POWERING
MALAYSIAN
SMEs

ANNUAL REPORT 2019

Fulfilling Ambitions

01 Yvonne Ngui Yew Kiong 02 Nur Sabrina Tajudin 03 Fadrul Azmil Jamalluddin 04 Mohamad Rizki Nadda 05 Shurinder Rahoo


CGC
CGC
JAMIN N KREDIT CGC

FULFILLING AMBITIONS

Cover Rationale

For many years, Credit Guarantee Corporation (CGC) has been extending its product range. In that time, CGC has progressed from advising and guaranteeing credit to driving development and expansion. All with the sole intention of catalysing growth in Malaysian MSMEs, the bedrock of the nation's economy. This year, our theme and cover design exemplify our aim of **FULFILLING AMBITIONS**, leaving no resolute entrepreneur behind in our MSME financial inclusion agenda. The drive to succeed in these times requires more than just determination and dreams. Inspiration, aspiration and innovation, aided by CGC's commitment to assisting MSME growth, will ensure that solid, sustainable businesses grow with their people **FULFILLING AMBITIONS**.

Inside This Report

"With the CGC capital I bought new large-scale equipment, upgraded my kitchen facilities and began to see my business expand with larger orders."

Realising Her Potential

SYERICH FOOD | Food

Kota Bahru, Kelantan

Syarifah Munirah Syed Malek Shahabudin

After 20 years in business, Syarifah Munirah Syed Malek Shahabudin has learned a great deal about managing an establishment. In her most recent venture, she has acquired the knowledge to market online, arrange deliveries and appoint agents to distribute her renowned Hokkaido cakes.

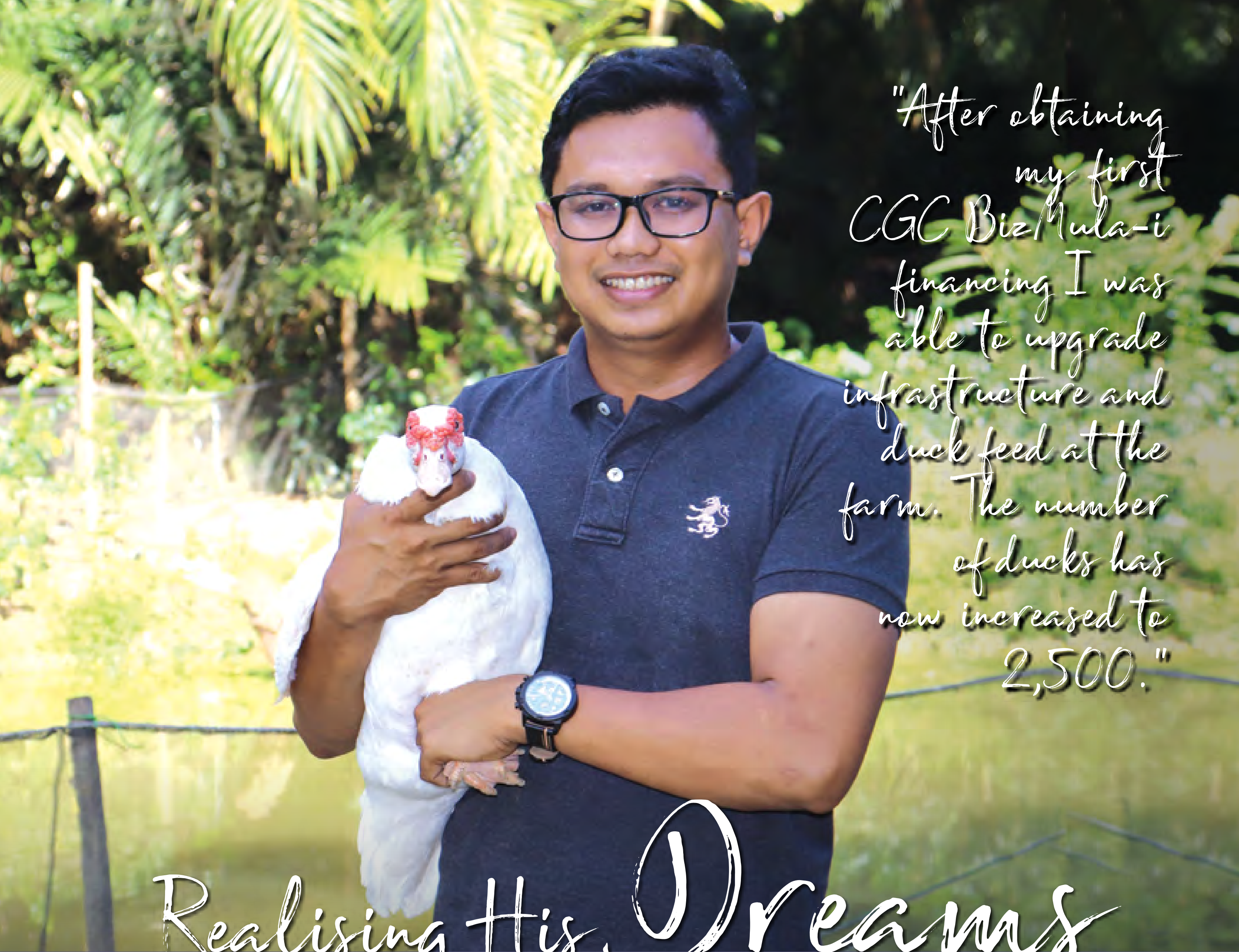
In May 2015, Syarifah Munirah set up her own bakery after a previous enterprise with her friend had failed. As an agent for 'Ketuk-Ketuk Aidilfitri' cookies, she also had the opportunity to conduct cooking classes for government agencies such as Kemubu Agriculture Development Authority (KADA), RISDA and Jabatan Pembangunan Wanita. However, due to lack of capital her venture did not thrive, despite KADA supplying equipment and machinery to produce bread, biscuits and cakes.

In April 2018, she attended a CGC event to gain more market knowledge and find out about its role in the MSME landscape. CGC's attractive financing facilities persuaded her to apply for a BizWanita-i financing. Syarifah Munirah recalls, "With the CGC capital I bought new, large-scale equipment, upgraded my kitchen facilities and began to see my business expand with larger orders."

With a second financing, BizMula-i, she now has a new shop and a business that is growing incrementally. She constantly comes up with new products to expand her range and custom-makes orders according to her regular clients' wishes.

It was not always this simple. Nevertheless, putting a few failed initiatives behind her, she strides ahead with renewed enthusiasm. Her advice for novice entrepreneurs? First, find your customers before setting up premises. She states, "Operate from home, learn to sell other people's products and build a regular base. Not open a shop, then look for business."

Her ambition is to supply her signature product to supermarkets and hypermarkets through Foodpanda and Grab Food. In addition to her Kelantanese cooking classes, she plans to organise her own customised classes for bakers and entrepreneurs.



Realising His Dreams

RIZKY FARM | Retail & Trading

Sandakan, Sabah

Mohamad Rizki Nadda

When Mohamad Rizki Nadda first started at his father's duck farm producing salted duck eggs, he only had the capacity to raise 300 ducks. "After obtaining my first CGC BizMula-i financing I was able to upgrade infrastructure and duck feed at the farm. The number of ducks has now increased to 2,500."

"The salted egg business in Sandakan is popular, but very competitive," reveals Mohamad Rizki, a mechanical engineer by training. He has to constantly think about how to stay ahead of the curve, as many smaller farms in Sandakan go out of business within two years. He constantly analyses the problems of these failed businesses in order to find out more about running his own. "It's a good business. But the root of the failure lies in the lack of capital," he affirms. He is now in the process of receiving his second CGC Biz Mula-i financing, to use as working capital.

Mohamad Rizki first heard about CGC at an entrepreneurship event in Sabah. He followed up his queries with the CGC Sandakan branch office. Rizky Farm was also a participant at the Karnival Kewangan BNM in Sandakan, sharing its success story.

With the funding received and subsequent upgrades, he can now compete with his town's bigger 'salted duck egg' players. He supplies farm eggs to agents twice a week, and has also opened a small restaurant and an outlet in Mydin Food Court. "It's an opportunity to use my own products in my meals, as well as sell the salted eggs."

Mohamad Rizki does not regret his decision to turn down a high-paying job with PETRONAS Carigali. His ambition now is to grow his business into a medium or large enterprise, and to diversify by branching out to urban centres.

ABOUT THIS REPORT

Ambition requires courage, confidence and clarity. Ambition drives success, striving to reach goals through diligence, dedication and determination. These qualities played a central role in 2019 in Credit Guarantee Corporation Malaysia Berhad's (CGC), **Fulfilling Ambitions**.

