56.1%
Term Deposits	**984,646**	**19.6%**	1,080,949	21.2%
Loans, Advances and Financing	**181,783**	**3.6%**	189,724	3.7%
Others	**981,610**	**19.5%**	923,041	18.2%
TOTAL	**5,023,319**	**100.0%**	5,091,909	100.0%

	2018		2017	
	RM'000	%	RM'000	%
COMPANY				
PPE and Intangible Asset	**43,742**	**1.0%**	35,706	0.8%
Financial Investments	**2,826,029**	**61.2%**	2,856,593	60.2%
Term Deposits	**984,646**	**21.3%**	1,080,949	22.8%
Loans, Advances and Financing	**181,783**	**3.9%**	189,724	4.0%
Others	**583,819**	**12.6%**	579,457	12.2%
TOTAL	**4,620,019**	**100.0%**	4,742,429	100.0%

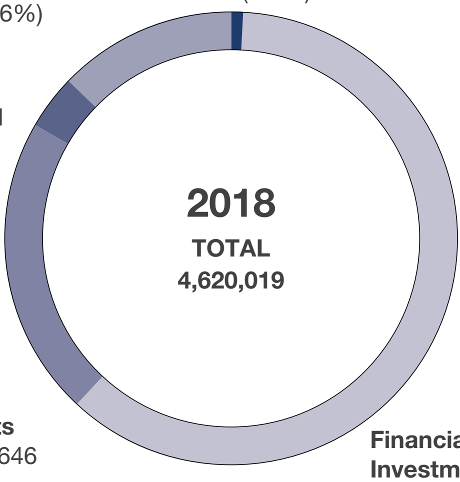
SIMPLIFIED STATEMENTS OF FINANCIAL POSITION

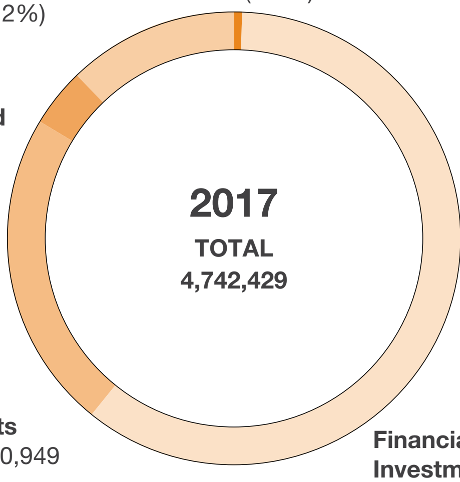
GROUP (RM'000)





COMPANY (RM'000)





OVERVIEW OF GUARANTEE AND FINANCING SCHEMES

GUARANTEE/FINANCING SCHEMES

In 2018, CGC managed a total of 17 guarantees/financing schemes; ten (10) of which fall under the Guarantee Schemes category, four (4) under the Direct Financing Schemes category, three (3) under the Government-backed Schemes category, Portfolio Guarantee Scheme and Wholesale Guarantee Scheme.

Our Guarantees/Financing schemes are as listed below:

GUARANTEE SCHEMES

- BizJamin
- BizJamin-i
- BizJamin Bumi
- BizJamin Bumi-i
- BizMaju
- BizSME
- Flexi Guarantee Scheme-i (SME-All Economic Sectors)
- Flexi Guarantee Scheme (SME-All Economic Sectors)

DIRECT FINANCING

- Tabung Projek Usahawan Bumiputera-i (TPUB-i)
- BizMula-i
- BizWanita-i
- BizBina-i

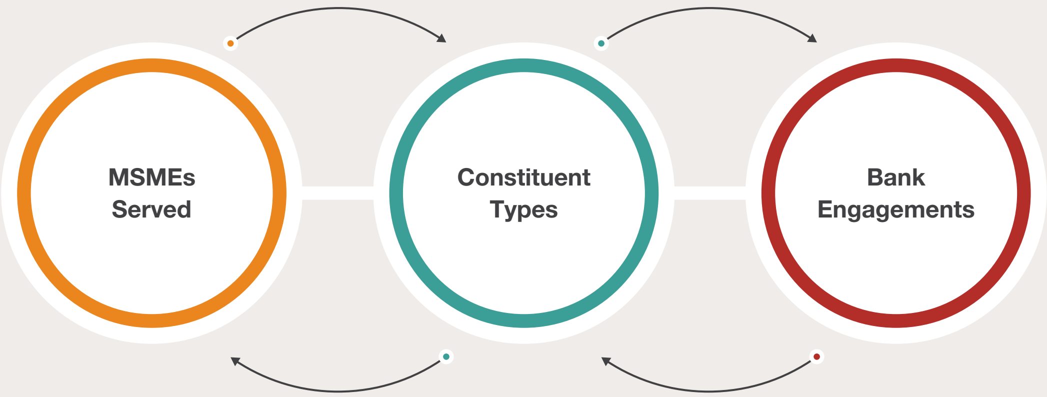
GOVERNMENT-BACKED SCHEMES

- Franchise Financing Scheme (FFS)
- Disaster Relief Facility 2017
- Disaster Relief Facility-i 2017

PORTFOLIO GUARANTEE SCHEME

WHOLESALE GUARANTEE SCHEME

THE USE OF CREDIT GUARANTEE SERVICES

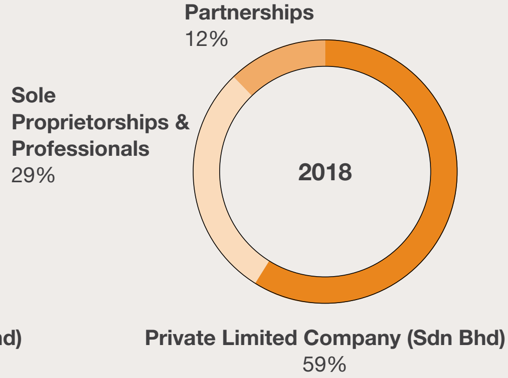


MORE THAN 340,000 MSMEs SERVED SINCE 1972

According to the nation's Economic Census 2016 Report, Malaysia has a total of 907,065 registered MSMEs. Since its establishment in 1972, CGC has served more than 340,000 and availed over 460,000 guarantees/financing that are valued at more than RM71 billion.

59% OF OUR CLIENTS ARE FROM THE PRIVATE LIMITED COMPANY CONSTITUENT

	2017			2018		
Constituent	**MSMEs**	**RM million**	**% MSME**	**MSMEs**	**RM million**	**% MSME**
Private Limited Company (Sdn Bhd)	6,046	2,873	70%	5,309	2,663	59%
Sole Proprietorships & Professionals	1900	304	22%	2,591	315	29%
Partnerships	691	203	8%	1,099	240	12%
	8,637	3,380	100%	8,999	3,219	100%

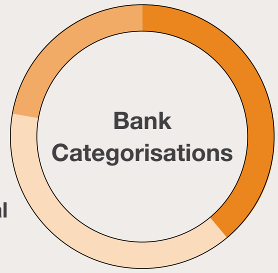


We made good progress in driving financial inclusion and provided more guarantee and financing to the smaller sized sole proprietorships, professionals and partnerships segment. The proportion of these customers compared to our entire customer base grew from 30% in 2017 to 41% in 2018.

OVERVIEW OF GUARANTEE AND FINANCING SCHEMES

OUR CREDIT GUARANTEES SERVICES ARE ENGAGED BY DIFFERENT BANK CATEGORIES

Bank Categorisations	Total Institutions
Conventional Financial Institutions	14
Islamic Financial Institutions	14
Development Financial Institutions	8
Grand Total	**36**



DISTRIBUTION OF GUARANTEES AND FINANCING

GUARANTEES/FINANCING – SECTOR (TOP 3)

Sector	MSMEs	RM million	% MSME
Wholesale, Retail Trade, Restaurant & Hotels	4,617	1,427	51%
Financing, Insurance, Real Estate & Business Services	1,820	586	20%
Manufacturing	982	481	11%
Others	1,580	724	18%
Grand Total	**8,999**	**3,218**	**100%**

GUARANTEES/FINANCING – STATE (TOP 3)

State	MSMEs	RM million	% MSME
Selangor	1,827	827	20%
W.P. Kuala Lumpur	1,246	593	14%
Johor	959	350	11%
Others	4,967	1,449	55%
Grand Total	**8,999**	**3,219**	**100%**

GUARANTEES/FINANCING APPROVED – LOAN RANGE

Loan Range	MSMEs	RM million	% MSME
100,000 below	3,040	193	33%
100,001 - 500,000	4,394	1,416	49%
500,001 - 1,000,000	1,348	1,114	15%
1,000,001 - 2,000,000	147	236	2%
2,000,001 above	70	260	1%
Grand Total	**8,999**	**3,219**	**100%**

Ahmad Kamal Chik

Puncak Bumi Utama Sdn Bhd

Seberang Prai Selatan,
Pulau Pinang

Ahmad Kamal started Puncak Bumi Utama, a furniture manufacturing company in 2001. Over the years, the company positioned itself strategically as a one stop centre for designing, fabrication, installation and maintenance of furniture and accommodation facilities, particularly among the education institutions.

As the number of universities increased, the company grew from a small manufacturing outfit to a medium size enterprise. Puncak Bumi Utama, one of the MSMEs under Tabung Projek Usahawan Bumiputera (TPUBI) obtained financing under the Direct Access Financing Scheme (DAGS) in 2006.

In 2016, Puncak Bumi Utama supplied furniture to 31 MRT stations including the Sungai Buloh Depot and Kajang Depot.

Ahmad Kamal records his appreciation to the CGC Prai Branch for their unwavering support. He has developed a strong relationship with the CGC Prai Branch since obtaining his first guarantee and financing for working capital.

The company has been receiving continuous support and advice from CGC Prai to further develop its business in the furniture market. The strong support from CGC which was specially tailored to meet the company's requirement proves that a company without any proper track record is still able to grow.

"Without CGC's financing and guidance, there is no way my business would be where it is now. Alhamdulillah, my gratitude goes to CGC for always being very supportive to the MSMEs to grow their business to another level in the industry."

In the next 5 years, Puncak Bumi Utama is looking to penetrate into larger markets both locally and internationally, says Ahmad Kamal, a former civil servant.

"To all aspiring MSMEs out there, be consistent in whatever you do. Please step up to seek assistance and guidance. Do your best and grow your business well," Ahmad Kamal adds.

BOARD OF DIRECTORS

1 **DATO' AGIL NATT**
Independent Non-Executive Director (Chairman)

2 **ADNAN ZAYLANI MOHAMAD ZAHID**
Non-Independent Non-Executive Director

3 **DATUK DAVID CHUA KOK TEE**
Independent Non-Executive Director

4 **DATO' HAJI SYED MOHEEB SYED KAMARULZAMAN**
Independent Non-Executive Director

5 **TEOH KOK LIN**
Independent Non-Executive Director

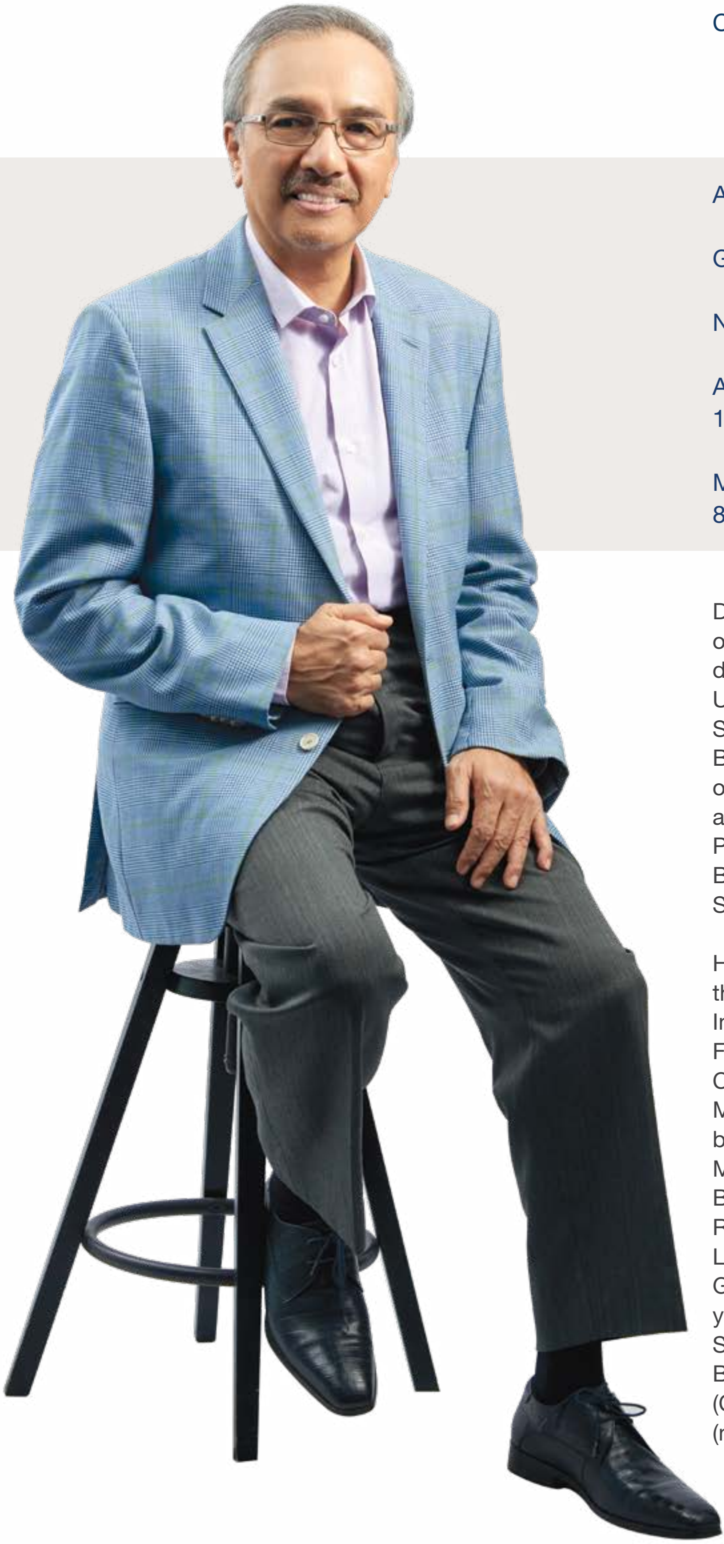
7 **DATO' ONG ENG BIN**
Independent Non-Executive Director

9 **CHOONG TUCK OON**
Independent Non-Executive Director

6 **SURESH MENON**
Independent Non-Executive Director

8 **NADZIRAH ABD. RASHID**
Independent Non-Executive Director

BOARD OF DIRECTORS



DATO' AGIL NATT

Independent Non-Executive Director
Chairman

Age: 67

Gender: Male

Nationality: Malaysian

Appointed:
18 June 2013

Meeting Attendance:
8/8 (100%)

Chairman of Board Nomination and Remuneration Committee

Dato' Agil Natt holds a Bachelor of Science in Economics (Hons) degree from Brunel University, United Kingdom and a Master of Science in Finance from the Cass Business School, City, University of London. Dato' Agil Natt also attended the Advance Management Programme (AMP 163) at Harvard Business School in the United States.

He brings vast experience in the areas of Corporate Banking, Investment Banking and Islamic Finance, having started his career in Corporate Finance with Bumiputra Merchant Bankers Berhad in 1977 before serving as Senior General Manager with Island & Peninsular Berhad. He was also the Chief Representative of Kleinwort Benson Limited before joining Maybank Group in 1995. In the ensuing years, Dato' Agil Natt served as Senior General Manager, Corporate Banking, Chief Executive Officer (CEO) of Aseambankers Berhad (now known as Maybank Investment Bank Berhad), and Deputy President/Executive Director of Maybank. He left Maybank Group to assume the position of President and Chief Executive Officer (PCEO) of the International Centre for Education in Islamic Finance (INCEIF), the Global University of Islamic Finance established by Bank Negara Malaysia.

Dato' Agil Natt currently serves as the Non-Executive Chairman of Manulife Insurance Berhad and Manulife Asset Management Services Berhad. He is also a Non-Executive Director of Sogo (KL) Department Store Sdn Bhd, Cagamas Berhad and Investment Panel member of the Employees Provident Fund (EPF).

He does not have any conflict of interest or any family relationship with any Director and/or major shareholder of CGC. He has not been charged and/or convicted for any offence.

ADNAN ZAYLANI MOHAMAD ZAHID

Non-Independent Non-Executive Director

Age: 48

Gender: Male

Nationality: Malaysian

Appointed:
18 October 2018

Meeting Attendance:
1/2 (50%)

Member of Board Governance and Audit Committee

Member of Board Nomination and Remuneration Committee

Member of Board Risk Management Committee

Adnan Zaylani Mohamad Zahid holds a Master in Public Policy from Blavatnik School of Government, University of Oxford, a Master of Science in Global Market Economics and a Bachelor of Science in Economics from the London School of Economics and Political Science, United Kingdom.

He is the Assistant Governor of Bank Negara Malaysia (BNM) responsible for Financial Development and Innovation, Islamic Banking and Takaful, Insurance Development, Development Finance and Inclusion and Legal. Previously, he held responsibilities and oversight over Investment Operations and Financial Markets, Foreign Exchange Administration and Currency Management and Operations.

With over 20 years of experience in financial markets, Adnan Zaylani has contributed to various policy and development initiatives. He is a member of the Management Committee, Strategic Management Committee and Reserve Management Committee of BNM. Currently, he serves as an Investment Panel Member of the Employees Provident Fund (EPF), Member of Labuan Financial Services Authority, Board Executive Committee Member of the International Islamic Liquidity Management Corporation and Executive Committee Member and Audit Committee Member of the International Centre for Education in Islamic Finance (INCEIF).

He does not have any conflict of interest or any family relationship with any Director and/or major shareholder of CGC, except by virtue of being a representative of BNM. He has not been charged and/or convicted for any offence.

DATUK DAVID CHUA KOK TEE

Independent Non-Executive Director

Age: 71

Gender: Male

Nationality: Malaysian

Appointed:
15 February 2013

Meeting Attendance:
8/8 (100%)

Chairman of Board Risk Management Committee

Member of Board Investment Committee

Member of Board Bumiputera Development Committee

Member of Board IT Committee

Datuk David Chua Kok Tee holds a Bachelor of Arts Degree (B.A. Hons) from University of Malaya and had been conferred an Honorary Doctor of Business Degree (Ph.D. Hon) by University of Malaya in 2016.

He is the Managing Director of DC&A Group of Companies, which is involved in housing and property development including holiday resorts. He has vast experience in both commercial and industrial sectors.

In the past, Datuk David Chua rendered voluntary services through numerous key and senior positions in Trade Associations, Chambers of Commerce and Industry as well as Government appointed positions. Some of the key positions held by him include; Director of the Board of University of Malaya from 2007-2015, Chairman of UM Holdings Sdn Bhd (the commercial and investment wing wholly-owned by University of Malaya) from September 2009 - April 2015, Chairman and later remained as a Board Member of UM Specialist Centre Sdn Bhd (UMSC) from 2009-2015, Member of Consultation and Prevention Panel of the Malaysian Anti-Corruption Commission (MACC) and Member of Advisory Board of Dewan Bandaraya Kuala Lumpur (DBKL). He was appointed to the National Economic Consultative Council (MAPEN I 1990) and reappointed to MAPEN II in 1999 as Deputy Chairman.

Currently, he is the Director of Malaysia-China Business Council (MCBC) and Adviser of the Chinese Chamber of Commerce & Industry of Kuala Lumpur and Selangor (KLSCCCI). Datuk David Chua also serves as a Member of the Small Debt Restructuring Committee (SDRC) of Bank Negara Malaysia, Member of Anti-Corruption Advisory Board (ACAB) of the MACC and Council Member for Entrepreneurship for National Higher Education, Ministry of Higher Education Malaysia (MOHE) for the period 2018-2020.

He does not have any conflict of interest or any family relationship with any Director and/or major shareholder of CGC. He has not been charged and/or convicted for any offence.

DATO' HAJI SYED MOHEEB SYED KAMARULZAMAN

FCII, FCIIFP, Senior Associate CIP

Independent Non-Executive Director

Age: 65

Gender: Male

Nationality: Malaysian

Appointed:
15 January 2014

Meeting Attendance:
6/8 (75%)

Chairman of Board Bumiputera Development Committee

Member of Board Nomination and Remuneration Committee

Member of Board Risk Management Committee

Member of Board IT Committee

Dato' Haji Syed Moheeb Syed Kamarulzaman is a Fellow of the Malaysian Insurance Institute, a Fellow of the Chartered Institute of Islamic Finance as well as a Senior Associate CIP of the Australian New Zealand Institute of Insurance and Finance Professionals.

His experience in the conventional insurance, reinsurance and takaful industry spans over 43 years, whereby he helmed several local and multi-national direct insurance, reinsurance and takaful companies. Dato' Haji Syed Moheeb was a former Chairman of the Malaysian Takaful Association, former Management Committee member of the General Insurance Association of Malaysia and former Chief Executive Officer (CEO) of the Malaysian Insurance Institute (MII).

Currently, Dato' Haji Syed Moheeb Syed Kamarulzaman sits on the Board of Credit Bureau Malaysia Sdn Bhd (CBM) and the Board of Standard Chartered Saadiq Berhad. He is an Adjunct Professor at the School of Business and Management of Universiti Teknologi Mara and School of Economics, Business and Finance of Universiti Utara Malaysia.

He does not have any conflict of interest or any family relationship with any Director and/or major shareholder of CGC. He has not been charged and/or convicted for any offence.

Fellowship of the Chartered Insurance Institute (FCII)
Fellowship of the Chartered Institute of Islamic Finance (FCIIFP)
Certified Insurance Professionals (CIP)

BOARD OF DIRECTORS

TEOH KOK LIN

CFA

Independent Non-Executive Director

Age: 56

Gender: Male

Nationality: Malaysian

Appointed:
27 June 2014

Meeting Attendance:
8/8 (100%)

Chairman of Board Investment Committee

Member of Board Risk Management Committee

Member of Board IT Committee

Teoh Kok Lin graduated top of his class in Master of Science in Industrial Administration (MBA equivalent) from Purdue University in the United States. Prior to that, he earned first class (Honours) double degrees in Electrical Engineering and Commerce (Finance). He is one of the earliest Chartered Financial Analysts (CFA) in Malaysia and is a former President of the CFA Society Malaysia.

Teoh Kok Lin is the Founder and Chief Investment Officer of Singular Asset Management Sdn Bhd, a fund management company established in 2002 and licensed by the Securities Commission of Malaysia. He is also the Founder and Chief Investment Officer of Singular Asset Management (Singapore) Ltd, a registered fund manager with the Monetary Authority of Singapore.

He has more than 31 years of Banking, Credit and Investment experience with financial institutions, starting his career with Citicorp Citibank Malaysia in 1987. He subsequently joined Barings Malaysia, HSBC Research Malaysia and UOB Kay Hian Singapore. He continues to travel extensively across ASEAN and North Asia for research and company visits while managing funds for institutions and high net worth clients.

He is an Alternate Member of the General Council of National Chamber of Commerce and Industry of Malaysia. He serves as the Chairman of the Digital Economy Committee and Deputy Chairman of Socio-Economic Research Consultative Committee of the Associated Chinese Chamber of Commerce and Industry of Malaysia. In addition, Teoh Kok Lin is also the Chairman of the Digital Economy Committee for the Chinese Chamber of Commerce & Industry of Kuala Lumpur and Selangor.

He does not have any conflict of interest or any family relationship with any Director and/or major shareholder of CGC. He has not been charged and/or convicted for any offence.

SURESH MENON

Independent Non-Executive Director

Age: 61

Gender: Male

Nationality: Malaysian

Appointed:
17 July 2014

Meeting Attendance:
8/8 (100%)

Member of Board Risk Management Committee

Member of Board Investment Committee

Member of Board Governance and Audit Committee

Suresh Menon was appointed as Non-Executive Chairman of Credit Bureau Malaysia Sdn Bhd (CBM), a subsidiary of CGC on 17 July 2014. He also sits on the Board of Danajamin Nasional Berhad, an associate company of CGC effective 11 May 2018.

He graduated from the University of Madras with a Bachelor of Technology, majoring in Chemical Engineering in 1979. He obtained his Master in Business Management from the Asian Institute of Management Philippines in 1985.

Suresh Menon has close to 39 years of experience in various sectors such as manufacturing and the international financial and debt markets. His expertise encompasses credit analysis and rating methodology, corporate governance and best practices of rating processes.

He played an instrumental role in the setting up of RAM Holdings Berhad (formerly known as Rating Agency Malaysia Berhad). For 18 years, he facilitated numerous services and was on the forefront to ensure the agency reached its pinnacle. He was a Board Member at RAM and a member of its Rating Committee. His last position with RAM was as an Executive Director.

Suresh Menon also participated in developmental projects with international bodies namely the Asian Development Bank (ADB), APEC Business Advisory Council and the Association of Credit Rating Agencies in Asia (ACRAA). He was the Chairman of the ACRAA Training Committee and a member of the Main Committee of the Malaysian Corporate Governance Index 2009, 2010 and 2011 for the Minority Shareholder Watchdog Group (MSWG).

Since 2010, he has been an Independent Capital Market Consultant providing consultancy and training to financial agencies, World Bank and regulatory authorities in many countries.

He does not have any conflict of interest or any family relationship with any Director and/or major shareholder of CGC. He has not been charged and/or convicted for any offence.

DATO' ONG ENG BIN

Independent Non-Executive Director

Age: 56

Gender: Male

Nationality: Malaysian

Appointed:
14 October 2014

Meeting Attendance:
7/8 (87.5%)

Member of Board Governance and Audit Committee

Member of Board Nomination and Remuneration Committee

Member of Board Bumiputera Development Committee

Dato' Ong Eng Bin earned his Bachelor of Accounting & Finance degree from the University of Manchester, United Kingdom.

He brings vast experience in the area of Corporate Banking. His career in corporate banking spanning 31 years started at OCBC Bank Malaysia Berhad (OCBC) in 1988. In 2004, he was appointed as Head of Corporate Banking and later promoted to Head of Business Banking in 2012, with responsibilities covering corporate and commercial, emerging business and transaction banking.

Currently, Dato' Ong Eng Bin is the Chief Executive Officer (CEO) of OCBC. He assumed the role in August 2014. He is also a Council Member of Asian Institute of Chartered Bankers (AICB) and the Association of Banks in Malaysia (ABM), Director of the Asian Banking School (ABS) as well as the Chairman of Pac Lease Sdn Bhd.

He does not have any conflict of interest or any family relationship with any Director and/or major shareholder of CGC, except for his role as the CEO of OCBC. He has not been charged and/or convicted for any offence.

NADZIRAH ABD. RASHID

Independent Non-Executive Director

Age: 56

Gender: Female

Nationality: Malaysian

Appointed:
22 October 2015

Meeting Attendance:
8/8 (100%)

Chairman of Board Governance and Audit Committee

Member of Board Nomination and Remuneration Committee

Member of Board Investment Committee

Member of Board Bumiputera Development Committee

Nadzirah Abd. Rashid graduated with a Bachelor's Degree in Accountancy from University of South Australia. Nadzirah is also a Fellow of CPA Australia and a member of Malaysian Institute of Accountants (MIA).

She brings over 29 years of professional experience in securities market and banking industry, having started her career in Bank Negara Malaysia (BNM) as a bank examiner before moving on to head the finance function of a financial institution. In 1999, Nadzirah joined Bursa Malaysia Group, holding various positions in Finance and Administration divisions of the companies within the Group. She was the Chief Financial Officer of Bursa Malaysia Berhad from 2006 to 2014.

Nadzirah also serves as an Independent Non-Executive Director of CIMB Investment Bank Berhad.

She does not have any conflict of interest or any family relationship with any Director and/or major shareholder of CGC. She has not been charged and/or convicted for any offence.

CHOONG TUCK OON

Independent Non-Executive Director

Age: 60

Gender: Male

Nationality: Malaysian

Appointed:
20 January 2017

Meeting Attendance:
8/8 (100%)

Chairman of Board IT Committee

Member of Board Governance and Audit Committee

Choong Tuck Oon holds a Bachelor of Science (First Class) in Mathematics from the University of Malaya and Master of Science in Computer Applications from the Asian Institute of Technology and Executive Diploma in Directorship from Singapore Management University.

He specialises in technology, strategy and transformation for banking and insurance. He is active in the ASEAN digital start-up ecosystem whereby his advice on digital and Fintech programmes are highly sought-after.

Choong Tuck Oon was with Accenture for 25 years and retired as Senior Partner in the Asia-Pacific Financial Services practice. He led strategic initiatives with more than 20 large domestic and global banks and insurers in Malaysia, Singapore, Indonesia, Thailand, China, Hong Kong and Taiwan, including national payment projects in Malaysia and Singapore. He has also been active in voluntary NGO initiatives such as advised a consortium of international aid agencies on core systems for the launch of bank-of-banks for microfinance in Indonesia and advised a global wildlife/nature agency on a new growth strategy for eleven countries in Asia. Choong Tuck Oon started his career in Petronas where he held executive positions in various upstream and downstream functions for more than 7 years.

He served as an Independent Non-Executive Director on the Boards of RHB Bank, RHB Islamic Bank, RHB Indochina Bank, RHB Indochina Securities and RHB Private Equity.

Currently, Choong Tuck Oon is an Independent Non-Executive Director on the Boards of FIDE Forum Malaysia, Star Media Group Berhad and NTUC Income Insurance Cooperative Singapore.

He does not have any conflict of interest or any family relationship with any Director and/or major shareholder of CGC. He has not been charged and/or convicted for any offence.


CGC

Syarikat Kereta Kim Soon Fatt

Seremban, Negeri Sembilan

Khoo Kim Hong

“I am from Seremban, Negeri Sembilan. I was a shop assistant in my hometown before becoming an MSME as I slowly ventured into the automotive business. It all started when I got to know about CGC from one of the banks that I went to enquire on business financing.”

I walked into the CGC Seremban branch to seek advice on financial assistance. Without much hassle, I received a Letter of Guarantee from CGC. It was the Direct Access Guarantee Scheme for working capital.

Khoo no longer needs our guarantee and said he is very thankful to CGC for helping him to grow his business. He believes his recipe for success is hard-work, having a good business strategy, being focused and wiling to learn.

“I am planning to expand my business in this region in the next 5 years and to get more market share in the automotive industry. I would definitely share my CGC journey with MSMEs in my circle so that they too can benefit. My advice to all aspiring MSMEs, always think out of the box to unlock your potential in business!”

MANAGEMENT TEAM

1 **DATUK MOHD ZAMREE MOHD ISHAK**
President/Chief Executive Officer

2 **RAHIM RADUAN**
Chief Corporate Officer

3 **SHAZMEER MOKHTAR**
Chief Financial Officer

4 **LEONG WENG CHOONG**
Chief Business Officer

5 **YUSHIDA HUSIN**
Chief Technology & Operations Officer

6 **K. PERBAGARAN**
Chief Risk Officer

7 **ZARINA OSMAN**
Chief Credit Officer

8 **FAKRUL AZMI MOHAMAD**
Chief Internal Auditor

9 **DAENG HAFEZ ARAFAT ZUHUD**
General Counsel & Company Secretary

MANAGEMENT TEAM

DATUK MOHD ZAMREE MOHD ISHAK

President/Chief Executive Officer

Date Joined: 1 January 2015

Qualifications

- Bachelor of Science in Business Administration, Saint Louis University, USA
- Master in Business Administration (Finance), University of Hull, UK
- Asian International Executive Programme, INSEAD
- Chartered Professional in Islamic Finance
- Global Leadership Development Programme, ICLIF
- Advanced Management Programme (AMP 191), Harvard Business School, USA

Working Experience

30 years of experience in banking operations, corporate banking, consumer banking and Islamic finance. Held the following key positions:

- Executive Assistant to the President/Chief Executive Officer, Malayan Banking Berhad (Maybank)
- Vice President of Consumer Banking, Maybank
- Executive Vice President of Corporate Banking, Maybank
- Chief Operations Officer, INCEIF – The Global University of Islamic Finance

Awards

- Outstanding CEO Award by the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)
- Sustainability Leader of the Year by the European Organisation for Sustainable Development, ADFIAP and the Association of African Development Finance Institutions in collaboration with the City of Karlsruhe, Germany

RAHIM RADUAN

Chief Corporate Officer

Date Joined: 2 May 2018

Qualifications

- Bachelor of Accounting & Finance, University of East London, UK
- Member of Financial Planning Association of Malaysia (FPAM)
- Member of Malaysian Financial Planning Council (MFPC)
- CIMB-INSEAD Leadership Programme, INSEAD France
- Member of the Malaysian Institute of Accountants (MIA)
- Fellow of the Association of Chartered Certified Accountants (ACCA), UK

Working Experience

20 years of experience in investment banking, consumer banking, wealth management, fund management, automotive, infrastructure, property development and business advisory. Held the following key positions:

- Director of CIMB Private Equity & Venture Capital, CIMB Investment Bank Berhad
- General Manager of Group Finance, Proton Holdings Berhad
- Chief Operating Officer, CIMB Wealth Advisors Berhad
- Managing Director and Chief Operating Officer, CIMB-Principal Asset Management Berhad
- Managing Director and Head of Operations & Service Support, CIMB Bank Berhad
- Director in Group MD/CEO's Office, UEM Group Berhad

SHAZMEER MOKHTAR

Chief Financial Officer

Date Joined: 2 May 2018

Qualifications

- Bachelor of Arts (Hons.) Accounting & Finance, London Southbank University, UK
- Negotiation & Influencing Skills Programme at London Business School, UK
- Member of the Malaysian Institute of Accountants (MIA)
- Member of the Malaysian Institute of Certified Public Accountants (MICPA)
- Member of the Institute of Chartered Certified Accountants England & Wales (ICAEW)
- Fellow of Association of Chartered Certified Accountants (ACCA), UK
- Edward S. Mason Fellow, Harvard Kennedy School, USA
- Master in Public Administration, Harvard University, USA

Working Experience

Over 15 years of experience with Bank Negara Malaysia (BNM) in Supervision, Regulation, Investments and Corporate Strategy sectors. Held the following key position:

- Deputy Director of BNM

He was instrumental to several strategic initiatives to position Malaysia as International Islamic Finance marketplace. This includes his involvement in the BNM-SC-World Bank technical working group which facilitated the issuance of world's first Green sukuk in 2017. He also led the origination and structuring of the world's first liquidity instruments based on mudharabah.

Awards

- Academic Excellence Award by BNM (2006)

MANAGEMENT TEAM

LEONG WENG CHOONG

Chief Business Officer

Date Joined: 15 July 2015

Qualifications

- Bachelor of Commerce, University of Western Australia

Working Experience

Over 20 years of experience in Credit and Marketing, Collections and Recoveries, Operations, Cash Management, Product Development and SME Bancassurance. Held the following key positions:

- Assistant Vice President and Head of Product, OCBC Bank (M) Berhad
- Vice President of Cash Management, OCBC Bank (M) Berhad
- General Manager of Retail SME, Hong Leong Bank Berhad

YUSHIDA HUSIN

Chief Technology & Operations Officer

Date Joined: 1 April 2016

Qualifications

- Bachelor of Science (Statistics), University of Illinois Urbana Champaign, USA

Working Experience

Over 20 years of experience in Project Management, Corporate Planning, Process Improvement, Organisation and Methods, Corporate Services and Support Functions. Held the following key positions:

- Chief Corporate Services Officer, Takaful Ikhlas Berhad
- Consultant, Accenture Malaysia

K. PERBAGARAN

Chief Risk Officer

Date Joined: 1 August 2005

Qualifications

- Bachelor of Accountancy (Hons.), Universiti Utara Malaysia (UUM)
- Master of Business Administration, Cardiff Metropolitan University, UK
- Certified Internal Auditor (CIA) from the Institute of Internal Auditors Malaysia
- Chartered Accountant (Malaysia)
- Advance Credit Enhancer (ACED), CGC - Institute Bank-Bank Malaysia (IIBM)
- Associate Member of the Institute of Internal Auditors Malaysia (IIAM)
- Associate Member of the Malaysian Institute of Accountants (MIA)

Working Experience

Over 20 years of working experience in Audit & Risk Management. Held the following key positions:

- Head of Branch Audit, Affin Bank Berhad
- Head of Internal Audit, CGC
- Senior Manager of Asset Management, CGC

ZARINA OSMAN

Chief Credit Officer

Date Joined: 3 April 2017

Qualifications

- Bachelor of Accountancy (Hons.), University of Malaya
- Certified Credit Professional (CCP) from Institute Bank-Bank Malaysia (IIBM)
- Banking Credit Specialist from the Islamic Bank and Finance Institute Malaysia (IBFIM)
- Islamic Professional Credit Certification from the Islamic Bank and Finance Institute Malaysia (IBFIM)

Working Experience

Over 20 years of experience in business credit and credit management covering the entire Business Banking portfolio – Investment, Treasury and Capital Markets, Corporate, Commercial and Retail Business. Held the following key positions:

- Head of Credit Management, Kuwait Finance House Bhd
- Held Senior positions in Bank Muamalat Malaysia Bhd and RHB Islamic Bank Bhd subsequent to a career stint in Amanah Merchant Bank Bhd
- Amongst the pioneer team of RHB Islamic Bank Bhd, which established the first Islamic Window Subsidiary in the country

FAKRUL AZMI MOHAMAD

Chief Internal Auditor

Date Joined: 2 October 2018

Qualifications

- BA (Accounting & Financial Management), University of Sheffield, UK
- Certified Internal Auditor (CIA) from the Institute of Internal Auditors Malaysia
- Certified Credit Professional (CCP) from the Institute Bank-Bank Malaysia
- Chartered Global Management Accountant (CGMA) from the American Institute of Certified Public Accountants
- Associate Chartered Management Accountant (ACMA) from the Chartered Institute of Management Accountants, UK
- Member of the Certified Bank Auditor (CBA) Examination Committee

Working Experience

Over 20 years of experience in financial services sector and had successfully implemented best audit practices and improved audit activity coverage. Held the following key positions:

- Chief Internal Auditor, Malaysia Debt Ventures Berhad
- Chief Internal Auditor, Malaysia Development Bank Berhad
- Chief Internal Auditor, Asian Finance Bank Berhad

DAENG HAFEZ ARAFAT ZUHUD

General Counsel & Company Secretary

Date Joined: 4 May 2015

Qualifications

- Bachelor of Laws (Hons.), International Islamic University Malaysia (IIUM)
- Licensed Company Secretary of Companies Commission of Malaysia
- Advocate and Solicitor of the High Court of Malaya. Admitted on 18 March 1995

Working Experience

Over 20 years of experience in legal, company secretarial and human resource of telecommunication, hotel & property development, aerospace, oil & gas and financial services industries. Served the following key positions:

- Assistant Vice President, Group Corporate Secretarial, Maybank cum Company Secretaries of Maybank Asset Management Group of Companies and Maybank (Cambodia) Plc
- Senior Manager, Legal & Human Resources of Intraline Group of Companies
- Senior Manager, Legal & Company Secretarial cum Joint Company Secretary of Lankhorst Bhd
- Manager, Legal & Corporate Services cum Company Secretary of Aerospace Technology Systems Corp. Sdn Bhd

MOHAMED AZMAN MOHAMED TAUFIK

Senior Vice President, Bumiputera Development & Products

Date Joined: 4 February 2015

Qualifications
- Bachelor of Management Studies, University of Waikato, New Zealand

Working Experience

Over 28 years of experience in banking and financial sectors both in Malaysia and Indonesia. Held the following key positions:
- Senior Account Manager, Malayan Banking Berhad
- Associate Director, Danajamin Nasional Berhad
- Associate Director, The Bank of Nova Scotia Berhad

WONG KEET LOONG

Senior Vice President, Marketing & Sales

Date Joined: 1 April 2015

Qualifications
- The Association of Chartered Certified Accountants (ACCA) from Emile Woolf International in London, UK

Working Experience

Over 20 years of experience in banking, managing branches' sales performance, overall profitability and business growth, resource planning and business change management during the merger of Hong Leong Bank Bhd and EON Bank Bhd. Held the following key positions:
- Senior Manager, Consumer Business Head, Damansara Utama Branch, OCBC Bank
- Vice President, Regional Head, Central Region, EON Bank Bhd
- Assistant General Manager, Resource Planning & Development, Hong Leong Bank Bhd

MANAGEMENT TEAM

SUM LENG KUANG

Head, Investment

Date Joined: 1 September 2015

Qualifications
- Bachelor of Commerce (Finance), University of Canterbury, New Zealand
- Certified Financial Planner

Working Experience

Over 30 years of experiences in fund management, particularly in the areas of managing fixed income investment portfolios, credit evaluation and credit risk management. Held the following key positions:
- Senior Vice President, Head of Fixed Income Investment at Great Eastern Life Assurance (Malaysia) Berhad
- Acting CEO, Hong Leong Asset Management Berhad

MOHD REZA MOHD HATTA

Senior Vice President, Strategic Management

Date Joined: 1 April 2017

Qualifications
- Bachelor of Accountancy (Hons.), Universiti Utara Malaysia
- Affiliate of the Association of Chartered Certified Accountant (ACCA)

Working Experience

Over 16 years of working experience in Audit, Banking and Oil & Gas. Held the following key positions:
- Head of Strategic Planning and Special Assistant to the President/CEO at EXIM Bank Berhad
- Acting CEO of Alkhair International Islamic Bank

MOHD SUKERI ISMAIL

Senior Vice President, Operations

Date Joined: 6 May 1996

Qualifications
- Diploma from Indiana University, USA
- Bachelor of Science in Business Administration (Finance), Creighton University, USA

Working Experience
Over 22 years of experience in Shared/Full Risk and Financing Applications. Held the following key positions:
- Branch Executive, Hong Leong Finance Berhad
- Branch Manager, Hong Leong Finance Berhad

ZAINAL MAT AINI

Senior Vice President, Human Capital and Administration

Date Joined: 3 September 2018

Qualifications
- Bachelor in Linguistics and Communications, Universiti Putra Malaysia
- Master of Science in Human Resource Development, Universiti Putra Malaysia

Working Experience
Over 25 years of experience as a HR Head. Held the following key positions:
- Senior Vice President, Human Resources, Agrobank Berhad
- Senior Vice President, Human Resources, UDA Holdings Berhad
- General Manager, UMW Holdings Berhad

WAI KO-CHI

Senior Vice President, Information Technology

Date Joined: 15 June 2017

Qualifications

- Bachelor of Engineering (Hons, Mechanical), University of Malaya

Working Experience

Over 20 years of experience with various national and international organisations covering global and regional projects. Held the following key positions:

- Architect, Hewlett Packard Malaysia
- Senior Manager, Aristal Solutions Sdn Bhd
- Chief Engineer, DXC Technology/Hewlett Packard Enterprise


CGC
POWERING
MALAYSIAN
SMEs
RECEPTION COUNTER
CGC CLIENT CHARTER

In January 2017, Umi Hani took over Yes Good Pharmacy from one of her close friends. As the business just started, it was challenging as customers preferred to go to other pharmacies to obtain their medication.

Over the years, the company has positioned itself strategically to be an established medicine supplier in Lumut. The number of customers began to grow and this saw the business expanding, with more staff hired.

Umi is proud that she has developed Yes Good Pharmacy into a successful MSME with CGC's BizWanita-i. With the continuous support from her husband, Ahmad Syarizal Mohd Sapian, and guidance from CGC, the pharmacy is now one of the best in Lumut.

Umi found out about CGC from a bank that she approached for a loan. CGC gave her financing despite Umi being a new entrepreneur with no collateral. Umi thanks the CGC Ipoh Branch for being supportive of her business.

"I am so happy to see the progress of my business. Within two years, I have come this far. In the next 5 years, I am looking forward to opening another branch in Perak and to bring in more supplies to meet market demand. CGC has always supported MSMEs, enabling them to take their business to the next level."

"To all aspiring MSMEs out there, don't be shy to ask for guidance and assistance. Work hard, never give up. Give your best in whatever you do", she added.

Umi Hani Mohd Asmawi

Yes Good Pharmacy

Lumut, Perak

ORGANISATION STRUCTURE

BOARD OF DIRECTORS

PRESIDENT/CHIEF EXECUTIVE OFFICER

Business

Marketing & Sales

- SME Advisory & Marketing
- FIs (Conventional)
- Branch Sales Management
  - Branches

Bumiputera Development & Products

- GLCs/Govt. Agencies
- Islamic FIs/ DFIs
- Bumiputera Private Sector
- Product Implementation
- Client Service Centre

Credit

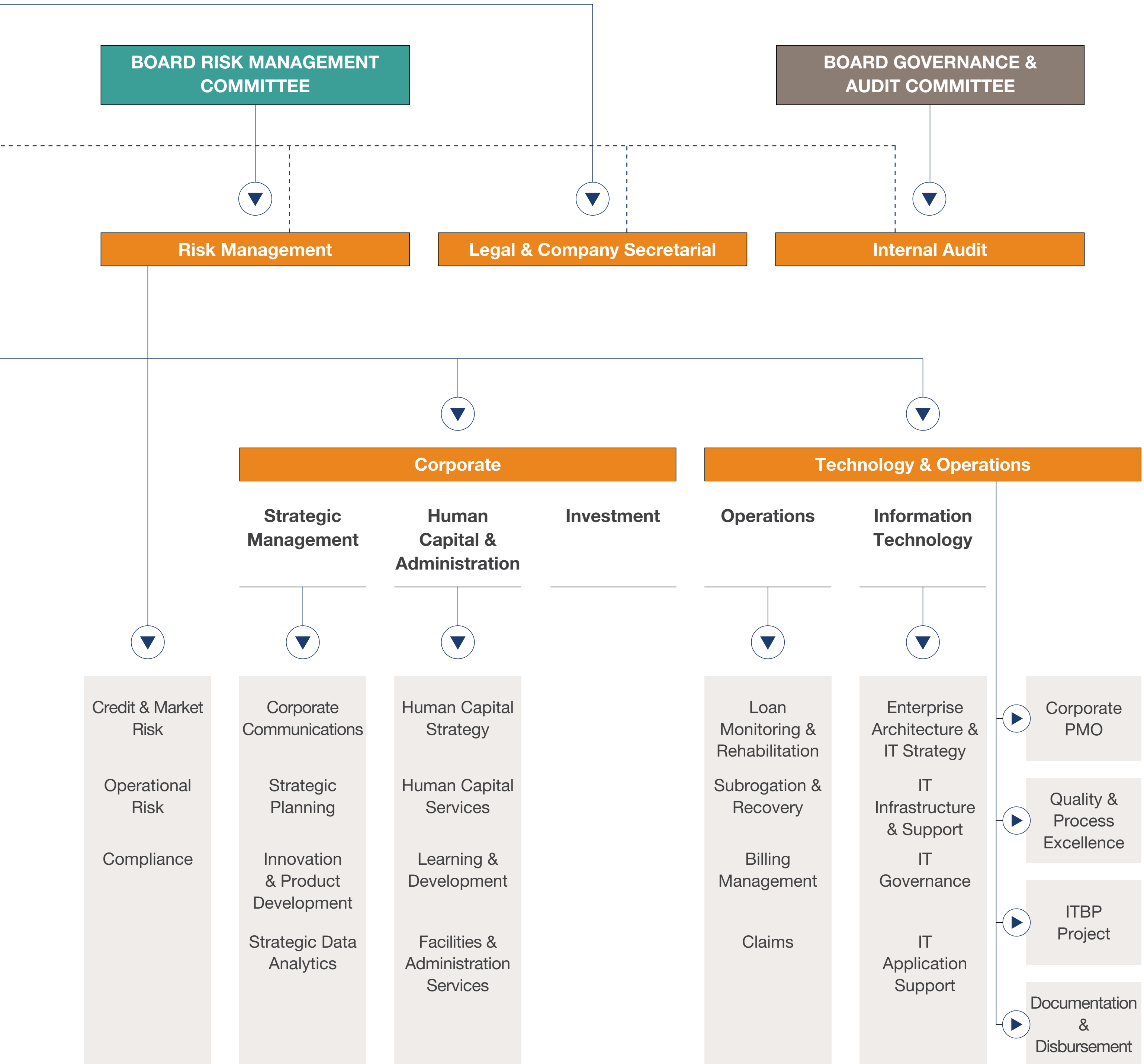
Credit Management

- Guarantee Evaluation
- Financing Evaluation

Finance

- Finance
- Procurement

ORGANISATION STRUCTURE

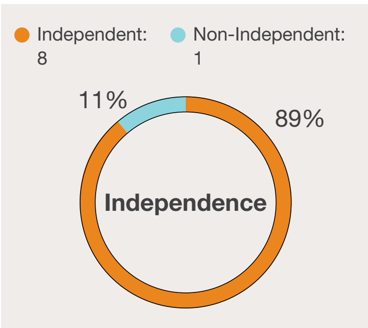


CORPORATE GOVERNANCE
OVERVIEW STATEMENT

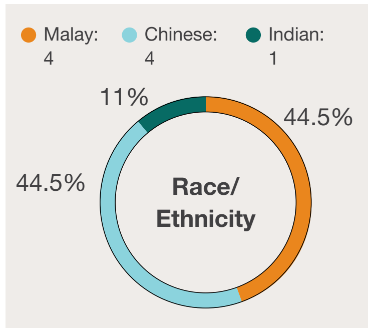
We continue to believe that how CGC does business is as important as what it does, and recognise the need for a strong corporate governance framework and supporting processes across CGC. Good governance, with high standards set from the top, is a key factor in delivering sustainable business performance and creating continued value for our shareholders.

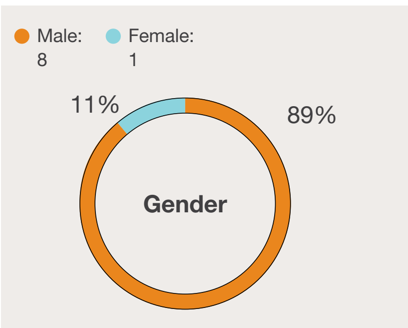
Our Board continues to manage CGC in the long term interests of stakeholders, and we remain committed in maintaining high standards of corporate governance; we have taken guidance from the Malaysian Code on Corporate Governance ("the Code") throughout the years to formalise our governance structures and processes.

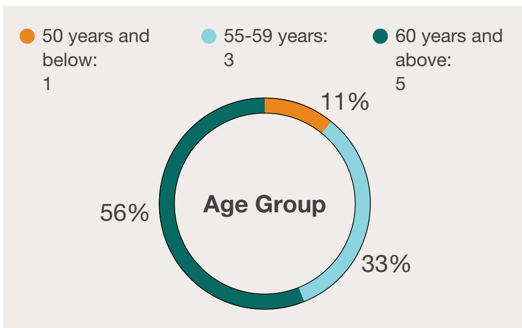
In the following pages you will find details of how CGC approaches governance, including the operation of the Board and its Committees and an explanation of how we take guidance from the Code.

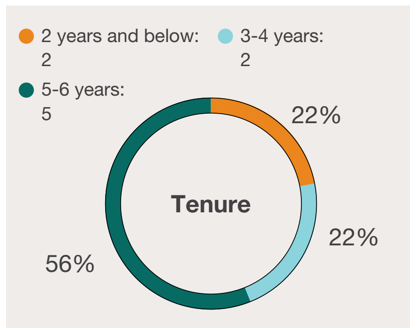


Good governance with high standards set from the top is a key factor to deliver sustainable business performance and creation of continued value for shareholders of CGC









MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017

The Board follows the recommendations of the Code and complies with the Companies Act, 2016. This is to ensure that the principles and best practices as set out in the Code are well understood, applied and reported to promote greater adoption of corporate governance culture within CGC.

This Statement on Corporate Governance is emphasised on the three (3) key principles outlined in the Code, which are:

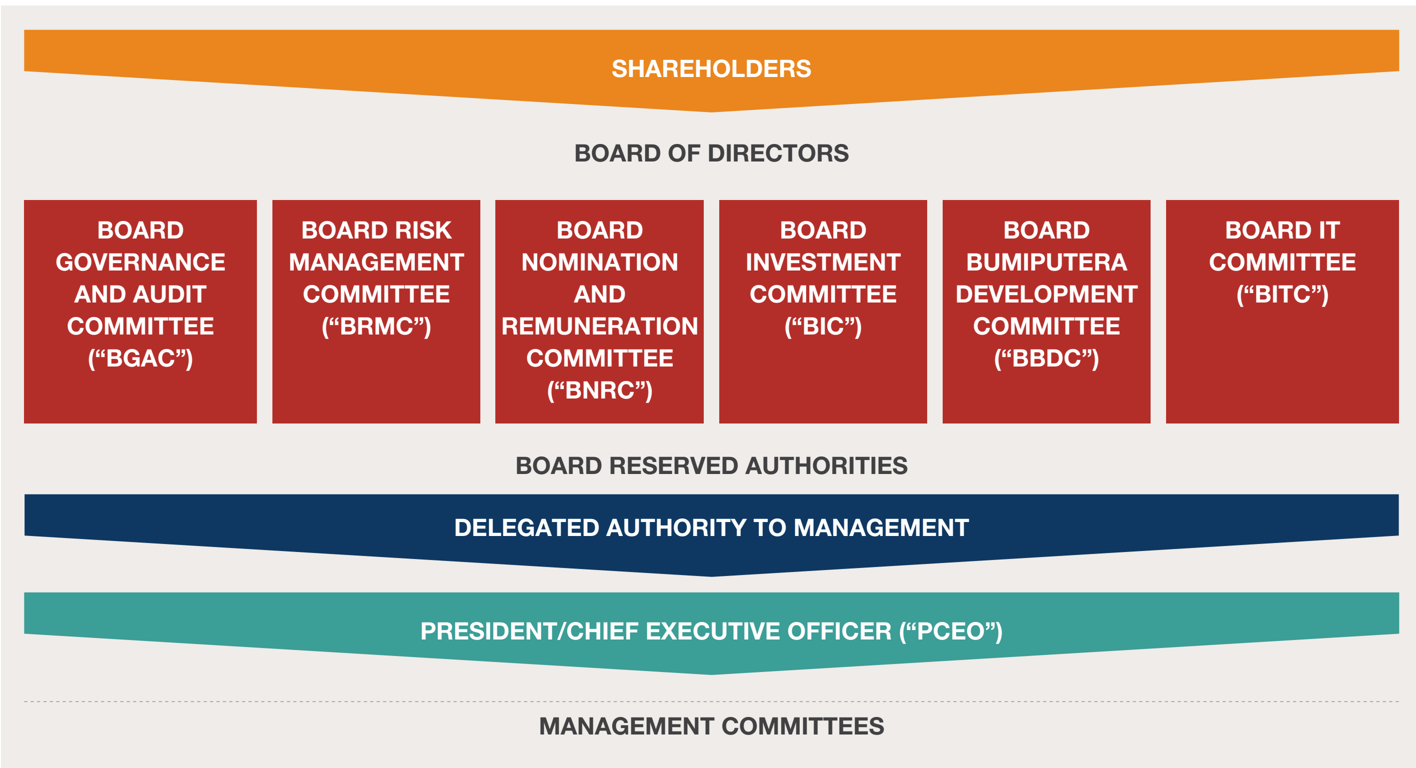
Principle A	Principle B	Principle C
Board Leadership and Effectiveness	Effective Audit & Risk Management	Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

ROLES & RESPONSIBILITIES

The Board is the principal decision-making body for all significant matters affecting CGC and is accountable to shareholders for creating and delivering sustainable value. These matters include debating and agreeing CGC's corporate strategy, long-term business objectives and risk appetite as well as approving its annual budget and financial statements. The Board is also responsible to uphold a strong corporate performance management approach, oversee development of CGC's human capital, promote the highest standards of corporate governance and ensure CGC has the necessary resources, processes, controls and culture in place to deliver its strategy and promote long-term growth.

A clear division of responsibilities is maintained between the roles of the Chairman and the President/Chief Executive Officer. It is the responsibility of the Chairman to lead and manage the work of the Board. Responsibility for CGC's executive leadership and day-to-day management of its business is delegated to the President/Chief Executive Officer. The President/Chief Executive Officer is supported in his role by the Management Committees.

BOARD GOVERNANCE FRAMEWORK



To ensure it maintains an appropriate level of oversight, the Board delegates certain roles and responsibilities to its six principal committees: Governance and Audit, Risk Management, Nomination and Remuneration, Investment, Bumiputera Development and IT. Membership of these committees consists of primarily Non-Executive Directors.

Each committee Chair reports back to the Board and their previous committee meetings' minutes will be tabled to the Board at its next meeting. Each committee's Terms of Reference ("TOR") is documented, agreed by the Board and available to be viewed on CGC website (www.cgc.com.my).

KEY RESPONSIBILITIES

CHAIRMAN

- Responsible for the leadership and management of the Board and ensuring its overall effectiveness
- Encourages all Directors to maximise their contributions to the Board by drawing on their skills, experience, knowledge and, where appropriate, independence
- Promotes a culture of openness, challenge and debate, especially for complex and critical issues
- Engages and consults with major shareholders and principal stakeholders
- Leads the Board in establishing and monitoring good corporate governance practices in CGC
- Promotes constructive and respectful relationships among Directors and between the Board and the Management
- Sets the Board agenda and ensures that Directors receive complete and accurate information in a timely manner

NON-EXECUTIVE DIRECTOR

- Contribute sound judgment and objectivity and provide constructive challenge to board discussions and decision making
- Support the Chairman and Senior Management in instilling appropriate culture and values in the boardroom and throughout CGC
- Scrutinise performance of Management

PRESIDENT/ CHIEF EXECUTIVE OFFICER

- Responsible for CGC's executive leadership and day-to-day management of its business, within the authorities delegated by the Board
- Executes strategic direction of CGC as set out by the Board
- Ensure that CGC's businesses are properly and efficiently managed with the executive team implementing the policies and strategies adopted by the Board and Board Oversight Committees
- Ensure that operational planning and control systems are in place, monitoring performance results against plans and where necessary, taking remedial action

COMPANY SECRETARY

All Directors have access to the advice and services of the General Counsel & Company Secretary ("GC&CS") who is responsible for ensuring that the Board procedures and applicable rules are observed. The GC&CS, together with the Company Secretarial Section, is responsible to provide full support and appropriate guidance and compliance to the Board on policies and procedures, rules and regulation as well as best practices in corporate governance.

The GC&CS works closely with the Chairman and the Chairs of the Board Oversight Committees to set meeting agendas and ensure the timely presentation of high-quality information to the Board. All Directors have the power to propose items for discussion at Board meetings and regularly did so during the year.

The GC&CS is also responsible for advising the Directors of their obligations and duties to disclose their interest in securities and disclosure of any conflict of interest in transactions involving CGC.

ATTENDANCE AT BOARD MEETINGS

Eight scheduled Board meetings were held during the year. At the Board's request, Senior Management attended certain board meetings during the year to provide updates on specific developments or proposals. Their attendance provided an additional opportunity for the Non-Executive Directors to engage directly with the executive team and challenge Management's thinking on discussion items, particularly strategic investment reviews, product development, risk management and new technologies.

The table below sets out the scheduled Board meeting attendance of the Directors who served on the board in 2018.

Name of Directors	Attendance
Dato' Agil Natt Independent Non-Executive Director (Chairman)	8/8
Datuk David Chua Kok Tee Independent Non-Executive Director	8/8
Dato' Haji Syed Moheeb Syed Kamarulzaman Independent Non-Executive Director	6/8
Teoh Kok Lin Independent Non-Executive Director	8/8
Suresh Menon Independent Non-Executive Director	8/8

Name of Directors	Attendance
Dato' Ong Eng Bin Independent Non-Executive Director	7/8
Nadzirah Abd. Rashid Independent Non-Executive Director	8/8
Choong Tuck Oon Independent Non-Executive Director	8/8
Adnan Zaylani Mohamad Zahid[1] Non-Independent Non-Executive Director	1/2
Jessica Chew Cheng Lian[2] Non-Independent Non-Executive Director	6/6

Notes:
1 Appointed as a Director w.e.f. 18 October 2018
2 Resigned as a Director w.e.f. 15 October 2018

Most of the Directors complied with the minimum attendance of at least 75% of Board meetings held in the financial period pursuant to the TOR for Board of Directors meeting. The Board has also agreed for the 75% minimum attendance requirement to be adopted for Board Oversight Committees.

The table below summarises the Directors' attendance at Board Oversight Committee meetings during the year:

	Date of Appointment	Date of Resignation	BGAC (bi-monthly)	BIC (quarterly)	BRMC (quarterly)	BBDC (quarterly)	BNRC (quarterly)	BITC (quarterly)
Name of Directors					**Attendance**			
Dato' Agil Natt	18.06.2013	-	-	-	-	-	3/3 (Chairman)	-
Datuk David Chua Kok Tee	15.02.2013	-	-	5/5	6/6 (Chairman)	4/5	-	5/5
Dato' Haji Syed Moheeb Syed Kamarulzaman	15.01.2014	-	-	-	5/6	5/5 (Chairman)	3/3	5/5
Teoh Kok Lin	27.06.2014	-	-	5/5 (Chairman)	6/6	-	-	5/5
Suresh Menon	17.07.2014	-	6/6	4/5	6/6	-	-	-
Dato' Ong Eng Bin	14.10.2014	-	6/6	-	-	4/5	2/3	-
Nadzirah Abd. Rashid	22.10.2015	-	6/6 (Chairman)	5/5	-	5/5	3/3	-
Choong Tuck Oon	20.01.2017	-	5/6	-	-	-	-	4/5 (Chairman)
Jessica Chew Cheng Lian[1]	16.08.2017	15.10.2018	4/5	-	1/5	-	2/2	-
Adnan Zaylani Bin Mohamad Zahid[2]	18.10.2018	-	1/1	-	1/1	-	1/1	-
Number of Meetings held in FY2018			**6**	**5**	**6**	**5**	**3**	**5**

Notes:
[1] Resigned as a Director w.e.f. 15 October 2018. She also ceased to be a Member of BGAC, BRMC and BNRC w.e.f. 15 October 2018
[2] Appointed as a Director w.e.f. 18 October 2018. He was also appointed as a Member of BGAC, BRMC and BNRC w.e.f. 18 October 2018

BOARD ACTIVITIES AND DISCUSSIONS

Throughout the year, the Board considered the following:

STRATEGY	GOVERNANCE	RISK MANAGEMENT/ COMPLIANCE	TECHNOLOGY
1 imSME Strategic Framework – Journey to Marketplace	1 Revision to CGC's Constitution pursuant to Companies Act 2016	1 Review of Group Exposure and Single Counterparty Exposure Limit	1 Guarantee and Financing Origination System ("GFOS") Transformation
2 5-Year Strategic Plan Mid-term Review	2 Revised Board Charter	2 Credit Risk Policy	2 Data Centre Revamp and Relocation
3 Strategy for Micro Financing	3 Revised Terms of Reference of the Board of Directors meeting and Board Oversight Committees	3 MFRS 9 – Classification and Impairment Accounting Policy	3 imSME Performance Update and Chatbot Name
4 Enhancing MSMEs' Access to Financing via Capital Market	4 Revised Guideline on Appointment of the Board of Directors	4 Enhancement of Enterprise Risk Management and Capital Management	
5 Financing via Peer to Peer ("P2P") Platform	5 Revised Terms of Reference of Management Committee	5 Establishment of Corporation Level Risk Appetite Statement	
6 TPUB-i Beyond 2019			
7 2019 Budget & 2020-2023 Financial Projections			

BOARD COMPOSITION

The composition of the Board and its Oversight Committees is regularly reviewed to ensure there is right mix of skills, experience and knowledge of CGC to enable Board members to perform their roles effectively.

The Directors are selected based on their individual merits and experience. The current Board composition consists of individuals of diverse backgrounds with skills, knowledge, experience and expertise in the investment and banking, credit analysis and rating, business management, insurance, administration, finance, accounting, information technology, consulting as well as asset management.

The current Board composition is considered to be a well-balanced group and of an appropriate size, which is very essential to ensure diversity of views and constructive deliberation and decision making to achieve effective stewardship and management.

The Board is certain that the existing appointment process for selecting new Board members is adequate as it takes into consideration the required skills-set, industry experience, competency and knowledge of the individual candidate, in addition to the candidate's age and gender.

Whilst the policy of having a 30% representation of women Directors has yet to be formally adopted, the Board has agreed for initiatives to improve the number of female directors' representation on the Board, based on pre-determined skill sets and competencies.

TERMS OF APPOINTMENT OF THE NON-EXECUTIVE DIRECTORS

CGC is committed to a high level of corporate governance and fostering a culture that values ethical behaviour, integrity and respect. Based on this spirit, CGC developed a formal and transparent procedure for the new appointment and re-appointment of a Director on the Board of CGC.

The qualification criterion for the appointment of Director shall be governed by the Companies Act 2016, CGC's Constitution and the criteria set under CGC's Guideline on Appointment of the Board of Directors.

The current sourcing method for a new director is via professional network or referrals from existing Directors. For future recruitment of directors, CGC shall utilise independent resources to identify suitably qualified candidates from a wider talent pool.

BNRC shall be responsible to first assess the candidate(s) for directorship and Board Oversight Committees' memberships before they are recommended to the Board for approval. As part of the initial screening and selection process, the BNRC shall take into consideration the following criteria with respect to assessment of fitness and propriety of a candidate:

a) Probity, personal integrity and reputation;
b) Competency and capability; and
c) Financial integrity

During the financial year 2018, none of the Independent Director had served on the Board for a cumulative term of more than nine (9) years from the date of his/her first appointment. This is in line with CGC's Board Charter which limits an Independent Director's tenure of service to a maximum of three (3) terms of three (3) years each term or nine (9) years in total.

In the event that the service of an Independent Director is to be further extended, the same shall be subjected to the Board's recommendation and shareholders' approval respectively. If the Board continues to retain the Independent Director after the twelfth year, the Board should seek annual Shareholders' approval through a two-tier voting process.

RE-ELECTION OF DIRECTORS

The Directors recommended to be re-elected at the AGM are subject to prior assessment by the BNRC and the retiring Directors are required to give their consent on their re-election. In assessing the retiring candidates, the BNRC takes into consideration their contribution, competencies, commitment, personality and performance based on BNM's Fit and Proper Criteria, which includes background screening and verification by an independent agent and the GC&CS. BNRC's recommendations are thereafter submitted to the Board for endorsement and shareholders for approval.

In accordance to Article 76A of CGC's Constitution, one-third of the directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office by rotation at each Annual General Meeting ("AGM"). Article 76B of CGC's Constitution provides that Directors to retire shall be the Directors who have been longest in office since the Directors' last election. Additionally, Article 76C of CGC's Constitution stipulates that a retiring director shall be eligible for re-election.

The following are the Directors representing one-third and have served the longest in office since their last election, whom shall retire by rotation at the forthcoming AGM. They are recommended for re-election by the BNRC and Board, and have given their consent to be re-elected as Directors:

i. Dato' Agil Natt;
ii. Teoh Kok Lin; and
iii. Choong Tuck Oon

Article 77 of CGC's Constitution states that the Directors shall have power at any time to appoint any person to be a Director either to fill a casual vacancy or as an addition to the existing Directors. Any Director(s) so appointed shall hold office until the next following AGM. Adnan Zaylani Mohamad Zahid was appointed as a Director on 18 October 2018, after the 45th AGM which was held on 25 June 2018. Therefore, he will be due for retirement but eligible for re-election at the forthcoming AGM pursuant to the aforementioned Article. He is recommended for re-election by the BNRC and Board, and has given his consent to be re-elected as a Director.

TIME COMMITMENT

In order to effectively discharge their responsibilities, the Non-Executive Directors must commit sufficient time to their role. The Chairman has confirmed that, in his view, each Non-Executive Director continued to demonstrate commitment to their role during the year.

The Chairman continues to commit as much time as was necessary to fulfil his duties with his responsibilities to CGC taking priority over other business commitments.

In addition to the time spent preparing for and attending Board and Board Oversight Committee meetings, the Chairman and the Non-Executive Directors allocated sufficient time during the year to further their understanding of CGC. This included briefing meetings with Senior Management as well as regular training sessions to ensure ongoing business awareness. Receptions were also held at venues where the Board met so that all staff had an opportunity to meet Board members.

REMUNERATION FRAMEWORK

CGC's remuneration framework considers the following factors before proposing a revision:

Benchmark of CGC's financial performance and remuneration against peers within the industry	Achievement of CGC's initiatives	Remuneration report by professional bodies i.e. KPMG and FIDE Forum on Directors remuneration

DIRECTORS' REMUNERATION

Non-Executive Directors:	Directors' Fees (RM'000)	Meeting Allowance (RM'000)	Benefit-in-Kind (RM'000)	Total (RM'000)
Dato' Agil Natt	163	42	60	265
Datuk David Chua Kok Tee	66	88	3	157
Dato' Haji Syed Moheeb Syed Kamarulzaman	66	77	3	146
Teoh Kok Lin	66	73	3	142
Suresh Menon	66	70	3	139
Dato' Ong Eng Bin	66	52	3	121
Nadzirah Abd. Rashid	66	83	3	152
Choong Tuck Oon	66	53	3	122
Jessica Chew Cheng Lian[1]	47	26	-	73
Adnan Zaylani Mohamad Zahid[2]	12	8	-	20
Total	684	572	81	1,337

Notes:
1 Resigned as a Director w.e.f. 15 October 2018
2 Appointed as a Director w.e.f. 18 October 2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT
BOARD LEADERSHIP & EFFECTIVENESS

PERFORMANCE EVALUATIONS

Directors Peer Evaluation and Management Evaluation on Board for year 2018 were conducted internally in early 2019 in view of measuring the overall performance of the Board from the perspective of individual directors and senior management.

Directors Peer Evaluation focused on two (2) sections namely on contribution & performance and calibre & personality of Directors meanwhile Management Evaluation on Board emphasised on strategic thinking, effectiveness in discharging oversight role, industry/ technical knowledge, practising good corporate governance and quality of deliberation and decision-making process. The assessments results revealed that the Board had carried out its duties well and amicably in overall areas rated as 'Satisfactory' for Directors Peer Evaluation and 'Agree' for Management Evaluation on Board.

An external facilitator conducted a review on CGC's corporate governance effectiveness in year 2016, which mainly covered Board Effectiveness Assessment and Individual Directors' Evaluation. Based on the assessment report, MINDA recommended nine (9) action items/areas to be improved. These items were tracked at Board level and Management completed all the action items in 2018.

BOARD INDUCTION AND TRAINING

Based on their background, knowledge and skills, all new directors received a comprehensive and tailored induction following their appointment to the Board. Through a combination of office visits, technical briefings and introductory meetings, the CGC Board Induction Programme is designed to broaden Directors' understanding of CGC's business operations, strategic priorities, people, culture and clients.

The Board is responsible for ensuring that all Directors receive ongoing training and development to enhance their roles as Board members. The Non-Executive Directors engage fully in this process. Throughout the year, the Directors received strategic business and technology updates and detailed briefings on corporate governance, regulatory and legislative developments. The list of which can be seen in the next page.

LIST OF TRAINING ATTENDED

Financial Industry

1. Bank Negara Malaysia (”BNM”) Financial Stability Conference – “Re-envisioning Financial Stability – The Path Forward”
2. Forum on Performance Measurement for DFIs – “DFIs of the Future: Maximising Development Impact” – World Bank and BNM
3. BNM – Transformasi Nasional 2050 (TN50), Dialogue Session for the Finance Cluster
4. World Capital Markets Symposium – Securities Commission Malaysia
5. Invest Malaysia 2018 – Bursa Malaysia and Malayan Banking Berhad (Maybank)
6. Blockchain in Financial Services Industry by IBM – Financial Institution Directors’ Education (“FIDE”)
7. The 4th Industrial Revolution and its Impact on the Asean Insurance Industry – 3rd Asean Insurance Summit 2018
8. Global Islamic Finance Forum – Value Based Intermediation: Beyond Profit
9. Market Conduct Regulation and Compliance in Thailand – ASEAN Insurance Training and Research Institute (“AITRI”)
10. CPA Congress 2018 – Connecting the Biggest Minds
11. Insurance Core Principles Conference in Philippines – AITRI
12. 2018 International Claims Convention – Malaysian Insurance Institute (“MII”)
13. Liability Insurance Seminar – MII
14. Microinsurance Workshop – MII
15. Bank of Singapore Global Outlook 2018 – Sailing on the Winds of Change
16. DBS Sector Focus: Finance & Digital Banking
17. Philippines Investment Forum 2018
18. Nomura Investment Forum Asia 2018
19. Nomura Chinese Investor Forum 2018

Leadership

1. Win the Innovation Race: Unlocking the Creative Power of Asians by Professor Roy Chua – FIDE
2. Leading Leaders Immersion Experience – FIDE
3. FIDE FORUM Dinner Talk – The Director as Coach: An exclusive dialogue with Dr Marshall Goldsmith and Launch of FIDE FORUM’s DNA of a Board Leader
4. Leadership Energy Summit Asia – The Iclif Leadership and Governance Centre (“ICLIF”)
5. Asean Board of Directors Programme – Malaysian Alliance of Corporate Directors

LIST OF TRAINING ATTENDED

Communication

1. Creating Catalytic Conversations Workshop – ICLIF
2. Panel Speaker at the Belt & Road Initiative Talk & Network – British Malaysia Chamber of Commerce

Risk Management

1. BNM-FIDE Forum Dialogue: Managing Cyber Risks in Financial Institutions
2. Anti-Money Laundering and Anti-Terrorism Financing Training

Governance

1. Pathway to a Governance Practitioner Programme – Malaysian Institute Corporate Governance ("MICG")
2. Panel Speaker at the Business Integrity & Anti Corruption – Asean CSR Fellowship Programme

Technology

1. Silverlake Conference – Digital Collaboration & Transformation
2. Fujitsu Asia Conference Kuala Lumpur – Human Centric Digital Co-creation
3. Industry 4.0 How Disruptive Technology Affects Business Globally – Arshad Ayub Graduate Business School
4. Blockchain Presentation for BITC members – Cornerstone Tech
5. Singapore Fintech Festival 2018

Others

1. International Social Security Conference 2018 – Employees Provident Fund ("EPF")
2. Khazanah Megatrends Forum 2018
3. ISIS International Affairs Forum on "60 years of Malaysia – Indonesia Economic Ties – The Way Forward" by ISIS Malaysia
4. AsiaGlobal Dialogue 2018 : Redefining Multilateralism in a new Global Economy
5. Malaysia: A New Dawn Conference

BOARD OVERSIGHT COMMITTEES

Under the Board Charter, the Board delegates certain responsibilities to its respective Board Oversight Committees to assist in carrying out its function of ensuring independent oversight. This allows the Board to spend additional and focused time deliberating on specific and pertinent issues. The Board Oversight Committees operate principally in a review or advisory capacity, except in cases where powers and authorisation are specifically conferred on a Committee by the Board. The Board currently has six (6) principal Board Committees, each of which is governed by clearly defined TORs, which are reviewed from time to time, as the need arises to ensure they remain relevant and up-to-date. Brief descriptions of the Board Oversight Committees established by the Board are as follows:

a)	BGAC	- To establish cost effective controls, assessing risks, review the financial condition of CGC, its internal controls, information system, performance and findings of internal and external auditors and to recommend appropriate remedial action.
b)	BRMC	- To assist the Board to deliberate on CGC's risk management practices, ensure effectiveness of identification, measurement, monitoring and control of risks, as well as compliance with applicable laws, regulations and guidelines for good corporate governance.
c)	BIC	- To review investment objectives, strategies, policies and guidelines and provide strategic directions governing investment activities of CGC.
d)	BNRC	- To assist the Board on the following: (i) Appointment and remuneration of Directors and Chief Executive Officer and/or Executive Director (if any) as well as assessment of effectiveness of individual Directors, Board, Board Oversight Committees and assessment on the performance of Chief Executive Officers and/or Executive Directors (if any) and Senior Management Officers; and (ii) CGC's key policies, strategies and practices on human resources, management succession plans, performance and reward system, business conduct and ethical behaviour of the employees.
e)	BBDC	- To provide strategic guidance and direction with regard to overall development of Bumiputera MSMEs under CGC's various programmes.
f)	BITC	- To assist the Board in overall IT strategy and governance.