The journey that CGC had begun close to 48 years ago, was equally well-meaning and ambitious, with the intent to grow **Malaysia's Micro, Small and Medium-Sized Enterprises (MSMEs)**. Recognised as engines of economic growth, MSMEs provide the entrepreneurial vibrancy and vitality that drives economic activity across different industries. MSMEs are crucial for economic growth in Malaysia, driving the nation's Gross Domestic Product (GDP). This growth recorded a higher contribution of 38.3% to GDP in 2018, valued at US$126.3 billion (RM521.7 billion), as compared to 37.8% the previous year.

Fortified by decades of experience in bridging the investment gap between financial institutions and MSMEs, CGC celebrated a record-breaking year in 2019. The Corporation garnered its highest-ever profits, while remaining focused on its vision of dedicatedly promoting growth and development of competitive, dynamic MSMEs.

Malaysia's business landscape mostly consists of MSMEs, hitting a high of 98.5% of all business establishments. Of these, micro enterprises make up 76.5% and small enterprises 21.2%, with medium-sized enterprises forming the remaining 2.3%, according to the 2016 Economic Census, Department of Statistics Malaysia. These enterprises have spurred yearly increase in GDP, exports and employment.

CGC delivered excellent results last year, with RM223 million in net profit. In spite of stretching to accommodate global and domestic demands, CGC overcame adversity. It achieved this through astute initiatives such as outreach programmes, market segmentation, risk-based pricing and allowing for better risk management and transparency.

Guided by visionary leaders, **PEOPLE** remain at the core of CGC's aspirations. Customers, staff, stakeholders and partners thrive together, based on commitment, integrity and good governance. The individual MSME narratives here reveal inspiring rewards, of people and businesses enabled to realise dreams. Also, the current disruptive business environment, including the mandatory digital transformation, has given way to new ways of working and connecting to discover novel methods of engaging customers, building solutions and creating services.

To remain relevant, CGC has prioritised its **Customer Experience** to add value to building relationships in pressing forward. Also, in keeping with the next generation's dictate, keen attention will be paid to the growing global gig economy.

An August 2019 SME Corp statement declared that Malaysian MSMEs are on track to achieve the 41% contribution to GDP target by 2020, envisaged under the **Dasar Keusahawanan Nasional 2030**. The policy was formulated to:

- develop an inclusive and competitive entrepreneurial community
- augment an entrepreneurial ecosystem in Malaysia that will thrive in a context of disruptive global, economic and digital competitiveness

CGC is at the cusp of developing an entrepreneurial culture, cutting across swathes of Malaysian MSMEs to compete internationally. This will contribute towards achieving the Shared Prosperity Vision 2030, the Malaysian Government's commitment to ensure the nation achieves sustainable growth, along with fair and equitable distribution across income groups, ethnicities, regions and supply chains.

Globalisation and the Fourth Industrial Revolution have created new opportunities for MSMEs that remain the source of economic growth across the globe. In enhancing these MSMEs' capabilities and connections, CGC will support their path to success. Its role in growing this sector of the economy is pivotal. The significance of transformation in **Fulfilling Ambitions** of people and the nation in the modern era cannot be underestimated.

MAJOR MILESTONES

Year 2019

JAN

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

FEB

- imSME 1st Anniversary
- 10th Anniversary of Strategic Collaboration with Standard Chartered Bank Malaysia Berhad
- imSME awarded with 'Outstanding SME Development Project' from Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)

MAR

- Strategic Partnership with Ministry of Domestic Trade and Consumer Affairs for 'Program Citarasa Malaysia'
- Named 'BrandLaureate SME Strategic Business Partner' 2015-2019 award

APR

- Participated in Malaysian International Halal Showcase's (MIHAS) International Sourcing Programme
- Co-sponsored the 'Economics: Principles & Analysis', launched by Tun Dr. Mahathir Mohamad, Prime Minister of Malaysia
- SME Biz Startup PGi Launch and Continuation of RM500 million SME PG Tranche with AmBank
- CIMB-CGC Strategic Partnership Ceremony

JUL

- RM250 million Wholesale Guarantee with OCBC Malaysia
- CGC SME Apprentice Scheme Programme – 2nd Cohort launched
- Certificate of Merit for imSME from Karlsruhe Sustainable Finance Awards
- imSME Digital Assistance (iDA) makes debut in English and Bahasa Malaysia

AUG

- RM50 million Portfolio Guarantee with Bank Simpanan Nasional for micro SMEs
- Launch of MyKNP (Khidmat Nasihat Pembiayaan) in collaboration with Bank Negara Malaysia and Agensi Kaunseling dan Pengurusan Kredit (AKPK)
- On-boarded Maybank Islamic Berhad as participating partner on imSME

SEP

- Portfolio Guarantee with Alliance Bank
- On-boarded Standard Chartered Malaysia and Standard Chartered Saadiq Berhad as participating partners on imSME

OCT

- MoU with UniKL for CGC Campus Ambassador programme

NOV

- Partnership with Malaysian Institute of Certified Public Accountants (MICPA)
- CGC 1st Technology Day

DEC

- CGC appointed two new Independent Non-Executive Directors

CORPORATE EVENTS

Year 2019

18 JAN

Portfolio Guarantee Signing Ceremony with AmBank (M) Berhad for Proton Dealers

CGC signed a historic PG agreement with AmBank to provide RM100 million financing access in an exclusive PG for eligible Proton Edar dealers. This is to upgrade their facilities to ensure enhanced service and customer experience, resulting in better business and increased earnings.

9 FEB

imSME 1st Anniversary

CGC celebrated the 1st anniversary of imSME, its online one-stop centre for SMEs to source and compare financing products.

25 FEB

Portfolio Guarantee Signing Ceremony with Standard Chartered Bank Malaysia Berhad and Standard Chartered Saadiq

CGC signed agreements with both Standard Chartered Bank Malaysia Berhad and Standard Chartered Saadiq witnessed by YB Dato' Ir. Amiruddin Hamzah, Deputy Finance Minister. The event also marked the 10th anniversary of CGC-Standard Chartered partnership and launch of WOWnita for women entrepreneurs.

2 APR

2019 Malaysia International Halal Showcase (MIHAS)

As part of MIHAS 2019, an added programme included the International Sourcing Programme (INSP). INSP provides one of the largest business-matching session platforms, as it involves more than 200 buyers from more than 50 countries. CGC not only participated in the event but also brought 15 of its SME customers, providing them exposure and networking opportunities.

9 APR

24th SME Awards

CGC held its 24th SME Awards ceremony graced by YB Tuan Lim Guan Eng, Minister of Finance. Fifteen awards were presented to winning SMEs, and 10 awards were bestowed on exemplary partner FIs and DFIs.

CORPORATE EVENTS

10 APR

Book Launch at Kuala Lumpur Islamic Finance Forum 2019 (KLIFF 2019)

A book that will set the gold standard in Islamic economics and will form a strong base to support the pillars of *maqasid al-Shariah*. Entitled 'Islamic Economics: Principles & Analysis' the book was launched by YAB Tun Dr. Mahathir Mohamad, Prime Minister of Malaysia, at KLIFF 2019. CGC co-sponsored the book to spur the global development and advancement of Islamic economics and finance.

18 APR

Portfolio Guarantee Signing Ceremony with AmBank (SME Biz Start Up-i)

CGC and AmBank launched a new Portfolio 4th Guarantee for SME Biz Start Up-i, while extending the existing SME portfolio Guarantee Tranche with RM500 million. SME Biz Start Up-i is aimed at assisting relatively new startups that lack collateral and have difficulty gaining access to financing. The Shariah-compliant facility offering RM30 million in financing is a partially secured financing package that comes with 70% of CGC guarantee coverage.

26 APR

Portfolio Guarantee Signing Ceremony with CIMB PG-i

CGC entered into a strategic partnership with CIMB Bank and CIMB Islamic to provide SMEs access to RM2 billion financing through its Portfolio Guarantee-i scheme. Up to RM2 billion will be disbursed through Portfolio Guarantee-i, an Islamic working capital financing scheme where 70% of the financing amount is guaranteed by CGC, without collateral.

1 JUL

Wholesale Guarantee Signing Ceremony with OCBC

This is CGC's fourth consecutive year marking a Wholesale Guarantee scheme, totalling RM250 million, with OCBC Malaysia. Here, RM200 million has been allocated to OCBC Bank and the remaining RM50 million to OCBC Al-Amin, enabling both banks to reach out to more than 1,000 MSMEs.

CORPORATE EVENTS

4 JUL

CGC SME Apprentice Scheme

CGC launched the 2nd cohort of its apprentice scheme for Technical and Vocational Education Training (TVET) graduates. A total of 11 TVET graduates from various skills development institutions in Kedah, Kelantan, Melaka, Negeri Sembilan, Pahang, Penang, Sarawak and Terengganu are participating in this scheme. The TVET graduates will be attached to seven MSMEs throughout Malaysia on a 1-year programme. CGC will sponsor a significant portion of the programme cost, which includes monthly salaries, employment benefits and statutory payment entitlements.

18 JUL

imSME iDA Made its Debut

imSME Digital Assistance (iDA) made its debut, in both English and Bahasa Malaysia, to enable data access.

8 AUG

Portfolio Guarantee Signing Ceremony with Bank Simpanan Nasional (M) Berhad

The second partnership with Bank Simpanan Nasional provides RM50 million worth of financing to assist SMEs from the micro business segment, offering working capital and/or asset acquisition. Micro enterprises are eligible to apply for either the Islamic or Conventional financing facilities from BSN with a minimum of RM5,000 and up to a maximum of RM50,000.

21 AUG

MyKNP Launch

Khidmat Nasihat Pembiayaan (MyKNP) was launched by YBhg Datuk Nor Shamsiah Mohd Yunus, Governor of Bank Negara Malaysia (BNM). MyKNP, established by BNM, is a joint collaboration with CGC and Agensi Kaunseling dan Pengurusan Kredit (AKPK). It is a collective effort by the industry to enhance the financing ecosystem and aims to improve financing applicants' experience. This includes providing greater understanding of the factors affecting their financing application as well as help in raising their eligibility for future financing.

CORPORATE EVENTS

18 SEP

imSME Partnership with Standard Chartered Malaysia

A new collaboration where long-standing partner Standard Chartered Malaysia will come on board imSME, CGC's online referral platform. Both Standard Chartered Malaysia and Standard Chartered Saadiq Malaysia will provide MSMEs with financing to meet their working capital needs to grow their businesses. Their range of financing products and services to MSMEs will be promoted via the imSME platform.

20 SEP

Portfolio Guarantee Signing Ceremony with Alliance Bank

Alliance Bank will aid eligible MSMEs that lack adequate collateral or credit track records to obtain hassle-free working capital financing to expand their businesses. The process requires minimal documentation, while CGC covers up to 70% of the principal financing amount on a portfolio basis. Malaysian-owned businesses established for at least three years are eligible to apply for the Alliance Bank-CGC Portfolio Guarantee Scheme.

30 SEP

Memorandum of Agreement (MoA) with UniKL for Campus Ambassador (CA) Programme

CGC signed an MoA with UniKL for the Campus Ambassador programme. Through the CA programme, students from participating universities act as ambassadors to reach out to other students and future entrepreneurs. UniKL is CGC's first private partner university to focus on Technical and Vocational Education and Training (TVET). CGC has previously collaborated with UKM and UMK.

CORPORATE EVENTS

5 NOV

1st Technology Day

Our Technology Day was held to bring greater awareness about the importance of adapting and changing with fast-evolving technology. It was separated into two sessions with guest speakers addressing digitalisation and emerging technologies. The day began with rounds of online games, involving over 500 staff from HQ and branches.

1 DEC

CGC Appointed Two New Board Members

Faisal Ismail and Saleha M. Ramly were appointed Independent Non-Executive Directors.

4 DEC

SME Conference: Supporting Businesses to Greater Success

Organised by the British Malaysian Chamber of Commerce in partnership with Standard Chartered Bank Malaysia Berhad and supported by SME Corporation Malaysia, the conference highlighted MSMEs' critical role in the national economy. Datuk Mohd Zamree Mohd Ishak, President/CEO, participated in a session as one of four panelists, sharing his views on 'Facilitating Access to Finance, Promoting Innovation and Growth'.

KEY HIGHLIGHTS

FINANCIALS

RM494.8 million
Total Income

RM191.8 million
Revenue

RM223.4 million
Net Profit

RM4.9 billion
Total Assets

RM1.3 billion
Liabilities

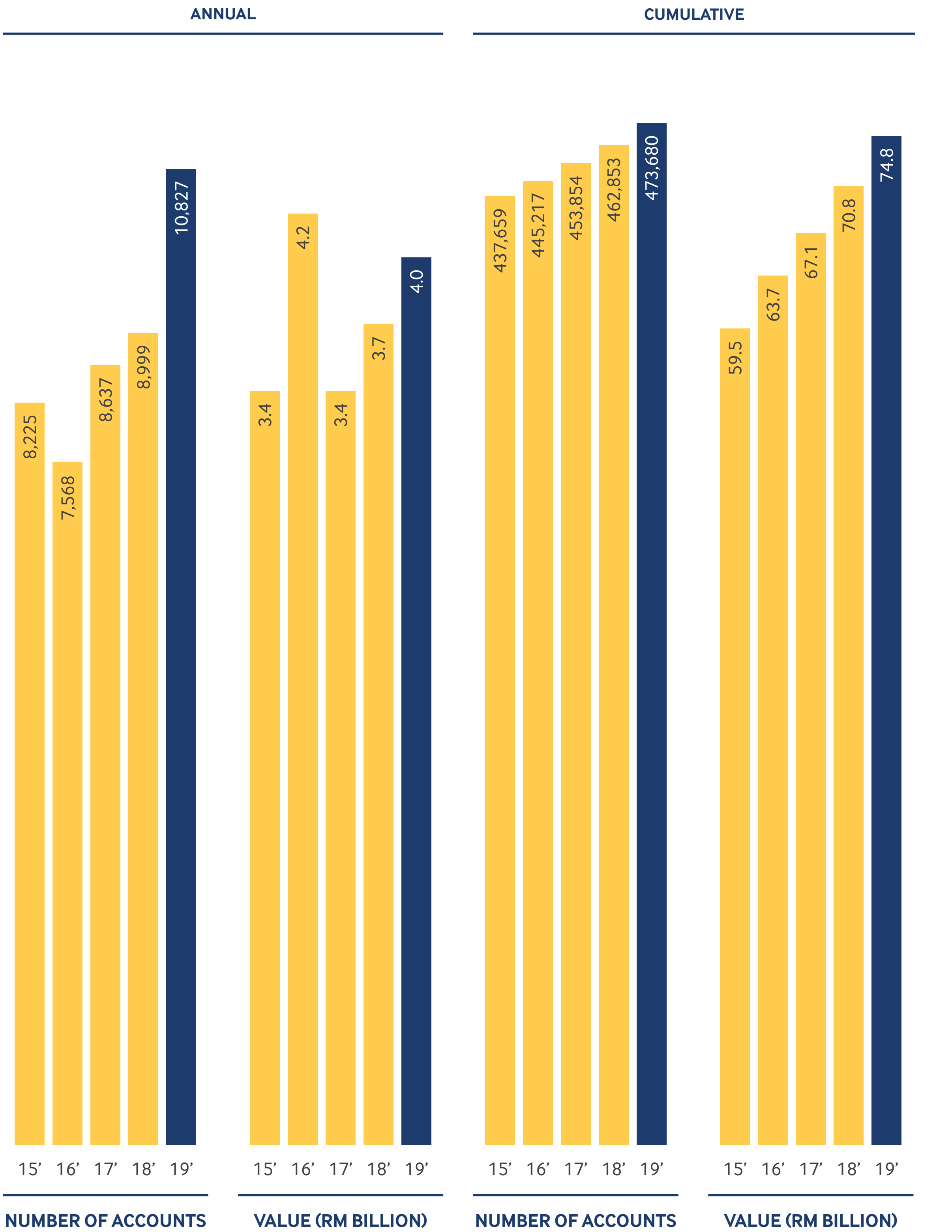
RM3.6 billion
Equity

6.5 %
Return on Equity

2.7 times
Guarantee Reserve Ratio

29.8 %
Cost-to-Income Ratio

GUARANTEE AND FINANCING APPROVALS



KEY HIGHLIGHTS

Awards for the Year

CGC received considerable recognition for its many achievements, both from local and international organisations.

20 February 2019
ADFIAP Merit Award for imSME

27 March 2019
The BrandLaureate SMEs Strategic Business Partner Award

The BrandLaureate SMEs Strategic Business Partner Award recognised CGC for its pivotal role in assisting SMEs to grow and progress through the Corporation's offered products and services.

In celebration of successes that motivate and inspire other upcoming brands, the BrandLaureate SMEs Best Brands Awards 2018-2019 was themed 'To Be Seen'. The prestigious awards night was attended by over 800 guests, comprising corporate leaders, brand owners and leading personalities.

KEY HIGHLIGHTS

imSME received a Merit Award for 'Outstanding SME Development Project' from the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP). This award recognises and honours member institutions for projects that created a development impact in their respective countries. Datuk Mohd Zamree Mohd Ishak, President/ CEO, received the award from Sayyida Dr. Rawan Ahmed Al Said, CEO of Takaful Oman, at ADFIAP's Gala Dinner and Awards Night. It was held in conjunction with ADFIAP's 42nd Annual Meeting, with over 150 delegates from 91 member institutions from 36 countries.