EXTERNAL ADVICE

Where appropriate, the Directors may obtain independent professional advice in respect of their duties to the Board and its committees at CGC's expense. No Directors sought external advice during the year under review.

DIRECTOR'S CONFLICT OF INTEREST

The Board has procedures in place for the disclosure of conflicts of interest. The Directors are aware of their responsibility to avoid an actual or potential conflict of interest and required to inform the Chairman and the GC&CS of any change in their situation. A procedure is in place for the Board to authorise conflict situations should they arise, in accordance with the Companies Act 2016 and Board Charter.

SUPPLY AND ACCESS TO INFORMATION

The Board is supplied with and have full and unrestricted access to information pertaining to CGC's business and affairs to enable them to discharge their duties effectively.

All scheduled meetings are preceded by a formal agenda issued by the GC&CS in consultation with the Chairman and PCEO. Prior to meetings, appropriate document which include the agenda and reports relevant to the issues of the meetings are circulated to the Board Members. All Directors have full and timely access to information with Board papers distributed in advance of meetings. This ensures that the Board Members have sufficient time to appreciate issues deliberated at meetings which in turn enhances the decision making process.

EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The Board has in place BGAC that comprises 5 members, majority of whom are Independent Non-Executive Directors. The BGAC is chaired by Nadzirah Abd. Rashid, an Independent Non-Executive Director.

The Board is satisfied that at least one member of BGAC has relevant financial experience and that all members bring extensive expertise to the committee. BGAC as a whole is deemed to be competent in the sectors in which CGC operates.

BGAC is responsible for the effective governance of CGC's financial reporting, including adequacy of financial disclosures and both external and internal audit functions.

BGAC has the authority to audit and conduct investigations into any organisational entity within CGC, as well as those mandated under contract or any matters within its TOR.

Further information on BGAC including internal audit functions can be found under the BGAC report on pages 145 to 147of this Annual Report.

RISK MANAGEMENT & INTERNAL CONTROL FRAMEWORK

The Board of Directors takes heed of the importance of corporate governance and strives to instill an effective structure through risk management processes to meet its obligations towards customers, shareholders and other stakeholders. As risk is evolving and present in all our activities, the Board continuously reviews CGC's policies, procedures and processes to enable CGC to function effectively.

The Board determines CGC's overall risk appetite and level of risk tolerance to achieve its strategic objectives, while considering a longer-term view on CGC's ability to meet its obligations.

There is a comprehensive system in place for financial reporting and the Board receives a number of reports to enable it to carry out these functions in the most efficient manner. These procedures include the preparation of management accounts, forecast variance analysis and other ad hoc reports. There are clearly defined authority limits throughout CGC, including those matters which are reserved specifically for the Board. The Board has established a continuous process for identifying, assessing, evaluating and managing material risks CGC faces and for determining the nature and extent of the material risks, it is willing to take in achieving its strategic objectives.

The Board regularly reviews the process, which has been in place from the start of the year to the date of approval of this report and which is in accordance with guidance on internal control. The Board is also responsible for CGC's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board regularly reviews effectiveness of CGC's risk management and internal control systems.

The Board's monitoring covers all controls, including financial, operational and compliance controls and risk management. It is based principally on reviewing reports from Management to consider whether significant risks are identified, managed and controlled properly. The Board also ensures significant weaknesses are promptly remedied and indicates a need for more extensive monitoring. The BGAC assists the Board in discharging its review responsibilities.

A formal material risk assessment exercise has been carried out resulting in CGC's risk profile which summarises the key material risks, it's potential impact and the mitigation plans.

More on our Risks Management and Frameworks can be found in our Statement on Risk Management and Internal Controls on pages 148 to 152.

During the course of its review of the risk management and internal control systems, the Board has not identified, nor been advised of any failings or weaknesses which it has determined to be significant, consistent with the prior year.

RELATIONSHIP WITH STAKEHOLDERS

In fulfilling our role and objectives as a development financial institution, CGC deals with a wide range of stakeholders. CGC recognises the importance of maintaining transparency and accountability while managing a successful and productive relationship with CGC stakeholders.

RELATIONSHIP WITH EMPLOYEES

CGC continues to engage and appreciate employees through its various employee engagement activities. CGC's Core Values, T.H.I.N.K. Teamwork – Hardworking – Integrity – Nurturing – Knowledgeable continue to play a role in shaping the employee engagement activities organised in 2018.

Among the activities organised were

- Town Hall
- Mega Career and Study Fair
- Graduan Aspire Career Fair
- Appreciation Day
- imSME Brownbag Session
- CGC Annual Dinner
- Corporate Responsibility Initiatives

Besides the Quarterly Town Hall to keep employees informed of recent happenings and sharing of updates on organisational performance, the Breakfast Session with PCEO and Senior Management was introduced in 2018. These sessions provided a platform for a face-to-face engagement and interaction between the Management team and groups of staff between 15 and 20 staff at any one time. Employees were given the opportunity to share their feedback and comments on topics ranging from organisational to employee-related updates.

In addition, CGC established strong employee relations through Learning and Development training. As the business environment demands more and more of enhanced learning experiences to support and drive business performances, the Human Capital team has developed an innovative strategy to integrate the Digital Learning Experience with the traditional Face to Face Learning which is known as the 'Blended Learning' solution. With this approach, the learners are engaged and drive their own learning experiences. E-learning modules are also in progress to promote continuous learning and development between employees aiming towards high performance culture.

A corporate-wide Change Management programme titled 'Change Starts with Me' has been successfully organised to transform mind-set and behaviours and minimise resistance to change. The programme has helped staff to improve morale, productivity and quality of work which was translated in the upward shift of the overall Corporation Competency Index.

RELATIONSHIP WITH CUSTOMERS

Client Services Centre (CSC) and CGC Branches engage with the customers through various channels such as:

- walk-in to the branches
- phone calls
- social media
- email
- imSME Chatbot

Our customers' feedback helps us in serving them better. CGC strives to provide timely response to all customer feedback. Customer feedback will be acknowledged within three (3) working days and a decision will be communicated within 14 working days from the date of receipt of the feedback.

CSC maintains excellent customer service experience whereby 99.99% of the 17,179 inquiries received in 2018 via various channels were resolved within CSC's charter. CSC's role was expanded in 2018 to support clients' traffic from the imSME, which role included the following:

- Answering queries, resolving issues and providing advisory services to customers via various channel (call, email, etc.).
- Performing outbound calls to imSME customers to complete their journey in the imSME platform and process flow under the JAccess system.

In addition, CGC branches organise networking activities such as workshops and briefings to consistently engage with customers. The branches also participate in external conference, carnivals, pocket talks and seminars where as part of their participation they also set-up booths to entertain potential customers' queries in regards to CGC and its products and services.

CORPORATE GOVERNANCE OVERVIEW STATEMENT INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Interested customers can reach out to CSC officers via Hotline 03-78800088, email csc@cgc.com.my or write at:

Client Service Centre
Credit Guarantee Corporation Malaysia Berhad
Level 2, Bangunan CGC
Kelana Business Centre
97, Jalan SS 7/2
47301 Petaling Jaya
Selangor

RELATIONSHIP WITH SHAREHOLDERS

The AGM is the principal forum for dialogue with all shareholders. At each AGM, the Board takes pleasure in presenting the progress and performance of CGC's business. The Board values dialogue with shareholders and appreciates the keen interest of shareholders in CGC's performance. Shareholders are encouraged to participate in the Question and Answer (Q&A) session on the proposed resolutions or CGC's operations in general. The Board Members as well as External Auditors of CGC are also present to respond to the shareholders' enquiries raised during the meeting.

The publication of the Annual Report and CGC's website, www.cgc.com.my represent other channels of communication made available to shareholders to ensure that they have convenient and easy access to vital information on CGC's financial performance and major initiatives for the year.

RELATIONSHIP WITH SUPPLIERS

Summary on Facilities and Administration Services' (FAS) practice and policy when engaging an external vendor:

1. Request for Information (RFI)
2. Request for Quotation (RFQ), minimum 3 quotations
3. Preparation of business case paper for approval (based on Approving Authority Matrix)
4. Issued Letter of Authorisation (LOA) & agreement

CONTACT WITH OUR SHAREHOLDERS

Annual General Meeting

Shareholders are notified of the AGM and provided with a copy of CGC's Annual Report before the meeting. The Notice of the AGM is circulated at least twenty-eight (28) days before the date of the meeting to enable shareholders sufficient time to peruse the Annual Report and papers supporting the resolutions proposed.

Once the meeting date has been fixed, Directors would commit themselves to attend the AGM as scheduled and approved in advance by the Board, save for unforeseeable reasons that are beyond their control.

BOARD GOVERNANCE AND AUDIT COMMITTEE REPORT

COMMITTEE MEMBERSHIP

The following table shows the committee membership during the year:

COMMITTEE MEMBERS
Nadzirah Abd. Rashid
Suresh Menon
Dato' Ong Eng Bin
Choong Tuck Oon
Jessica Chew Cheng Lian *(Resigned w.e.f. 15 October 2018)*
Adnan Zaylani Bin Mohamad Zahid *(Appointed 18 October 2018)*

The Board Governance and Audit Committee (BGAC) members consist of a majority of independent non-executive directors and is chaired by Puan Nadzirah Abd. Rashid.

The Board is satisfied that at least one member of the BGAC has relevant financial experience and that all members bring extensive expertise to the Committee. The BGAC as a whole is deemed competent in the areas in which CGC operates.

The table on page 134 sets out the directors who served the BGAC during the year and their meeting attendance.

The BGAC have the resources required to discharge its function effectively.

It has the authority to obtain independent professional advice to help them discharge its oversight responsibilities. It also has the authority to direct the Internal Audit Function to conduct audits and investigations on any entities within CGC or on any matters within its Terms of Reference.

ROLE AND RESPONSIBILITIES

The BGAC assists the Board in its oversight role in respect of CGC's financial reporting, business governance, risk management and internal control system. The BGAC's roles and responsibilities are defined in the BGAC Terms of Reference which was approved by the Board.

PRINCIPAL ACTIVITIES

The BGAC's principal activities during the year were performing oversight responsibilities in relation to internal audit, external audit and financial reporting.

INTERNAL AUDIT

a) Approved the Internal Audit Plan and the Internal Audit Function expenses budget in January 2018. The BGAC also reviewed the risk-based audit plan methodology used by the Internal Audit Function in preparing the Internal Audit Plan and the adequacy of the Internal Audit Function resources to implement the Audit Plan. Mid-year review of the Audit Plan was conducted on 20 July 2018.

b) Approved the KPIs for Chief Internal Auditor (CIA) on 26 January 2018 and evaluated the CIA's 2018 performance on 28 February 2019.

c) Approved the revised Audit Compliance Committee's (ACC) Terms of Reference on 24 September 2018. ACC is a BGAC delegated committee established to assist the BGAC in ensuring the effectiveness of management actions in addressing key business governance, risk management and internal control weaknesses.

d) Deliberated the audit reports, audit recommendations and Management's responses.

e) Deliberated the investigation reports and directed the Management to implement or strengthen controls to prevent recurrence.

f) Reviewed the progress of MFRS 9 implementation on a quarterly basis until final policy endorsement on 10 April 2018.

g) Reviewed the updates on Audit Compliance Committee (ACC) meetings and deliberated on actions taken by the Management to ensure the business governance, risk management and control lapses are addressed and resolved promptly.

EXTERNAL AUDIT

a) Reviewed and approved the External Auditor's Audit Plan and scope of work on 24 September 2018.

b) Held a meeting on 08 April 2019 with the External Auditor to review the audit results and areas of concerns identified.

c) Met the External Auditor without the presence of the Management on 8 April 2019 to discuss relevant issues and to obtain feedback for improvements.

d) Reviewed and recommended for Board's approval the audit fees and provision of non-audit services by the External Auditor in accordance with the established procedures. The review of non-audit services was to ensure that the provision of such services does not impair the External Auditor's objectivity or judgement.

e) Completed the annual assessment of the External Auditor covering performance, independence and objectivity, prior to recommendation to the Board on its re-appointment.

FINANCIAL REPORTING

Reviewed the audited financial statements of CGC to ensure that the financial reporting and disclosure requirements are in compliance with the accounting standards, with special focus on the changes in accounting policy, as well as significant and unusual activities or transactions.

INTERNAL AUDIT DEPARTMENT

The Internal Audit Department ("IAD") helps CGC accomplish its goals by bringing an objective and disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes. IAD serves as an important source of advice for the BGAC on these three areas.

IAD establishes an Annual Internal Audit Plan based on discussions with the Management and the BGAC. The Annual Internal Audit Plan was established taking into consideration the risks inherent in CGC's activities.

During the year under review, the BGAC approved the appointment of the new Chief Internal Auditor, Encik Fakrul Azmi Mohamed. Encik Fakrul Azmi joined CGC on 2 October, 2018 and brings with him a wealth of knowledge in governance, risk management and internal controls. He is a Certified Internal Auditor as well as a Chartered Management Accountant. He reports directly to the BGAC to ensure the internal audit function is independent from the Management and thus able to perform its activities objectively.

During the year under review, IAD comprised 26 staff, which was sufficient to carry out audits on high risk areas on a yearly basis.

In evaluating the effectiveness of risk management, controls and governance, IAD adopts the COSO integrated internal control framework. COSO is internationally recognised as providing thought leadership and guidance on internal control, enterprise risk management and fraud deterrence.

In carrying out their duties, IAD has unrestricted access to information required in the course of its work. Its activities are carried out in accordance with the standards and guidelines established by the Institute of Internal Auditors (IIA) and the relevant regulatory guidelines issued by Bank Negara Malaysia.

IAD's activities are regularly reported to the BGAC. IAD presented the internal audit and investigation reports 6 times in 2018. The audit and investigation reports highlighted gaps in the governance, risk management and controls and provided recommendations for improvement.

SUMMARY OF INTERNAL AUDIT ACTIVITIES DURING THE YEAR

a) Carried out audits and investigations and issued 43 reports during the year. The scope of audits included business and support units, including IT operations.

b) Performed various ad hoc compliance and validation reviews requested by the regulator, the Management and the BGAC. 11 reviews were conducted in 2018.

c) Presented audit reports, investigation reports and ad-hoc review reports to the BGAC.

d) Monitored and followed up on the implementation of corrective actions by the Management and reported status of outstanding audit findings in every ACC and BGAC meetings.

e) Participated in the Business Continuity Management and IT Disaster Recovery exercises to gauge and assess the readiness of the businesses/ systems to resume/recover (in the event of disaster) within the agreed timeline.

f) Witnessed the tender opening process for procurement of services or assets to ensure the tendering process are conducted in a fair, transparent and consistent manner.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

OUR APPROACH

The Board is committed to maintain sound risk management and internal control system for CGC and continuously reviews the adequacy and effectiveness of the system. The Management is responsible to assist the Board in the implementation of policies and procedures, governance structure and processes for identifying, evaluating, monitoring, managing and reporting of significant risks and adequacy of the internal controls to achieve its strategic objectives.

CGC is exposed to key risks which include strategic, business, credit, market, liquidity, financial, operational (including cyber risk and legal), compliance and reputational risks. We have put in place an Enterprise Risk Management framework that articulates risk appetite, capital management and details the drill down of the same into a risk tolerance and limits for various risk categories. The risk governance structure ensures oversight and accountability, continuous monitoring for vulnerability mapping and an integrated evaluation for effective risk management.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The risk management and internal control system is embedded into all Corporation's strategic planning, projects, change management and decision-making processes. CGC has established comprehensive frameworks, policies and procedures to identify, measure, monitor and control risks. We have adequate internal controls, driven through various policies and procedures, which are reviewed periodically. The Business Lines assess the efficacy of the controls put in place and sufficiently mitigate identified risks.

The Board is supported by various sub Board and Management Committees as part of the governance structure. The Risk Management function provides an independent and integrated assessment of risks across various business lines. CGC has Internal Audit and Compliance functions that are responsible for independently evaluating the adequacy of all internal controls and ensuring Business Lines adhere to internal processes and procedures as well as to regulatory and legal requirements reasonably.

Principles	Description
Risk Strategy	Our risk management strategy addresses scope of the risk management effort, methods and tools used for risk assessments, risk analysis, risk mitigation, risk monitoring and communication of risk information, and setting of risk appetite and tolerance parameters, comprising risk matrix with equitable thresholds to identify risk mitigations techniques on identified risks.
Risk Governance	We have a well-established risk governance structure with an active and engaged Board, supported with three lines of defense model. A proper governance provides the direction and structures required to make well-informed decision to meet strategic objectives.
Risk Culture	The risk culture at CGC is supported through "Tone from the Top" with a clear and consistent communication from the Board on the risk behavior expectations, embedded throughout the organisation. Risk culture is continuously reinforced through mandatory and customised training for all employees.
Risk Management Policies and Procedures	Our effective risk management provides policies, procedures and processes that enable CGC to function effectively in a changing environment. It is a process of identifying and assessing risks that may affect the ability to achieve objectives, besides determining risk response strategies and controls with the implementation of risk management framework, policies, guidelines and processes in line with the risk appetite.
Adherence to Compliance Standards	Reasonable adherence to compliance standards on internal and external requirements that enables CGC to operate in accordance with strategic objectives and meeting stakeholder commitments.

CGC RISK MANAGEMENT FRAMEWORK

The primary goals of risk management framework are to ensure that the outcomes of risk-taking activities are consistent with our strategies and risk appetite, and that there is an appropriate balance between risk and reward in order to maximise MSMEs and shareholders' value. The risk management framework outlines the following components for effective risk management across CGC:

Risk Appetite

The risk appetite was set by the Board and is a top-down process consisting of specific quantitative and qualitative factors and provides an enforceable risk statement on the amount of risk CGC is willing to accept in support of its strategic objectives while considering its obligations towards MSMEs, shareholders and other stakeholders. Risk Appetite forms a key input to the business and capital planning process by linking risk strategy to the business strategy.

Capital	Liquidity	Financial Risk	Non Financial Risk	Business-Related Risks
Guarantee Reserve Ratio	Liquidity Gap	Credit Risk	Operational Risk	Earning
Capital Adequacy Ratio		Market Risk	Internal Control and Compliance	Reputation
				Strategy

Capital Management

Capital Management is integrated into governance processes and involves an on-going review to maintain a strong capital base to support long-term stability, planned business growth and risks inherent in various businesses. CGC has developed a sound Capital Management Framework to measure and monitor its available capital and assess its adequacy. The framework outlines the requirements to allocate sufficient capital to support its operations and is able to perform mandated roles at all times and to withstand potential business and operational shocks.

Material Risk Assessment

CGC has enhanced its current practices of risk assessment to a broader range of risk categories focusing on business, strategic and financial risks. The Material Risk Assessment (MRA) Framework is established to identify all risks material to CGC, including the risk mitigation and controls. From the MRA approach, CGC has a holistic view on potential threats or risks it may face and assess if it is sufficiently capitalised to absorb financial losses from any unexpected events.

Stress Testing

Stress Testing is a key element of the capital adequacy and an integral tool in the risk management framework as it provides management a better understanding of how we operate under adverse economic conditions. CGC periodically conducts stress testing to estimate risk exposures under a severe and plausible scenario and to develop or select appropriate strategies for mitigating such risks. The results of stress tests are interpreted in the context of internal risk appetite for capital adequacy and periodically reported to the Board and Management.

Authority Limit

CGC Approving Authority Limit (AAM) with clear lines of accountability and responsibility serves as a tool of reference to identify the appropriate approving authority at various levels of management including matters that require the Board's approval. A full review of AAM is undertaken annually and realignment of AAM is performed to cater changes in the organisational structure to ensure effective decision-making.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

Compliance Framework

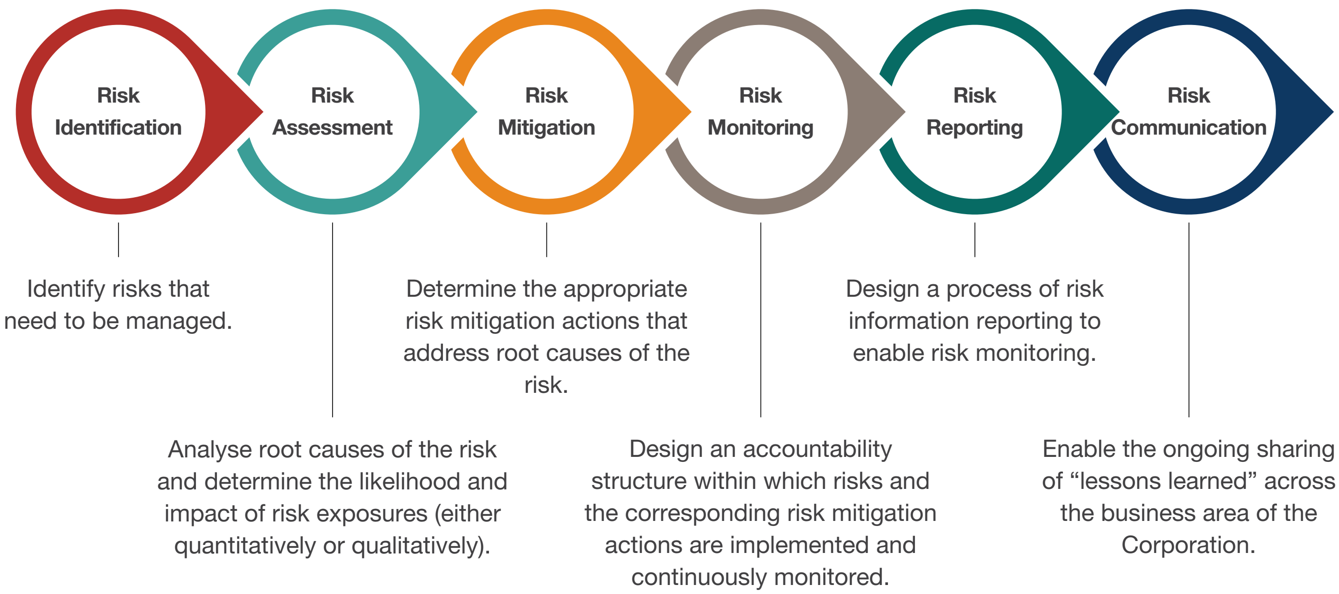
The compliance framework approved by the Board, broadly sets out the compliance risk management processes and tools used by Management and Compliance functions for managing compliance risks. The Compliance team supports Management, and supervises the compliance framework and provide compliance advisory to various business lines.

Anti-Bribery and Corruption Policy

CGC is committed to conduct business in accordance with the high ethical standards, integrity and accountability. We have adopted a zero tolerance policy against all forms of bribery and corruption by the Board and its employees or any person or companies acting for CGC or on its behalf. In recognition of this commitment, the Board and Management have implemented and enforced a comprehensive anti-bribery and corruption programme to prevent, deter, and monitor bribery and corruption in our business activities.

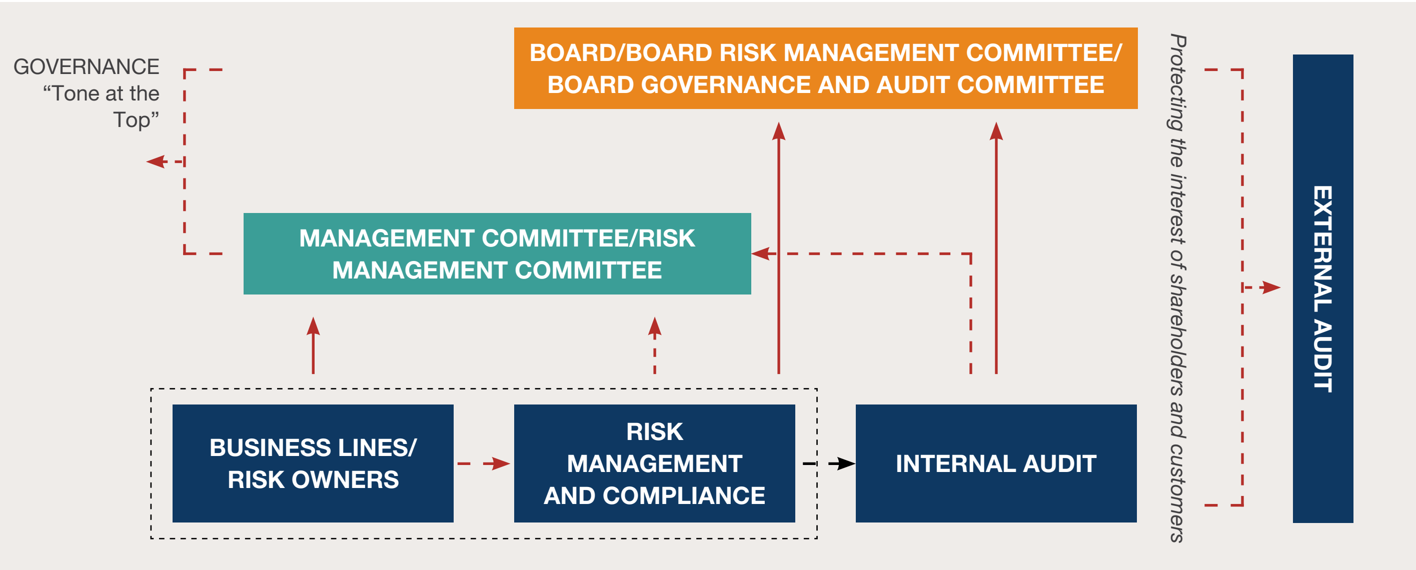
RISK MANAGEMENT PROCESS

Risk management is an integral part of our management and decision-making process, and is integrated into our structure, operations and processes. The process is applied at strategic, operational and project levels. An effective risk management process supports CGC to achieve its performance and strategic objectives by providing risk information to enable better decision making.



CGC THREE LINES OF DEFENSE MODEL

We have adopted the Three Lines of Defense model in which Business Lines and independent risk management and compliance functions work in collaboration to ensure that business strategies and activities are consistent with the policies and limits. Clear accountabilities and robust controls are vital to help manage risks and build trust. It reinforces CGC's risk management capabilities and compliance culture across all divisions and departments.



The model aims to reinforce CGC's risk management capabilities and compliance culture throughout the organisation. The responsibilities of each of the defense lines are as follows:

1st Line of Defense

Business Lines/risk owners are accountable for effective management of the risks within their business areas through identifying, assessing, mitigating, monitoring and reporting of the risks and actively implementing effective internal controls to manage risk and maintain activities within risk appetite and policies.

2nd Line of Defense

An independent risk management and compliance functions are responsible to maintain an ongoing and effective risk management and compliance framework that resonates through all levels of the organisation. Risk Management function is responsible for providing reasonable assurance to the Board and Management that risks are actively identified, managed and communicated to all key stakeholders. While Compliance function acts as a consultant on regulatory compliance, internal policies and procedures and is responsible for conducting ongoing risk-based enterprise-wide assessments, monitoring, testing and other activities to gain reasonable assurance as to the adequacy of, adherence to, and effectiveness of CGC's Compliance Programme.

3rd Line of Defense

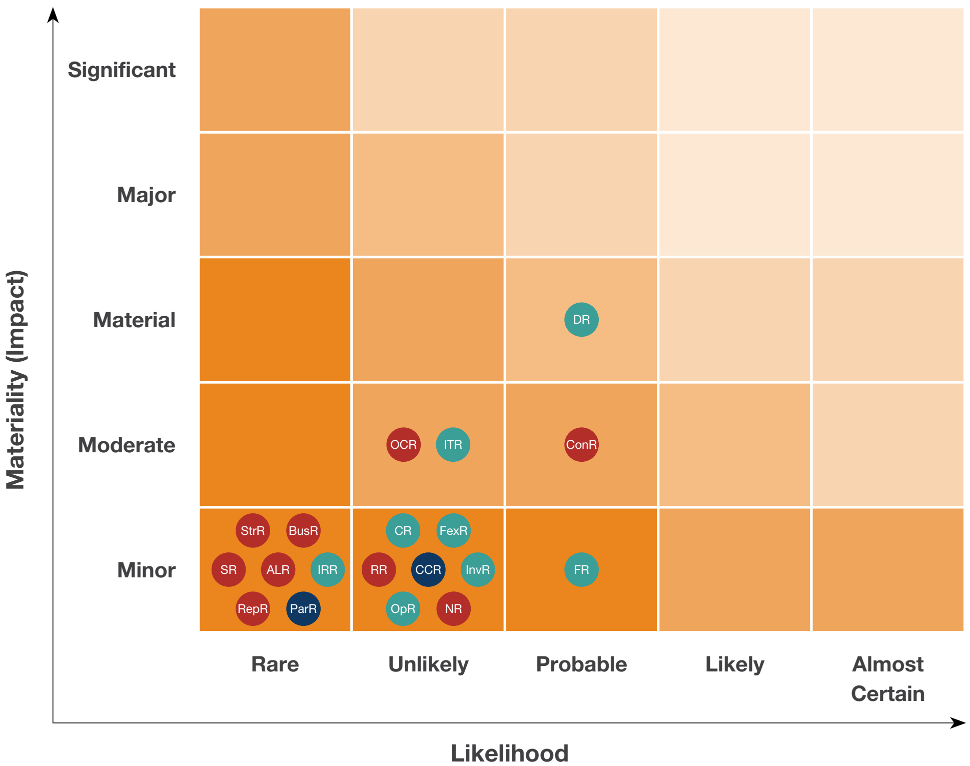
The internal audit function provides independent assurance on the design and operating effectiveness of the governance, risk management and internal control framework and facilitates enhancement, where appropriate.

Governing and Oversight Functions

The Board provides oversight directly and indirectly through its sub committees, to satisfy itself that decision-making is aligned with CGC's strategies and risk appetite. The Board receives regular updates on the risk information and periodically review and approve risk management framework, policies and limits. Management Level Committees comprise senior management responsible for supporting the sub committees of Board in the implementation of an effective risk management framework and embedded throughout CGC.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

SIGNIFICANT MATERIAL RISKS OF CGC



Legend

ALR	Asset Liquidity Risk
BusR	Business Risk
CR	Country Risk
ConR	Concentration Risk
CCR	Counterparty Credit Risk
DR	Default Risk
FR	Fraud Risk
FExR	Foreign Exchange Risk
InvR	Investment Risk
IRR	Interest Rate Risk
ITR	IT Risk
NR	Name Risk
OpR	Operational Risk (exc. Fraud)
OCR	Opportunity Cost Risk
ParR	Participation Risk
RepR	Reputation Risk
RR	Recovery Risk
SR	Settlement Risk
StrR	Strategic Risk

Sufficient Capital Already Provided   No Additional Capital Required   Additional Capital Required

Default Risk

The Corporation is exposed to this inherent risk due to its business of providing credit guarantees. It is a material risk primarily due to relatively riskier segment of MSMEs that it guarantees. In managing the default risk, acceptable default/ NPL threshold has been set according to the type of portfolio guaranteed in addition to agreed 'Eligibility Criteria' for approval

Opportunity Cost Risk

Due to the large investment portfolio, which generates significant revenue, the Corporation is exposed to this risk. This is also due to the number of securities currently held to maturity. Hence any significant increase in yield may affect the Corporation in the sense that a potentially higher yield cannot be achieved as the Corporation is locked in these positions.

Operation Risk

Risk of loss due to inadequate or failed internal processes, people and systems, or from external events. Currently several projects are already underway by the Corporation to mitigate technology risk that had been identified.

Credit Concentration Risk

Due to the nature of the business in which the Corporation is exposed to micro, small and medium sized enterprises with high volatility in performance and other similar risks characteristics, the Corporation is exposed to credit concentration risk at the portfolio level.

2018 FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Dato' Agil Natt (Chairman)
Datuk David Chua Kok Tee
Dato' Haji Syed Moheeb Syed Kamarulzaman
Encik Teoh Kok Lin
Encik Suresh Menon
Dato' Ong Eng Bin
Puan Nadzirah Abd. Rashid
Encik Choong Tuck Oon
Puan Jessica Chew Cheng Lian – Resigned on 15 October 2018
Encik Adnan Zaylani Mohamad Zahid – Appointed on 18 October 2018

PRINCIPAL ACTIVITIES

The principal activities of the Company are provision of guarantees, loans and financing.

The principal activities of the Group consist of provision of guarantees, loans and financing, credit reference services, credit rating and such other services related to a credit bureau.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit/(loss) for the financial year attributable to:		
Shareholders of the Company	263,095	210,636
Non-controlling interest	(555)	-
Net profit for the financial year	262,540	210,636

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES

During the financial year, there were no changes in the issued and fully paid capital of the Company.

Details of the shares are set out in Note 20 to the financial statements.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or by 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.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIVIDENDS

No dividends were paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividends to be paid for the financial year ended 31 December 2018.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 44 to the financial statements.

SHARE OPTION SCHEME

No share options were issued by the Company during the financial year.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, 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 provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

OTHER STATUTORY INFORMATION (CONTINUED)

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in the Group and in the Company which has arisen since the end of the financial year.

(d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiary to meet their obligations when they fall due.

(e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors:

(i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSIDIARY

Details of a subsidiary are set out in Note 6 to the financial statements.

There is no subsidiary's holding of shares in the Company.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 39 to the financial statements.

BUSINESS REVIEW

(a) Overall Performance

Credit Guarantee Corporation Malaysia Berhad ("CGC") achieved a total revenue of RM173 million. Portfolio and wholesale guarantee schemes remain our major contributors with RM152 million in revenue coming from these two schemes. Portfolio and wholesale guarantees showed strong growth with 48% increase in approval value, ending at RM2.8 billion. We approved close to 9,000 new guarantees and financing, registering a value of RM3.7 billion.

As part of our Bumiputera financial inclusion agenda that is overseen by the Board's Bumiputera Development Committee, we conducted more than 200 events and Taklimat Usahawan (entrepreneur briefings) reaching out to over 6,900 Bumiputera Micro, Small and Medium-sized Enterprises ("MSMEs"). The approval value for the Bumiputera segment was RM867 million while 2,860 MSMEs were granted financing. Our contract financing scheme, Tabung Projek Usahawan Bumiputera-i ("TPUB-i") recorded an all-time high approval value of RM330 million in 2018.

Our Direct Financing grew significantly year-on-year for BizMula-i and BizWanita-i schemes due to the introduction of green lane for faster processing of approvals. The approval value for both schemes improved by 3.5 times to RM53 million whilst the number of approvals improved by 3 times to 739 MSMEs.

As at 31 December 2018, imSME, Malaysia's 1st SME financing/loan referral platform registered 22 participating financial institutions and a total of 37 unsecured financing products. imSME received over 310,000 visitors with more than 3,900 MSMEs registered and 400 approved applications amounting to almost RM47 million. Our dedicated imSME Financial Advisory team supported over 2,400 unsuccessful applicants by improving their chances to secure financing with our financial partners.

The CGC Developmental Programme through its Go-Digital and Gaining Market Access events benefitted more than 1,600 MSMEs in 2018. Over the past three (3) years, CGC brought our MSMEs customer to participate in international trade exhibitions and business matching events such as the China-ASEAN Expo ("CAEXPO"), Canton Fair and Indonesia.

(b) Key Performance Indicators ("KPIs")

We reviewed our 5-Year Strategic Plan ("5SP") and revised it to 5SP+ to ensure relevancy and to be reflective of the current business environment. A fifth (5) Strategic Objective – Digitisation was added, which cuts across the entire operations of CGC that has a profound impact on our People, Process and Technology. Out of a total of 25 strategic initiatives, 14 have been completed with remaining 11 are on-going as planned.

(c) Key Risks and Mitigations

CGC practices sound credit risk and portfolio management through consistent monitoring, data analytics and insightful reporting, adhering to the Malaysian Financial Reporting Standards ("MFRS") and Bank Negara Malaysia ("BNM") Internal Capital Adequacy Assessment Process ("ICAAP") standards to mitigate risks. Operational risk has heightened especially with the extensive exposure to technology. IT governance and cyber security are key risks, and are being closely monitored. Relevant controls are in place to manage these operational risks. CGC continues to keep abreast with regulatory and legal requirements to ensure compliance with the guidelines issued by regulators.

BUSINESS REVIEW (CONTINUED)

(d) Human Capital Development

CGC continues to focus on the enhancement of our human capital. The efforts to attract, develop and retain talent continue to be our focus and we are also enhancing our Employee Value Proposition. The skill sets of our people are channeled to more innovative and value-add tasks as we prepare for automation and FinTech integration.

(e) Community Building

We promote community building through our Corporate Responsibility ("CR") programme, which amongst others includes reaching out to the underprivileged communities during Malaysia's festive seasons and enhancing cancer awareness by participating in National Cancer Society Malaysia's Relay for Life fundraising event. CGC also organises other CR programmes such as the annual blood donation drive at our headquarters, our sports based CR – the CGC Merdeka Midnight Rugby Meet, and the "Jom Kembali ke Sekolah" programme supporting underprivileged primary school students from Sekolah Kebangsaan Parit 4, Sungai Besar, Selangor. In addition, we also collaborate with PERTIWI Soup Kitchen to feed the homeless and urban poor.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 29 April 2019. Signed on behalf of the Board of Directors:

DATO' AGIL NATT	**NADZIRAH ABD. RASHID**
Chairman	Director

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group		Company	
		31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
ASSETS					
Property, plant and equipment	4	**29,014**	24,672	**28,489**	24,018
Intangible assets	5	**20,237**	16,930	**15,253**	11,688
Investment in a subsidiary	6	**-**	-	**-**	-
Investments in associates	7	**896,623**	840,321	**500,200**	500,200
Structured investments: Fair value through profit or loss ("FVTPL")	8	**148,546**	147,061	**148,546**	147,061
Investment securities: Available for sale ("AFS")	9	**-**	1,762,312	**-**	1,762,312
Investment securities: Held-to-maturity ("HTM")	10	**-**	172,575	**-**	172,575
Investment securities: FVTPL	11	**801,786**	772,225	**801,786**	772,225
Investment securities: Fair value through other comprehensive income ("FVOCI")	12	**1,701,952**	-	**1,701,952**	-
Investment securities: Amortised cost	13	**171,800**	-	**171,800**	-
Derivative financial assets	14	**1,945**	2,420	**1,945**	2,420
Term deposits	15	**984,646**	1,080,949	**984,646**	1,080,949
Loans, advances and financing	16	**181,783**	189,724	**181,783**	189,724
Loan due from a subsidiary	17	**-**	-	**-**	125
Amount due from a subsidiary	17	**-**	-	**4,505**	4,436
Trade and other receivables	19	**20,275**	18,388	**18,118**	16,174
Cash and cash equivalents		**64,712**	64,332	**60,996**	58,522
TOTAL ASSETS		**5,023,319**	5,091,909	**4,620,019**	4,742,429

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	Group 31.12.2018 RM'000	Group 31.12.2017 RM'000	Company 31.12.2018 RM'000	Company 31.12.2017 RM'000
EQUITY AND LIABILITIES					
Equity attributable to the shareholders of the Company					
Share capital	20	**1,785,600**	1,585,600	**1,785,600**	1,585,600
Reserves	21	**945,866**	870,742	**945,866**	870,742
Retained earnings		**948,743**	1,141,435	**552,685**	797,836
Available-for-sale reserve	22	**-**	14,041	**-**	12,537
FVOCI reserve	23	**31,079**	-	**27,142**	-
		3,711,288	3,611,818	**3,311,293**	3,266,715
Non-controlling interest		**1,416**	1,971	**-**	-
TOTAL EQUITY		**3,712,704**	3,613,789	**3,311,293**	3,266,715
LIABILITIES					
Amount due to Bank Negara Malaysia ("BNM")	18	**227**	509	**227**	509
Funds from BNM	24	**841,089**	801,500	**841,089**	801,500
Small Entrepreneurs Guarantee Scheme ("SEGS")	25	**29,549**	37,176	**29,549**	37,176
Tabung Usahawan Kecil ("TUK")	26	**39,906**	38,326	**39,906**	38,326
Government funds	27	**42,556**	150,342	**42,556**	150,342
Preference shares	28	**-**	200,000	**-**	200,000
Small Entrepreneurs Financing Fund ("SEFF")	29	**32**	11,075	**32**	11,075
Derivative financial liabilities	30	**1,016**	228	**1,016**	228
Expected credit losses/provision of claims for guarantee schemes	31	**208,911**	22,799	**208,911**	22,799
Loan due to non-controlling interest	32	**-**	38	**-**	-
Claims payable		**2,097**	1,480	**2,097**	1,480
Trade and other payables	32	**145,232**	214,647	**143,343**	212,279
Deferred tax liabilities	40	**-**	-	**-**	-
TOTAL LIABILITIES		**1,310,615**	1,478,120	**1,308,726**	1,475,714
TOTAL EQUITY AND LIABILITIES		**5,023,319**	5,091,909	**4,620,019**	4,742,429

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

STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	35	**184,001**	165,582	**172,903**	155,575
Investment income	36	**234,808**	187,374	**234,808**	187,374
		418,809	352,956	**407,711**	342,949
Other operating income	37	**57,794**	58,062	**63,861**	64,677
Total income		**476,603**	411,018	**471,572**	407,626
Staff costs	38	**72,542**	71,812	**68,932**	68,717
Depreciation on property, plant and equipment		**5,593**	4,911	**5,394**	4,745
Amortisation of intangible assets		**5,959**	6,016	**4,273**	4,332
Expected credit losses/provision of claims for guarantee schemes		**129,445**	99,743	**129,445**	99,743
Expected credit losses/allowance for impairment of loans, advances and financing		**9,472**	7,793	**9,472**	7,793
Expected credit losses written back for investment securities and others		**(266)**	-	**(266)**	-
Allowance for impairment losses for investment in subsidiary		**-**	-	**-**	5,182
Interest expense for Government loans		**3,525**	4,500	**3,525**	4,500
Other operating expenses		**47,378**	51,582	**40,161**	44,765
Total operating expenses		**273,648**	246,357	**260,936**	239,777
Share of profit after tax of associates		**59,568**	56,997	**-**	-
Profit before taxation	39	**262,523**	221,658	**210,636**	167,849
Taxation	40	**17**	350	**-**	-
Net profit for the financial year		**262,540**	222,008	**210,636**	167,849

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
- Net fair value loss on AFS investments		**-**	10,262	**-**	10,262
- Net fair value loss on FVOCI investments		**13,871**	-	**13,871**	-
- Write-back of expected credit losses for FVOCI investments		**(19)**	-	**(19)**	-
- Share of other comprehensive income of associates:					
- AFS		**-**	1,575	**-**	-
- FVOCI		**2,433**	-	**-**	-
Other comprehensive income for the financial year		**16,285**	11,837	**13,852**	10,262
Total comprehensive income for the financial year		**278,825**	233,845	**224,488**	178,111
Net profit/(loss) for the financial year attributable to:					
Shareholders of the Company		**263,095**	222,497	**210,636**	167,849
Non-controlling interest		**(555)**	(489)	**-**	-
		262,540	222,008	**210,636**	167,849
Total comprehensive income/(loss) for the financial year attributable to:					
Shareholders of the Company		**279,380**	234,334	**224,488**	178,111
Non-controlling interest		**(555)**	(489)	**-**	-
		278,825	233,845	**224,488**	178,111

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	Note	Share capital RM'000	Special Programme reserve RM'000	Skim Perbankan Islam ("SPI") reserve RM'000	Special reserve RM'000	FVOCI reserve RM'000	AFS reserve RM'000	Retained earnings RM'000	Non-controlling interest RM'000	Total equity RM'000
		← Attributable to Shareholders of the Company							→	
Balance as at 1 January 2018 – as previously reported		**1,585,600**	**288,852**	**15,630**	**566,260**	**-**	**14,041**	**1,141,435**	**1,971**	**3,613,789**
Impact of adopting MFRS 9 (Note 49)		**-**	**-**	**-**	**-**	**14,794**	**(14,041)**	**(180,663)**	**-**	**(179,910)**
Restated balance as at 1 January 2018		**1,585,600**	**288,852**	**15,630**	**566,260**	**14,794**	**-**	**960,772**	**1,971**	**3,433,879**
Total comprehensive income/(loss) for the financial year		**-**	**-**	**-**	**-**	**16,285**	**-**	**263,095**	**(555)**	**278,825**
Redemption of redeemable preference shares	28	**200,000**	**-**	**-**	**-**	**-**	**-**	**(200,000)**	**-**	**-**
Transfer between reserves	21	**-**	**19,760**	**879**	**54,485**	**-**	**-**	**(75,124)**	**-**	**-**
Balance as at 31 December 2018		**1,785,600**	**308,612**	**16,509**	**620,745**	**31,079**	**-**	**948,743**	**1,416**	**3,712,704**
Balance as at 1 January 2017		1,585,600	272,221	14,938	508,216	-	2,204	994,305	2,460	3,379,944
Total comprehensive income/(loss) for the financial year		-	-	-	-	-	11,837	222,497	(489)	233,845
Transfer between reserves	21	-	16,631	692	58,044	-	-	(75,367)	-	-
Balance as at 31 December 2017		1,585,600	288,852	15,630	566,260	-	14,041	1,141,435	1,971	3,613,789

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Company	Note	Share capital RM'000	Special Programme reserve RM'000	Skim Perbankan Islam ("SPI") reserve RM'000	Special reserve RM'000	FVOCI reserve RM'000	AFS reserve RM'000	Retained earnings RM'000	Total equity RM'000
		← Non-Distributable					→	Distributable	
Balance as at 1 January 2018 – as previously reported		**1,585,600**	**288,852**	**15,630**	**566,260**	**-**	**12,537**	**797,836**	**3,266,715**
Impact of adopting MFRS 9 (Note 49)		**-**	**-**	**-**	**-**	**13,290**	**(12,537)**	**(180,663)**	**(179,910)**
Restated balance as at 1 January 2018		**1,585,600**	**288,852**	**15,630**	**566,260**	**13,290**	**-**	**617,173**	**3,086,805**
Total comprehensive income for the financial year		**-**	**-**	**-**	**-**	**13,852**	**-**	**210,636**	**224,488**
Redemption of redeemable preference shares	28	**200,000**	**-**	**-**	**-**	**-**	**-**	**(200,000)**	**-**
Transfer between reserves	21	**-**	**19,760**	**879**	**54,485**	**-**	**-**	**(75,124)**	**-**
Balance as at 31 December 2018		**1,785,600**	**308,612**	**16,509**	**620,745**	**27,142**	**-**	**552,685**	**3,311,293**
Balance as at 1 January 2017		1,585,600	272,221	14,938	508,216	-	2,275	705,354	3,088,604
Total comprehensive income for the financial year		-	-	-	-	-	10,262	167,849	178,111
Transfer between reserves	21	-	16,631	692	58,044	-	-	(75,367)	-
Balance as at 31 December 2017		1,585,600	288,852	15,630	566,260	-	12,537	797,836	3,266,715

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	**262,540**	222,008	**210,636**	167,849
Adjustments for:				
Depreciation on property, plant and equipment	**5,593**	4,911	**5,394**	4,745
Amortisation of intangible assets	**5,959**	6,016	**4,273**	4,332
Gain on disposal of property, plant and equipment	**(34)**	31	**(34)**	31
Write-off of property, plant and equipment	**28**	-	**28**	-
Write-off of intangible assets	**-**	26	**-**	3
Unrealised fair value loss/(gain) on structured investments	**1,454**	(3,193)	**1,454**	(3,193)
Realised gain on AFS investments	**-**	(892)	**-**	(892)
Realised gain on FVOCI investments	**(279)**	-	**(279)**	-
Realised loss/(gain) on FVTPL investments	**4,880**	(7,953)	**4,880**	(7,953)
Realised gain on HFT investments	**-**	(183)	**-**	(183)
Realised loss on structured investments	**2,051**	-	**2,051**	-
Accretion of premiums on HFT investments	**-**	(3)	**-**	(3)
Unrealised fair value (gain)/loss on FVTPL investments	**(18)**	14,849	**(18)**	14,849
Unrealised foreign exchange loss on FVTPL investments	**-**	499	**-**	499
Amortisation of premiums on AFS investments	**-**	965	**-**	965
Amortisation of premiums on FVTPL investments	**2,462**	2,262	**2,462**	2,262
Amortisation of premium on FVOCI investments	**1,209**	-	**1,209**	-
Realised gain on derivatives	**(605)**	(17,348)	**(605)**	(17,348)
Unrealised loss/(gain) on derivatives	**1,282**	(3,060)	**1,282**	(3,060)
Expected credit losses/provision of claims for guarantee schemes	**129,445**	99,743	**129,445**	99,743
Expected credit losses/allowance for impairment of loans, advances and financing (net)	**9,472**	7,793	**9,472**	7,793
Expected credit losses written back for investment securities	**(272)**	-	**(272)**	-
Expected credit losses for P2P	**6**	-	**6**	-
(Expected credit losses written back)/impairment allowance for trade receivables	**(52)**	60	**-**	-
Allowance for impairment losses for investment in subsidiary	**-**	-	**-**	5,182
Amortisation of deferred income	**(2,953)**	(3,170)	**(2,953)**	(3,170)
Accretion of Government loans	**2,953**	3,170	**2,953**	3,170
Interest expense on Government loans	**3,525**	4,500	**3,525**	4,500
Share of profit after tax of associates	**(59,568)**	(56,997)	**-**	-
Taxation	**(17)**	(374)	**-**	-
	369,061	273,660	**374,909**	280,121
Increase in interest receivable for investments	**(4,816)**	(6,107)	**(4,816)**	(6,107)
Decrease/(increase) in amount due from a subsidiary	**-**	-	**56**	(2,571)
(Increase)/decrease in trade and other receivables	**(1,835)**	11,291	**(1,944)**	12,023
Decrease in loans, advances and financing	**(20,311)**	(4,890)	**(20,311)**	(4,890)
Decrease in claims payable	**(102,809)**	(97,879)	**(102,809)**	(97,879)
(Decrease)/increase in other payables	**(66,444)**	26,694	**(65,983)**	26,830
Cash generated from operations	**172,846**	202,769	**179,102**	207,527
Tax paid	**(1)**	(7)	**-**	-
Net cash inflows from operating activities	**172,845**	202,762	**179,102**	207,527

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	**38**	3	**38**	3
Purchase of property, plant and equipment	**(9,967)**	(9,431)	**(9,897)**	(9,141)
Purchase of intangible assets	**(9,266)**	(3,955)	**(7,838)**	(2,590)
Purchase of AFS investments	**-**	(398,082)	**-**	(398,082)
Purchase of structured investments	**(150,000)**	-	**(150,000)**	-
Purchase of FVTPL investments	**(439,599)**	(493,880)	**(439,599)**	(493,880)
Purchase of Held-to-maturity investments	**-**	(80,000)	**-**	(80,000)
Purchase of FVOCI investments	**(99,923)**	-	**(99,923)**	-
Purchase of Amortised Cost investments	**(21)**	-	**(21)**	-
Proceeds from disposal of AFS investments	**-**	139,999	**-**	139,999
Proceeds from disposal of FVOCI investments	**165,017**	-	**165,017**	-
Proceeds from disposal of FVTPL investments	**415,742**	363,221	**415,742**	363,221
Proceeds from disposal of HFT investments	**-**	15,165	**-**	15,165
Proceeds from maturity of structured investments	**145,010**	-	**145,010**	-
Increase in derivative financial liabilities – net	**586**	17,348	**586**	17,348
Decrease in term deposits	**96,303**	253,892	**96,303**	253,892
Dividend received from associates	**5,700**	6,300	**-**	-
Net cash inflows/(outflows) from investing activities	**119,620**	(189,420)	**115,418**	(194,065)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of Small Entrepreneurs Guarantee Scheme	**(9,000)**	(9,000)	**(9,000)**	(9,000)
Repayment of preference shares	**(200,000)**	-	**(200,000)**	-
Repayment of Small Entrepreneurs Financing Fund	**(11,043)**	-	**(11,043)**	-
Repayment of HPT & New Investment Fund	**(107,786)**	-	**(107,786)**	-
Payment of interest on Government funds	**(3,525)**	(4,500)	**(3,525)**	(4,500)
Repayment of loan due to non-controlling interest	**(38)**	-	**-**	-
Decrease in amount due to BNM	**(282)**	(1,410)	**(282)**	(1,410)
Increase in BizMula-i and BizWanita-i funds from BNM	**39,589**	-	**39,589**	-
Net cash outflows in financing activities	**(292,085)**	(14,910)	**(292,047)**	(14,910)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	**380**	(1,568)	**2,474**	(1,448)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**64,332**	65,900	**58,522**	59,970
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**64,712**	64,332	**60,996**	58,522
Cash and cash equivalents comprise:				
Cash and bank balances	**64,712**	64,332	**60,996**	58,522

Group	As at 1 January 2018 RM'000	Cash flows RM'000	Non-cash changes Interest accretion RM'000	Interest accrual RM'000	As at 31 December 2018 RM'000
Amount due to Bank Negara Malaysia ("BNM")	509	(282)	-	-	227
Funds from BNM	801,500	39,589	-	-	841,089
Small Entrepreneurs Guarantee Scheme ("SEGS")	37,176	(9,000)	1,373	-	29,549
Tabung Usahawan Kecil ("TUK")	38,326	-	1,580	-	39,906
Government funds	150,342	(111,311)	-	3,525	42,556
Preference shares	200,000	(200,000)	-	-	-
Small Entrepreneurs Financing Fund ("SEFF")	11,075	(11,043)	-	-	32
	1,238,928	(292,047)	2,953	3,525	953,359

Group	As at 1 January 2017 RM'000	Cash flows RM'000	Non-cash changes Interest accretion RM'000	Interest accrual RM'000	As at 31 December 2017 RM'000
Amount due to Bank Negara Malaysia ("BNM")	1,919	(1,410)	-	-	509
Funds from BNM	801,500	-	-	-	801,500
Small Entrepreneurs Guarantee Scheme ("SEGS")	44,523	(9,000)	1,653	-	37,176
Tabung Usahawan Kecil ("TUK")	36,809	-	1,517	-	38,326
Government funds	150,342	(4,500)	-	4,500	150,342
Preference shares	200,000	-	-	-	200,000
Small Entrepreneurs Financing Fund ("SEFF")	11,075	-	-	-	11,075
	1,246,168	(14,910)	3,170	4,500	1,238,928

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Company	As at 1 January 2018 RM'000	Cash flows RM'000	Non-cash changes Interest accretion RM'000	Interest accrual RM'000	As at 31 December 2018 RM'000
Amount due to Bank Negara Malaysia ("BNM")	**509**	**(282)**	**-**	**-**	**227**
Funds from BNM	**801,500**	**39,589**	**-**	**-**	**841,089**
Small Entrepreneurs Guarantee Scheme ("SEGS")	**37,176**	**(9,000)**	**1,373**	**-**	**29,549**
Tabung Usahawan Kecil ("TUK")	**38,326**	**-**	**1,580**	**-**	**39,906**
Government funds	**150,342**	**(111,311)**	**-**	**3,525**	**42,556**
Preference shares	**200,000**	**(200,000)**	**-**	**-**	**-**
Small Entrepreneurs Financing Fund ("SEFF")	**11,075**	**(11,043)**	**-**	**-**	**32**
	1,238,928	**(292,047)**	**2,953**	**3,525**	**953,359**

Company	As at 1 January 2017 RM'000	Cashflows RM'000	Non-cash changes Interest accretion RM'000	Interest accrual RM'000	As at 31 December 2017 RM'000
Amount due to Bank Negara Malaysia ("BNM")	1,919	(1,410)	-	-	509
Funds from BNM	801,500	-	-	-	801,500
Small Entrepreneurs Guarantee Scheme ("SEGS")	44,523	(9,000)	1,653	-	37,176
Tabung Usahawan Kecil ("TUK")	36,809	-	1,517	-	38,326
Government funds	150,342	(4,500)	-	4,500	150,342
Preference shares	200,000	-	-	-	200,000
Small Entrepreneurs Financing Fund ("SEFF")	11,075	-	-	-	11,075
	1,246,168	(14,910)	3,170	4,500	1,238,928

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

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2018

1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia. The address of the registered office of the Company is Level 14, Bangunan CGC, Kelana Business Centre, No. 97, Jalan SS 7/2, 47301 Petaling Jaya, Selangor.

The principal place of business of the Company is located at Level 8, Bangunan CGC, Kelana Business Centre, No. 97, Jalan SS 7/2, 47301 Petaling Jaya, Selangor.

The Company is principally engaged in the provision of guarantees, loans and financing. The principal activity of the subsidiary is the provision of credit reference services, credit rating and such other services related to a credit bureau.

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 29 April 2019.

2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention unless otherwise indicated in this summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires the Directors to exercise their judgment in the process of applying the Group's and Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(a) Standards, amendments to published standards and interpretations that are effective.

The Group and the Company have applied the following standards and amendments for the first time for the financial year beginning on 1 January 2018:

- MFRS 9 "Financial Instruments"
- MFRS 15 "Revenue from Contracts with Customers"
- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"
- Annual Improvements to MFRS 128 "Investments in Associates and Joint Ventures"

The Group and the Company have applied MFRS 9 and MFRS 15 for the first time in the 2018 financial statements with the date of initial application of 1 January 2018. The standard is applied retrospectively.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(a) Standards, amendments to published standards and interpretations that are effective. (continued)

In accordance with the transitional provisions provided in MFRS 9 and 15, comparative information for 2017 was not restated and continued to be reported under the previous accounting policies governed under MFRS 139 and 118. The cumulative effects of initially applying MFRS 9 and 15 were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2018. The detailed impact of change in accounting policies are set out in Note 48.

There is no material impact on the financial statements of the Company on the adoption of MFRS 15 for the financial year ended 31 December 2018.

Other than that, the adoption of other amendments listed above did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) Standards and amendments that have been issued but not yet effective.

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2018. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- MFRS 16 "Leases" (effective from 1 January 2019) supersedes MFRS 117 "Leases" and the related interpretations.

  Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" ("ROU") of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The ROU asset is depreciated in accordance with the principle in MFRS 116 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in the statements of comprehensive income.

  For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

  At 1 January 2019, the Group and the Company expect to adopt the standard using a modified retrospective approach where the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings and comparatives are not restated. The implementation is expected to increase the assets ("ROU") and increase the financial liabilities with no significant effect on net assets or retained earnings.

  IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilitites where there is uncertainty over a tax treatment.

  If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(b) Standards and amendments that have been issued but not yet effective. (continued)

IC Interpretation 23 will be applied retrospectively.

- Amendments to MFRS 128 “Long-term Interests in Associates and Joint Ventures” (effective from 1 January 2019) clarify that an entity should apply MFRS 9 “Financial Instruments” (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity’s net investment, for which settlement is neither planned nor likely to occur in the foreseeable future. In addition, such long-term interest are subject to loss allocation and impairment requirements in MFRS 128.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 9 “Prepayment Features with Negative Compensation” (effective 1 January 2019) allow companies to measure some prepayable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a “held to collect” business model.

  The amendments will be applied retrospectively.

- Annual Improvements to MFRSs 2015 – 2017 Cycle:

  - Amendments to MFRS 3 “Business Combinations” (effective from 1 January 2019) clarify that when a party obtains control of a business that is a joint operation, the acquirer should account the transaction as a business combination achieved in stages. Accordingly, it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.

  - Amendments to MFRS 11 “Joint Arrangements” (effective from 1 January 2019) clarify that when a party obtains joint control of a business that is a joint operation, the party should not remeasure its previously held interest in the joint operation.

  - Amendments to MFRS 112 “Income Taxes” (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in the statements of comprehensive income, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in the statements of comprehensive income when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

  - Amendments to MFRS 123 “Borrowing Costs” (effective from 1 January 2019) clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(b) Standards and amendments that have been issued but not yet effective. (continued)

- Amendments to MFRS 119 "Plan amendment, curtailment or settlement" (effective 1 January 2019) requires an entity to use the updated actuarial assumptions from remeasurement of its net defined benefit liability or asset arising from plan amendment, curtailment or settlement, to determine current service cost and net interest for the remaining period after the change to the plan. The amendments will be applied prospectively.

The Group and the Company will apply these standards and amendments when effective. The adoption of the above standards and amendments to published standards are not expected to have any material impact on the financial statements of the Group and the Company.

2.2 Consolidation, subsidiaries and associates

(a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in the profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in the profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation, subsidiaries and associates (continued)

(a) Subsidiaries (continued)

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of financial position, statements of comprehensive income, statements of changes in equity respectively.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to the owners of the Group.

(c) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss.

(d) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group’s share of the post-acquisition profits or losses of the associate in the statements of comprehensive income, and the Group’s share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group’s share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group’s net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group’s investment in associates includes goodwill identified on acquisition.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation, subsidiaries and associates (continued)

(d) Associates (continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount. The Group presents the impairment loss in share of profit after tax of associates in statements of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its associates because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in other comprehensive income in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to the profit or loss where appropriate.

Dilution gains or losses arising in investments in associates are recognised in the profit or loss.

2.3 Investments in subsidiaries and associates in separate financial statements

In the Company's separate financial statements, investments in subsidiaries, joint ventures and associates are carried at cost less accumulated impairment losses. On disposal of investments in subsidiaries, joint ventures and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

The amount due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment

Property, plant and equipment are initially stated at cost. Land and buildings are subsequently shown at fair value, less subsequent depreciation and impairment losses. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price, import duties, non-refundable purchase taxes and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in the profit or loss during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in "other operating income/(loss)" in the profit or loss.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight-line method to allocate the cost or the revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

Building	25 years
Leasehold land	Over the remaining lease period
Motor vehicles	5 years
Office equipment	5 years
Furniture, fittings and fixtures	5 years
Renovation	5 years
Computer equipment	5 years

At the end of the reporting period, the Group and the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2.6 on impairment of non-financial assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Intangible assets

Intangible assets consist of capitalised data cost acquired from Companies Commission of Malaysia and application software.

Intangible assets are stated at cost less any accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets which it relates. All other expenditure is recognised in the profit or loss as incurred.

Intangible assets with finite useful lives are amortised from the date they are available for use.

Amortisation is recognised in the profit or loss on a straight-line basis over the estimated lives of the intangible assets, summarised as follows:

Capitalised data costs	5 years
Application software	5 - 10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

At the end of the reporting period, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A written down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2.6 on impairment of non-financial assets.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development cost previously recognised as an expense are not recognised as an asset in subsequent period.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets

Accounting policies applied from 1 January 2018

(a) Classification

From 1 January 2018, the Group and the Company classify the financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

(b) Recognition and initial measurement

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Company reclassify debt investments when and only when the business model for managing those assets changes.

There are three measurement categories into which the Group and the Company classify the debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the profit or loss and presented in investment income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

Accounting policies applied from 1 January 2018 (continued)

(c) Measurement (continued)

Debt instruments (continued)

(ii) Fair value through other comprehensive income ("FVOCI")

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in investment income. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in investment income and impairment expenses are presented as separate line item in the profit or loss.

(iii) Fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in the profit or loss and presented net within investment income in the period which it arises.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's and the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in the profit or loss as other income when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in investment income in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

Accounting policies applied from 1 January 2018 (continued)

(d) Subsequent measurement – Impairment

Impairment for debt instruments and financial guarantee contracts

The Group and the Company assess on a forward looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company have four types of financial instruments that are subject to the ECL model:

- Trade receivables
- Loans to subsidiaries
- Financial guarantee contracts

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group and the Company expect to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) General 3-stage approach for other receivables and financial guarantee contracts issued

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 48 sets out the measurement details of ECL.

(ii) Simplified approach for trade receivables, contract assets and lease receivables

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets. Note 48 sets out the measurement details of ECL.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

Significant increase in credit risk ("SICR")

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- Default risk

  The Group and the Company shall compare the risk of a default occuring on the financial instrument as at the reporting date with the risk of a default as at the date of initial recognition.

- Forward looking information

  When more forward looking than past due information is available, it must be used to assess SICR. Because credit risk typically increases significantly before a financial instrument becomes past due or other lagging customer-specific factors (for example, a modification or restructuring) are observed.

- Past due information

  When information that is more forward looking than past due status is not available, the Group and the Company may use past due information to determine SICR.

- Collective assessment

  Some factors or indicators may not be identifiable on an individual financial instrument level. In such a case, the factors or indicators should be assessed for appropriate portfolios, groups of portfolios or portions of a portfolio of financial instruments to determine SICR.

- Low credit risk at reporting date

  Financial instrument with low credit risk at reporting date could be considered as no SICR.

- Non funded product consideration

  For financing commitments, using changes in the risk of a default occuring on the financing to which a financing commitment relates. For financial guarantee contracts, an entity considers the changes in the risk that the specified debtor will default on the contract.

- De-recognition of SICR

  Financial instruments that move from stage 2 back to stage 1 need to have a history of timely payment performance against the modified contractual terms.

Macroeconomic information (such as unemployment rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

Definition of default and credit-impaired financial assets

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

The Group and the Company define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when they fall due.

Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent

Financial instruments that are credit-impaired are assessed on individual basis.

Groupings of instruments for ECL measured on collective basis

(i) Collective assessment

To measure ECL, trade receivables and contract assets arising from furniture manufacturing business have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(ii) Individual assessment

Trade receivables and contract assets which are in default or credit-impaired are assessed individually.

Write-off

(i) Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the Company, and a failure to make contractual payments for a period of greater than days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

Write-off (continued)

(ii) Other receivables

The Group and the Company write off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

<u>Accounting policies applied until 31 December 2017</u>

(a) Classification

The Group and the Company classify the financial assets in the following categories: financial investments held for trading ("HFT"), loans and receivables, financial investments AFS and financial investments HTM. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition and, in the case of assets classified as financial investments HTM, re-evaluates this designation at the end of each reporting period.

(i) Financial investments HFT

Financial assets at FVTPL are financial assets acquired principally for the purpose of selling in the short term, i.e. are held for trading.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The Group's and the Company's loans and receivables comprise "term deposits", "loans, advances and financing", "loan due from a subsidiary", "amount due from a subsidiary", "trade and other receivables" and "cash and cash equivalents" in the statements of financial position.

(iii) Financial investments AFS

Financial investments AFS are non-derivatives that are either designated in this category or not classified in any of the other categories.

(iv) Financial investments HTM

Financial investments HTM are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group's and Company's management has the positive intention and ability to hold to maturity. If the Group and the Company were to sell other than an insignificant amount of HTM financial assets, the whole category would be tainted and reclassified as AFS.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

Accounting policies applied until 31 December 2017 (continued)

(b) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group and the Company commit to purchase or sell the assets.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at FVTPL. Financial assets as FVTPL are initially recognised at fair value, and transaction costs are expensed in the profit or loss.

(c) Subsequent measurement – gains and losses

Financial assets at FVTPL and AFS financial assets are subsequently carried at fair value.

Loans and receivables and HTM financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at FVTPL, including the effects of currency translation, interest and dividend income are recognised in the statements of comprehensive income in the period in which the changes arise.

Changes in the fair value of AFS assets are recognised in other comprehensive income, except for impairment losses (see accounting policy Note 2.7(d)) and foreign exchange gains and losses. The exchange differences on monetary assets are recognised in the profit or loss.

Interest and dividend income on AFS financial assets are recognised separately in the profit or loss. Interest on AFS debt securities is calculated using the effective interest method and recognised in the profit or loss. Dividends income on AFS equity instruments are recognised in the profit or loss when the Group's and the Company's right to receive payments is established.

(d) Subsequent measurement – Impairment of financial assets

Assets carried at amortised cost

The Group and the Company assess at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers experiencing significant financial difficulty, the probability that they will enter bankruptcy or other reorganisation, default or delinquency in interest or principal payments or where observable data indicates that there is a measureable decrease in the estimated future cash flows, such as changes in economic conditions that correlate with defaults.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

Accounting policies applied until 31 December 2017 (continued)

(d) Subsequent measurement – Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a "loan and receivable" has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group and the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

(i) Individual assessment

The Group and the Company assess if objective evidence of impairment exists for assets carried at amortised cost which are deemed to be individually significant.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of the estimated future cash flows discounted at the loan's original effective interest rate. The carrying amount of the asset is reduced through an allowance account and the amount of the loss is recognised in the profit or loss.

For loans, advances and financing that have been individually evaluated, but not considered to be individually impaired, they are assessed collectively for impairment.

(ii) Collective assessment

Loans, advances and financing which are not individually significant and loans that have been individually assessed with no evidence of impairment loss are grouped together for collective impairment assessment. These loans are grouped within similar credit risk characteristics for collective assessment, whereby data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios, etc.) and concentration of risks (such as the performance of different individual groups) are taken into consideration.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated based on the historical loss experience of the Group and the Company. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

Accounting policies applied until 31 December 2017 (continued)

(d) Subsequent measurement – Impairment of financial assets (continued)

Assets carried at amortised cost (continued)

(ii) Collective assessment (continued)

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group and the Company to reduce any differences between loss estimates and actual loss experience.

Assets classified as available-for-sale

The Group and the Company assess at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, the Group and the Company use criteria and measurement of impairment loss applicable for 'assets carried at amortised cost' above. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occuring after the impairment loss was recognised in the profit or loss, the impairment loss is reversed through profit or loss.

In the case of equity securities classified as available-for-sale, in addition to the criteria for 'assets carried at amortised cost' above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in the profit or loss. The amount of cumulative loss that is reclassified to the profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statements of comprehensive income. Impairment losses recognised in the statements of comprehensive income on equity instruments classified as available-for-sale are not reversed through the profit or loss in subsequent periods.

Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

(e) De-recognition

When AFS financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

Accounting policies applied until 31 December 2017 (continued)

(f) Reclassification of financial assets

The Group and the Company may choose to reclassify non-derivative financial assets HFT out of the HFT category where:

- in rare circumstances, it is no longer held for the purpose of selling or repurchasing in the near term; or
- it is no longer held for purpose of trading, it would have met the definition of a loan and receivable on initial classification and the Group and the Company have the intention and ability to hold it for the foreseeable future, until maturity at the date of reclassification.

Reclassifications are made at the fair value at the date of reclassification.

2.8 Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities designated at fair value, which are held at FVTPL. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at FVTPL. Financial liabilities at FVTPL are initially recognised at fair value, and transaction costs are expensed in the profit or loss. Financial liabilities are de-recognised when extinguished.

(a) Recognition and initial measurement

Financial liabilities at FVTPL

This category comprises two sub-categories: financial liabilities as HFT and financial liabilities designated at FVTPL upon initial recognition.

A financial liability is classified as HFT if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorised as HFT unless they are designated as hedges.

Other financial liabilities measured at amortised cost

Other financial liabilities are initially recognised at fair value plus transaction costs. Subsequently, other financial liabilities are re-measured at amortised cost using the effective interest method.

Other financial liabilities measured at amortised cost are "amount due to BNM", "Funds from BNM", "SEGS", "TUK", "Government funds", "preference shares", "SEFF", "loan due to non-controlling interest", "amount due to a subsidiary", "claims payable" and "trade and other payables".

(b) De-recognition

Financial liabilities are de-recognised when they have been redeemed or otherwise extinguished.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

2.10 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair values are positive, and as liabilities when fair values are negative.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

The Group's and the Company's derivatives do not qualify for hedge accounting. They are classified as FVTPL (2017: HFT) and accounted for in accordance with the accounting policy set out in Note 2.7.

2.11 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Accounting policies applied from 1 January 2018

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 "Financial instruments" and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 "Revenue from Contracts with Customers", where appropriate.

Accounting policies applied until 31 December 2017

Financial guarantee contracts are subsequently measured at the higher of the amount determined in accordance with MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation, where appropriate.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

Initial direct costs incurred by the Group and the Company in negotiating and arranging operating leases are recognised in statements of comprehensive income when incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

2.13 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group and the Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance. See accounting policy Note 2.7(d) on impairment of financial assets.

2.14 Cash and cash equivalents

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.15 Share capital

Ordinary shares

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the substance of the contractual arrangement of the particular instrument. Incremental costs directly attributable to the issue of new shares or options are deducted against equity.

Preference shares

Preference shares are classifed as liability if they are redeemable on a specific date, or at the option of the preference share holders or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in the profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Trade and claims payables

Trade and claims payables represent liabilities for goods or services provided to the Group and the Company prior to the end of financial year which are unpaid. Trade and claims payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade and claims payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties.

Trade and claims payables are subsequently measured at amortised cost using the effective interest method.

2.17 Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with property, plant and equipment and intangible assets.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee benefits

Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as trade and other payables in the statements of financial position.

The Group and the Company recognise a provision where contractually obliged or where there is a past practise that has created a contructive obligation.

Defined contribution plans

The Group and the Company contribute to the Employees' Provident Fund ("EPF"), a defined contribution plan. The Group's contributions to defined contribution plans are charged to profit or loss in the period to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.19 Government grants

The benefit of a Government loan at a below-market rate of interest is treated as a Government grant. The Government loan is recognised as a financial liability, and measured in accordance with MFRS 139 "Financial Instruments: Recognition and Measurement". The Government grant is measured as the difference between the initial carrying value of the Government loan determined in accordance with MFRS 139 and the proceeds received. The Government grant is presented as deferred income in the statements of financial position.

Government grants are recognised when there is a reasonable assurance that the grants will be received, and the Group and the Company will comply with the conditions attached to the grants. Government grants are recognised in the statement of comprehensive income on a systematic basis over the periods in which the Group and the Company recognise as expenses the related costs for which the grants are intended to compensate.

The Group and the Company have applied the transitional provisions in MFRS 120 "Accounting for Government Grants and Disclosure of Government Assistance" and Amendment to MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standard" on Government Loans whereby the accounting provisions of MFRS 120 shall be apply prospectively to grants receivable or repayable after the effective date of the standard. The grants are "Tabung Usahawan Kecil" and "Small Entrepreneurs Guarantee Scheme".

The Government loans which existed at the date of transition are "Funds from BNM" for Tabung Projek Usahawan Bumiputera-i and subscription for shares of Danajamin Nasional Berhad, "Government funds", "preference shares", and "Small Entrepreneurs Financing Fund". These Government loans are stated at their previous carrying value.