11 July 2019
Certificate of Merit for imSME at Karlsruhe Sustainable Finance Awards

Once again imSME was awarded a Certificate of Merit for imSME at the Karlsruhe Sustainable Finance Awards for 'Best Innovation in Financial Services'. Leong Weng Choong, Chief Business Officer, received the award from Dr. Frank Mentrup, Lord Mayor of Karlsruhe, together with Tom Hoyem, Member of Karlsruhe City Council and Arshad Rab, CEO of the European Organisation for Sustainable Development. The Merit Award recognised CGC's determination in driving access to financing via imSME. This award is the Corporation's fifth from the City of Karlsruhe; earlier awards were for BizMula-i (2015), BizWanita-i (2016), TPUB-i (2017) and 'Sustainable Leader of the Year' (2018).

1 November 2019
Partnering with Malaysian Institute of Certified Public Accountants (MICPA)

CGC was awarded an Approved Training Employer (ATE) by the Malaysian Institute of Certified Public Accountants (MICPA). Being an ATE opens up opportunities for staff to gain relevant practical experience which is a prerequisite for membership admission. This is in line with the Malaysian Government's aspiration to increase the number of professional qualified accountants.

"CGC was really interested in my business and genuinely wanted to help. After their swift assessment, the approval process and disbursement of funds were passed quickly."

Realising Her Potential

UNI FRESH | **Food**

Kuching, Sarawak

Yvonne Ngui Yew Kiong

"What else can I offer my customers?" asks Yvonne Ngui, when she thinks about her expansion plans. Her very popular Butterscotch bread is her specialty, placing premium as her trademark. She ensures superior ingredients, too, so that quality and texture differentiate her products from those of her competitors.

Yvonne has always had a deep interest in baking and in managing her own business, so she quit her job in hospitality and initially began by selling sourced bakery items. As her business grew, she started making her own and now supplies to small cafes, shops and supermarkets.

She first found out about CGC about three years ago when her husband attended a talk organised by the Corporation. Due to growing demand for her bread and bakery items last year, she applied for a BizMula-i financing. With the capital received she expanded from one shop lot to two, upgraded her central kitchen with a 27-tray industrial oven and increased her stock and production. She has a small outlet at her premises as well, selling loose bakery goods to her regular customers.

Two CGC officers from Kuala Lumpur visited her place and tasted her products. "CGC was really interested in my business and genuinely wanted to help. After their swift assessment, the approval process and disbursement of funds were passed quickly." Yvonne's bakery is now one of the key bread and bun distributors to major supermarkets in Kuching, Serian and Bau.

"In business I have learned a lot of things," Yvonne declares. "I have to be patient, constantly think about how to expand and deal with supermarket buyers. And mainly to manage my cash flow." Although demand for her products is high, she will not be able to deal with all enquiries "until I'm able to manage my cash flow better." She adds: "And the payment terms with large orders are not yet favourable."

Realising His Dreams

RAFFLES GLOBAL EDUCATION SERVICES | Education

Shurinder Rahoo

Johor Bahru, Johor

At university, many of Shurinder Rahoo's friends were international students. They revealed that they had paid large sums of money to agents in their countries to study in Malaysia. "That was when I saw the business opportunity. To me, students should only pay for their education abroad - not for the opportunity to do so."

After graduating, Shurinder learned the recruitment business from his uncle, who was then running Raffles College in Singapore. Then he contacted his African friends who had returned to their home countries and persuaded them to partner him in business. Today, he has branch offices in Tanzania, Gambia and Nigeria. He was due to open the Nairobi branch just when the pandemic struck, so that office is currently run virtually.

Shurinder's education consultancy business basically takes care of student needs from A to Z. This ranges from helping to select a suitable university for their preferred course to being met at the airport upon arrival.

Six years ago, Shurinder started his business with a home-office set-up. Nowadays, his head office is in Menara TJB, Johor Bahru. In March 2020 Raffles Global Education Services held their first Education Fair in Tanzania, with universities such as Taylor's and Nottingham participating. He also notes that, previously, parents used to decide on their children's pathways, "but now it's almost 100% decided by the students, who are very progressive and eager to learn what they want to learn."

Personally and business-wise, reveals Shurinder, he has benefitted greatly from his CGC association. His first financing, BizMula-i, came in 2018. It allowed him to expand his online marketing efforts, travel to markets and conduct school seminars in related countries. The BizMaju in 2019, on the other hand, helped him roll out his first education fair. "CGC is doing a great job," he affirms. "The monthly financing costs are very appealing. I also get credit advice. And I hope those that I recommended CGC to will reap the same benefits."

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-sized enterprises

MISSION

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

CORE VALUES

T Teamwork

H Hard-working

I Integrity

N Nurturing

K Knowledgeable

PRODUCTS AND SERVICES

CGC's core business is offering guarantees, either through direct financing or as a guarantee partner to Financial Institutions providing financial assistance to MSMEs. This aim is supported by the CGC Developmental Programme™, a Beyond Guarantee initiative that includes Financial Advisory and Market Access Advisory. This added effort is aimed at **Fulfilling Ambitions** of MSMEs to access financing, as well as enhance their viability and capability.

- Guarantee Schemes
- Direct Financing Schemes
- imSME
- CGC Developmental Programme™
- MyKNP@CGC

AT A GLANCE

WHAT WE OFFER

Initially set up as an agency to support and promote growth in Malaysia's small enterprises, CGC has grown by leaps and bounds in business terms, as well as in products and services. In offering financial accessibility, CGC has developed carefully crafted products, ideas and knowledge for the underserved and unbanked MSME sector. We offer guarantee cover to this sector that struggles with inadequate or no collateral and track record to obtain credit facilities from financial institutions.

GUARANTEE SCHEMES

PORTFOLIO GUARANTEE SCHEME

WHOLESALE GUARANTEE SCHEME

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

DIRECT FINANCING SCHEMES

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

GOVERNMENT-BACKED SCHEMES

- Franchise Financing Scheme
- Green Technology Financing Scheme 2.0
- Green Technology Financing Scheme-i 2.0

BEYOND GUARANTEE

imSME

CGC DEVELOPMENTAL PROGRAMME™

- Mentoring Programme
- Market Access Programme
- Cross-Border Initiative
- Financial Advisory

MyKNP@CGC

ABOUT US

Established on 5 July 1972, CGC has a mandate to bridge the gap between financial institutions and MSMEs by guaranteeing their financing.

To remain relevant CGC has, over the decades, transformed itself to address entrepreneurs' expanding needs to grow their MSMEs. From a traditional guarantee provider, we have evolved into a financially sustainable institution providing a wide range of guarantee and financing products. CGC also affords services that empower and enable MSMEs to remodel their business to meet transformation prerequisites.

CGC is 78.6% owned by Bank Negara Malaysia (BNM), with the remaining percentage held by various Financial Institutions (FIs) and Development Financial Institutions (DFIs). 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. These allow MSMEs quicker access to funding. We also offer Wholesale Guarantee (WG) Schemes that provide guarantee coverage to FIs' existing financing facilities. Our other products include financing for startups and women entrepreneurs, along with contract financing.

In recent years, CGC has taken the opportunity to ride the digital wave by creating a Fintech Initiative through its online platform for MSMEs, launched in 2018. In matching MSMEs to suitable financial institutions, imSME – Malaysia's 1st SME Financing/Loan Referral Platform – aims to significantly reduce hassle and maintain excellent customer service.

ABOUT US

As of end-2019, 24 FIs had come on board our imSME platform, offering more than 45 unsecured financing products. As of 31 March 2020, 18,420 MSMEs had cumulatively registered with imSME and 2,175 loans, amounting to RM199.32 million, had been approved.

To date, across all its various channels, CGC has provided to MSMEs over 470,000 guarantees and financing valued at RM75 billion, impacting over 340,000 MSMEs or one-third of the country's total number.

We practise 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™ began in May 2016 to assist MSMEs via a Mentoring Programme, Market Access Programme and Cross-Border Initiative. To date, we have assisted over 14,000 MSMEs.

As a DFI, we have 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 Indonesia and Thailand. CGC aspires to continue assisting more MSMEs to penetrate international markets.

Providing guarantees and financing is only part of the process of building robust MSMEs. Thus, CGC provides Credit Information and Credit Rating Services through its subsidiary, Credit Bureau Malaysia Sdn Bhd. Through this Bureau, MSMEs build their credit track record. This enhances their standing and reputation, enabling them to secure market-rate financing on their own.