2.20 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Provisions (continued)

Where the Group and the Company expect a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost expense.

2.21 Provision for claims under guarantee schemes

Accounting policies applied until 31 December 2017

Provision for claims to the extent of exposure of the Group's and the Company's guarantees is made based on the notification by financial institutions when an account is classified as non-performing and upon lodgement of claims by the financial institutions.

Provision for claims are charged directly to the statements of comprehensive income. Transfer of surplus or deficit attributable to specific reserves is made through retained earnings.

2.22 Deferred income (excluding Government grants)

Deferred income comprises subscription fees paid in advance and fees from prepaid package. Deferred income is recognised as revenue in the profit or loss based on amortisation over period for subscription fees and based on utilisation of the prepaid package or the expiry of the agreement for prepaid package, whichever comes first.

2.23 Contingencies

The Group and the Company do not recognise contingent assets and liabilities, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's and the Company's activities. Revenue is shown net of goods and services tax, returns, rebates and discounts and amounts collected on behalf of third parties and after eliminating sales within the Group and the Company.

The Group and the Company recognise revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's and the Company's activities as described below. The Group and the Company base its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Guarantee fees are recognised on an accrual basis proportionately over the period of the respective guarantees.

(ii) Interest/profit income is recognised using the effective interest/profit method. When a loan and receivable is impaired, the Group and the Company reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest/profit rate of the instrument, and continues unwinding the discount as interest/profit income. Interest/profit income on impaired loans and receivables are recognised using the original effective interest/profit rate.

(iii) Other interest income, including amortisation of premiums or accretion of discounts, is recognised on a time proportion basis that takes into account the effective yield of the asset.

(iv) Rental income is recognised on a time proportion basis except where default in payment of rent has already occurred and the rent due remains outstanding, in which case recognition of rental income is suspended. Subsequent to suspension, rental income is recognised on the receipt basis until all arrears have been paid.

(v) Sales of services is engaged in provision of credit reference services, credit scoring and such other services related to a credit bureau. These services are provided as a fixed-price contract, with contract terms generally ranging from less than one year to three years.

(vi) Other revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Revenue for the subsidiary is recognised upon rendering of services and customers' acceptance.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Group's and the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit or loss within other comprehensive income.

Changes in the fair value of monetary securities denominated in foreign currency classified as debt instruments classified as at fair value through other comprehensive income (2017: available for sale) are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period, or in the period of revision and future periods if the revision affects both current and future periods. The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Fair value of structured products and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group and the Company use its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Refer to Note 46(d) for key assumptions used to determine the fair values of financial instruments.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below. (continued)

(b) Measurement of expected credit losses allowances (applicable effective 1 January 2018)

The measurement of ECL allowance for financial assets measured at amortised cost and at FVOCI, and guarantee schemes is an area that requires the use of significant assumptions about future economic conditions and credit behaviour of customers. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is detailed in Note 46(a). Areas of significant judgements involved in the measurement of ECL are detailed as follows:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

(c) Deferred tax assets

Significant judgement is required in determining the deferred tax assets as estimates of future taxable profits are involved. Where the final outcome of future taxable profits is different from the amounts that were initially estimated, such differences will impact the deferred tax assets and liabilities in the financial year in which such determination is made.

(d) Allowance for impairment on investment in a subsidiary company (CBM)

The Company assesses the impairment on investment in a subsidiary company on an annual basis in accordance with its accounting policy in Note 2.6 to the financial statements. The recoverable amount of the investment in its subsidiary company is assessed based on its value-in-use. Value-in-use is determined using the present value of estimated future cash flow expected to be generated from the subsidiary's business, using the estimates as disclosed in Note 6 to the financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

Group	Building RM'000	Long term leasehold land RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture fittings & fixtures RM'000	Renovation RM'000	Computer equipment RM'000	Capital work in progress RM'000	Total RM'000
Cost									
As at 1 January 2018	39,081	5,010	144	3,828	4,871	12,564	14,482	4,792	84,772
Additions	-	-	-	522	1,017	3,093	1,279	4,056	9,967
Disposals	-	-	-	(218)	(50)	(113)	-	-	(381)
Write-off	-	-	-	(47)	-	(198)	(3)	-	(248)
As at 31 December 2018	39,081	5,010	144	4,085	5,838	15,346	15,758	8,848	94,110
Less: Accumulated depreciation									
As at 1 January 2018	32,829	2,862	143	2,456	3,249	6,605	11,956	-	60,100
Charge for the financial year	1,564	28	-	458	549	2,024	970	-	5,593
Disposals	-	-	-	(218)	(46)	(113)	-	-	(377)
Write-off	-	-	-	(34)	-	(185)	(1)	-	(220)
As at 31 December 2018	34,393	2,890	143	2,662	3,752	8,331	12,925	-	65,096
Net book value									
As at 31 December 2018	4,688	2,120	1	1,423	2,086	7,015	2,833	8,848	29,014

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Building RM'000	Long term leasehold land RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture fittings & fixtures RM'000	Renovation RM'000	Computer equipment RM'000	Capital work in progress RM'000	Total RM'000
Cost									
As at 1 January 2017	39,081	5,010	144	3,413	4,428	9,360	15,518	1,346	78,300
Additions	-	-	-	492	380	2,957	921	4,681	9,431
Disposals	-	-	-	(124)	(253)	(266)	(1,962)	-	(2,605)
Write-off	-	-	-	-	-	-	-	-	-
Transfer from work in progress	-	-	-	47	316	513	5	(881)	-
Reclassification to intangible assets (Note 5)	-	-	-	-	-	-	-	(354)	(354)
As at 31 December 2017	39,081	5,010	144	3,828	4,871	12,564	14,482	4,792	84,772
Less: Accumulated depreciation									
As at 1 January 2017	31,265	2,834	143	2,159	3,033	5,329	12,997	-	57,760
Charge for the financial year	1,564	28	-	407	449	1,542	921	-	4,911
Disposals	-	-	-	(110)	(233)	(266)	(1,962)	-	(2,571)
As at 31 December 2017	32,829	2,862	143	2,456	3,249	6,605	11,956	-	60,100
Net book value									
As at 31 December 2017	6,252	2,148	1	1,372	1,622	5,959	2,526	4,792	24,672

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Building RM'000	Long term leasehold land RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture, fittings & fixtures RM'000	Renovation RM'000	Computer equipment RM'000	Capital work in progress RM'000	Total RM'000
Cost									
As at 1 January 2018	39,081	5,010	144	3,708	4,660	12,107	12,273	4,792	81,775
Additions	-	-	-	520	983	3,093	1,255	4,046	9,897
Disposals	-	-	-	(218)	(50)	(113)	-	-	(381)
Write-off	-	-	-	(47)	-	(198)	(3)	-	(248)
As at 31 December 2018	39,081	5,010	144	3,963	5,593	14,889	13,525	8,838	91,043
Less: Accumulated depreciation									
As at 1 January 2018	32,829	2,862	143	2,361	3,093	6,256	10,213	-	57,757
Charge for the financial year	1,563	29	-	451	532	2,001	818	-	5,394
Disposals	-	-	-	(218)	(46)	(113)	-	-	(377)
Write-off	-	-	-	(34)	-	(185)	(1)	-	(220)
As at 31 December 2018	34,392	2,891	143	2,560	3,579	7,959	11,030	-	62,554
Net book value									
As at 31 December 2018	4,689	2,119	1	1,403	2,014	6,930	2,495	8,838	28,489

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Building RM'000	Long term leasehold land RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture, fittings & fixtures RM'000	Renovation RM'000	Computer equipment RM'000	Capital work in progress RM'000	Total RM'000
Cost									
As at 1 January 2017	39,081	5,010	144	3,301	4,273	9,017	13,426	1,256	75,508
Additions	-	-	-	484	324	2,843	809	4,681	9,141
Disposals	-	-	-	(124)	(253)	(266)	(1,962)	-	(2,605)
Transfer from work in progress	-	-	-	47	316	513	-	(876)	-
Reclassification to intangible assets (Note 5)	-	-	-	-	-	-	-	(269)	(269)
As at 31 December 2017	39,081	5,010	144	3,708	4,660	12,107	12,273	4,792	81,775
Less: Accumulated depreciation									
As at 1 January 2017	31,265	2,834	143	2,072	2,884	4,988	11,397	-	55,583
Charge for the financial year	1,564	28	-	399	442	1,534	778	-	4,745
Disposals	-	-	-	(110)	(233)	(266)	(1,962)	-	(2,571)
As at 31 December 2017	32,829	2,862	143	2,361	3,093	6,256	10,213	-	57,757
Net book value									
As at 31 December 2017	6,252	2,148	1	1,347	1,567	5,851	2,060	4,792	24,018

5. INTANGIBLE ASSETS

Group	Software RM'000	Data costs RM'000	Total RM'000
Cost			
As at 1 January 2018	**61,334**	**8,981**	**70,315**
Additions	**8,019**	**1,247**	**9,266**
As at 31 December 2018	**69,353**	**10,228**	**79,581**
Less: Accumulated amortisation			
As at 1 January 2018	**46,983**	**6,402**	**53,385**
Amortisation charge during the financial year	**4,837**	**1,122**	**5,959**
As at 31 December 2018	**51,820**	**7,524**	**59,344**
Net book value			
As at 31 December 2018	**17,533**	**2,704**	**20,237**
Cost			
As at 1 January 2017	58,408	8,104	66,512
Additions	3,078	877	3,955
Write-off	(506)	-	(506)
Reclassification from property, plant and equipment (Note 4)	354	-	354
As at 31 December 2017	61,334	8,981	70,315
Less: Accumulated amortisation			
As at 1 January 2017	42,651	5,198	47,849
Amortisation charge during the financial year	4,812	1,204	6,016
Write-off	(480)	-	(480)
As at 31 December 2017	46,983	6,402	53,385
Net book value			
As at 31 December 2017	14,351	2,579	16,930

5. INTANGIBLE ASSETS (CONTINUED)

Company	Software RM'000	Data costs RM'000	Total RM'000
Cost			
As at 1 January 2018	**48,807**	**-**	**48,807**
Additions	**7,838**	**-**	**7,838**
As at 31 December 2018	**56,645**	**-**	**56,645**
Less: Accumulated amortisation			
As at 1 January 2018	**37,119**	**-**	**37,119**
Amortisation charge during the financial year	**4,273**	**-**	**4,273**
As at 31 December 2018	**41,392**	**-**	**41,392**
Net book value			
As at 31 December 2018	**15,253**	**-**	**15,253**
Cost			
As at 1 January 2017	46,431	-	46,431
Additions	2,590	-	2,590
Write-off	(483)	-	(483)
Reclassification from property, plant and equipment (Note 4)	269	-	269
As at 31 December 2017	48,807	-	48,807
Less: Accumulated amortisation			
As at 1 January 2017	33,267	-	33,267
Amortisation charge during the financial year	4,332	-	4,332
Write-off	(480)	-	(480)
As at 31 December 2017	37,119	-	37,119
Net book value			
As at 31 December 2017	11,688	-	11,688

6. INVESTMENT IN A SUBSIDIARY

	Company	
	31.12.2018 RM'000	31.12.2017 RM'000
Unquoted shares, at cost	**23,650**	23,650
Less: Allowance for impairment	**(23,650)**	(23,650)
	-	-

On 17 May 2016, the subsidiary, Credit Bureau Malaysia Sdn. Bhd. ("CBM") obtained an order from the High Court of Malaya at Kuala Lumpur to reduce its issued and paid-up share capital from RM33,000,000 divided into 33,000,000 ordinary shares of RM1.00 each to RM13,200,000 divided into 33,000,000 ordinary shares of RM0.40 each.

Details of the subsidiary which is incorporated in Malaysia are as follows:

	Percentage of equity held			
	Group		Non-controlling interest	
Name of subsidiary	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Credit Bureau Malaysia Sdn. Bhd. ("CBM")	**71.67%**	71.67%	**28.33%**	28.33%

The principal activity of CBM is provision of credit reference services, credit rating and such services related to a credit bureau.

Set out below is the summarised financial information for subsidiary that has non-controlling interest that is material to the Group. The summarised financial information below represents amounts before inter-company eliminations:

(i) Summarised statements of financial position

	CBM	
	2018 RM'000	2017 RM'000
Current		
Assets	**3,615**	8,025
Liabilities	**(4,138)**	(6,966)
Total current net (liabilities)/assets	**(523)**	1,059
Non-current		
Assets	**5,511**	5,897
Liabilities	**-**	-
Total non-current net assets	**5,511**	5,897
Net assets	**4,988**	6,956
Accumulated non-controlling interest as at 31 December	**1,416**	1,971

6. INVESTMENT IN A SUBSIDIARY (CONTINUED)

Set out below is the summarised financial information for subsidiary that has non-controlling interest that is material to the Group. The summarised financial information below represents amounts before inter-company eliminations: (continued)

(ii) Summarised statements of comprehensive income

	2018 RM'000	2017 RM'000
Revenue	**11,418**	10,258
Loss before taxation	**(1,983)**	(2,075)
Taxation	**17**	350
Net loss and total comprehensive loss for the financial year	**(1,966)**	(1,724)
Total comprehensive loss allocated to non-controlling interest	**(555)**	(489)

(iii) Summarised statements of cash flows

	2018 RM'000	2017 RM'000
Cash flows from operating activities		
Cash (used in)/generated from operations	**(2,690)**	1,544
Tax paid	**(1)**	(7)
Net cash (used in)/generated from operating activities	**(2,691)**	1,537
Net cash outflows from investing activities	**(1,499)**	(1,656)
Net cash outflows from financing activities	**(163)**	-
Net decrease in cash and cash equivalents	**(4,353)**	(119)
Cash and cash equivalents at the beginning of the financial year	**5,810**	5,930
Cash and cash equivalents at the end of the financial year	**1,457**	5,811

7. INVESTMENTS IN ASSOCIATES

The principal place of business and country of incorporation of the associates are in Malaysia. All associates are measured using the equity method. There are no available quoted market prices of the associates.

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Unquoted shares, at cost	**500,200**	500,200	**500,200**	500,200
Group's share of post-acquisition reserves	**396,423**	340,121	**-**	-
	896,623	840,321	**500,200**	500,200

7. INVESTMENTS IN ASSOCIATES (CONTINUED)

Details of the associates are as follows:

Name of associates	Principal activities	Percentage of equity held 31.12.2018	Percentage of equity held 31.12.2017
Aureos CGC Advisers Sdn. Bhd. ("Aureos CGC")	Advisory services	**40%**	40%
Danajamin Nasional Berhad ("Danajamin")	Financial guarantee insurance	**50%**	50%

(a) Summarised financial information of the associates which are accounted for using the equity method is as follows:

(i) Summarised statements of financial position

	Danajamin		Aureos CGC		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Assets						
Current assets	**1,333,405**	1,539,694	**654**	689	**1,334,059**	1,540,383
Non-current assets	**1,414,182**	1,197,807	**-**	-	**1,414,182**	1,197,807
Total assets	**2,747,587**	2,737,501	**654**	689	**2,748,241**	2,738,190
Liabilities						
Current liabilities	**(12,310)**	(9,890)	**(89)**	(99)	**(12,399)**	(9,989)
Non-current liabilities	**(942,484)**	(1,047,442)	**-**	-	**(942,484)**	(1,047,442)
Total liabilities	**(954,794)**	(1,057,332)	**(89)**	(99)	**(954,883)**	(1,057,431)
Net assets	**1,792,793**	1,680,169	**565**	590	**1,793,358**	1,680,759

(ii) Summarised statements of comprehensive income

	Danajamin		Aureos CGC		Total	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	**184,557**	158,853	**-**	-	**184,557**	158,853
Net profit/(loss) for the financial year	**119,155**	114,189	**(25)**	(244)	**119,130**	113,945
Total comprehensive income/(loss) for the financial year	**124,024**	117,338	**(25)**	(244)	**123,999**	117,094

7. INVESTMENTS IN ASSOCIATES (CONTINUED)

(b) Reconciliation of the summarised financial information to the carrying amount of the interest in the associates:

	Danajamin		Aureos CGC		Total	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Net assets as at 1 January	**1,680,169**	1,575,431	**590**	834	**1,680,759**	1,576,265
Net profit/(loss) for the financial year	**119,155**	114,189	**(25)**	(244)	**119,130**	113,945
Dividend paid	**(11,400)**	(12,600)	**-**	-	**(11,400)**	(12,600)
Other comprehensive income for the financial year	**4,869**	3,149	**-**	-	**4,869**	3,149
Net assets as at 31 December	**1,792,793**	1,680,169	**565**	590	**1,793,358**	1,680,759
Carrying value	**896,397**	840,085	**226**	236	**896,623**	840,321

8. STRUCTURED INVESTMENTS: FVTPL

	Group/Company	
	31.12.2018 RM'000	31.12.2017 RM'000
At fair value:		
Structured investments, unquoted in Malaysia	**148,546**	147,061

	Group/Company	
	2018 RM'000	2017 RM'000
Fair value gain/(loss):		
As at 1 January	**(2,939)**	(6,132)
Realised loss during the financial year (Note 36)	**(2,051)**	-
Unrealised fair value (loss)/gain during the financial year (Note 36)	**(1,454)**	3,193
As at 31 December	**(6,444)**	(2,939)

9. INVESTMENT SECURITIES: AFS

	Group/Company	
	31.12.2018 RM'000	31.12.2017 RM'000
At fair value		
Money market instruments:		
Unquoted in Malaysia		
Cagamas bonds	-	101,903
Malaysian Government Securities	-	49,270
	-	151,173
Unquoted securities:		
In Malaysia		
Private debt securities	-	1,611,139
	-	1,762,312

10. INVESTMENT SECURITIES: HTM

	Group/Company	
	31.12.2018 RM'000	31.12.2017 RM'000
At amortised cost		
Unquoted securities:		
In Malaysia		
Private debt securities	-	172,575

11. INVESTMENT SECURITIES: FVTPL

	Group/Company	
	31.12.2018 RM'000	31.12.2017 RM'000
At fair value		
Money market instruments:		
Unquoted in Malaysia		
Malaysian Government Securities	30,600	29,765
Unquoted securities:		
In Malaysia		
Private debt securities	544,680	510,328
Outside Malaysia		
Private debt securities	222,779	232,132
	767,459	742,460
Quoted securities:		
Outside Malaysia		
Real estate investment trusts ("REITS")	3,727	-
	801,786	772,225

12. INVESTMENT SECURITIES: FVOCI

	Group/Company	
	31.12.2018 RM'000	31.12.2017 RM'000
At fair value		
Money market instruments:		
Unquoted in Malaysia		
Cagamas bonds	71,819	-
Malaysian Government Securities	47,794	-
	119,613	-
Unquoted securities:		
In Malaysia		
Private debt securities	1,582,339	-
	1,701,952	-

12. INVESTMENT SECURITIES: FVOCI (CONTINUED)

Movements in allowance for impairment of FVOCI

	Group/Company	
	31.12.2018 RM'000	31.12.2017 RM'000
(i) Expected Credit Losses "ECL" Stage 2		
Balance as at 1 January	-	-
Effect of adoption of MFRS 9 (Note 48)	60	-
Restated balance as at 1 January	60	-
Amount written-back during the financial year	(56)	-
Balance as at 31 December	4	-
(ii) Expected Credit Losses "ECL" Stage 1		
Balance as at 1 January	-	-
Effect of adoption of MFRS 9 (Note 48)	640	-
Restated balance as at 1 January	640	-
Allowance made during the financial year	37	-
Balance as at 31 December	677	-

13. INVESTMENT SECURITIES: FINANCIAL ASSETS AT AMORTISED COST

	Group/Company	
	31.12.2018 RM'000	31.12.2017 RM'000
At amortised cost		
Unquoted securities:		
In Malaysia		
Private debt securities	172,569	-
Peer-to-peer ("P2P'')	21	-
	172,590	-
Less: Expected credit losses ("ECL")	(790)	-
	171,800	-

13. INVESTMENT SECURITIES: FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

Movements in allowance for Impairment of amortised cost

	Group/Company 31.12.2018 RM'000	Group/Company 31.12.2017 RM'000
(i) Expected Credit Losses "ECL" Stage 1		
Balance as at 1 January	**-**	-
Effect of adoption of MFRS 9 (Note 48)	**1,037**	-
Restated balance as at 1 January	**1,037**	-
Allowance made during the financial year	**-**	-
Amount written-back during the financial year	**(247)**	-
Balance as at 31 December	**790**	-

14. DERIVATIVE FINANCIAL ASSETS

	Group/Company			
	31.12.2018		31.12.2017	
	Contract/ notional amount RM'000	Assets RM'000	Contract/ notional amount RM'000	Assets RM'000
Derivative assets				
- Currency forward contracts	**113,463**	**1,945**	191,971	2,420

15. TERM DEPOSITS

	Group/Company 31.12.2018 RM'000	Group/Company 31.12.2017 RM'000
At amortised cost		
Licensed banks	**905,581**	865,684
Other financial institutions	**79,065**	215,265
	984,646	1,080,949

16. LOANS, ADVANCES AND FINANCING

(i) By schemes

	Group/Company	
	31.12.2018 RM'000	**31.12.2017 RM'000**
Redemption of Direct Access Guarantee Scheme ("DAGS") loans	**108,506**	144,146
Tabung Pemulihan dan Pembangunan Usahawan ("TPPU")	**2,052**	2,077
Tabung Pemulihan Peniaga Kecil ("TPPK")	**198**	231
Tabung Projek Usahawan Bumiputra-i ("TPUB-i")	**109,746**	98,033
BizMula-i	**77,789**	61,592
BizWanita-i	**22,389**	17,729
Staff loans	**1,461**	1,590
Gross loans, advances and financing	**322,141**	325,398
Less: Allowance for impairment		
- Individual allowance	**-**	(124,098)
- Collective allowance	**-**	(11,576)
Less: Expected credit losses ("ECL")		
- Stage 3	**(119,980)**	-
- Stage 2	**(10,060)**	-
- Stage 1	**(10,318)**	-
Total net loans, advances and financing	**181,783**	189,724

(ii) By maturity structure

	Group/Company	
	31.12.2018 RM'000	**31.12.2017 RM'000**
Maturity within one year	**76,243**	75,347
One year to three years	**95,456**	77,154
Three years to five years	**94,112**	86,647
Over five years	**56,330**	86,250
	322,141	325,398

16. LOANS, ADVANCES AND FINANCING (CONTINUED)

(iii) By interest rate/profit rate sensitivity

	Group/Company	
	31.12.2018 RM'000	**31.12.2017 RM'000**
Fixed rate		
- Redemption of DAGS loans	**108,506**	144,146
- Tabung Pemulihan dan Pembangunan Usahawan	**2,052**	2,077
- Tabung Pemulihan Peniaga Kecil	**198**	231
- Tabung Projek Usahawan Bumiputra-i	**109,746**	98,033
- BizMula-i	**77,789**	61,592
- BizWanita-i	**22,389**	17,729
- Staff loans	**1,461**	1,590
	322,141	325,398

(iv) By economic sectors

	Group/Company	
	31.12.2018 RM'000	**31.12.2017 RM'000**
Primary agriculture	**2,747**	2,307
Education, health and others	**10,468**	8,947
Construction	**98,633**	96,205
Electricity, gas & water supply	**4,013**	491
Financing, insurance, real estate & business services	**38,753**	37,528
Manufacturing	**36,136**	50,531
Mining & quarrying	**260**	315
Transport, storage & communication	**9,390**	3,889
Wholesale, retail trade, restaurants & hotels	**118,030**	121,287
Others	**3,711**	3,898
	322,141	325,398

(v) By economic purpose

	Group/Company	
	31.12.2018 RM'000	**31.12.2017 RM'000**
Working capital	**320,680**	323,807
Others	**1,461**	1,591
	322,141	325,398

16. LOANS, ADVANCES AND FINANCING (CONTINUED)

(vi) By geographical distribution

	Group/Company	
	31.12.2018 RM'000	**31.12.2017 RM'000**
Johor	**48,694**	49,288
Kedah	**17,248**	14,431
Kelantan	**9,702**	10,727
Melaka	**13,947**	14,022
Negeri Sembilan	**21,859**	24,367
Pahang	**10,710**	8,895
Perak	**14,127**	12,385
Pulau Pinang	**27,630**	35,835
Sabah	**20,225**	17,827
Sarawak	**24,253**	27,697
Selangor	**74,775**	62,708
Terengganu	**18,654**	18,070
Wilayah Persekutuan – Kuala Lumpur	**20,317**	29,146
	322,141	325,398

(vii) Movements in impaired gross loans, advances and financing

	Group/Company	
	31.12.2018 RM'000	**31.12.2017 RM'000**
Balance as at 1 January	**124,098**	213,212
Effect of adoption of MFRS 9 (Note 48)	**-**	-
Restated balance as at 1 January	**124,098**	213,212
Add: Classified as impaired	**25,573**	16,997
Less: Reclassified as non-impaired	**(2,450)**	(4,351)
Less: Amount written-back	**(3,673)**	(5,026)
Less: Amount written-off/waived	**(23,568)**	(96,734)
Balance as at 31 December	**119,980**	124,098

16. LOANS, ADVANCES AND FINANCING (CONTINUED)

(viii) Impaired loans, advances and financing by economic purposes

	Group/Company	
	31.12.2018 RM'000	**31.12.2017 RM'000**
Working capital	**119,826**	123,944
Others	**154**	154
	119,980	124,098

(ix) Impaired loans, advances and financing by geographical distribution

	Group/Company	
	31.12.2018 RM'000	**31.12.2017 RM'000**
Johor	**11,983**	15,250
Kedah	**6,407**	7,522
Kelantan	**5,073**	3,468
Melaka	**862**	628
Negeri Sembilan	**12,552**	10,728
Pahang	**3,471**	3,719
Perak	**2,688**	3,383
Pulau Pinang	**7,757**	10,506
Sabah	**9,535**	10,185
Sarawak	**12,510**	11,690
Selangor	**29,173**	29,798
Terengganu	**6,663**	6,651
Wilayah Persekutuan – Kuala Lumpur	**11,306**	10,570
	119,980	124,098

16. LOANS, ADVANCES AND FINANCING (CONTINUED)

(x) Movements in expected credit losses/allowance for impairment of loans, advances and financing

	Group/Company	
	2018 RM'000	2017 RM'000
Individual impairment allowance		
Balance as at 1 January	**124,098**	213,212
Effect of adoption of MFRS 9 (Note 48)	**(124,098)**	-
Restated balance as at 1 January	**-**	213,212
Allowance made during the financial year	**-**	16,997
Amount written-back during the financial year	**-**	(9,377)
Amount written-off/waived during the financial year	**-**	(96,734)
Balance as at 31 December	**-**	124,098
Collective impairment allowance		
Balance as at 1 January	**11,576**	11,403
Effect of adoption of MFRS 9 (Note 48)	**(11,576)**	-
Restated balance as at 1 January	**-**	11,403
Allowance made during the financial year	**-**	6,703
Amount written-back during the financial year	**-**	(6,530)
Balance as at 31 December	**-**	11,576
Expected Credit Losses "ECL" STAGE 3		
Balance as at 1 January	**-**	-
Effect of adoption of MFRS 9 (Note 48)	**124,098**	-
Restated balance as at 1 January	**124,098**	-
Allowance made during the financial year	**25,572**	-
Amount written-back during the financial year	**(6,122)**	-
Amount written-off/waived during the financial year	**(23,568)**	-
Balance as at 31 December	**119,980**	-

16. LOANS, ADVANCES AND FINANCING (CONTINUED)

(x) Movements in expected credit losses/allowance for impairment of loans, advances and financing (continued)

	Group/Company	
	2018 RM'000	2017 RM'000
Expected Credit Losses "ECL" STAGE 2		
Balance as at 1 January	-	-
Effect of adoption of MFRS 9 (Note 48)	13,627	-
Restated balance as at 1 January	13,627	-
Allowance made during the financial year	6,097	-
Amount written-back during the financial year	(9,664)	-
Balance as at 31 December	10,060	-
Expected Credit Losses "ECL" STAGE 1		
Balance as at 1 January	-	-
Effect of adoption of MFRS 9 (Note 48)	16,729	-
Restated balance as at 1 January	16,729	-
Allowance made during the financial year	7,130	-
Amount written-back during the financial year	(13,541)	-
Balance as at 31 December	10,318	-
Total	140,358	135,674

17. LOAN AND AMOUNT DUE FROM A SUBSIDIARY

	Company	
	31.12.2018 RM'000	31.12.2017 RM'000
Loan due from a subsidiary	-	125
Amount due from a subsidiary	4,505	4,436

On 1 May 2011, the Company entered into an agreement with its subsidiary to give a loan with a principal amount of RM3,750,000.

The tenure of the loan is three years from the date of the respective drawdown and interest payment is to be made every 6 months from the respective drawdown date. The repayment of principal shall be on the third anniversary date of the respective drawdown. The interest is charged on the outstanding balance as follows:

(i) For the initial loan of RM2,750,000, 5% interest will be charged per annum;

(ii) For the loan balance of RM1,000,000, 7% interest will be charged per annum.

17. LOAN AND AMOUNT DUE FROM A SUBSIDIARY (CONTINUED)

On 1 December 2014, the tenure of the loan was extended from three years to five years from the date of respective drawdowns.

On 23 October 2015, the Company subscribed to issuance of 3,750,000 new ordinary shares of RM1.00 each by the subsidiary for capitalisation of loan due from a subsidiary of RM3,750,000 (Note 6).

On 26 April 2018, the Company has received payment from its subsidiary to settle the loan due from a subsidiary.

The maturity structure of the loan is as follows:

	Group/Company	
	31.12.2018 RM'000	31.12.2017 RM'000
Maturity:		
- not later than one year	-	125

The amount due from a subsidiary is unsecured, interest-free and is repayable on demand.

18. AMOUNT DUE (TO)/FROM BNM

The amount due (to)/from BNM comprises:

(a) Claims paid by the Company for Special Relief Guarantee Facility ("SRGF"), Special Relief Guarantee Facility 2 ("SRGF-2"), Special Relief Facility ("SRF"), Disaster Recovery Fund ("DRF"), which are reimbursable by BNM;

(b) Management fees payable by BNM for services rendered by the Company in administering the SME Assistance Guarantee Scheme ("SME AGS"); and

(c) Recoveries from claims received from third parties payable to BNM which can be set-off against (a) and (b) above.

The amount due (to)/from BNM is unsecured, interest-free and has a 14 days to 21 days repayment terms.

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Trade receivables	**1,963**	2,143	**-**	-
Receivables due from financial institutions	**9,512**	10,974	**9,512**	10,974
Deposits	**1,129**	1,010	**1,082**	965
Prepayments	**2,465**	1,229	**2,385**	1,161
Other receivables	**624**	418	**549**	400
Invoice accrual for guarantee fees	**3,955**	2,052	**3,955**	2,052
Receivables – legal fees	**610**	597	**610**	597
Amount due from Entrepreneur Rehabilitation Fund Sdn. Bhd.	**25**	25	**25**	25
Less: Allowance for impairment				
- Impairment allowance	**-**	(60)	**-**	-
- Expected credit losses – Lifetime ECL	**(8)**	-	**-**	-
	20,275	18,388	**18,118**	16,174
Impairment allowance				
Balance as at 1 January	**60**	-	**-**	-
Effect of adoption of MFRS 9 (Note 48)	**(60)**	-	**-**	-
Restated balance as at 1 January	**-**	-	**-**	-
Allowance made during the financial year	**-**	60	**-**	-
Balance as at 31 December	**-**	60	**-**	-
Expected credit losses – Lifetime ECL				
Balance as at 1 January	**-**	-	**-**	-
Effect of adoption of MFRS 9 (Note 48)	**60**	-	**-**	-
Restated balance as at 1 January	**60**	-	**-**	-
Amount written-back during the financial year	**(52)**	-	**-**	-
Balance as at 31 December	**8**	-	**-**	-

Trade receivables are non-interest bearing and are generally on 45 days repayment terms. Receivables due from financial institutions are non-interest bearing and are generally on 30 working days repayment terms.

There are no financial liabilities being set off or subject to an enforceable master netting arrangement or similar agreement and financial instruments received as collateral.

20. SHARE CAPITAL

	Group/Company	
	2018 RM'000	**2017 RM'000**
Issued and fully paid ordinary shares:		
As at 1 January/31 December at no par value	**1,585,600**	1,585,600
Redemption during the financial year (Note 28)	**200,000**	-
	1,785,600	1,585,600

On 7 September 2018, the Company had redeemed 200,000,000 non-cumulative redeemable preference shares ("RPS") at RM1.00 each held by BNM. The Company subsequently transferred the redemption of RM200,000,000 out of the retained earnings under Section 72 (5) of the Companies Act 2016.

21. RESERVES

	Group		Company	
	31.12.2018 RM'000	**31.12.2017 RM'000**	**31.12.2018 RM'000**	**31.12.2017 RM'000**
Special Programme reserve (a)	**308,612**	288,852	**308,612**	288,852
SPI reserve (b)	**16,509**	15,630	**16,509**	15,630
Special reserve (c)	**620,745**	566,260	**620,745**	566,260
	945,866	870,742	**945,866**	870,742

(a) Special Programme reserve

	Group/Company	
	2018 RM'000	**2017 RM'000**
As at 1 January	**288,852**	272,221
Transfer from retained earnings during the financial year	**19,760**	16,631
As at 31 December	**308,612**	288,852

The Special Programme reserve was created to meet possible losses arising from the loans granted under the TUK, Small Entrepreneurs Financing Fund ("SEFF"), AIM, Franchise Financing Schemes Fund ("FFS") (Note 33), and Projek Usahawan Bumiputra Dalam Bidang Peruncitan ("PROSPER") (Note 34) schemes and is not distributable as cash dividend as designated by the Directors of the Company. It includes a guarantee fund of RM40 million granted by the Ministry of Entrepreneur and Cooperative Development ("MECD") in 1996 to absorb possible losses on loans granted under SEFF (Note 29).

21. RESERVES (CONTINUED)

(b) SPI reserve

	Group/Company	
	2018 RM'000	2017 RM'000
As at 1 January	**15,630**	14,938
Transfer from retained earnings during the financial year	**879**	692
As at 31 December	**16,509**	15,630

The SPI reserve was created to meet claim contingencies under Islamic Guarantees for SPI facilities and is not distributable as cash dividend as designated by the Directors of the Company.

(c) Special reserve

	Group/Company	
	2018 RM'000	2017 RM'000
As at 1 January	**566,260**	508,216
Transfer from retained earnings during the financial year	**54,485**	58,044
As at 31 December	**620,745**	566,260

The Special reserve was created to meet claim contingencies arising from loans guaranteed by the Company under all the other schemes and is not distributable as cash dividend as designated by the Directors of the Company. The Special reserve may be utilised to meet excess claim contingencies in respect of all other schemes should the need arise.

The amount transferred from retained earnings to various reserves is the proportion of investment income from investing in those reserves. The basis used for a transfer to any particular reserve is a percentage of the said reserve over total reserves (including retained earnings) at the beginning of the financial year multiply by gross investment income for the financial year. The amount transferred to any reserve also takes into account any movement in the funds during the financial year.

22. AVAILABLE-FOR-SALE RESERVE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
As at 1 January	**14,041**	2,204	**12,537**	2,275
Effect of adoption of MFRS 9 (Note 48)	**(14,041)**	-	**(12,537)**	-
Restated balance as at 1 January 2018	**-**	2,204	**-**	2,275
Fair value gain during the financial year	**-**	11,837	**-**	10,262
As at 31 December	**-**	14,041	**-**	12,537

23. FVOCI RESERVE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Restated balance as at 1 January 2018	**14,794**	-	**13,290**	-
Fair value gain during the financial year	**13,871**	-	**13,871**	-
Amount written-back during the financial year	**(19)**	-	**(19)**	-
Share of FVOCI of associates	**2,433**	-	**-**	-
As at 31 December	**31,079**	-	**27,142**	-

24. FUNDS FROM BANK NEGARA MALAYSIA

	Group/Company	
	31.12.2018 RM'000	31.12.2017 RM'000
TPUB-i	**301,500**	301,500
Shares of Danajamin	**500,000**	500,000
BizMula-i	**32,014**	-
BizWanita-i	**7,575**	-
	841,089	801,500
Repayable within 12 months	**311,639**	1,500
Repayable after 12 months	**529,450**	800,000
	841,089	801,500

Details of the balance outstanding as at 31 December 2018 are as follows:

(a) RM300 million for TPUB-i Fund

In 2009, Bank Negara Malaysia ("BNM") agreed to contribute RM300 million to a fund known as TPUB-i which is to be administered in accordance with the Shariah principle of qard. The RM300 million financing is to be repaid on the 5th anniversary date of the disbursement. In April 2014, BNM has granted an extension of repayment for a period of 5 years starting from 1 July 2014 until 30 June 2019.

The financing is subject to profit charge of RM3 million per annum to be paid to BNM.

(b) RM500 million to subscribe for the shares of Danajamin

In 2009, BNM advanced RM500 million to the Company for establishing and subscribing to the shares of Danajamin which is jointly owned by the Government and the Company to primarily carry out the business of providing financial guarantee insurance.

The RM500 million loan is to be repaid in full within 14 days after either expiry of the loan tenure i.e. 30 years from 12 May 2009, or date the Company disposes of its entire shareholding in Danajamin, as determined by BNM, whichever is earlier.

24. FUNDS FROM BANK NEGARA MALAYSIA (CONTINUED)

(c) Funds for BizMula-i and BizWanita-i

Starting from 2018, the Small and Medium Enterprise ("SME") financing for BizMula-i and BizWanita-i is funded by BNM. The funding cost is 1.5% per annum and payable to BNM twice a year based on the outstanding amount of financing as at 30 June and 31 December each year. The principal amount is repayable to BNM within 10 working days upon receiving repayments of principal from SMEs.

25. SMALL ENTREPRENEURS GUARANTEE SCHEME ("SEGS")

	Group/Company	
	31.12.2018 RM'000	**31.12.2017 RM'000**
Repayable within 12 months	**9,000**	9,000
Repayable after 12 months	**20,549**	28,176
	29,549	37,176

The scheme's purpose is to assist small entrepreneurs to obtain financing of between RM10,000 to RM50,000 for working capital and/or asset acquisition.

On 15 May 2002, the Company entered into an agreement with the Ministry of Finance ("MOF") who contributed RM50 million to initiate a guarantee fund known as SEGS to meet possible loan losses.

This fund was to be repaid in one lump sum at the end of 6 years from the date of drawdown on 14 November 2002 and is subject to interest at 3% per annum. However, on 30 August 2005, MOF agreed to waive the interest which was previously charged to the Company.

On 30 August 2005, the Company entered into another agreement with MOF for an additional RM29 million contribution. It is an interest free fund and to be repaid in one lump sum at the end of 6 years.

On 15 June 2011, MOF agreed to reschedule the total repayment of RM79 million with interest free to 2025. The funds will be repaid in accordance with a repayment arrangement with fund providers.

26. TABUNG USAHAWAN KECIL ("TUK")

	Group/Company	
	31.12.2018 RM'000	**31.12.2017 RM'000**
Repayable after 12 months	**39,906**	38,326

26. TABUNG USAHAWAN KECIL ("TUK") (CONTINUED)

The scheme seeks to assist small entrepreneurs to obtain financing of between RM2,000 to RM20,000 for the purposes of working capital and/or asset acquisition with financing for working capital not exceeding RM10,000.

On 10 December 1998, the Company entered into an agreement with the Government who contributed RM50 million to a fund known as TUK. This loanable fund is to be repaid in one lump sum either at the end of 10 years or when the scheme is wound down, whichever is earlier.

The Company ceased to disburse new loans under the TUK Fund as decided by the Minister of Entrepreneur and Cooperative Development effective from 1 January 2000. However, the Company continues to manage the loans disbursed under this scheme prior to the said date.

The earnings from the unutilised portion of the Fund has been transferred to the Special Programme Reserve and will be used to absorb possible losses on loans granted under this scheme.

On 15 June 2011, MOF agreed to reschedule the repayment of RM50 million with interest free to 2025. The funds will be repaid in accordance with a repayment arrangement with fund providers.

27. GOVERNMENT FUNDS

	Group/Company	
	31.12.2018 RM'000	31.12.2017 RM'000
As at 1 January	**150,000**	150,000
Repayment during the financial year	**(107,786)**	-
Interest payable	**342**	342
As at 1 January/31 December	**42,556**	150,342
Repayable within 12 months	**10,738**	97,493
Repayable after 12 months	**31,818**	52,849
	42,556	150,342

This comprises various placements from BNM amounting to RM150 million, intended for loanable funds, of which:

(i) RM50 million for HPT 1992 and is subject to interest at 1% per annum.

(ii) RM100 million for the New Investment Fund and is subject to interest at 1% per annum.

On 14 December 2008, MOF had agreed to reschedule the repayment table by installment until 2023 as provided by Jabatan Akauntan Negara ("JAN").

On 21 March 2018 and 21 December 2018, CGC has made payments of RM97.5 million and RM10.3 million respectively to MOF.

28. PREFERENCE SHARES

In 2017, the concept of authorised share capital and par value of share capital was abolished under the Companies Act 2016.

	Group/Company	
	2018 RM'000	2017 RM'000
Issued and fully paid:		
200,000,000 ten-year 1%, non-cumulative redeemable preference shares of RM1 each:		
As at 1 January	**200,000**	200,000
Redemption during the financial year	**(200,000)**	-
As at 31 December	**-**	200,000
Repayable within 12 months	**-**	200,000

The preference shares were issued in 2008 to BNM with a maturity period of 10 years from 10 September 2008 to 10 September 2018 to redeem the existing preference shares of RM200 million held by BNM.

The preference shares issued confer the holders a right to a non-cumulative preference dividend of 1% (less tax) on the capital, thereon to be paid within such time and upon such terms as the Directors of their absolute discretion may deem fit to declare, make or pay in relation to any financial year but shall not confer the right to any further participation in profits. No dividend has been declared since the issuance of the preference shares. The redemption of the preference shares is at the option of BNM.

In view of the above terms, the preference shares have been classified as a financial liability.

On 7 September 2018, the Company had redeemed 200,000,000 non-cumulative redeemable preference shares ("RPS") at RM1.00 each held by BNM.

29. SMALL ENTREPRENEURS FINANCING FUND ("SEFF")

	Group/Company	
	2018 RM'000	2017 RM'000
As at 1 January	**11,075**	11,075
Repayment during the financial year	**(11,520)**	-
Recovery during the financial year	**477**	-
As at 1 January/31 December	**32**	11,075
Repayable within 12 months	**32**	11,075

The purpose of this fund is to provide another avenue for small entrepreneurs to obtain financial assistance to improve and upgrade their businesses. The rate of interest charged on loans granted to small entrepreneurs under the SEFF shall not exceed 6% per annum and the amount of loan for each small entrepreneur shall not be more than RM50,000.

29. SMALL ENTREPRENEURS FINANCING FUND ("SEFF") (CONTINUED)

In 1996, the Company entered into an agreement with Permodalan Nasional Berhad ("PNB") who agreed to contribute RM200 million to the fund of which RM50 million was received in 1996. The RM50 million was subject to repayment by way of 5 equal annual instalments commencing on the 5th anniversary of the disbursement of each advance. In 2001, the Company shall on demand refund all unutilised sums advanced by PNB without interest. The Company had applied for an extension of the repayment for another 5 years. The Company has paid RM10 million in 2006 and 2007 respectively. In year 2008, the Company has requested to repay on the unutilised portion of the fund and upon recovery of the loans from the small entrepreneurs. As at to date, RM32.5 million was paid.

In addition to the above, the MECD contributed a guarantee fund of RM40 million which was received in 1996 and included under the Special Programme Reserve to absorb possible losses on loans granted under the SEFF. Correspondingly, the earnings from the unutilised portion of the fund was transferred to the Special Programme Reserve to be used to absorb possible losses on loans granted under this scheme (Note 21).

CGC has repaid RM11.5 million on 25 July 2018.

The remaining of the outstanding amount will be paid to PNB upon recovery of the defaulted loans.

30. DERIVATIVE FINANCIAL LIABILITIES

	Group/Company			
	31.12.2018		31.12.2017	
	Contract/ notional amount RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Liabilities RM'000
Derivative financial liabilities				
- currency forward contracts	**153,340**	**1,016**	34,828	228

31. EXPECTED CREDIT LOSSES/PROVISION OF CLAIMS FOR GUARANTEE SCHEMES

		Group/Company	
		2018 RM'000	2017 RM'000
(i)	As at 1 January	**22,799**	20,743
	Effect of adoption of MFRS 9 (Note 48)	**(22,799)**	-
	Restated balance as at 1 January 2018	**-**	20,743
	Provision made during the financial year	**-**	99,743
	Transfer to claims payable during the financial year	**-**	(97,687)
	As at 31 December	**-**	22,799

31. EXPECTED CREDIT LOSSES/PROVISION OF CLAIMS FOR GUARANTEE SCHEMES (CONTINUED)

		Group/Company	
		2018 RM'000	2017 RM'000
(ii)	**Expected Credit Losses "ECL" STAGE 3**		
	Balance as at 1 January	-	-
	Effect of adoption of MFRS 9 (Note 48)	12,446	-
	Restated balance as at 1 January	12,446	-
	Allowance made during the financial year	112,346	-
	Transfer to claims payable during the financial year	(103,426)	-
	Balance as at 31 December	21,366	-
(iii)	**Expected Credit Losses "ECL" STAGE 2**		
	Balance as at 1 January	-	-
	Effect of adoption of MFRS 9 (Note 48)	90,395	-
	Restated balance as at 1 January	90,395	-
	Allowance made during the financial year	22,450	-
	Balance as at 31 December	112,845	-
(iv)	**Expected Credit Losses "ECL" STAGE 1**		
	Balance as at 1 January	-	-
	Effect of adoption of MFRS 9 (Note 48)	80,051	-
	Restated balance as at 1 January	80,051	-
	Allowance written back during the financial year	(5,351)	-
	Balance as at 31 December	74,700	-
	Total	208,911	22,799

32. TRADE PAYABLES, OTHER PAYABLES AND LOAN DUE TO NON-CONTROLLING INTEREST

	Group		Company	
	31.12.2018 RM'000	**31.12.2017 RM'000**	**31.12.2018 RM'000**	**31.12.2017 RM'000**
Loan due to non-controlling interest	**-**	38	**-**	-
Trade payables	**877**	585	**-**	-
Guarantee fee due unearned	**62,903**	60,294	**62,903**	60,294
Refundable proceed TPUB and TPUB-i	**4,768**	3,694	**4,768**	3,694
Sinking fund – TPUB-i	**2,193**	5,092	**2,193**	5,092
Deferred income				
- ERF	**39**	39	**39**	39
- Prepaid package and annual subscription fee	**573**	1,404	**-**	-
- Government grant	**12,545**	15,498	**12,545**	15,498
Surplus attributable to operations of BNM's SAF and SMF	**-**	63,511	**-**	63,511
Green Technology Financing Scheme	**23,359**	8,009	**23,359**	8,009
Accruals	**24,317**	28,196	**24,317**	27,842
Other payables	**13,658**	28,325	**13,219**	28,300
	145,232	214,647	**143,343**	212,279

The details of the loan due to non-controlling interest are similar to the terms and conditions of the loan due from a subsidiary as disclosed in Note 17 to the financial statements.

On 1 May 2011, the non-controlling interest entered into an agreement to give a loan to the subsidiary (Credit Bureau Malaysia Sdn. Bhd.) with a principal of RM1,250,000. The tenure of the loan is three years from the date of respective drawdown and interest payment is to be made every 6 months from the respective drawdown date. The repayment of principal shall be on the third anniversary date of the respective drawdown. Interest of 5% per annum is charged on the loan of RM1,250,000.

On 1 December 2014, the tenure of the loan was extended from three years to five years from the date of respective drawdown.

On 23 October 2015, the non-controlling interest subscribed to issuance of 1,250,000 new ordinary shares of RM1.00 each by the subsidiary for capitalisation of loan due to non-controlling interest of RM1,250,000.

The maturity of the loan is as follows:

	Group	
	31.12.2018 RM'000	**31.12.2017 RM'000**
Maturity:		
- not later than one year	**-**	38

33. FRANCHISE FINANCING SCHEME FUND ("FFS")

On 27 October 1997, a Memorandum of Understanding ("MOU") was executed between the Company, MECD and three participating banks aimed at promoting growth in franchise business under a fund known as FFS.

Details of the Company's receipts from MECD in the form of guarantee fund and subsidy on interest to borrowers as at 31 December 2018 and 31 December 2017 is as follows:

Year	Guarantee fund RM'000	Subsidy on interest RM'000	Total RM'000
1998	2,000	2,000	4,000
1999	2,000	-	2,000
2000	7,197	7,197	14,394
2002	1,450	1,450	2,900
2003	15,000	-	15,000

This programme enables entrepreneurs operating viable franchise businesses to have access to credit facilities up to a maximum of RM7.5 million each. The bank may charge the borrower interest up to a maximum of BLR + 1.5% per annum. However, MECD through the Company will subsidies the interest payment and reduce the borrower's cost of borrowing.

34. PROJEK USAHAWAN BUMIPUTRA DALAM BIDANG PERUNCITAN ("PROSPER")

The PROSPER scheme was introduced in August 2000 in an effort to encourage more Bumiputra entrepreneurs to be involved in the retail business throughout Malaysia. Under this scheme, four main parties are involved:

(i) Perbadanan Usahawan Nasional Berhad ("PUNB")
(ii) TPPT Sdn. Bhd.
(iii) Participating Financial Institutions (currently only Malayan Banking Berhad is involved), and
(iv) The Company

PROSPER scheme facilities are provided under CGC's Flexi Guarantee Scheme ("FGS") with 100% guarantee coverage. On 3 March 2005, the Company received an amount of RM30 million as a grant from the MOF. The fund is to be used to meet possible loan losses under the scheme.

35. REVENUE

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Guarantee fees – portfolio guarantee scheme	**124,698**	105,256	**124,698**	105,256
Guarantee fees – wholesale guarantee scheme	**4,954**	5,605	**4,954**	5,605
Guarantee fees – other schemes	**22,082**	22,605	**22,082**	22,605
Interest income – Redemption schemes	**9,385**	12,179	**9,385**	12,179
Interest income – TPUB	**47**	28	**47**	28
Profit income – TPUB-i	**5,809**	3,800	**5,809**	3,800
Profit income – BizMula-i	**4,574**	4,683	**4,574**	4,683
Profit income – BizWanita-i	**1,354**	1,419	**1,354**	1,419
Prepaid package fee	**2,372**	2,746	**-**	-
Report income	**5,666**	4,839	**-**	-
Data services	**2,664**	2,156	**-**	-
Monitoring service fee	**65**	76	**-**	-
Subscription fees	**310**	183	**-**	-
Lead generation	**15**	6	**-**	-
Rating validation	**6**	1	**-**	-
	184,001	165,582	**172,903**	155,575

36. INVESTMENT INCOME

	Group/Company 2018 RM'000	Group/Company 2017 RM'000
Interest income		
- Term deposits	**101,966**	41,038
- Investment securities: AFS	**-**	81,077
- Investment securities: HTM	**-**	7,165
- Investment securities: FVTPL	**42,033**	36,877
- Investment securities: HFT	**-**	155
- Structured investments: FVTPL	**7,896**	7,005
- Investment securities: FVOCI	**84,979**	-
- Investment securities: Amortised Cost	**10,370**	-
	247,244	173,317
Realised (loss)/gain on disposal		
- Investment securities: AFS	**-**	892
- Investment securities: FVTPL	**(4,880)**	7,953
- Investment securities: HFT	**-**	183
- Structured investments: FVTPL	**(2,051)**	-
- Derivatives	**605**	17,348
- Investment securities: FVOCI	**279**	-
	(6,047)	26,376
Unrealised fair value (loss)/gain		
- Investment securities: FVTPL	**18**	(14,849)
- Foreign exchange loss	**-**	(499)
- Structured investments: FVTPL (Note 8)	**(1,454)**	3,193
- Derivatives	**(1,282)**	3,060
	(2,718)	(9,095)
(Amortisation of premiums)/Accretion of discounts		
- Investment securities: AFS	**-**	(965)
- Investment securities: FVTPL	**(2,462)**	(2,262)
- Investment securities: HFT	**-**	3
- Investment securities: FVOCI	**(1,209)**	-
	(3,671)	(3,224)
	234,808	187,374

37. OTHER OPERATING INCOME

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Rental income	**11**	11	**262**	262
Management fees	**2,531**	1,978	**2,672**	2,147
Dividend income from an associate	**-**	-	**5,700**	6,300
Administrative fee – TPUB-i	**59**	106	**59**	106
Recoveries from guarantee given	**46,256**	47,286	**46,256**	47,286
Amortisation of deferred income – Government grant	**2,953**	3,170	**2,953**	3,170
Other income	**5,984**	5,511	**5,959**	5,406
	57,794	58,062	**63,861**	64,677

38. STAFF COSTS

	Group		Company	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Salaries	**44,491**	39,158	**41,778**	36,855
Bonus	**11,787**	17,144	**11,622**	17,011
Employees' Provident Fund	**8,367**	8,452	**7,943**	8,083
Others	**7,897**	7,058	**7,589**	6,768
	72,542	71,812	**68,932**	68,717

39. PROFIT BEFORE TAXATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before taxation is arrived at after charging/ (crediting):				
Computer maintenance	**9,828**	9,426	**9,276**	8,518
Recovery expenses	**4,112**	3,530	**4,112**	3,530
Accretion of Government loans	**2,953**	3,170	**2,953**	3,170
Fund managers expenses	**2,139**	2,417	**2,139**	2,417
Rental	**1,648**	1,445	**1,534**	1,320
Electricity	**1,348**	1,246	**1,286**	1,195
Directors remuneration	**793**	754	**684**	634
Directors meeting allowance	**660**	544	**572**	464
Promotional expenses	**1,011**	1,108	**1,011**	1,108
Auditors remuneration:				
- statutory audit	**652**	412	**630**	390
- non-audit services	**380**	528	**380**	528
(Gain)/loss on disposal of property, plant and equipment	**(34)**	31	**(34)**	31
Write-off of property, plant and equipment	**28**	-	**28**	-
Write-off of intangible assets	**-**	26	**-**	3
Depreciation on property, plant and equipment (Note 4)	**5,593**	4,911	**5,394**	4,745
Amortisation of intangible assets (Note 5)	**5,959**	6,016	**4,273**	4,332
Provision for claims under guarantee schemes (net)	**-**	99,743	**-**	99,743
Expected credit losses for guarantee schemes	**129,445**	-	**129,445**	-
Allowance made for impairment of investment in subsidiary	**-**	-	**-**	5,182
Allowance made for impairment of trade receivables	**-**	60	**-**	-
Allowance for impairment of loans, advances and financing (net)	**-**	7,793	**-**	7,793
Expected credit losses ("ECL") made/(written back) on:				
- loans, advances and financing	**9,472**	-	**9,472**	-
- investment securities	**(272)**	-	**(272)**	-
- P2P	**6**	-	**6**	-
- Trade receivables	**(52)**	-	**-**	-
Irrecoverable legal fee for subrogations and recoveries	**-**	6,769	**-**	6,769
Interest expense for Government loans	**3,525**	4,500	**3,525**	4,500

40. TAXATION AND DEFERRED TAX (LIABILITIES)/ASSETS

	Group	
	2018 RM'000	2017 RM'000
Malaysian income tax:		
Current tax – current financial year	-	-
Deferred tax	(17)	(350)
Taxation charged	(17)	(350)

The Company has been granted exemption from income tax for 10 years from year of assessment 2002 under Section 127(3)(b) of the Income Tax Act 1967. The exemption was extended for 5 years covering 2012 to 2016. Subsequently in 2017, the renewed exemption from income tax was obtained for another 5 years from year assessment 2017 under Section 127(3A) of the Income Tax Act 1967.

The explanation of the relationship between taxation and profit before taxation is as follows:

	Group	
	2018 RM'000	2017 RM'000
Profit before taxation	262,523	221,658
Tax calculated at the Malaysian tax rate of 24% (2017: 24%)	63,006	53,198
Tax effects in respect of:		
Expenses not deductible for tax purposes	277	232
Deductible temporary differences previously not recognised	-	(204)
Current year tax loss not recognised	204	113
(Over)/underprovision of tax for prior financial year	(22)	6
Net income exempted from tax	(63,482)	(53,695)
Taxation	(17)	(350)

40. TAXATION AND DEFERRED TAX (LIABILITIES)/ASSETS (CONTINUED)

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 authority.

	Group	
	31.12.2018 RM'000	**31.12.2017 RM'000**
Deferred tax liabilities – net	**-**	-
The movements in the deferred tax (liabilities)/assets balances are as follows:		
As at 1 January	**-**	(380)
(Charged)/Credited to income statement:	**-**	380
- property and equipment	**(90)**	(41)
- intangible assets	**(484)**	(366)
- deferred income	**214**	337
- unabsorbed capital allowances	**360**	450
As at 31 December	**-**	-

	Group	
	31.12.2018 RM'000	**31.12.2017 RM'000**
Unabsorbed capital allowances	**11,996**	9,202
Unutilised tax losses	**11,004**	10,153
	23,000	19,355

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's unutilised tax losses with no expiry period amounting to RM11,004,000 as at 31 December 2018 will be imposed a time limit of utilisation. Any accumulated unutilised tax losses brought forward from year of assessment 2018 can be carried forward another 7 consecutive years of assessment (i.e. from year of assessment 2019 to 2025).

41. COMMITMENTS AND CONTINGENCIES

The guarantees provided in respect of credit facilities extended by member financial institutions to borrowers under the various schemes guaranteed by the Company are as follows:

	Group/Company	
	31.12.2018 RM'000	**31.12.2017 RM'000**
Financial guarantees	**4,975,433**	4,562,769
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	**130,693**	79,308
Foreign exchange related contracts:		
- maturity not exceeding one year	**266,803**	226,799
Total commitments and contingencies	**5,372,929**	4,868,876

Out of the total financial guarantees balances of RM5.0 billion as at 31 December 2018 (2017: RM4.6 billion), RM1.5 billion is reimbursable under Government Back Scheme ("GBS") arrangement (2017: RM1.3 billion).

41. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) By schemes

	Group/Company	
	31.12.2018 RM'000	31.12.2017 RM'000
Full Risk		
(a) Conventional		
DAGS	**55,361**	66,945
(b) Islamic		
DAGS	**345**	1,798
Shared Risk		
(a) Conventional		
BizJamin	**91,830**	87,984
Flexi Guarantee Scheme	**344,107**	325,839
Franchise Financing Scheme	**3,742**	6,879
Small Biz Express	**1,447**	2,630
Portfolio Guarantee	**2,461,353**	2,084,484
(b) Islamic		
BizJamin	**48,909**	50,944
Portfolio Guarantee	**1,596,755**	1,389,877
Wholesale Guarantee	**44,540**	122,120
Gross Full/Shared Risk Financial guarantees	**4,648,389**	4,139,500
Less: Allowance		
- Impairment allowance	**-**	(22,799)
Less: Expected Credit Losses		
- Stage 3	**(21,366)**	-
- Stage 2	**(112,845)**	-
- Stage 1	**(74,700)**	-
Net Full/Shared Risk Financial guarantees	**4,439,478**	4,116,701

41. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(i) By schemes (continued)

	Group/Company	
	31.12.2018 RM'000	**31.12.2017 RM'000**
Other Shared Risk – Government Backed Schemes		
(a) Conventional		
Special Relief Guarantee Facility	**730**	10
SME Assistance Facility	**200**	160
SME Assistance Guarantee Scheme	**2,610**	-
Green Technology Financing Scheme	**474,730**	540,910
Intellectual Property Financing Scheme	**5,000**	5,000
Special Relief Facility	**28,870**	28,880
Disaster Relief Facility	**34,560**	6,780
(b) Islamic		
Green Technology Financing Scheme	**858,150**	674,270
Intellectual Property Financing Scheme	**11,480**	11,480
SME Assistance Guarantee Scheme	**520**	-
Special Relief Facility	**49,570**	47,180
Disaster Relief Facility	**15,401**	2,140
Gross Other Shared Risk – Government Backed Schemes	**1,481,821**	1,316,810
Less:		
- Reserves (Note 21)	**(945,866)**	(870,742)
Net Other Shared Risk – Government Backed Schemes	**535,955**	446,068
Total Financial guarantees	**4,975,433**	4,562,769

42. CAPITAL COMMITMENTS

	Group/Company	
	31.12.2018 RM'000	31.12.2017 RM'000
Capital expenditure not provided for in the financial statements:		
Authorised and contracted for	**3,501**	5,479
	3,545	5,479

43. LEASE COMMITMENTS

The Group and the Company have lease commitments in respect of rented premises, all of which are classified as operating leases.

A summary of the future minimum lease payments, under non-cancellable operating lease commitments are as follows:

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Not later than one year	**1,174**	1,039	**1,092**	956
Later than one year and not later than three years	**887**	1,175	**434**	722
	2,061	2,214	**1,526**	1,678

44. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) The key management personnel compensation is as follows:

	Group/Company	
	31.12.2018 RM'000	31.12.2017 RM'000
Non-Executive Directors' fees	**1,534**	1,305
Other key management personnel (including President/CEO):		
- Short-term employee benefits	**4,586**	3,934
- Contribution to Employees' Provident Fund	**779**	676
Total compensation	**6,899**	5,915

Key management personnel comprises persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly and consist of the Board of Directors, President/Chief Executive Officer and five Chief Officers.

44. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other significant related parties are as follows:

(i) Directors' fees and remuneration

Total remuneration (including benefit-in-kind) of the Directors of the Group are as follows:

	Salary and bonus RM'000	Fees RM'000	Meeting allowance RM'000	Benefit-in-kind RM'000	Total RM'000
Group 2018					
Non-Executive Directors:					
Dato' Agil Natt	-	163	42	60	265
Datuk David Chua Kok Tee	-	75	98	3	176
Dato' Haji Syed Moheeb Syed Kamarulzaman	-	86	93	3	182
Datuk Mohd Zamree Mohd Ishak	-	20	16	-	36
Datuk Hamirullah Boorhan***	-	20	14	-	34
Encik Teoh Kok Lin	-	66	73	3	142
Encik Suresh Menon	-	86	86	3	175
Dato' Ong Eng Bin*	-	66	52	3	121
Encik Kevin Koo Chiang**	-	20	16	-	36
Puan Nadzirah Abd. Rashid	-	66	83	3	152
Encik Choong Tuck Oon	-	66	53	3	122
Puan Jessica Chew Cheng Lian[2]	-	47	26	-	73
Encik Adnan Zaylani Mohamad Zahid[3]	-	12	8	-	20
Total Directors' remuneration	-	793	660	81	1,534

44. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other significant related parties are as follows: (continued)

(i) Directors' fees and remuneration (continued)

Total remuneration (including benefit-in-kind) of the Directors of the Group are as follows: (continued)

	Salary and bonus RM'000	Fees RM'000	Meeting allowance RM'000	Benefit-in-kind RM'000	Total RM'000
Group 2017					
Non-Executive Directors:					
Dato' Agil Natt	-	144	30	7	181
Datuk David Chua Kok Tee	-	80	80	-	160
Dato' Haji Syed Moheeb Syed Kamarulzaman	-	80	72	-	152
Datuk Mohd Zamree Mohd Ishak	-	20	16	-	36
Datuk Hamirullah Boorhan***	-	20	6	-	26
Encik Mohamed Rashdi Mohamed Ghazalli[1]	-	50	54	-	104
Encik Teoh Kok Lin	-	60	64	-	124
Encik Suresh Menon	-	80	68	-	148
Dato' Ong Eng Bin*	-	60	40	-	100
Encik Kevin Koo Chiang**	-	20	12	-	32
Puan Nadzirah Abd. Rashid	-	60	50	-	110
Encik Choong Tuck Oon	-	57	38	-	95
Puan Jessica Chew Cheng Lian[2]	-	23	14	-	37
Total Directors' remuneration	-	754	544	7	1,305

44. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other significant related parties are as follows: (continued)

(i) Directors' fees and remuneration (continued)

	Salary and bonus RM'000	Fees RM'000	Meeting allowance RM'000	Benefit-in-kind RM'000	Total RM'000
Company 2018					
Non-Executive Directors:					
Dato' Agil Natt	**-**	**163**	**42**	**60**	**265**
Datuk David Chua Kok Tee	**-**	**66**	**88**	**3**	**157**
Dato' Haji Syed Moheeb Syed Kamarulzaman	**-**	**66**	**77**	**3**	**146**
Encik Teoh Kok Lin	**-**	**66**	**73**	**3**	**142**
Encik Suresh Menon	**-**	**66**	**70**	**3**	**139**
Dato' Ong Eng Bin*	**-**	**66**	**52**	**3**	**121**
Puan Nadzirah Abd. Rashid	**-**	**66**	**83**	**3**	**152**
Encik Choong Tuck Oon	**-**	**66**	**53**	**3**	**122**
Puan Jessica Chew Cheng Lian[2]	**-**	**47**	**26**	**-**	**73**
Encik Adnan Zaylani Mohamad Zahid[3]	**-**	**12**	**8**	**-**	**20**
Total Directors' remuneration	**-**	**684**	**572**	**81**	**1,337**
Company 2017					
Non-Executive Directors:					
Dato' Agil Natt	-	144	30	7	181
Datuk David Chua Kok Tee	-	60	64	-	124
Dato' Haji Syed Moheeb Syed Kamarulzaman	-	60	58	-	118
Encik Mohamed Rashdi Mohamed Ghazalli[1]	-	50	54	-	104
Encik Teoh Kok Lin	-	60	64	-	124
Encik Suresh Menon	-	60	52	-	112
Dato' Ong Eng Bin*	-	60	40	-	100
Puan Nadzirah Abd. Rashid	-	60	50	-	110
Encik Choong Tuck Oon	-	57	38	-	95
Puan Jessica Chew Cheng Lian[2]	-	23	14	-	37
Total Directors' remuneration	-	634	464	7	1,105

* Director's fees payable to OCBC Bank (M) Berhad
** Director's fees payable to D&B Malaysia Sdn Bhd
*** Director's fees payable to Malayan Banking Berhad
1 Resigned as a Director with effect from 1 November 2017
2 Resigned as a Director with effect from 15 October 2018
3 Appointed as a Director with effect from 18 October 2018

44. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other significant related parties are as follows: (continued)

(ii) The significant related party balances included in the statements of financial position are as follows:

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
Loan due from subsidiary (Note 17)	**-**	-	**-**	125
Amount due from subsidiary (Note 17)	**-**	-	**4,505**	4,436

Amount due (to)/from BNM:

	Group/Company	
	31.12.2018 RM'000	31.12.2017 RM'000
(i) SRGF, SRGF-2 and SME AGS (Note 18)	**(227)**	(509)
(ii) Government funds (Note 27)	**(42,556)**	(150,342)
(iii) Danajamin Nasional Berhad (Note 24)	**(500,000)**	(500,000)
(iv) TPUB-i (Note 24)	**(301,500)**	(301,500)
(v) Preference shares (Note 28)	**-**	(200,000)
(vi) BizMula-i (Note 24)	**(7,575)**	-
(vii) BizWanita-i (Note 24)	**(32,014)**	-

(iii) Details of significant transactions between the Company and its related parties are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Subscription fee charged by a subsidiary	**-**	-	**5**	5
Report fees charged by a subsidiary	**-**	-	**315**	248
Office rental charged to a subsidiary	**-**	-	**(251)**	(251)
Management and secretarial fees charged to a subsidiary	**-**	-	**(141)**	(170)
Interest expense on loan charged by BNM	**3,525**	4,500	**3,525**	4,500

45. CAPITAL MANAGEMENT

The primary objective of the Company is to ensure that it maintains an adequate Guarantee Reserve Ratio ("GRR") in order to meet its mandate in promoting the growth and development of SMEs.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares or return capital to the shareholders. No changes were made in the objectives and policies during the financial years ended 31 December 2018 and 2017.

The Company monitors its capital and ability to guarantee by reference to its GRR, which stands at 2.6 times as at 31 December 2018 (2017: 2.5 times). The Company's policy is to maintain a GRR of less than 6 times.

46. FINANCIAL RISK MANAGEMENT

In the normal course of business, the Group and the Company are subjected to four main areas of risk, namely credit risk, market risk, liquidity risk and operational risk.

(a) Credit Risk

Credit risk is the risk of loss of principal or income that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables, bond investments as well as loans, advances and financing.

The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

As for loans redeemed and guaranteed, the Group and the Company manage the credit risk by evaluating borrowers based on an in-house credit-scoring model. The Group and the Company use this model to measure the viability of loans vis-à-vis established thresholds.

For other financial assets (including investment securities and placements with fund managers), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

For financial assets recognised in the statements of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Group and the Company would have to pay if the guarantees were to be called upon. For credit related commitments and contingencies, the maximum exposure to credit risk is full amount of the undrawn credit facilities granted to customers.

All financial assets of the Group and the Company are subject to credit risk except for cash in hand, prepayments as well as non-financial assets.

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

In the normal course of business, the Group and the Company are subjected to four main areas of risk, namely credit risk, market risk, liquidity risk and operational risk. (continued)

(a) Credit Risk (continued)

Expected Credit Loss ("ECL")

The Group and the Company use three categories for financial instruments for recognising ECL which reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

Category	Definition of category	Basis for recognising ECL
Stage 1 (Performing)	Debt Securities Debt securities with strong credit and financial support with minimum risk of debt service payment. Loans/Financing and Financial Guarantees Newly purchased or issued loans/financing.	12 month ECL
Stage 2 (Underperforming)	Debt Securities Significant Increase in Credit Risks: - Deteriorating financial position; - Significant widening of credit spread; - Credit watch, breach of covenants, etc; or - External rating watch or downgrade. Loans/Financing and Financial Guarantees - All restructured and rescheduled accounts; - Accounts with significant PD/Internal Risk Rating Model ("IRRM") change i.e. by 2 notches; - Accounts with related Non Performing Loan ("NPL"); - Accounts with high PD above 50% as per credit risk report provided by Credit Bureau Malaysia Sdn. Bhd. ("CBM"); - All Arrears Account (1MIA and 2MIA); - Watchlist accounts; - Accounts under Agensi Kaunseling dan Pengurusan Kredit ("AKPK"); or - Missing origination ratings (internal or external).	Lifetime ECL

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

In the normal course of business, the Group and the Company are subjected to four main areas of risk, namely credit risk, market risk, liquidity risk and operational risk. (continued)

(a) Credit Risk (continued)

Expected Credit Loss (“ECL”) (continued)

A summary of the assumptions underpinning the Group’s and the Company’s ECL model is as follows: (continued)

Category	Definition of category	Basis for recognising ECL
Stage 3 (Impaired)	Debt Securities Determination of non-performing or credit-impaired assets: - Non-payment of coupon due by more than 14 days; - Non-payment of principal due by more than 7 days; or - Rating is downgraded to “D” Loans/Financing and Financial Guarantees (i) Obligatory triggers: - 90 days past due; - Leakage, cessation of contracts or cessation in business for TPUB-i product. (ii) Rating downgrade as follows: - Default in paying principal or interest/profit according to the repayment schedule; - Cease operation/filing of bankruptcy; - Winding up order (upon notice, includes borrowers and parties who provide source of repayment)/Receiver & Manager appointed; - Company classified under PN17 (or the equivalent classification for foreign capital markets); or - Material fraud with publicised news or upon appointment of financial advisor.	Lifetime ECL

Based on the above, loss allowance is measured on either 12 month ECL or lifetime ECL using the following methodology:

$$Life\ time\ ECL = \sum_{t=1}^{life\ time} [PD_t \times LGD_t \times EAD_t \times (1 + EIR)^{-t}]$$

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

In the normal course of business, the Group and the Company are subjected to four main areas of risk, namely credit risk, market risk, liquidity risk and operational risk. (continued)

(a) Credit Risk (continued)

Expected Credit Loss ("ECL") (continued)

Legend:

PD: the likelihood that a borrower will be unable to meet its debt obligation or default over a particular time horizon, usually in the course of 1 year.

LGD: the percentage of exposure the Group and the Company might lose in case the borrower defaults.

EAD: an estimate of the Group's and the Company's exposure to its counterparty at the time of default.
*For financial guarantee contracts, EAD is lower of guarantee cover or outstanding amount x guarantee rate.

EIR: discount rate computed based on Original Effective Profit Rate ("OEPR")/Effective Interest Rate ("EIR") or approximation thereof at time (t).

In deriving the PD and LGD, the Group and the Company consider historical data by each debtor by category and adjusts for forward-looking macroeconomic data. The Group and the Company have identified the unemployment rate which the debtor operates in, to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

The ECL computation is expected to include forward looking adjustment for the expected future macroeconomic conditions ("MEV").