CGC stays focused on its role of assisting viable MSMEs in gaining access to financing. The financial inclusion agenda remains a priority. With the vision of being an effective financial institution committed to promoting development of MSMEs, we will strive wholeheartedly in the process of **Fulfilling Ambitions** 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 beyond our physical locations to assist underserved MSMEs.

Scan here for our Branch Network details

Realising Her Potential

AC INTERACTIVE SOLUTIONS SDN BHD | Training

Kuching, Sarawak

Agatha Charlotte Anak Gerek

The last company that Agatha Charlotte Anak Gerek worked for - a training company - had to close down. She was unsure of what to do next. However, since she enjoyed working with her clients, she was reluctant to leave them in the lurch. So she asked some of her large corporate clients if they would support her in her own training company. "Training is my passion and, at 33, I didn't really want to send out resumes and go to interviews again." Agatha wanted to become an entrepreneur.

It has been seven years since she set up on her own, delivering mainly IT training to government agencies and corporate clients. She also provides digital marketing programmes to MSMEs, GLCs and HRDF contributors. For her public programmes, participants come from government agencies and private companies. She recently launched a CompTIA IT certification programme, as she is an authorised partner. Training is both online and on-site, although the current MCO situation has led to her gearing up her online platforms.

Though the business was quite a struggle in the beginning, Agatha has no regrets. Today, her company is well-known for its IT training, digital marketing courses and lab rentals. Since 2013, she has diversified her range to accommodate topics currently in demand.

In 2015 Agatha applied for a CGC BizMula-i financing because she needed to expand her premises. She moved to a new building, paid for renovation and added fittings. The number of labs increased from one to three, equipped with new computers and laptops.

"CGC is also very resourceful. They always update me with relevant information, invite me for events and offer new information and services." The approval process was fast. Moreover, despite Agatha not fitting all the necessary borrower requirements, they gave her the opportunity, trusting her to move ahead. Agatha thinks that, in the current conditions, CGC should organise more workshops on the practicalities of running a business, especially on how to cope post-Covid-19.

"I appreciate CGC's trust in us, their belief that we would be able to improve and grow our small, homegrown enterprise."

Realising Their Dreams

SATAY KELUARGA KEMAMAN | Food

Kemaman, Terengganu

Fadrul Azmil Jamalluddin

Fadrul Izhan Jamalluddin

"The secret, the uniqueness of our satay, lies in our peanut sauce," reveals Fadrul Azmil. Indeed, his late grandfather's recipe is the reason for Satay Keluarga Kemaman's popularity. Social media commentators rave about the satay's reasonable price, succulent morsels of chicken and beef and the inimitable sauce that brings the taste of satay together.

Fadrul Azmil was 18 when he decided to join the family business. He admits that, even as a teenager, he was more interested in business than his studies. So for the last decade, with his brother Fadrul Izhan, he has been running their family satay business.

With a keen ambition to expand in 2018 after acquiring a CGC BizMula-i financing, the brothers managed to develop their business. They moved from their old premises into a shop lot, purchased chillers and upgraded their kitchen. "I appreciate CGC's trust in us, their belief that we would be able to improve and grow our small, homegrown enterprise." It's very hard to grow a business without capital, he states. He is certain now that they would have only reached a certain level, unable to progress, if not for the capital received.

After the financing helped them upgrade their business, their fame and dealings grew. Not only in Kemaman but also in surrounding areas, with branches in Kuala Terengganu and Kertih. Most recently, they opened another outlet in Kuantan, to the delight of out-of-state fans.

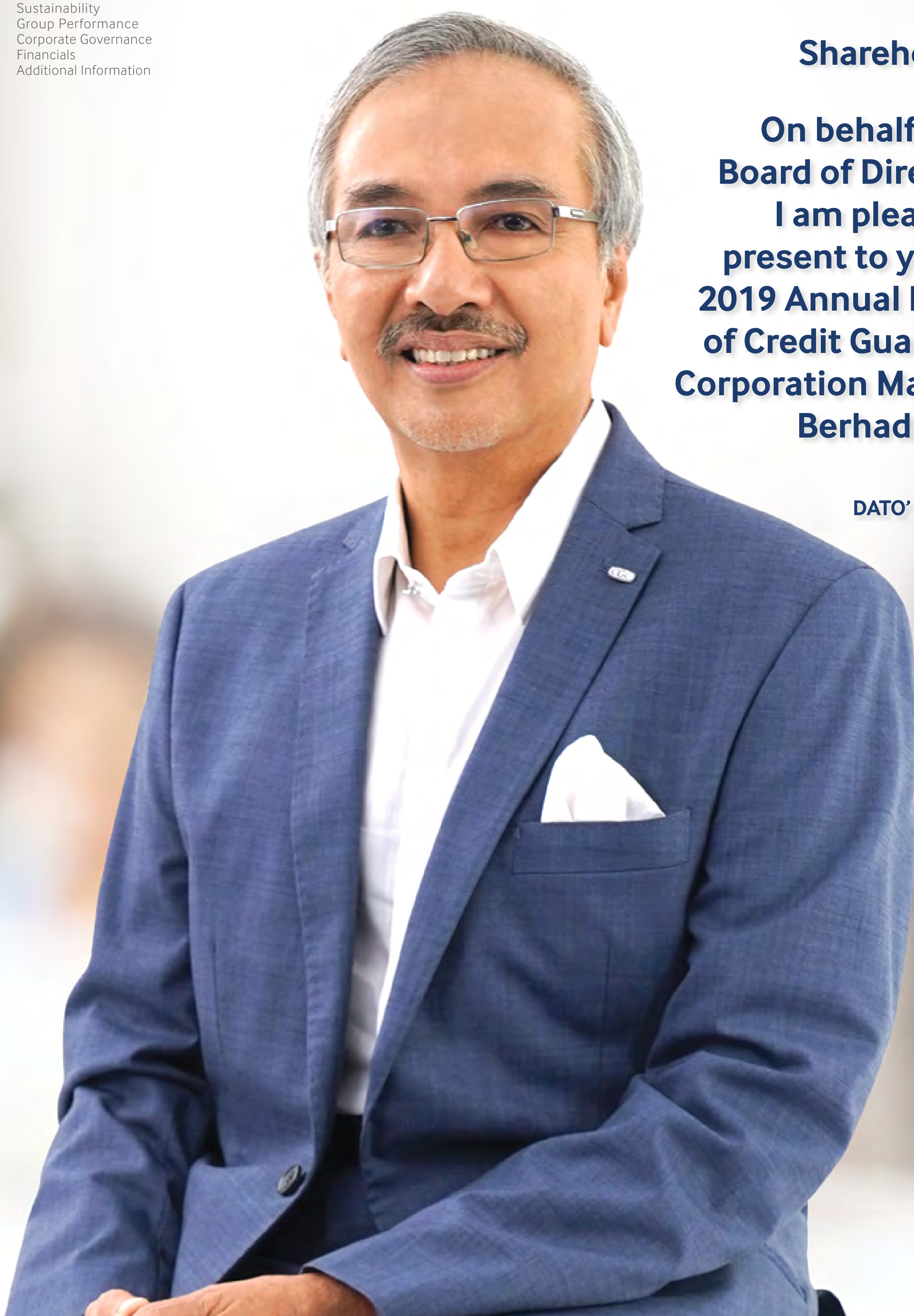
From a legacy business, they ventured into frozen satay. To ensure that their satay quality is not compromised, they produce all their supply in their Kemaman factory. From here, to maintain quality control, the branches collect their share daily.

With CGC's concerted help the brothers have grown from a 'home-based' business to become Kemaman's major supplier of frozen satay. Fadrul Azmil steadfastly believes that, to progress further, they have all the right ingredients.

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the 2019 Annual Report of Credit Guarantee Corporation Malaysia Berhad (CGC).

DATO' AGIL NATT
Chairman



CHAIRMAN'S MESSAGE

At CGC, 2019 was about Fulfilling Ambitions, an inevitable progression from Changing Lives in 2018.

We performed commendably in spite of a demanding year. The Corporation achieved an increase in our net profit through prudent risk management and striking the right balance between risk and returns.

The Corporation is now in a better position to move even further towards **Fulfilling Ambitions**, to assist the entry of the underserved and unserved segments of the economy into the mainstream of financial services.

Some of the steps that we have taken include improving our processes, investing more in technology and analytics, and on-boarding new unserved segments, which inevitably means taking greater risks, but at a measured pace. We can now sustainably use the income generated to achieve our edict as a Developmental Financial Institution to serve the underserved in a more efficient manner.

Our Beyond Guarantee Developmental Programme has been particularly effective in adroitly identifying new markets for our MSMEs.

Funds will also be channelled towards continuously supporting the many Corporate Responsibility initiatives for underprivileged communities that CGC was instrumental in establishing in 2019.

One of the reasons for realising the positive result is the commendable commitment of our people, who went the extra mile with their professionalism, efficiency and effectiveness. We could not have achieved our success without the support of our shareholders, either.

FUTURE OF WORK

Over the last few years, the acronym VUCA (Volatility, Uncertainty, Complexity and Ambiguity) has gained popularity in describing the various dimensions of an uncontrollable environment, especially in business. And, given the first quarter of 2020, we expect this year to be even more exacting.

Thus, as you are all aware, change is the only constant. Therefore, we must take this significant opportunity to study the patterns of change that are forming in the economy and society. Regarding the MSMEs we serve, we have to look at the many ways we can move them into the mainstream financial landscape, through new ways of operating and affording them financial access.

As we see in the rise of a growing global trend, the gig economy, this is the future of work in the coming years. How people live, work and spend has been changing dramatically over the past decade. Today, an entrepreneur can work from anywhere. It changes the nature of work everywhere. And the way businesses can operate.

In repeatedly questioning our purpose, our answers must be visionary, futuristic and forward-looking. We assist our customers in the underserved markets, so what's even more important is how we respond rapidly to the VUCA-driven tumult swirling in the global and domestic economies. At CGC, we are becoming more daring in adapting to these changes. Investing in our people and technology is imperative, in order to be able to serve better and more efficiently, as well as to increase our outreach.

Fulfilling Ambitions is about helping people in an ever-changing world to achieve their aspirations. Over the last five years, CGC has put in place the crucial groundwork, the foundations of fulfilling people's ambitions. In my seven years as Chairman, I have seen CGC's function in the MSME industry reinforced considerably.

Especially in getting our people to be future-ready, aligned with changing MSME needs and expectations, as well as our stakeholders' and employees' intentions. Our people are and must be aligned with the needs of the MSMEs. Needless to say, a collective alignment comes with employees being adequately compensated and consequences suitably addressed.

With our mission now ingrained in the Corporation, our objective is very clear, and we pursue that goal in a selfless manner. In aligning our people with evolving expectations, with the industry terrain and with society, we ensure that our customers are our key vision signifiers. While we are still a work-in-progress, we walk in unison to better serve the unserved market.

A CONTINUOUS JOURNEY

Entrepreneurs believe in what they can do. The pivotal question is: are we able to fulfil their ambitions? Last year our Beyond Guarantee Developmental Programme, in providing advisory access, helped expand our outreach programmes to disadvantaged entrepreneurs. We have reached out to the unserved segment by leveraging the use of smart technology, with the intent to assist. As part of our Beyond Guarantee initiative, from an educational viewpoint our TVET graduate programme allows young graduates an opportunity to consider and cultivate their entrepreneurial aptitude. In turn, we adeptly match suitable talent to essential skills required in the participating MSMEs.

Alvin Toffler, American futurist and philosopher, predicted that, "The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn." I find this very prophetic, as this continuous learning, together with mandatory agility, is necessary to succeed today.

In looking ahead to 2020 and beyond, my vision does not deviate from serving the underserved and unserved. Just as new and innovative entrepreneurs are changing the way we live, work and spend, we too at CGC are thinking differently, discovering new ways of doing what we do.

I would like to take this opportunity to record our appreciation to Puan Nadzirah Abd Rashid, our Non-Executive Director, for her invaluable contribution to our Board and CGC in the last four years.

01
CORPORATE GOVERNANCE

Our Board, Management and people are committed to applying best practices and principles to uphold integrity and professionalism. We have adopted the Malaysian Code of Corporate Governance 2017 as our guiding principle, to continuously strengthen our governance processes to enhance accountability and transparency at CGC. To complement our zero-tolerance policy against all forms of bribery and corruption, we have implemented and enforced a comprehensive anti-bribery and anti-corruption programme.

02
UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

CGC has approached its sustainability agenda by aligning our Headline Targets to the 17 SDGs. Additionally, we have internalised this commitment as part of our corporate culture and attitude to our customers. With this in mind, we have adopted new practices and have actively identified SDG-investment opportunities to catalyse finance in underserved sectors.

03
INDUSTRIAL REVOLUTION 4.0

IR4.0 is more than just about technology and investing in digital technology. It is a means to an end, not the end result itself. The required digital processes are just tools, a means of better reaching our customers. We have to go beyond IR 4.0 to fulfil our purpose, to help develop our nation's MSMEs. I have an unbounded vision for our imSME to participate in that ecosystem; what matters is the data collected.

We wish her our best in her next endeavour. At the same time, I would like to welcome Encik Faisal Ismail and Puan Saleha M. Ramly, who were appointed to the CGC Board of Directors as Independent Non-Executive Directors last December. Their extensive experience in Malaysia's premier corporations, I'm certain, will be a propitious advantage to our Board in the coming inspirational years.

I would also like to thank Bank Negara Malaysia for their unstinting endorsement of CGC's aims. To our strategic partners in the financial industry and other stakeholders in the MSME ecosystem, our 2019 accomplishments reflect our consistently close cooperation. We look forward to working together to achieve CGC's indisputable mandate, to diligently serve MSMEs.

My congratulations to Datuk Mohd Zamree Mohd Ishak, President/CEO of CGC, for steering the Corporation to surpass previous targets, both financially and in terms of performance.

Lastly, I extend my utmost appreciation to my fellow Board Members, Management and CGC employees for their continuous dedication.

Fulfilling Ambitions is not just a continuous journey. It's our *raison d'être*. And so we will persist in pursuing our goals with purpose.

Dato' Agil Natt
Chairman

> "CGC helped me to develop my business through their continuous advice. Because of them, I obtained a packaging grant from KPDNHEP, was introduced to Amaxmall e-commerce platform and am on AirAsia's rokki.com."

Realising Her Potential

SG SALES SERVICES SDN BHD | Retail & Trading

Surinder Kaur

Prai, Penang

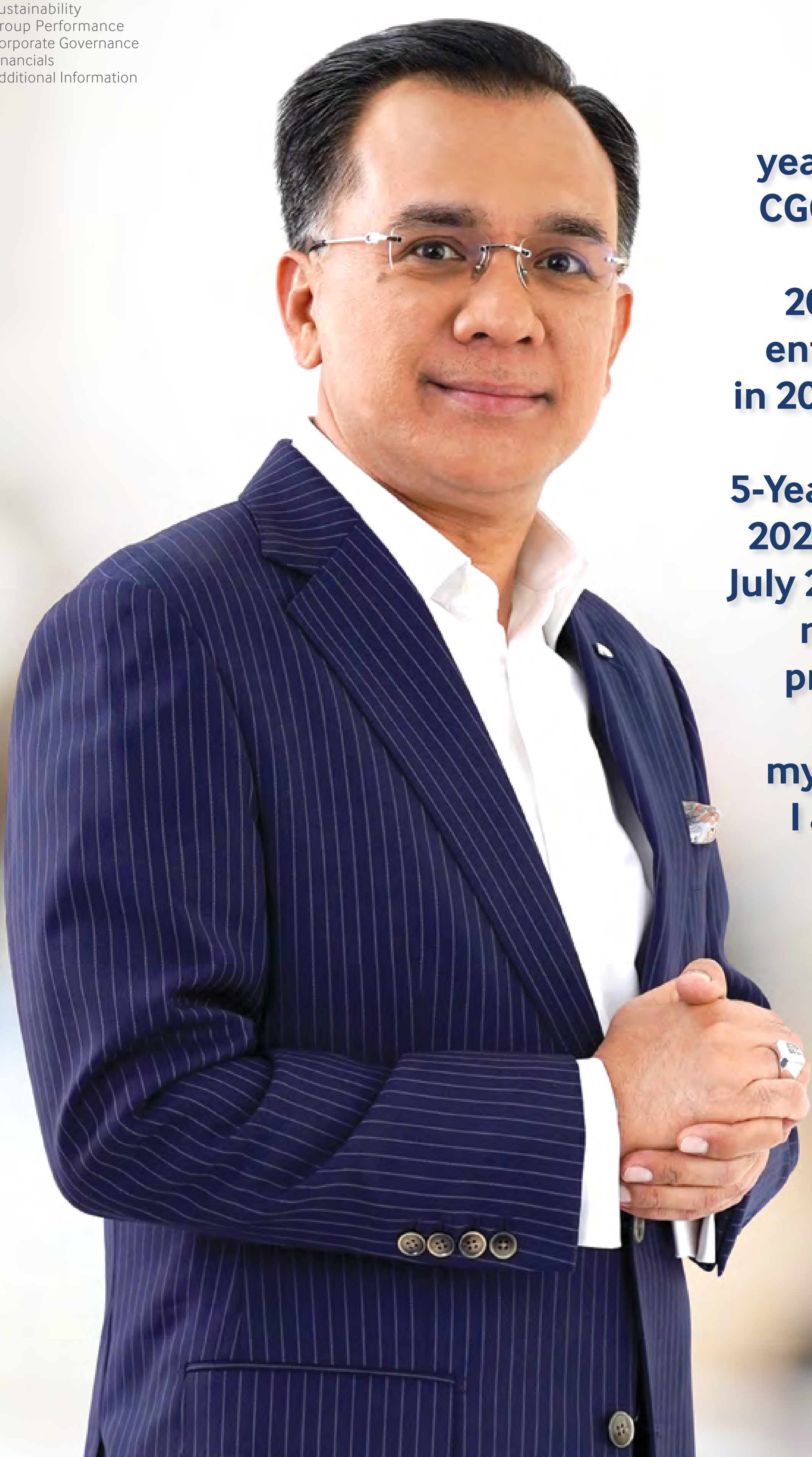
Even when Surinder Kaur was working as a director for almost twelve years in a US semi-conductor manufacturing plant, she knew she was meant to be an entrepreneur. "For me, entrepreneurship is an extension of your creativity," she declares. "You are born with it." Although business is very challenging, she thrives on it. Her creativity stretched, she constantly learns and is never bored or stressed. "Don't they say passion is loving what you do?"