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

In the normal course of business, the Group and the Company are subjected to four main areas of risk, namely credit risk, market risk, liquidity risk and operational risk. (continued)

(a) Credit Risk (continued)

Maximum exposure to credit risk

The maximum credit risk exposure of the Group and the Company equal their carrying amount in the statements of financial position as at reporting date, except for the following:

	Group		Company	
	2018 Maximum credit exposure RM'000	2017 Maximum credit exposure RM'000	2018 Maximum credit exposure RM'000	2017 Maximum credit exposure RM'000
Credit risk exposures of on-balance sheet assets:				
Investment securities: FVTPL*	**798,059**	-	**798,059**	-
Trade and other receivables#	**17,810**	17,159	**15,733**	15,013
Cash and cash equivalents^	**64,692**	64,312	**60,978**	58,504
Credit risk exposure of off-balance sheet items:				
Financial guarantees	**4,975,433**	4,562,769	**4,975,433**	4,562,769
Credit related commitments and contingencies	**130,693**	79,308	**130,693**	79,308
Total maximum credit risk exposure	**5,986,687**	4,723,548	**5,980,896**	4,715,594

The following have been excluded for the purpose of maximum credit risk exposure calculation:
* Investment in REITS
# Prepayments
^ Cash in hand

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit risk concentration

The Group and the Company determine concentrations of credit risk by monitoring the industry sector profile. The following tables analyse the Group's and the Company's financial assets and commitments and contingencies by industry concentration as at the reporting date:

Group 2018	Primary agriculture RM'000	Education, health and others RM'000	Construction RM'000	Financing, insurance, real estate & business services RM'000	Manufacturing RM'000	Mining and quarrying RM'000	Transport, storage & communication RM'000	Wholesale, retail trade, restaurants & hotels RM'000	Government RM'000	Electricity, gas & water supply RM'000	Other RM'000	Total RM'000
Structured investments: FVTPL	-	-	-	148,546	-	-	-	-	-	-	-	148,546
Investment securities: FVTPL*	1,155	51,689	11,116	409,147	98,497	8,770	23,552	-	30,600	137,951	25,582	798,059
Investment securities: FVOCI	66,980	-	183,226	310,661	-	-	317,175	-	436,485	377,271	10,154	1,701,952
Investment securities: Amortised cost	-	-	73,404	40,334	-	-	-	-	-	-	58,062	171,800
Derivative financial assets	-	-	-	1,945	-	-	-	-	-	-	-	1,945
Term deposits	-	-	-	984,646	-	-	-	-	-	-	-	984,646
Loans, advances and financing	2,003	7,480	54,408	26,356	17,366	57	7,291	61,828	-	3,687	1,307	181,783
Trade and other receivables#	-	-	80	13,814	4	-	-	29	272	-	3,611	17,810
Cash and cash equivalents^	-	-	-	64,692	-	-	-	-	-	-	-	64,692
	70,138	59,169	322,234	2,000,141	115,867	8,827	348,018	61,857	467,357	518,909	98,716	4,071,233
Financial guarantees	54,829	204,725	1,489,154	721,346	475,304	1,552	199,566	1,692,247	-	100,927	35,783	4,975,433
Credit related commitments and contingencies	116	577	73,039	30,105	1,650	-	1,619	18,767	-	4,820	-	130,693
Total off balance sheet	54,945	205,302	1,562,193	751,451	476,954	1,552	201,185	1,711,014	-	105,747	35,783	5,106,126

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit risk concentration (continued)

Group 2017	Primary agriculture RM'000	Education, health and others RM'000	Construction RM'000	Financing, insurance, real estate & business services RM'000	Manufacturing RM'000	Mining and quarrying RM'000	Transport, storage & communication RM'000	Wholesale, retail trade, restaurants & hotels RM'000	Government RM'000	Electricity, gas & water supply RM'000	Other RM'000	Total RM'000
Structured investments: FVTPL	-	-	-	147,061	-	-	-	-	-	-	-	147,061
Investment securities: AFS	66,758	-	131,359	358,505	-	-	314,394	-	498,769	382,352	10,175	1,762,312
Investment securities: HTM	-	-	81,995	40,325	-	-	-	-	-	-	50,255	172,575
Investment securities: FVTPL	16,495	21,626	33,244	386,977	8,778	2,469	90,211	-	36,239	121,509	54,677	772,225
Derivative financial assets	-	-	-	2,420	-	-	-	-	-	-	-	2,420
Term deposits	-	-	-	1,080,949	-	-	-	-	-	-	-	1,080,949
Loans, advances and financing	1,620	6,779	58,682	28,191	26,633	75	2,323	63,507	-	478	1,436	189,724
Trade and other receivables#	-	-	176	15,530	1	-	68	29	253	1	1,101	17,159
Cash and cash equivalents^	-	-	-	64,312	-	-	-	-	-	-	-	64,312
	84,873	28,405	305,456	2,124,270	35,412	2,544	406,996	63,536	535,261	504,340	117,644	4,208,737
Financial guarantees	38,949	163,027	1,411,260	677,972	640,520	1,805	55,866	1,527,309	-	11,505	34,556	4,562,769
Credit related commitments and contingencies	-	134	44,268	17,957	1,618	-	1,428	11,493	-	2,410	-	79,308
Total off balance sheet	38,949	163,161	1,455,528	695,929	642,138	1,805	57,294	1,538,802	-	13,915	34,556	4,642,077

Excludes prepayments of RM2,465,000 (2017: RM1,229,000)

^ Excludes cash in hand of RM20,000 (2017: RM20,000)

* Excludes investment in REITS of RM3,727,000 (2017: RM Nil)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit risk concentration (continued)

Company 2018	Primary agriculture RM'000	Education, health and others RM'000	Construction RM'000	Financing, insurance, real estate & business services RM'000	Manufacturing RM'000	Mining and quarrying RM'000	Transport, storage & communication RM'000	Wholesale, retail trade, restaurants & hotels RM'000	Government RM'000	Electricity, gas & water supply RM'000	Other RM'000	Total RM'000
Structured investments: FVTPL	-	-	-	148,546	-	-	-	-	-	-	-	148,546
Investment securities: FVTPL*	1,155	51,689	11,116	409,147	98,497	8,770	23,552	-	30,600	137,951	25,582	798,059
Investment securities: FVOCI	66,980	-	183,226	310,661	-	-	317,175	-	436,485	377,271	10,154	1,701,952
Investment securities: Amortised cost	-	-	73,404	40,334	-	-	-	-	-	-	58,062	171,800
Derivative financial assets	-	-	-	1,945	-	-	-	-	-	-	-	1,945
Term deposits	-	-	-	984,646	-	-	-	-	-	-	-	984,646
Loans, advances and financing	2,003	7,480	54,408	26,356	17,366	57	7,291	61,828	-	3,687	1,307	181,783
Amount due from a subsidiary	-	-	-	4,505	-	-	-	-	-	-	-	4,505
Trade and other receivables#	-	-	73	14,148	-	-	-	26	193	-	1,293	15,733
Cash and cash equivalents^	-	-	-	60,978	-	-	-	-	-	-	-	60,978
	70,138	59,169	322,227	2,001,266	115,863	8,827	348,018	61,854	467,278	518,909	96,398	4,069,947
Financial guarantees	54,829	204,725	1,489,154	721,346	475,304	1,552	199,566	1,692,247	-	100,927	35,783	4,975,433
Credit related commitments and contingencies	116	577	73,039	30,105	1,650	-	1,619	18,767	-	4,820	-	130,693
Total off balance sheet	54,945	205,302	1,562,193	751,451	476,954	1,552	201,185	1,711,014	-	105,747	35,783	5,106,126

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit risk concentration (continued)

Company 2017	Primary agriculture RM'000	Education, health and others RM'000	Construction RM'000	Financing, insurance, real estate & business services RM'000	Manufacturing RM'000	Mining and quarrying RM'000	Transport, storage & communication RM'000	Wholesale, retail trade, restaurants & hotels RM'000	Government RM'000	Electricity, gas & water supply RM'000	Other RM'000	Total RM'000
Structured investments: FVTPL	-	-	-	147,061	-	-	-	-	-	-	-	147,061
Investment securities: AFS	66,758	-	131,359	358,505	-	-	314,394	-	498,769	382,352	10,175	1,762,312
Investment securities: HTM	-	-	81,995	40,325	-	-	-	-	-	-	50,255	172,575
Investment securities: FVTPL	16,495	21,626	33,244	386,977	8,778	2,469	90,211	-	36,239	121,509	54,677	772,225
Derivative financial assets	-	-	-	2,420	-	-	-	-	-	-	-	2,420
Term deposits	-	-	-	1,080,949	-	-	-	-	-	-	-	1,080,949
Loans, advances and financing	1,620	6,779	58,682	28,191	26,633	75	2,323	63,507	-	478	1,436	189,724
Loan due from a subsidiary	-	-	-	125	-	-	-	-	-	-	-	125
Amount due from a subsidiary	-	-	-	4,436	-	-	-	-	-	-	-	4,436
Trade and other receivables#	-	-	173	13,507	-	-	16	24	194	-	1,099	15,013
Cash and cash equivalents^	-	-	-	58,504	-	-	-	-	-	-	-	58,504
	84,873	28,405	305,453	2,121,000	35,411	2,544	406,944	63,531	535,202	504,339	117,642	4,205,344
Financial guarantees	38,949	163,027	1,411,260	677,972	640,520	1,805	55,866	1,527,309	-	11,505	34,556	4,562,769
Credit related commitments and contingencies	-	134	44,268	17,957	1,618	-	1,428	11,493	-	2,410	-	79,308
Total off balance sheet	38,949	163,161	1,455,528	695,929	642,138	1,805	57,294	1,538,802	-	13,915	34,556	4,642,077

\# Excludes prepayments of RM2,385,000 (2017 : RM1,161,000)

^ Excludes cash in hand of RM18,000 (2017 : RM18,000)

* Excludes investment in REITS of RM3,727,000 (2017: RM Nil)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality

(i) Loans, advances and financing

All loans, advances and financing are unrated and categorised into "neither past due nor impaired", "past due but not impaired" and "impaired". Past due loans refer to loans that are overdue by one day or more. Impaired loans are loans with months-in-arrears more than 3 months (i.e. 90 days) or with impairment allowances.

Distribution of loans, advances and financing by credit quality

Group/Company	2018 12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000	2017 Total RM'000
Carrying amount of loans, advances and financing by credit quality:					
Neither past due nor impaired (A)	**170,474**	**1,860**	**-**	172,334	168,954
Past due but not impaired (B)	**-**	**29,827**	**-**	29,827	32,346
Impaired (C)	**-**	**-**	**119,980**	119,980	124,098
Gross loans, advances and financing	**170,474**	**31,687**	**119,980**	322,141	325,398
Less: Allowances for impairment losses					
- Individual allowance "IA"	**-**	**-**	**-**	-	(124,098)
- Collective allowance "CA"	**-**	**-**	**-**	-	(11,576)
- Expected Credit Lossess "ECL"	**(10,318)**	**(10,060)**	**(119,980)**	(140,358)	-
Net loans, advances and financing	**160,156**	**21,627**	**-**	181,783	189,724

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(i) Loans, advances and financing (continued)

(A) Neither past due nor impaired

Analysis of loans and advances that are neither past due nor impaired analysed based on the Group's and the Company's internal grading system is as follows:

	2018				2017
Group/Company	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000	Total RM'000
Quality classification					
Satisfactory	**170,474**	**1,860**	-	172,334	168,954
Total	**170,474**	**1,860**	-	172,334	168,954

Quality classification definitions:

Satisfactory: Exposures demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default and/or levels of expected loss.

Collateral and other credit enhancement obtained

During the financial year, there is no repossessed collateral as the Group and the Company do not have possession of collateral held as security or other credit enhancement.

(B) Past due but not impaired

	2018				2017
Group/Company	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000	Total RM'000
Past due up to 30 days	-	**20,569**	-	20,569	19,696
Past due 30-60 days	-	**9,258**	-	9,258	12,650
Total	-	**29,827**	-	29,827	32,346

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(i) Loans, advances and financing (continued)

(C) Impaired

Group/Company	2018 12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000	2017 Total RM'000
Gross impaired loans	-	-	**119,980**	**119,980**	124,098
Individually impaired loans	-	-	**119,980**	**119,980**	124,098

(ii) Investment securities, derivatives, term deposits and cash and cash equivalents

Investment securities: FVTPL and investment securities: AFS are measured on a fair value basis. The fair value will reflect the credit risk of the issuer.

Most listed and some unlisted investment securities are rated by external rating agencies. The Group and the Company mainly use external ratings provided by Rating Agency Malaysia Berhad ("RAM"), Malaysian Rating Corporation Berhad ("MARC"), Moody's or Standard & Poor's ("S&P").

Analysis of financial assets by rating agency designation (where applicable) as at 31 December:

Group

Structured investments: FVTPL	2018 12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Sovereign (no rating)	-	**148,546**	-	**148,546**
Total	-	**148,546**	-	**148,546**

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(ii) Investment securities, derivatives, term deposits and cash and cash equivalents (continued)

Analysis of financial assets by rating agency designation (where applicable) as at 31 December: (continued)

Group (continued)

	2018			
Investment securities: FVTPL	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing" Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Sovereign (no rating)	30,600	-	-	30,600
Investment grade (AAA to BBB-)	667,829	-	-	667,829
Unrated	99,630	-	-	99,630
Total	798,059	-	-	798,059

	2018			
Investment securities: FVOCI	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Sovereign (no rating)	322,655	-	-	322,655
Investment grade (AAA to BBB-)	1,369,087	10,210	-	1,379,297
Total	1,691,742	10,210	-	1,701,952

	2018			
Investment securities: Amortised cost	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Unrated	172,590	-	-	172,590
Expected credit losses ("ECL")	(790)	-	-	(790)
Total	171,800	-	-	171,800

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(ii) Investment securities, derivatives, term deposits and cash and cash equivalents (continued)

Analysis of financial assets by rating agency designation (where applicable) as at 31 December: (continued)

Group (continued)

	2018			
Derivative financial assets	**12 - Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Investment grade (AAA to BBB-)	1,945	-	-	1,945
Total	1,945	-	-	1,945

	2018			
Term deposits	**12 - Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Investment grade (AAA to BBB-)	940,813	-	-	940,813
Unrated	43,833	-	-	43,833
Total	984,646	-	-	984,646

	2018			
Cash and cash equivalents	**12 - Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Investment grade (AAA to BBB-)	64,692	-	-	64,692
Total	64,692	-	-	64,692

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(ii) Investment securities, derivatives, term deposits and cash and cash equivalents (continued)

Analysis of financial assets by rating agency designation (where applicable) as at 31 December: (continued)

Group 2017	Sovereign (no rating) RM'000	Investment grade (AAA to BBB-) RM'000	Non Investment grade (BB+ and below) RM'000	Unrated RM'000	Total RM'000
Structured investments: FVTPL	-	147,061	-	-	147,061
Investment securities: AFS					
- Money market instruments	49,270	101,903	-	-	151,173
- Unquoted securities	316,516	1,294,623	-	-	1,611,139
Investment securities: HTM	-	-	-	172,575	172,575
Investment securities: FVTPL	29,765	639,097	-	103,363	772,225
Derivative financial assets	-	2,420	-	-	2,420
Term deposits	42,966	1,032,268	-	5,715	1,080,949
Cash and cash equivalents^	-	64,312	-	-	64,312
	438,517	3,281,684	-	281,653	4,001,854

The following have been excluded for the purpose of maximum credit risk exposure calculations:
^ Cash in hand of RM20,000 (2017: RM20,000)

There are no investment securities, term deposits and cash and cash equivalents which are past due but not impaired or impaired.

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(ii) Investment securities, derivatives, term deposits and cash and cash equivalents (continued)

Analysis of financial assets by rating agency designation (where applicable) as at 31 December: (continued)

Company

Structured investments: FVTPL	2018 12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Sovereign (no rating)	-	148,546	-	148,546
Total	-	148,546	-	148,546

Investment securities: FVTPL	2018 12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Sovereign (no rating)	30,600	-	-	30,600
Investment grade (AAA to BBB-)	667,829	-	-	667,829
Unrated	99,630	-	-	99,630
Total	798,059	-	-	798,059

Investment securities: FVOCI	2018 12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Sovereign (no rating)	322,655	-	-	322,655
Investment grade (AAA to BBB-)	1,369,087	10,210	-	1,379,297
Total	1,691,742	10,210	-	1,701,952

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(ii) Investment securities, derivatives, term deposits and cash and cash equivalents (continued)

Analysis of financial assets by rating agency designation (where applicable) as at 31 December: (continued)

Company (continued)

	2018			
Investment securities: Amortised cost	**12 - Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Unrated	172,590	-	-	172,590
Expected credit losses ("ECL")	(790)	-	-	(790)
Total	171,800	-	-	171,800

	2018			
Derivative financial assets	**12 - Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Investment grade (AAA to BBB-)	1,945	-	-	1,945
Total	1,945	-	-	1,945

	2018			
Term deposits	**12 - Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Investment grade (AAA to BBB-)	940,813	-	-	940,813
Unrated	43,833	-	-	43,833
Total	984,646	-	-	984,646

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(ii) Investment securities, derivatives, term deposits and cash and cash equivalents (continued)

Analysis of financial assets by rating agency designation (where applicable) as at 31 December: (continued)

Company (continued)

Cash and cash equivalents	2018 12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Investment grade (AAA to BBB-)	**60,978**	**-**	**-**	**60,978**
Total	**60,978**	**-**	**-**	**60,978**

Company 2017	Sovereign (no rating) RM'000	Investment grade (AAA to BBB-) RM'000	Non Investment grade (BB+ and below) RM'000	Unrated RM'000	Total RM'000
Structured investments: FVTPL	-	147,061	-	-	147,061
Investment securities: AFS					
- Money market instruments	49,270	101,903	-	-	151,173
- Unquoted securities	316,516	1,294,623	-	-	1,611,139
Investment securities: HTM	-	-	-	172,575	172,575
Investment securities: FVTPL	29,765	639,097	-	103,363	772,225
Derivative financial assets	-	2,420	-	-	2,420
Term deposits	42,966	1,032,268	-	5,715	1,080,949
Cash and cash equivalents^	-	58,504	-	-	58,504
	438,517	3,275,876	-	281,653	3,996,046

The following have been excluded for the purpose of maximum credit risk exposure calculations:

^ Cash in hand of RM18,000 (2017: RM18,000)

There are no investment securities, term deposits and cash and cash equivalents which are past due but not impaired or impaired.

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(iii) Other financial assets

The carrying amount of other financial assets of the Group and the Company are summarised as below:

Group

	2018				2017
Neither past due not impaired	**12 - Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**	**Total RM'000**
Trade and other receivables#	**15,586**	-	-	**15,586**	12,558
Total	**15,586**	-	-	**15,586**	12,558

	2018				2017
Past due but not impaired	**12 - Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**	**Total RM'000**
Trade and other receivables#	**2,224**	-	-	**2,224**	4,601
Total	**2,224**	-	-	**2,224**	4,601

	2018				2017
Impaired	**12 - Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**	**Total RM'000**
Trade and other receivables#	-	-	**8**	**8**	60
Allowance for impairment	-	-	**(8)**	**(8)**	(60)
Total	-	-	-	-	-

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(iii) Other financial assets

The carrying amount of other financial assets of the Group and the Company are summarised as below: (continued)

Company

Neither past due not impaired	2018 12 - Month ECL Performing Stage 1 RM'000	2018 Lifetime ECL Under-performing Stage 2 RM'000	2018 Lifetime ECL Impaired Stage 3 RM'000	2018 Total RM'000	2017 Total RM'000
Loan due from a subsidiary	-	-	-	-	125
Amount due from a subsidiary	4,505	-	-	4,505	4,436
Trade and other receivables#	13,741	-	-	13,741	10,735
Total	18,246	-	-	18,246	15,296

Past due but not impaired	2018 12 - Month ECL Performing Stage 1 RM'000	2018 Lifetime ECL Under-performing Stage 2 RM'000	2018 Lifetime ECL Impaired Stage 3 RM'000	2018 Total RM'000	2017 Total RM'000
Trade and other receivables#	1,992	-	-	1,992	4,278
Total	1,992	-	-	1,992	4,278

The following have been excluded for the purpose of maximum credit risk exposure calculations:

Prepayments for the Group and the Company amounting to RM2,465,000 (2017: RM1,229,000) and RM2,385,000 (2017: RM1,161,000) respectively.

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(iii) Other financial assets (continued)

The carrying amount of other financial assets of the Group and the Company are summarised as below: (continued)

All other financial assets are categorised into “neither past due nor impaired”, “past due but not impaired” and “past due and impaired”. For financial assets categorised as “neither past due nor impaired”, there is a high likelihood of these assets being recovered in full and therefore, of no cause for concern to the Group and the Company. Financial assets categorised as “past due but not impaired” are receivables due from financial institutions with overdue more than 30 working days for the Company and 45 days for the subsidiary. Financial assets categorised as “past due and impaired” are receivables deemed irrecoverable after assessment by the Group and the Company.

(iv) Movement in expected credit losses

The expected credit losses recognised in the period is impacted by a variety of factors:

(a) Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period.

(b) Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models.

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(iv) Movement in expected credit losses (continued)

The expected credit losses recognised in the period is impacted by a variety of factors: (continued)

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period:

Loans, advances and financing

	2018				
Group/Company	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Individual/ collective allowance RM'000**	**Total RM'000**
Loss allowance as at 1 January 2018	-	-	-	135,674	135,674
Effect of adoption of MFRS 9 (Note 48)	16,729	13,627	124,098	(135,674)	18,780
Restated balance as at 1 January 2018	16,729	13,627	124,098	-	154,454
Movements with P&L impact					
Transfers					
Change due to change in credit risk:					
Transfer from Stage 1 to Stage 2	(702)	2,752	-	-	2,050
Transfer from Stage 1 to Stage 3	(1,440)	-	10,302	-	8,862
Transfer from Stage 2 to Stage 3	-	(5,391)	11,316	-	5,925
Transfer from Stage 3 to Stage 2	-	62	(346)	-	(284)
Transfer from Stage 2 to Stage 1	132	(1,420)	-	-	(1,288)
New financial assets originated or purchased	6,888	2,731	3,954	-	13,573
Financial assets derecognised during the financial year other than write-offs	(11,289)	(2,301)	(5,776)	-	(19,366)
Written-off/waived during the financial year	-	-	(23,568)	-	(23,568)
	10,318	10,060	119,980	-	140,358

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(iv) Movement in expected credit losses (continued)

The expected credit losses recognised in the period is impacted by a variety of factors: (continued)

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period: (continued)

Investment securities: FVOCI

Group/Company	2018 Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Individual/ collective allowance RM'000	Total RM'000
Loss allowance as at 1 January 2018	-	-	-	-	-
Effect of adoption of MFRS 9 (Note 48)	640	60	-	-	700
Restated balance as at 1 January 2018	640	60	-	-	700
Movements with P&L impact					
Change due to change in credit risk	(60)	(56)	-	-	(116)
New financial assets originated or purchased	139	-	-	-	139
Financial assets derecognised during the financial year other than write-offs	(42)	-	-	-	(42)
	677	4	-	-	681

Investment securities: Amortised cost

Group/Company	2018 Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Individual/ collective allowance RM'000	Total RM'000
Loss allowance as at 1 January 2018	-	-	-	-	-
Effect of adoption of MFRS 9 (Note 48)	1,037	-	-	-	1,037
Restated balance as at 1 January 2018	1,037	-	-	-	1,037
Movements with P&L impact					
Change due to change in credit risk	(253)	-	-	-	(253)
New financial assets originated or purchased	6	-	-	-	6
	790	-	-	-	790

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(v) Movement in gross carrying amount that contributed to changes in the expected credit losses:

Loans, advances and financing

Group/Company	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Individual/ collective allowance RM'000	Total RM'000
	2018				
Gross carrying amount as at 1 January 2018	-	-	-	325,398	325,398
Effect of adoption of MFRS 9 (Note 48)	162,659	38,641	124,098	(325,398)	-
Restated balance as at 1 January 2018	162,659	38,641	124,098	-	325,398
Movements with P&L impact					
Transfers					
Change due to change in credit risk:					
Transfer from Stage 1 to Stage 2	(11,501)	9,425	-	-	(2,076)
Transfer from Stage 1 to Stage 3	(14,848)	-	10,302	-	(4,546)
Transfer from Stage 2 to Stage 3	-	(12,390)	11,316	-	(1,074)
Transfer from Stage 3 to Stage 2	-	258	(346)	-	(88)
Transfer from Stage 2 to Stage 1	4,080	(5,478)	-	-	(1,398)
New financial assets originated or purchased	98,726	6,838	3,954	-	109,518
Financial assets derecognised during the financial year other than write-offs	(68,642)	(5,607)	(5,776)	-	(80,025)
Written-off/waived during the financial year	-	-	(23,568)	-	(23,568)
Gross carrying amount as at 31 December 2018	170,474	31,687	119,980	-	322,141

An analysis of financial assets individually assessed as impaired (Stage 3) and the movements on the impairment allowance during the year are as follows:

	Allowances as at 1 January RM'000	Allowances made during the year RM'000	Adjustments RM'000	Recoveries/ written back RM'000	Write-Off RM'000	Allowances as at 31 December RM'000
	2018					
Loans, advances and financing	124,098	25,572	-	(6,122)	(23,568)	119,980
	124,098	25,572	-	(6,122)	(23,568)	119,980

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(v) Movement in gross carrying amount that contributed to changes in the expected credit losses: (continued)

Investment securities: FVOCI

Group/Company	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Individual/ collective allowance RM'000	Total RM'000
	2018				
Gross carrying amount as at 1 January 2018	-	-	-	-	-
Effect of adoption of MFRS 9 (Note 48)	1,743,076	11,128	-	-	1,754,204
Restated balance as at 1 January 2018	1,743,076	11,128	-	-	1,754,204
Movements with P&L impact					
Change due to change in credit risk	(10,362)	(918)	-	-	(11,280)
New financial assets originated or purchased	152,579	-	-	-	152,579
Financial assets derecognised during the financial year other than write-offs	(193,551)	-	-	-	(193,551)
Gross carrying amount as at 31 December 2018	1,691,742	10,210	-	-	1,701,952

Investment securities: Amortised cost

Group/Company	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Individual/ collective allowance RM'000	Total RM'000
	2018				
Gross carrying amount as at 1 January 2018	-	-	-	-	-
Effect of adoption of MFRS 9 (Note 48)	172,575	-	-	-	172,575
Restated balance as at 1 January 2018	172,575	-	-	-	172,575
Movements with P&L impact					
Change due to change in credit risk	(6)	-	-	-	(6)
New financial assets originated or purchased	21	-	-	-	21
Gross carrying amount as at 31 December 2018	172,590	-	-	-	172,590

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk

Market risk is defined as the risk of losses to the Group's and the Company's portfolio positions arising from movements in market factors such as interest rates, foreign exchange rates and changes in volatility. The Group and the Company are exposed to market risks from its trading and investment activities.

The Group's and the Company's exposure to market risk stems primarily from interest rate risk. Interest rate risk arises mainly from differences in timing between the maturities or repricing of assets, liabilities and derivatives.

Net interest income sensitivity analysis

The table below shows the profit after tax net interest income sensitivity for the financial assets and financial liabilities held at reporting date.

	Group			
	31.12.2018		31.12.2017	
	Impact on profit after tax RM'000	Impact on equity RM'000	Impact on profit after tax RM'000	Impact on equity RM'000
+ 100 basis points ("bps")	**36,288**	**36,600**	37,748	37,889
- 100 bps	**(36,288)**	**(36,600)**	(37,748)	(37,889)

	Company			
	31.12.2018		31.12.2017	
	Impact on profit after tax RM'000	Impact on equity RM'000	Impact on profit after tax RM'000	Impact on equity RM'000
+ 100 bps	**36,288**	**36,561**	37,748	37,874
- 100 bps	**(36,288)**	**(36,561)**	(37,748)	(37,874)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Interest/Profit rate risk

The table below summarise the Group's and the Company's exposure to interest/profit rate risks. Included in the table are the Group's and the Company's financial assets and liabilities at their carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The net interest sensitivity gap for items not recognised in the statements of financial position represents the net notional amounts of all interest/profit rate sensitivity derivative financial instruments. As interest rate yield curves change over time, the Group and Company may be exposed to loss in earnings due to the effects of interest rates on the structure of the statements of financial position. Sensitivity to interest/profit rates arises from mismatches in the repricing dates, cashflows and other characteristic of the financial assets and their corresponding financial liabilities funding.

Group 2018	Within 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Total RM'000
Assets					
Investment fund: AFS	-	-	-	-	-
Structured investments: FVTPL	-	148,546	-	-	148,546
Investment securities: FVTPL	34,124	134,226	611,670	21,766	801,786
Investment securities: FVOCI	150,357	479,382	1,052,486	19,727	1,701,952
Investment securities: Amortised cost	90,000	71,409	-	10,391	171,800
Derivative financial assets	1,945	-	-	-	1,945
Term deposits	981,597	-	-	3,049	984,646
Loans, advances and financing					
- not impaired*	29,555	161,067	11,539	(20,378)	181,783
Trade and other receivables^	-	-	-	17,810	17,810
Cash and cash equivalents	-	-	-	64,712	64,712
Total financial assets	1,287,578	994,630	1,675,695	117,077	4,074,980
Liabilities					
Funds from BNM	1,599	339,490	-	500,000	841,089
Small Entrepreneurs Guarantee Scheme	-	-	-	29,549	29,549
Tabung Usahawan Kecil	-	-	-	39,906	39,906
Government funds	-	-	42,556	-	42,556
Small Entrepreneurs Financing Fund	-	-	-	32	32
Derivative financial liabilities	1,016	-	-	-	1,016
Loan due to non-controlling interest	-	-	-	-	-
Other liabilities@	-	-	-	356,467	356,467
Total financial liabilities	2,615	339,490	42,556	925,954	1,310,615
Net interest sensitivity gap	1,284,963	655,140	1,633,140		

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

Group 2017	Within 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Non-interest/profit sensitive RM'000	Total RM'000
Assets					
Structured investments: FVTPL	-	147,061	-	-	147,061
Investment securities: AFS	90,177	611,785	1,040,364	19,986	1,762,312
Investment securities: HTM	-	170,000	-	2,575	172,575
Investment securities: FVTPL	18,064	182,663	561,697	9,801	772,225
Derivative financial assets	2,420	-	-	-	2,420
Term deposits	1,076,512	-	-	4,437	1,080,949
Loans, advances and financing					
- not impaired*	35,301	143,470	22,529	(11,576)	189,724
Trade and other receivables^	-	-	-	17,159	17,159
Cash and cash equivalents	-	-	-	64,332	64,332
Total financial assets	1,222,474	1,254,979	1,624,590	106,714	4,208,757
Liabilities					
Funds from BNM	1,500	300,000	-	500,000	801,500
Small Entrepreneurs Guarantee Scheme	-	-	-	37,176	37,176
Tabung Usahawan Kecil	-	-	-	38,326	38,326
Government Funds	-	-	150,342	-	150,342
Preference shares	-	-	-	200,000	200,000
Small Entrepreneurs Financing Fund	-	-	-	11,075	11,075
Derivative financial liabilities	228	-	-	-	228
Loan due to non-controlling interest	38	-	-	-	38
Other liabilities@	-	-	-	239,435	239,435
Total financial liabilities	1,766	300,000	150,342	1,026,012	1,478,120
Net interest sensitivity gap	1,220,708	954,979	1,474,248		

* The negative balance represents collective allowance for loans, advances and financing

^ Excludes prepayment amounting to RM2,465,000 (2017: RM1,229,000)

@ Other liabilities includes amount due to BNM, expected credit losses/provision of claims for guarantee schemes, claims payable, trade and other payables

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

Company 2018	Within 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Total RM'000
Assets					
Structured investments: FVTPL	-	148,546	-	-	148,546
Investment securities: FVTPL	34,124	134,226	611,670	21,766	801,786
Investment securities: FVOCI	150,357	479,382	1,052,486	19,727	1,701,952
Investment securities: Amortised cost	90,000	71,409	-	10,391	171,800
Derivative financial assets	1,945	-	-	-	1,945
Term deposits	981,597	-	-	3,049	984,646
Loans, advances and financing					
- not impaired*	29,555	161,067	11,539	(20,378)	181,783
Amount due from a subsidiary	-	-	-	4,505	4,505
Trade and other receivables^	-	-	-	15,733	15,733
Cash and cash equivalents	-	-	-	60,996	60,996
Total financial assets	1,287,578	994,630	1,675,695	115,789	4,073,692
Liabilities					
Funds from BNM	1,599	339,450	-	500,000	841,089
Small Entrepreneurs Guarantee Scheme	-	-	-	29,549	29,549
Tabung Usahawan Kecil	-	-	-	39,906	39,906
Government Funds	-	-	42,556	-	42,556
Small Entrepreneurs Financing Fund	-	-	-	32	32
Derivative financial liabilities	1,016	-	-	-	1,016
Other liabilities@	-	-	-	354,578	354,578
Total financial liabilities	2,615	339,450	42,556	924,065	1,308,727
Net interest sensitivity gap	1,284,963	655,140	1,633,139		

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

Company 2017	Within 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Non-interest/ profit sensitive RM'000	Total RM'000
Assets					
Structured investments: FVTPL	-	147,061	-	-	147,061
Investment securities: AFS	90,177	611,785	1,040,364	19,986	1,762,312
Investment securities: HTM	-	170,000	-	2,575	172,575
Investment securities: FVTPL	18,064	182,663	561,697	9,801	772,225
Derivative financial assets	2,420	-	-	-	2,420
Term deposits	1,076,512	-	-	4,437	1,080,949
Loans, advances and financing					
- not impaired*	35,301	143,470	22,529	(11,576)	189,724
Loan due from a subsidiary	125	-	-	-	125
Amount due from a subsidiary	-	-	-	4,436	4,436
Trade and other receivables^	-	-	-	15,013	15,013
Cash and cash equivalents	-	-	-	58,522	58,522
Total financial assets	1,222,599	1,254,979	1,624,590	103,194	4,205,362
Liabilities					
Funds from BNM	1,500	300,000	-	500,000	801,500
Small Entrepreneurs Guarantee Scheme	-	-	-	37,176	37,176
Tabung Usahawan Kecil	-	-	-	38,326	38,326
Government Funds	-	-	150,342	-	150,342
Preference shares	-	-	-	200,000	200,000
Small Entrepreneurs Financing Fund	-	-	-	11,075	11,075
Derivative financial liabilities	228	-	-	-	228
Other liabilities@	-	-	-	237,067	237,067
Total financial liabilities	1,728	300,000	150,342	1,023,644	1,475,714
Net interest sensitivity gap	1,220,871	954,979	1,474,248		

* The negative balance represents collective allowance for loans, advances and financing

^ Excludes prepayment amounting to RM2,385,000 (2017: RM1,161,000)

@ Other liabilities includes amount due to BNM, expected credit losses/provision of claims for guarantee schemes, claims payable, trade and other payables

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Foreign exchange risk

The Group and the Company are exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Limits are set on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table summarises the Group's and the Company's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's and the Company's financial instruments at carrying amounts, categorised by currency.

Group/Company 2018	United States Dollar RM'000	Singapore Dollar RM'000	Australian Dollar RM'000	Great Britain Pound RM'000	Euro RM'000	Total RM'000
Assets						
Investment securities: FVTPL	161,011	24,564	11,619	2,349	23,235	222,778
Derivatives	663	88	363	66	765	1,945
Cash and cash equivalents	9,038	386	165	163	267	10,019
Net on-balance sheet financial position	170,712	25,038	12,147	2,578	24,267	234,742
Liability						
Derivatives	719	93	-	-	204	1,016
Net on-balance sheet financial position	719	93	-	-	204	1,016
Off-balance sheet commitments	165,483	27,992	11,367	2,327	23,877	231,046

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Foreign exchange risk (continued)

Group/Company 2017	United States Dollar RM'000	Singapore Dollar RM'000	Australian Dollar RM'000	Great Britain Pound RM'000	Euro RM'000	Total RM'000
Assets						
Investment securities: FVTPL	191,003	17,248	663	1,110	22,108	232,132
Derivatives	2,352	39	29	-	-	2,420
Cash and cash equivalents	4,552	264	753	22	89	5,680
Net on-balance sheet financial position	197,907	17,551	1,445	1,132	22,197	240,232
Liability						
Derivatives	-	24	-	-	204	228
Net on-balance sheet financial position	-	24	-	-	204	228
Off-balance sheet commitments	184,934	16,631	1,269	1,100	20,674	224,608

Foreign exchange risk sensitivity analysis

The following table sets out the analysis of the exposure to assess the impact of a 1% change in the exchange rates to the profit after tax:

	Group		Company	
	31.12.2018 RM'000	31.12.2017 RM'000	31.12.2018 RM'000	31.12.2017 RM'000
+ 1%				
United States Dollar	**3,355**	3,828	**3,355**	3,828
Singapore Dollar	**529**	342	**529**	342
Australian Dollar	**235**	27	**235**	27
Great Britain Pound	**49**	22	**49**	22
Euro	**479**	427	**479**	427
- 1%				
United States Dollar	**(3,355)**	(3,828)	**(3,355)**	(3,828)
Singapore Dollar	**(529)**	(342)	**(529)**	(342)
Australian Dollar	**(235)**	(27)	**(235)**	(27)
Great Britain Pound	**(49)**	(22)	**(49)**	(22)
Euro	**(479)**	(427)	**(479)**	(427)

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk which arises when the Group and the Company have difficulty in raising funds to meet their financial obligations at a reasonable cost and in time. The liquidity risk is managed by diversifying its placements over various tenures based on maturity gaps. The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date.

Liquidity risk disclosure table which is based on contractual undiscounted cash flows

The table below provides analysis of cash flow payables for financial liabilities based on remaining contractual maturities on undiscounted basis. The balances in the table below do not agree directly to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments.

Group 2018	**Within 12 months RM'000**	**>1-5 years RM'000**	**Over 5 years RM'000**	**Total RM'000**
Liabilities				
Amount due to BNM	**227**	**-**	**-**	**227**
Funds from BNM	**311,364**	**31,917**	**500,000**	**843,281**
Small Entrepreneurs Guarantee Scheme	**9,000**	**58,000**	**-**	**67,000**
Tabung Usahawan Kecil	**-**	**-**	**15,000**	**15,000**
Government Funds	**10,818**	**32,456**	**-**	**43,274**
Small Entrepreneurs Financing Fund	**32**	**-**	**-**	**32**
Expected credit losses for guarantee schemes	**208,911**	**-**	**-**	**208,911**
Claims payable	**2,097**	**-**	**-**	**2,097**
Trade and other payables	**145,232**	**-**	**-**	**145,232**
	687,681	**122,373**	**515,000**	**1,325,054**

Group 2017	**Within 12 months RM'000**	**>1-5 years RM'000**	**Over 5 years RM'000**	**Total RM'000**
Liabilities				
Amount due to BNM	509	-	-	509
Funds from BNM	3,000	306,000	500,000	809,000
Small Entrepreneurs Guarantee Scheme	9,000	32,000	-	41,000
Tabung Usahawan Kecil	-	-	50,000	50,000
Government Funds	97,493	52,849	-	150,342
Preference shares	-	200,000	-	200,000
Small Entrepreneurs Financing Fund	11,075	-	-	11,075
Loan due to non-controlling interest	38	-	-	38
Provision of claims for guarantee schemes	22,799	-	-	22,799
Claims payable	1,480	-	-	1,480
Trade and other payables	214,647	-	-	214,647
	360,041	590,849	550,000	1,500,890

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

Liquidity risk disclosure table which is based on contractual undiscounted cash flows (continued)

Company 2018	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Liabilities				
Amount due to BNM	227	-	-	227
Funds from BNM	311,364	31,917	500,000	843,281
Small Entrepreneurs Guarantee Scheme	9,000	58,000	-	67,000
Tabung Usahawan Kecil	-	-	15,000	15,000
Government Funds	10,818	32,456	-	43,274
Small Entrepreneurs Financing Fund	32	-	-	32
Expected credit losses for guarantee schemes	208,911	-	-	208,911
Claims payable	2,097	-	-	2,097
Trade and other payables	143,343	-	-	143,343
	685,792	122,373	515,000	1,323,165

Company 2017	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Liabilities				
Amount due to BNM	509	-	-	509
Funds from BNM	3,000	306,000	500,000	809,000
Small Entrepreneurs Guarantee Scheme	9,000	32,000	-	41,000
Tabung Usahawan Kecil	-	-	50,000	50,000
Government Funds	97,493	52,849	-	150,342
Preference shares	-	200,000	-	200,000
Small Entrepreneurs Financing Fund	11,075	-	-	11,075
Provision of claims for guarantee schemes	22,799	-	-	22,799
Claims payable	1,480	-	-	1,480
Trade and other payables	212,279	-	-	212,279
	357,635	590,849	550,000	1,498,484

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

Derivative financial liabilities based on contractual undiscounted cash flows:

Group/Company 2018	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
<u>Derivatives settled on a gross basis</u>				
Foreign exchange derivatives:				
- outflow	**154,356**	**-**	**-**	**154,356**
- inflow	**(153,340)**	**-**	**-**	**(153,340)**
	1,016	**-**	**-**	**1,016**

Group/Company 2017	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
<u>Derivatives settled on a gross basis</u>				
Foreign exchange derivatives:				
- outflow	35,056	-	-	35,056
- inflow	(34,828)	-	-	(34,828)
	228	-	-	228

(d) Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Company measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities as well as fixed income securities such as government securities and corporate bonds.

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value of financial instruments (continued)

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Company determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. For structured investments, the fair value is obtained from the counterparty bank.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

The Group and the Company recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial year (2017: Nil).

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

Recurring fair value measurements

Group/Company 31.12.2018	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Structured investments: FVTPL	-	148,546	-	148,546
Investment securities: FVTPL				
- Money market instruments	-	30,600	-	30,600
- Private debt securities	-	767,459	-	767,459
- REITS	3,727	-	-	3,727
Investment securities: FVOCI				
- Private debt securities	-	1,582,339	-	1,582,339
- Money market instruments	-	119,613	-	119,613
Derivative financial assets	-	1,945	-	1,945
	3,727	2,650,502	-	2,654,229
Liabilities				
Small Entrepreneurs Guarantee Scheme	-	29,549	-	29,549
Tabung Usahawan Kecil	-	39,906	-	39,906
Derivative financial liabilities	-	1,016	-	1,016
	-	70,471	-	70,471

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value of financial instruments (continued)

Recurring fair value measurements (continued)

Group/Company 31.12.2017	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Structured investments: FVTPL	-	147,061	-	147,061
Investment securities: AFS				
- Private debt securities	-	1,611,139	-	1,611,139
- Money market instruments	-	151,173	-	151,173
Investment securities: FVTPL				
- Money market instruments	-	29,765	-	29,765
- Private debt securities	-	742,460	-	742,460
Derivative financial assets	-	2,420	-	2,420
	-	2,684,018	-	2,684,018
Liabilities				
Small Entrepreneurs Guarantee Scheme	-	37,176	-	37,176
Tabung Usahawan Kecil	-	38,326	-	38,326
Derivative financial liabilities	-	228	-	228
	-	75,730	-	75,730

Effect of changes in significant unobservable assumptions to reasonably possible alternatives

The following tables analyse within the fair value hierarchy the Group's and the Company's assets and liabilities not measured at fair value as at reporting date but for which fair value is disclosed:

Group 31.12.2018	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets					
Investment securities: amortised cost	**171,800**	**-**	**168,710**	**-**	**168,710**
Loans, advances and financing	**181,783**	**-**	**176,330**	**-**	**176,330**
Financial liabilities					
Funds from BNM	**841,089**	**-**	**519,539**	**-**	**519,539**
Government funds	**42,556**	**-**	**41,022**	**-**	**41,022**

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value of financial instruments (continued)

Effect of changes in significant unobservable assumptions to reasonably possible alternatives (continued)

The following tables analyse within the fair value hierarchy the Group's and the Company's assets and liabilities not measured at fair value as at reporting date but for which fair value is disclosed: (continued)

Group 31.12.2017	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets					
Investment securities: HTM	172,575	-	167,637	-	167,637
Loans, advances and financing	189,724	-	180,316	-	180,316
Financial liabilities					
Funds from BNM	801,500	-	510,903	-	510,903
Government funds	150,342	-	126,747	-	126,747
Preference shares	200,000	-	195,261	-	195,261

Company 31.12.2018	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets					
Investment securities: amortised cost	**171,800**	**-**	**168,710**	**-**	**168,710**
Loans, advances and financing	**181,783**	**-**	**176,330**	**-**	**176,330**
Financial liabilities					
Funds from BNM	**841,089**	**-**	**519,539**	**-**	**519,539**
Government funds	**42,556**	**-**	**41,022**	**-**	**41,022**

Company 31.12.2017	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets					
Investment securities: HTM	172,575	-	167,637	-	167,637
Loans, advances and financing	189,724	-	180,316	-	180,316
Financial liabilities					
Funds from BNM	801,500	-	510,903	-	510,903
Government funds	150,342	-	126,747	-	126,747
Preference shares	200,000	-	195,261	-	195,261

Other than as disclosed above, the fair value of each financial asset and liability presented on the statements of financial position as at the reporting date approximates the carrying amount.

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value of financial instruments (continued)

Effect of changes in significant unobservable assumptions to reasonably possible alternatives (continued)

The fair value estimates were determined by application of the methodologies and assumptions described below.

Investment securities at FVTPL, investment securities at FVOCI, investment securities at amortised cost and investment securities at HTM and investment securities at AFS

The fair values are reasonable estimates based on quoted market prices. In the absence of such quoted prices, the fair values are based on the expected cash flows of the instruments discounted by indicative market yields for the similar instruments as at reporting date or the audited net tangible asset of the invested company.

Term deposits

For short-term term deposits with banks and other financial institutions with maturity of less than twelve months, the carrying amount is a reasonable estimate of fair value.

For amounts with maturities of more than twelve months, fair values have been estimated by reference to current rates at which similar deposits and placements would be made to banks with similar credit ratings and maturities.

Loans, advances and financing and loan due from a subsidiary

The fair values of performing fixed rate loans are arrived at using the discounted cash flows based on the prevailing market rates of loans and advances with similar credit ratings and maturities.

The fair values of impaired loans and advances, whether fixed or floating are represented by their carrying values, net of individual and collective allowances, being the reasonable estimate of recoverable amount.

Funds from BNM, Government funds, SEGS, TUK, Preference shares, Small Entrepreneurs Financing Fund and loan due to non-controlling interest

The estimated fair values of funds and borrowings with maturities of less than twelve months approximate the carrying values. For other funds and borrowings with maturities of more than twelve months, the fair values are estimated based on discounted cash flows using prevailing market rates for such instrument with similar risk profile.

Other assets and liabilities

The carrying values less any estimated allowance for financial assets and liabilities included in other assets and other liabilities are assumed to approximate their fair values as these items are not materially sensitive to the shift in market interest rates.

(e) Operational Risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal process, people and systems, or external events. The Group and the Company mitigate operational risk by having comprehensive internal control systems and procedures, which are reviewed regularly and subjected to periodical audits by internal auditors.

47. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In accordance with MFRS 132 "Financial Instruments: Presentation", the Group and the Company report financial assets and financial liabilities on a net basis on the statements of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangement on:

- All financial assets and liabilities that are reported net on statements of financial position; and
- All financial assets and liabilities that are subject to enforceable master netting arrangements or similar agreements, but do not.

The table identifies the amounts that have been offset in the statements of financial position and also those amounts that are covered by enforceable netting arrangements but do not qualify for netting under the requirements of MFRS 132 described above.

The "Net amounts" presented below are not intended to represent the Group's and the Company's actual exposure to credit risk.

Group/Company 2017	**Gross amounts of recognised financial assets RM'000**	**Gross amounts of recognised financial liabilities set off in the statement of financial position RM'000**	**Net amounts reported on statement of financial position RM'000**
Financial assets			
Amount due from BNM	420	(420)	-
Financial liabilities			
Amount due to BNM	929	(420)	509

48. CHANGES TO ACCOUNTING POLICIES

Reclassification Relates to Comparative Figures in Prior Years

(a) Adoption on MFRS 9 Financial Instruments

The Group and the Company have adopted MFRS 9 as issued by the MASB in July 2014 with a date of transition of 1 January 2018, which resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. The Group and the Company did not early adopt any of MFRS 9 in the previous periods. As permitted by the transitional provisions of MFRS 9, the Group and the Company elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in the opening retained earnings and other reserves of the current period.

Consequently, for disclosure notes, the consequential amendments to MFRS 7 disclosures have also only been applied to the current period. The comparative period notes disclosures repeat those disclosures made in the prior year.

48. CHANGES TO ACCOUNTING POLICIES (CONTINUED)

Reclassification Relates To Comparative Figures In Prior Years (continued)

(a) Adoption on MFRS 9 Financial Instruments (continued)

(i) Classification and measurement of financial instruments

On 1 January 2018, the Group's and the Company's management have assessed which business models apply to the financial assets held by the Group and the Company at the date of initial application of MFRS 9 and have classified the financial instruments into the appropriate MFRS 9 categories. The main effects resulting from this reclassification are as follows:

	Measurement category		Carrying amount	
Group	**MFRS 139**	**MFRS 9**	**MFRS 139 RM'000**	**MFRS 9 RM'000**
Financial Assets				
Structured investments:				
FVTPL	FVTPL (trading)	FVTPL	**147,061**	**147,061**
Investment securities	FVTPL (trading)	FVTPL	**772,225**	**772,225**
	AFS	FVOCI	**1,754,204**	**1,754,204**
	AFS	FVTPL	**8,108**	**8,108**
	HTM	Amortised cost	**172,575**	**171,538**
Derivative financial assets	FVTPL (trading)	FVTPL	**2,420**	**2,420**
Term deposits	Amortised cost (loans and receivables)	Amortised cost	**1,080,949**	**1,080,949**
Loans, advances and financing	Amortised cost (loans and receivables)	Amortised cost	**189,724**	**170,945**
Trade and other receivables#	Amortised cost (loans and receivables)	Amortised cost	**17,159**	**17,159**
Cash and cash equivalents^	Amortised cost (loans and receivables)	Amortised cost	**64,312**	**64,312**
Amount due to Bank Negara Malaysia ("BNM")	Amortised cost	Amortised cost	**509**	**509**
Funds from BNM	Amortised cost	Amortised cost	**801,500**	**801,500**
Small Entrepreneurs Guarantee Scheme ("SEGS")	Amortised cost	Amortised cost	**37,176**	**37,176**
Tabung Usahawan Kecil ("TUK")	Amortised cost	Amortised cost	**38,326**	**38,326**
Government funds	Amortised cost	Amortised cost	**150,342**	**150,342**
Preference shares	Amortised cost	Amortised cost	**200,000**	**200,000**

48. CHANGES TO ACCOUNTING POLICIES (CONTINUED)

Reclassification Relates To Comparative Figures In Prior Years (continued)

(a) Adoption on MFRS 9 Financial Instruments (continued)

(i) Classification and measurement of financial instruments (continued)

The main effects resulting from this reclassification are as follows: (continued)

Group (continued)	Measurement category MFRS 139	Measurement category MFRS 9	Carrying amount MFRS 139 RM'000	Carrying amount MFRS 9 RM'000
Financial Liabilities				
Small Entrepreneurs Financing Fund ("SEFF")	Amortised cost	Amortised cost	11,075	11,075
Derivative financial liabilities	FVTPL (trading)	FVTPL	228	228
Provision of claims for guarantee schemes	Amortised cost	Amortised cost	22,799	182,892
Loan due to non-controlling interest	Amortised cost	Amortised cost	38	38
Claims payable	Amortised cost	Amortised cost	1,480	1,480
Trade and other payables	Amortised cost	Amortised cost	214,647	214,647

\# Excludes prepayments of RM1,229,000

^ Excludes cash in hand of RM20,000

Company	Measurement category MFRS 139	Measurement category MFRS 9	Carrying amount MFRS 139 RM'000	Carrying amount MFRS 9 RM'000
Financial Assets				
Structured investments	FVTPL (trading)	FVTPL	147,061	147,061
Investment securities	FVTPL (trading)	FVTPL	772,225	772,225
	AFS	FVOCI	1,754,204	1,754,204
	AFS	FVTPL	8,108	8,108
	HTM	Amortised cost	172,575	171,538
Derivative financial assets	FVTPL (trading)	FVTPL	2,420	2,420
Term deposits	Amortised cost (loans and receivables)	Amortised cost	1,080,949	1,080,949
Loans, advances and financing	Amortised cost (loans and receivables)	Amortised cost	189,724	170,945
Loan due from a subsidiary	Amortised cost (loans and receivables)	Amortised cost	125	125
Amount due from a subsidiary	Amortised cost (loans and receivables)	Amortised cost	4,436	4,436

48. CHANGES TO ACCOUNTING POLICIES (CONTINUED)

Reclassification Relates To Comparative Figures In Prior Years (continued)

(a) Adoption on MFRS 9 Financial Instruments (continued)

(i) Classification and measurement of financial instruments (continued)

The main effects resulting from this reclassification are as follows: (continued)

	Measurement category		Carrying amount	
Company (continued)	**MFRS 139**	**MFRS 9**	**MFRS 139 RM'000**	**MFRS 9 RM'000**
Financial Liabilities				
Trade and other receivables#	Amortised cost (loans and receivables)	Amortised cost	15,013	15,013
Cash and cash equivalents^	Amortised cost (loans and receivables)	Amortised cost	58,504	58,504
Amount due to Bank Negara Malaysia ("BNM")	Amortised cost	Amortised cost	509	509
Funds from BNM	Amortised cost	Amortised cost	801,500	801,500
Small Entrepreneurs Guarantee Scheme ("SEGS")	Amortised cost	Amortised cost	37,176	37,176
Tabung Usahawan Kecil ("TUK")	Amortised cost	Amortised cost	38,326	38,326
Government funds	Amortised cost	Amortised cost	150,342	150,342
Preference shares	Amortised cost	Amortised cost	200,000	200,000
Small Entrepreneurs Financing Fund ("SEFF")	Amortised cost	Amortised cost	11,075	11,075
Derivative financial liabilities	FVTPL (trading)	FVTPL	228	228
Provision of claims for guarantee schemes	Amortised cost	Amortised cost	22,799	182,892
Claims payable	Amortised cost	Amortised cost	1,480	1,480
Trade and other payables	Amortised cost	Amortised cost	212,279	212,279

Excludes prepayments of RM1,161,000

^ Excludes cash in hand of RM18,000

48. CHANGES TO ACCOUNTING POLICIES (CONTINUED)

Reclassification Relates To Comparative Figures In Prior Years (continued)

(a) Adoption on MFRS 9 Financial Instruments (continued)

(i) Classification and measurement of financial instruments (continued)

The following explains how applying the new classification requirements of MFRS 9 led to changes in classification of certain financial assets held by the Group and the Company as shown in the table below:

Relassification of debt instruments previously classified as AFS to FVTPL

Under MFRS 9, all the investments that fail the solely payments of principal and interest ("SPPI") test, must be classified as at FVTPL.

Reclassification from retired categories with no change in measurement

In addition to the above, certain debt instruments have been reclassified to new categoreis under MFRS 9, as their previous categories under MFRS 139 were 'retired', with no changes to their measurement basis:

(i) those previously classified as AFS and now classified as measured at FVOCI; and
(ii) those previously classified as HTM and now classified as measured at amortised cost.

Reclassification of loans and receivables to financial assets at amortised cost

All loans and receivables are reclassified to financial assets at amortised cost with no change to the measurement basis.

(ii) Reconciliation of financial instruments from MFRS 139 to MFRS 9

Group/Company	MFRS 139 31.12.2017 RM'000	Reclassification RM'000	Remeasurement RM'000	MFRS 9 01.01.2018 RM'000
Loans, advances and financing				
Opening balances	189,725	-	-	**189,725**
Remeasurement of ECL allowances	-	-	(18,780)	**(18,780)**
Adjusted opening balances	189,725	-	(18,780)	**170,945**

48. CHANGES TO ACCOUNTING POLICIES (CONTINUED)

Reclassification Relates To Comparative Figures In Prior Years (continued)

(a) Adoption on MFRS 9 Financial Instruments (continued)

(ii) Reconciliation of financial instruments from MFRS 139 to MFRS 9 (continued)

Group/Company	MFRS 139 31.12.2017 RM'000	Reclassification RM'000	Remeasurement RM'000	MFRS 9 01.01.2018 RM'000
Investment securities: amortised cost				
Opening balances	-	-	-	**-**
From investment securities: HTM	-	172,575	-	**172,575**
Remeasurement of ECL allowance	-	-	(1,037)	**(1,037)**
Adjusted opening balances	-	172,575	(1,037)	**171,538**
Investment securities: held-to-maturity				
Opening balances	172,575	-	-	**172,575**
To investment securities: amortised cost	-	(172,575)	-	**(172,575)**
Adjusted opening balances	172,575	(172,575)	-	**-**
Investment securities: FVOCI				
Opening balances	-	-	-	**-**
From investment securities: AFS	-	1,754,204	-	**1,754,204**
Adjusted opening balances	-	1,754,204	-	**1,754,204**
Investment securities: AFS				
Opening balances	1,762,312	-	-	**1,762,312**
To investment securities: FVTPL	-	(8,108)	-	**(8,108)**
To investment securities: FVOCI	-	(1,754,204)	-	**(1,754,204)**
Adjusted opening balances	1,762,312	(1,762,312)	-	**-**
Investment securities: FVTPL				
Opening balances	772,225	-	-	**772,225**
From investment securities: AFS	-	8,108	-	**8,108**
Adjusted opening balances	772,225	8,108	-	**780,333**
Provision of claims for guarantee schemes				
Opening balances	22,799	-	-	**22,799**
Remeasurement of ECL allowances	-	-	160,093	**160,093**
Adjusted opening balances	22,799	-	160,093	**182,892**

48. CHANGES TO ACCOUNTING POLICIES (CONTINUED)

Reclassification Relates To Comparative Figures In Prior Years (continued)

(a) Adoption on MFRS 9 Financial Instruments (continued)

(iii) Reconciliation of impairment allowance balance from MFRS 139 to MFRS 9

Group/Company	MFRS 139 31.12.2017 RM'000	Reclassification RM'000	Remeasurement RM'000	MFRS 9 01.01.2018 RM'000
Loans, advances and financing	135,674	-	18,780	**154,454**
Investment securities: Amortised cost	-	-	1,037	**1,037**
Fair value other comprehensive income ("FVOCI")	-	-	700	**700**
Provision of claims for guarantee schemes	22,799	-	160,093	**182,892**
	158,473	-	180,610	**339,083**

(iv) Impact on reserves and retained earnings

Group

Description	AFS reserve RM'000	FVOCI reserve RM'000	Retained earnings RM'000	Total RM'000
Balance as at 1 January 2018 – as previously reported	**14,041**	**-**	**1,141,435**	**1,155,476**
Transfer (to)/from:				
Investment securities: FVOCI	**(14,094)**	**14,094**	**-**	**-**
Investment securities: FVTPL	**53**	**-**	**(53)**	**-**
Recognition of expected credit losses:				
Investment securities: FVOCI	**-**	**700**	**(700)**	**-**
Investment securities: Amortised cost	**-**	**-**	**(1,037)**	**(1,037)**
Loans, advances and financing	**-**	**-**	**(18,780)**	**(18,780)**
Guarantee schemes	**-**	**-**	**(160,093)**	**(160,093)**
Restated balance as at 1 January 2018	**-**	**14,794**	**960,772**	**975,566**

48. CHANGES TO ACCOUNTING POLICIES (CONTINUED)

Reclassification Relates To Comparative Figures In Prior Years (continued)

(a) Adoption on MFRS 9 Financial Instruments (continued)

(iv) Impact on reserves and retained earnings (continued)

Company

Description	AFS reserve RM'000	FVOCI reserve RM'000	Retained earnings RM'000	Total RM'000
Balance as at 1 January 2018 - as previously reported	12,537	-	797,836	810,373
Transfer (to)/from:				
Investment securities: FVOCI	(12,590)	12,590	-	-
Investment securities: FVTPL	53	-	(53)	-
Recognition of expected credit losses:				
Investment securities: FVOCI	-	700	(700)	-
Investment securities: Amortised cost	-	-	(1,037)	(1,037)
Loans, advances and financing	-	-	(18,780)	(18,780)
Guarantee schemes	-	-	(160,093)	(160,093)
Restated balance as at 1 January 2018	-	13,290	617,173	630,463

(b) Adoption on MFRS 15 Revenue from Contracts with Customers

There is no material impact on the financial position as at 1 January 2018 arising from the adoption of MFRS 15.

STATEMENT BY DIRECTORS

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

We, **DATO' AGIL NATT** and **NADZIRAH ABD. RASHID**, two of the Directors of **CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 159 to 287 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of the financial performance and the cash flows of the Group and of the Company for the financial year ended 31 December 2018 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 29 April 2019.

DATO' AGIL NATT	**NADZIRAH ABD. RASHID**
Chairman	Director

Kuala Lumpur

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, **SHAZMEER MOKHTAR (CA 28369)**, the Officer primarily responsible for the financial management of **CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD**, do solemnly and sincerely declare that, the financial statements set out on pages 159 to 287 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

SHAZMEER MOKHTAR

Subscribed and solemnly declared by the abovenamed at Petaling Jaya, Selangor in Malaysia on 29 April 2019.

Before me,

PESURUHJAYA SUMPAH
No. PJS: B384
ZULKIFLY B. MAHMUD
Tempoh Lantikan
1/7/18 - 31/12/20
MALAYSIA
NO. 5-2, JALAN PJS 11/28,
BANDAR SUNWAY,
46150 PETALING JAYA,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD
(INCORPORATED IN MALAYSIA)
(COMPANY NO. 12441-M)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Credit Guarantee Corporation Malaysia Berhad ("the Company") and its subsidiary ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 159 to 287 .

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 of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises Directors' Report and Annual Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company 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 Company, 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 Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting 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 Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company'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 Company 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 Company 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:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, 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.

(b) 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 Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the 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 or Company'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 of the Group and of the Company 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 Company to cease to continue as a going concern.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance 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.

OTHER MATTERS

This report is made solely to the members of the Company, 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.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

MANJIT SINGH A/L HAJANDER SINGH
02954/03/2021 J
Chartered Accountant

Kuala Lumpur
29 April 2019

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. **Dato' Agil Natt**
   Independent Non-Executive Director
   (Chairman)

2. **Datuk David Chua Kok Tee**
   Independent Non-Executive Director

3. **Dato' Haji Syed Moheeb Syed Kamarulzaman**
   Independent Non-Executive Director

4. **Teoh Kok Lin**
   Independent Non-Executive Director

5. **Suresh Menon**
   Independent Non-Executive Director

6. **Dato' Ong Eng Bin**
   Independent Non-Executive Director

7. **Nadzirah Abd. Rashid**
   Independent Non-Executive Director

8. **Choong Tuck Oon**
   Independent Non-Executive Director

9. **Adnan Zaylani Mohamad Zahid**
   Non-Independent
   Non-Executive Director
   (Appointed on 18 October 2018)

10. **Jessica Chew Cheng Lian**
    Non-Independent
    Non-Executive Director
    (Resigned on 15 October 2018)

BOARD GOVERNANCE AND AUDIT COMMITTEE

1. **Nadzirah Abd. Rashid**
   Chairperson/Independent Non-Executive Director

2. **Suresh Menon**
   Independent Non-Executive Director

3. **Dato' Ong Eng Bin**
   Independent Non-Executive Director

4. **Choong Tuck Oon**
   Independent Non-Executive Director

5. **Adnan Zaylani Mohamad Zahid**
   Non-Independent Non-Executive Director
   (Appointed on 18 October 2018)

6. **Jessica Chew Cheng Lian**
   Non-Independent Non-Executive Director
   (Resigned on 15 October 2018)

BOARD RISK MANAGEMENT COMMITTEE

1. **Datuk David Chua Kok Tee**
   Chairperson/Independent Non-Executive Director

2. **Dato' Haji Syed Moheeb Syed Kamarulzaman**
   Independent Non-Executive Director

3. **Teoh Kok Lin**
   Independent Non-Executive Director

4. **Suresh Menon**
   Independent Non-Executive Director

5. **Adnan Zaylani Mohamad Zahid**
   Non-Independent Non-Executive Director
   (Appointed on 18 October 2018)

6. **Jessica Chew Cheng Lian**
   Non-Independent Non-Executive Director
   (Resigned on 15 October 2018)

BOARD NOMINATION & REMUNERATION COMMITTEE

1. **Dato' Agil Natt**
   Chairperson/Independent Non-Executive Director

2. **Dato' Haji Syed Moheeb Syed Kamarulzaman**
   Independent Non-Executive Director

3. **Dato' Ong Eng Bin**
   Independent Non-Executive Director

4. **Nadzirah Abd. Rashid**
   Independent Non-Executive Director

5. **Adnan Zaylani Mohamad Zahid**
   Non-Independent Non-Executive Director
   (Appointed on 18 October 2018)

6. **Jessica Chew Cheng Lian**
   Non-Independent Non-Executive Director
   (Resigned on 15 October 2018)

BOARD BUMIPUTERA DEVELOPMENT COMMITTEE

1. **Dato' Haji Syed Moheeb Syed Kamarulzaman**
   Chairperson/Independent Non-Executive Director

2. **Datuk David Chua Kok Tee**
   Independent Non-Executive Director

3. **Dato' Ong Eng Bin**
   Independent Non-Executive Director

4. **Nadzirah Abd. Rashid**
   Independent Non-Executive Director

BOARD INVESTMENT COMMITTEE

1. **Teoh Kok Lin**
   Chairperson/Independent Non-Executive Director

2. **Datuk David Chua Kok Tee**
   Independent Non-Executive Director

3. **Suresh Menon**
   Independent Non-Executive Director

4. **Nadzirah Abd. Rashid**
   Independent Non-Executive Director

BOARD IT COMMITTEE

1. **Choong Tuck Oon**
   Chairperson/Independent Non-Executive Director

2. **Datuk David Chua Kok Tee**
   Independent Non-Executive Director

3. **Dato' Haji Syed Moheeb Syed Kamarulzaman**
   Independent Non-Executive Director

4. **Teoh Kok Lin**
   Independent Non-Executive Director

CORPORATE INFORMATION

PRESIDENT/CHIEF EXECUTIVE OFFICER

Datuk Mohd Zamree Mohd Ishak

REGISTERED OFFICE

Level 14, Bangunan CGC
Kelana Business Centre
No. 97, Jalan SS 7/2
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

BUSINESS AND CORRESPONDENCE ADDRESS

Level 8, Bangunan CGC
Kelana Business Centre
No. 97, Jalan SS 7/2
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (6)03-78062300
Fax : (6)03-78063308
Website : www.cgc.com.my

Social Media
Facebook : www.facebook.com/CGCmy
Instagram : cgcmalaysia

COMPANY SECRETARY

Daeng Hafez Arafat Zuhud
(LS0007002)
General Counsel & Company Secretary

AUDITOR

PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)
Chartered Accountants
Level 10, 1 Sentral, Jalan Rakyat
Kuala Lumpur Sentral
50706 Kuala Lumpur
Malaysia
Tel : (6)03-2173 1188
Fax : (6)03-2173 1288

NOTICE OF THE 46TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 46th Annual General Meeting ("AGM") of Credit Guarantee Corporation Malaysia Berhad ("CGC") will be held at Level 7, Bangunan CGC, Kelana Business Centre, 97, Jalan SS 7/2, 47301 Petaling Jaya, Selangor Darul Ehsan on Thursday, 20 June 2019 at 12.00 p.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors who retire by rotation in accordance with Articles 76A and 76B of CGC's Constitution and who being eligible offer themselves for re-election:

    a) Dato' Md Agil bin Mohd Natt; **Resolution 1**
    b) Encik Teoh Kok Lin; and **Resolution 2**
    c) Encik Choong Tuck Oon. **Resolution 3**

3. To re-elect Encik Adnan Zaylani bin Mohamad Zahid as Director who retires in accordance with Article 77 of CGC's Constitution and who being eligible offer himself for re-election. **Resolution 4**

4. To approve the Directors' fees amounting to RM180,000 per annum for the Non-Executive Chairman and RM72,000 per annum for each Non-Executive Director from the 46th AGM to the 47th AGM of CGC, payable in a manner as the Directors may determine. **Resolution 5**

5. To approve the Directors' benefits up to an amount of RM1,844,200 payable to the Non-Executive Chairman and Non-Executive Directors from the 46th AGM to the 47th AGM of CGC, payable in a manner as the Directors may determine. **Resolution 6**

6. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of CGC for the financial year ending 31 December 2019 and to authorise the Directors to fix their remuneration. **Resolution 7**

AS SPECIAL BUSINESS:

7. To consider and if thought fit, to pass the following Special Resolution: **Resolution 8**

    Proposed Amendment of CGC's Existing Constitution

    "THAT CGC's existing Constitution be altered, modified, added and/or deleted, as the case may be, in the form and manner as set out in Appendix A with immediate effect;

    AND THAT the Directors be and are hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

BY ORDER OF THE BOARD

DAENG HAFEZ ARAFAT BIN ZUHUD
(LS0007002)
Company Secretary

Petaling Jaya
20 May 2019

NOTES:

Proxy

1. A member entitled to attend, participate, speak and vote is entitled to appoint a proxy to attend, participate, speak and vote on his behalf. A proxy may but need not be a member of CGC and there shall be no restriction as to the qualification of a proxy.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a company under the hand of an officer or attorney of the company.

3. A company member having a share capital may appoint more than one proxy in relation to a meeting, provided that the member specifies the proportion or the member's shareholdings to be represented by each proxy.

4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarial certified copy of that power or authority shall be deposited at the Registered Office of CGC – Level 14, Bangunan CGC, Kelana Business Centre, 97, Jalan SS7/2, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time for holding the meeting or any adjournment thereof.

Audited Financial Statements for financial year ended 31 December 2018

5. The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 ("CA 2016") for discussion only under Agenda 1. The audited financial statements do not require shareholders' approval and hence, will not be put for voting.

Ordinary Resolution 1, 2 and 3 – Re-election of Directors who retire in accordance with Articles 76A and 76B of CGC's Constitution

6. Article 76A of the Constitution provides that one-third (1/3) of the Directors of CGC for the time being, or, if their number is not three or multiple of three, then the number nearest to one-third, shall retire from office.

7. Article 76B of the Constitution provides that the Directors to retire shall be those who have been longest in office since their last election but as between persons who became directors on the same day those to retire be determined by lot.

   With the current Board size of nine (9), three (3) Non-Executive Directors are to retire in accordance with Articles 76A and 76B of the Constitution. The Board Nomination and Remuneration Committee ("BNRC") had at its meeting held on 8 April 2019 endorsed and the Board had on 19 April 2019 endorsed and recommended for shareholders' approval at this AGM for Dato' Md Agil bin Mohd Natt, Encik Teoh Kok Lin and Encik Choong Tuck Oon to be re-elected on the Board of CGC.

8. A brief profile of the abovementioned Non-Executive Directors is set out in pages 102, 106 and 110 respectively of CGC's Annual Report 2018.

Ordinary Resolution 4 – Re-election of Director pursuant to Article 77 of CGC's Constitution

9. Article 77 of the Constitution provides that the Directors shall have power to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, and that any Directors so appointed shall hold office until the next following AGM and shall then be eligible for re-election.

   Encik Adnan Zaylani bin Mohamad Zahid who was appointed as a Non-Independent Non-Executive Director of CGC on 18 October 2018, shall hold office until the 46th AGM and shall be eligible for re-election pursuant to Article 77 of the Constitution.

Ordinary Resolution 5 – Directors' Fees

10. Section 230(1) of CA 2016 provides that "the fees" of the Directors and "any benefits" payable to the Directors of a public company shall be approved at a general meeting.

    The proposed fees to be paid to Non-Executive Directors from this AGM to the next AGM is based on the following fee structure which had been earlier approved by the shareholders at the 45th AGM:-

	Chairman	Member	Date of Shareholders' Approval
Directors' Fees	RM180,000 per annum	RM72,000 per annum	Approved at the 45th AGM held on 25 June 2018

Ordinary Resolution 6 – Directors' Benefits

11. The benefits payable to Non-Executive Directors comprises allowances, benefits-in-kind and other emoluments payable to them, details of which are as follows:

    (a) Meeting Allowance
    - Chairman – RM5,000 per meeting
    - Members – RM3,500 per meeting

    (b) Chairman's Benefit
    - Car Allowance – RM6,000 per month
    - Entertainment Allowance – RM2,000 per month
    - Company Driver – RM7,200 per annum (based on maximum taxable rate)

    (c) Chairman and Member's Benefit
    - Mobile Phone Allowance – RM500 per month
    - Other Benefits – Medical coverage, travel & communication, working tool and other claimable benefits

    The proposed amount of RM1,844,200 to be paid as benefits to eligible Non-Executive Directors from this AGM to the next AGM. Payment of the Non-Executive Directors' benefits will be made by CGC on a monthly basis and/or as and when incurred.

    In determining the estimated total amount of benefits for the Non-Executive Directors, various factors had been considered by the Board including the number of scheduled meetings for the Board and Board Committees and number of Non-Executive Directors involved in these meetings.

Ordinary Resolution 7 – Re-appointment of Auditor

12. The Board Governance and Audit Committee ("BGAC") had at its meeting on 28 February 2019 assessed the suitability and independence of Messrs. PricewaterhouseCoopers ("PwC") in accordance with CGC's External Auditor Policy. The BGAC was satisfied with PwC's quality of audit, efficiency, independence and resources allocated to complete the assignment.

    The Board had at its 15 March 2019 meeting approved the BGAC's recommendation for the shareholders' approval on the re-appointment of PwC as external auditor of CGC for the financial year ending 31 December 2019.

Special Resolution 8 – Proposed Amendment of CGC's Existing Constitution

13. The proposed amendment to CGC's existing Constitution is made mainly for the following purposes:

    (a) To remove specific reference to 200,000,000 preference shares redeemable at ten years in Article 12A due to the redemption of RM200,000,000 preference shares by CGC on 10 September 2018.

    This proposed Special Resolution, if passed, shall give full effect to the proposed amendment as set out in **Appendix A** of the AGM Notice circulated to the shareholders.

    The Appendix A on the proposed amendment shall take effect once the proposed Special Resolution 8 has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the 46th AGM of CGC.

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FORM OF

PROXY

CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD
Company No.: 12441-M
(Incorporated in Malaysia)

I/We ____
(company name)

of ____
(full address)

being a member of Credit Guarantee Corporation Malaysia Berhad ("CGC"), hereby appoint ______________________

____ NRIC/Passport No. ______________
(full name)

or failing him/her ____________________________________ NRIC/Passport No. ______________
(full name)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the 46th Annual General Meeting ("AGM") of CGC to be held at Level 7, Bangunan CGC, Kelana Business Centre, 97, Jalan SS 7/2, 47301 Petaling Jaya, Selangor Darul Ehsan on Thursday, 20 June 2019 at 12.00 p.m. and at any adjournment thereof for the following resolutions as set out in the Notice of the 46th AGM:-

Resolution No.	Ordinary Resolutions:	For	Against
	To re-elect the following Directors who retire by rotation in accordance with Articles 76A and 76B of CGC's Constitution:		
1	Dato' Md Agil bin Mohd Natt		
2	Encik Teoh Kok Lin		
3	Encik Choong Tuck Oon		
4	To re-elect Encik Adnan Zaylani bin Mohamad Zahid as Director who retires in accordance with Article 77 of CGC's Constitution.		
5	To approve the Directors' fees amounting to RM180,000 per annum for the Non-Executive Chairman and RM72,000 per annum for each Non-Executive Director from the 46th AGM to the 47th AGM of CGC, payable in a manner as the Directors may determine.		
6	To approve the Directors' benefits up to an amount of RM1,844,200 payable to the Non-Executive Chairman and Non-Executive Directors from the 46th AGM to the 47th AGM of CGC, payable in a manner as the Directors may determine.		
7	To re-appoint Messrs. PricewaterhouseCoopers as Auditors of CGC for the financial year ending 31 December 2019 and to authorise the Directors to fix their remuneration.		
	Special Resolution:		
8	Proposed amendment of CGC's existing Constitution.		

(Please indicate with a cross (x) in the spaces provided whether you wish your votes to be cast for or against the Resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit).

Signed this ________ day of _________ 2019.

____
Signature(s)/Common Seal of Member(s)

Notes:-

1. A member entitled to attend, participate, speak and vote is entitled to appoint a proxy to attend, participate, speak and vote on his behalf. A proxy may but need not be a member of CGC and there shall be no restriction as to the qualification of a proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a company under the hand of an officer or attorney of the company.
3. A company member having a share capital may appoint more than one proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarial certified copy of that power or authority shall be deposited at the Registered Office of CGC – Level 14, Bangunan CGC, Kelana Business Centre, 97, Jalan SS7/2, 47301 Petaling Jaya, Selangor Darul Ehsan, not less than 48 hours before the time for holding the meeting or any adjournment thereof.

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STAMP

COMPANY SECRETARY
CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD (12441-M)
Level 14, Bangunan CGC, Kelana Business Centre
No. 97 Jalan SS 7/2, 47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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www.cgc.com.my

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