For the last nine years the Business Administration graduate has been manufacturing items based on coconut water. With considerable R&D and prototypes, she has developed canned coconut water, flavoured coconut water powder for children, hotpot broth bases and anti-ageing face masks. "I am ready with the products, just waiting for the right clients to expand my business, or the right funds to launch them myself."

As part of the CGC Development Programme™ she has attended Market Access preparatory courses and participated in CAEXPO 2019 in Nanning. In the Chinese market she was able to test her products, receiving very good feedback from distributors and consumers. She signed a five-year MoU with a Chinese distributor, too.

While she used her initial BizWanita-i financing in 2018 as capital for raw materials, her strong relationship with CGC has gone beyond financial aid. She will always appreciate their belief in her: "CGC has helped me to develop my business through their continuous advice," she attests. Because of them, I obtained a packaging grant from Kementerian Perdagangan Dalam Negeri dan Hal Ehwal Pengguna (KPDNHEP), was introduced to Amaxmall e-commerce platform and am on AirAsia's rokki.com."

Undeterred by the Covid-19 crisis, Surinder strongly believes, "my products have enormous potential, as long as I come up with more creative ideas to promote and market them." Before the pandemic, 80% of her business focussed on export, manufacturing and large orders, with the remaining 20% on retail. She asserts: "I'll have to switch the percentages around and become more involved in the digital e-commerce business."



Dear Shareholders,

It has been five years since I joined CGC and our 5-Year Strategic Plan 2016-2020 (5SP+) enters the final lap in 2020. Discussions on our next 5-Year Strategic Plan 2021-2025 began in July 2019 and having made significant progress over the last five years, my colleagues and I are geared up to take CGC to the next level.

DATUK MOHD ZAMREE MOHD ISHAK

President/Chief Executive Officer

IN CONVERSATION WITH PRESIDENT/ CEO

The planning for this annual report began well before the Covid-19 pandemic hit the world like a series of severe thunderstorms. I am certain you will agree that the scope and scale of recent events and their global impact are beyond belief. Most of us have never seen in our lifetime our world swirling in such chaos, threatening both lives and economies in such magnitude.

Despite the challenges and hardships caused by these health and economic crises, like many of you, I have had the opportunity to reflect, reboot and adjust to this new normal. For CGC, these crises have accelerated our Digital Transformational journey, enabling us to continue serving MSMEs during this extremely challenging time. Let us all work together to overcome this situation and I am confident that the day will come when we can be grateful that together we had played our part.

In this conversation, I will talk about CGC's 2019 performance and challenges, the progress of 5SP+ as well as the work on our next 5-Year Strategic Plan 2021-2025.

SATISFACTORY PERFORMANCE

1. How would you describe CGC's performance in 2019? What were some of the year's notable achievements?

CGC performed satisfactorily in all our Headline Targets with achievements ranging from 90% to 116% In spite of 2019 being a demanding year, we managed to make further progress in our Guarantee and Direct Financing schemes, as well as our Beyond Guarantee initiatives.

Headline Targets	Target 2019	Actual 2019	Achievement
Guarantee & Financing Base (RM billion)	12.9	13.8	107%
Guarantee Reserve Ratio (times)	3.0	2.7	90%
Cost-to-Income Ratio (%)	35.5	29.8	116%
Graduation Rate (%)	43.5	41.6	96%
Brand Awareness (%)	75	75	100%

IN CONVERSATION WITH PRESIDENT/CEO

Achievements

In terms of core products in 2019, CGC's award-winning Portfolio Guarantee (PG) and Wholesale Guarantee (WG) schemes remained the top contributors, with a combined contribution of:

RM3.32 billion
Total guaranteed approvals

77.9% (8,439)
Total outreach

The most significant achievement in our Beyond Guarantee initiative is the imSME – Malaysia's 1st Online Financing/Loan Referral Platform.

As of 31 March 2020, imSME received:

over
1.429 million visitors

an average of
1,800 visitors per day

over
18,420 MSME registrations

	Target	Actual	Achievement
MSME OUTREACH			
Number of Guarantee & Financing Approvals	9,800	10,827	110%
Value of Guarantee & Financing Approvals (RM million)	4,600	3,968	86%
Number of Bumiputera Guarantee & Financing Approvals	3,400	3,298	97%
Value of Bumiputera Guarantee & Financing Approvals (RM million)	1,100	907	82%
EFFICIENCY CHARTER			
Financing/Loans Processing for PG (%)	98% within 2 days	100% within 2 days	102%
Claim Payment (%)	90% within 5 days	100% within 5 days	111%

In terms of core products, CGC's award-winning Portfolio Guarantee (PG) and Wholesale Guarantee (WG) schemes remained the top contributors, with a combined contribution of RM3.32 billion of CGC's total guarantees approved which accounted for 77.9% of CGC's total outreach in 2019.

Given the slowdown of the construction industry, our Tabung Projek Usahawan Bumiputera-i direct financing scheme did not achieve the desired targets. Hence, we focused our attention on assisting the Bumiputera segment via our guarantee schemes resulting in a combined achievement of 97% for outreach numbers and 82% for value of Bumiputera Guarantee & Financing Approvals.

Our BizMula-i and BizWanita-i direct financing schemes grew significantly year-on-year, in line with the first full year of adoption of fast-track application processing. BizMula-i saw an increase in approval value of 80% to RM77.61 million. BizWanita-i, meanwhile, recorded improvement in approval value of 71% to RM17.58 million. Combined, the outreach of these two direct financing schemes increased by 83.6% from 739 in 2018 to 1,357 in 2019.

BEYOND GUARANTEE

The most significant achievement in our Beyond Guarantee initiative is the imSME – Malaysia's 1st Online Financing/Loan Referral Platform. imSME continues to extend and strengthen our outreach year after year. Launched on 9 February 2018, it is CGC's first foray into the Fintech arena. The platform ensures MSMEs get into the formal financial system with just four easy steps, receiving a response within two working days, saving them time and cost, with less hassle.

imSME continues to record robust and impressive growth for MSMEs to source financing/loan products. Currently, 25 Financial Institutions (FIs), Islamic Financial Institutions (IFIs) and Development Financial Institutions (DFIs) offering 48 financing/loan products, 7 Peer-to-peer Financiers/Lenders, 3 Equity Crowd Funders, 1 Grant Provider and 3 Capacity-Building Agencies are onboard imSME. With a sturdy support system, imSME signifies a new accomplishment for CGC's operations.

IN CONVERSATION WITH PRESIDENT/CEO

In our effort to make imSME more efficient, we created a chatbot named iDA (imSME Digital Assistant) which operates 24/7 and is able to answer more than 500 MSME related questions.

As of 31 March 2020, imSME had received over 1.429 million visitors, an average of 1,800 visitors per day, garnering over 18,420 MSME registrations. A total of 2,175 applications have been approved, amounting to RM199.32 million. This is in line with our aspiration to make imSME 'The Marketplace for MSMEs'.

imSME	Nov 2017 - Mar 2020
Number of visitors	1,428,974
Total registered MSMEs	18,420
Total approved financing (number of cases)	2,175
Total approved financing (RM million)	199.32

I am pleased to share that imSME received two international awards in 2019. In February, imSME won the 'Outstanding SME Development Project Award' at the Association of Development Financing Institutions in Asia & the Pacific (ADFIAP) Annual Awards Dinner in Muscat, Oman. In July, imSME received 'Best Innovation in Financial Services Award' at the Karlsruhe Sustainable Awards Ceremony organised by European Organisation for Sustainable Development (EOSD) in Karlsruhe, Germany.

Another significant achievement is our joint collaboration with Bank Negara Malaysia and Agensi Kaunseling dan Pengurusan Kredit (AKPK) to offer Khidmat Nasihat Pembiayaan (MyKNP). Launched in August 2019, it further strengthens Malaysia's comprehensive ecosystem for MSMEs, aimed at improving MSMEs' awareness of the factors affecting their application and thus raising their eligibility for future financing.

CGC DEVELOPMENTAL PROGRAMME™

We also made further progress in our CGC Developmental Programme™ which was launched in 2016. The programme promotes MSMEs' growth and development via:

(i) **Financial Advisory** – conducts comprehensive reviews of unsuccessful MSME applications upon referrals through our imSME and MyKNP portals, recommends suitable capacity-building programmes as well as business coaching.

(ii) **Mentoring Workshops and Market Access Initiatives** – provides workshops on relevant topics such as digital marketing, product certification and the importance of branding/trademark as well as assisting MSMEs to expand their distribution channels in both Malaysian and international markets.

As of 31 December 2019, CGC Developmental Programme™ has successfully charted an outreach of over 13,500 MSMEs throughout Malaysia. In going Beyond Guarantee, we help MSMEs to become sustainable businesses and fulfil their ambitions.

IN CONVERSATION WITH PRESIDENT/CEO

2. What are some of the challenges CGC encountered in continuously driving the CGC Developmental Programme™ forward?

In driving the developmental agenda, we must remind ourselves that there are no short cuts. Hence, we must have the tenacity to pursue it and take a long term view. The journey to improve an MSME's financial viability and marketability takes consistent intervention and periodic monitoring. Scaling up our programme is a necessity to remain relevant to evolving demands, such as conducting advisory services via e-learning.

Creating synergies with strategic partners pursuing the same agenda is key in enabling MSMEs to become viable and sustainable. After four years of offering this programme, we better understand MSMEs' challenges and at the same time learn new things every day.

GROWTH DRIVERS

3. What drives the growth of CGC and its businesses in terms of expanding outreach to MSMEs?

Our Portfolio Guarantee (PG) and Wholesale Guarantee (WG) schemes remain top contributors to the outreach and guarantee approval value, due to their operational efficiency and effectiveness, as well as scalability. This is further strengthened, given our strong relationship with our partner FIs, IFIs and DFIs.

We also made significant progress in serving the underserved segment through year-on-year (YoY) growth for our BizMula-i and BizWanita-i direct financing schemes. This is in line with the first full year of adoption of fast-track application processing. BizMula-i saw an increase in approval value of 80%, while BizWanita-i saw an increase in approval value of 71%.

In 2019, CGC established new strategic alliances to further drive outreach by way of intensifying partnerships with banks to provide guarantee to underserved segments such as women entrepreneurs, micro enterprises and startups. Among them:

i. Standard Chartered Saadiq committed RM10 million specifically to provide working capital to finance women entrepreneurs, a value-based intermediation-aligned financing scheme designed to encourage women to grow their business
ii. CIMB micro-financing-i saw huge participation in its unique halal corridor proposition
iii. A second agreement was established with BSN to support micro enterprises, after the first PG in May 2017
iv. AmBank launched SME Biz Start Up-i to assist, for between one and three years, business startups which lack collateral and access to financing.

As part of CGC's Digitisation initiative, we continue to leverage technology to further drive financial inclusion and outreach agendas. As part of our continuous improvement efforts, Straight-Through Processing (STP) was introduced to enhance MSMEs' banking experience. This entails faster approval centred on our scoring technology vis-à-vis simple, technology-based processes categorised into template-based evaluation/approval and scoring based on applicants' qualitative aspects.

CORE VALUES

4. Why is CGC's purpose a necessary reminder in living up to its core values?

Because it defines who we are, what we do and how we contribute to nation-building. Consistent teamwork is imbued with our core values to deliver to the best of our abilities. In carrying out our mandate, our integral duties consist of hard work and integrity. We continue to nurture both the MSMEs that we serve and also our People via knowledge-sharing. Working in CGC gives us a greater sense of purpose particularly in Fulfilling the Ambitions of MSMEs.

DIGITAL TRANSFORMATION

5. In this age of IR 4.0, can you elaborate on CGC's digital transformation strategy to promote a culture of continuous learning? Please include CGC's digital trust strategy in relation to cybersecurity threats and data privacy concerns.

In preparing for IR 4.0, we started with our digitisation initiative and came up with a common understanding of what digital transformation means in CGC. We kept it simple. Digital transformation is about radically changing our processes so that we can deliver superior service and value to all our stakeholders especially the MSMEs.

With digital transformation comes digital services, offered in a more reliable manner by utilising a robust and secure infrastructure. This is hosted in CGC's new Data Centre commissioned in 2019 (Uptime Institute Tier 3 Compliant), with cloud services providing scalability and flexibility.

The culture of continuous learning is promoted by organising technology-related training and future skill requirements. Among them are Design Thinking for Mobility Solution and Leading Change – Facilitating User Adoption on Digital Transformation. We have already begun work on Robotic Process Automation.

It is also vital for us to carefully manage cybersecurity threats and data privacy concerns. CGC ensures that our cybersecurity standards are at par with best practices. Continuous engagement and networking with cybersecurity subject-matter experts are of paramount importance and our People undergo continuous awareness programmes.

BRAND AWARENESS

6. How would you rate CGC brand awareness among Malaysian MSMEs?

Our brand awareness has increased significantly over the last couple of years. In 2019, online surveys by two reputable media institutions revealed an increase in our brand awareness to 75% from 55% in 2018. This significant brand awareness improvement was mainly due to a more holistic and targeted branding approach, delivered through the various platforms. These include the digital platform, which is more effective and has greater outreach.

With all these brand awareness initiatives, we are confident that CGC will be the Household Name for MSMEs. Think MSMEs, Think CGC!

CENTRE OF EXCELLENCE

7. As a vocal advocate of financial inclusion in Malaysia and abroad, how do you drive this agenda to benefit other nations and their MSMEs?

CGC is proud to be recommended by reputable global institutions such as the Alliance for Financial Inclusion and the World Bank as a centre of excellence for sustainable credit guarantee model to host foreign delegates from both the public and private sectors where we share our experience through their study visits. We will continue to share our knowledge and best practices to benefit the international community and their respective MSMEs as well as learn from their experiences and challenges. In 2019, we hosted numerous study visits and received delegates from Egypt, Papua New Guinea, South Korea and Thailand.

CGC 5-YEAR STRATEGIC PLAN 2016-2020

8. With only one year left, how would you rate the success of the CGC 5-year Strategic Plan 2016-2020?

We are in the final lap this year and we are on track to implement all initiatives. To date, we have completed 20 of the 25 initiatives while the remaining 5 are on track for full completion by Q4 2020.

	Strategic Initiatives		
Strategic Objectives (SO)	Number of Initiatives	Number of Initiatives Implemented	On-going Initiatives
SO #1 Reposition CGC to Become More Proactive and Relevant	9	7	2
SO #2 Ensure Sustainable Growth	6	5	1
SO #3 Enhance Human Capital	1	1	-
SO #4 Enhance Operational Efficiency and Effectiveness	2	2	-
SO #5 Embark on Digitisation	7	5	2
Total	**25**	**20**	**5**

IN CONVERSATION WITH PRESIDENT/CEO

CURRENT CHALLENGES

9. What is your view on the current challenges and how do you plan to address them?

Like all organisations across the globe, our current challenges can be divided into two broad categories: those within and those beyond our control. The Covid-19 pandemic has greatly affected the way we live and work, and the economy as a whole. Our operational readiness in facing this pandemic is going through an unprecedented assessment. Swift action and consistent communication are required to align and manage our stakeholders' needs.

We expedited our People and operational readiness by implementing our Work-From-Home arrangement so that we can continue to serve MSMEs. During this trying time, all stakeholders in the MSME ecosystem must coordinate efficiently and effectively with one another so as to ensure that assistance to affected MSMEs is channelled promptly.

In our effort to soften the impact of this pandemic, we executed our plans to swiftly support MSMEs by providing immediate and targeted cash flow support so that they can sustain their operations. In support of BNM's Special Relief Fund (SRF), we launched our BizJamin and BizJamin-i SRF to guarantee FIs/IFIs/DFIs' financing/lending to MSMEs affected by the Covid-19 pandemic.

During this extremely challenging time, most if not all businesses cannot operate as normal. Thus, requiring them to re-think thoroughly on how to weather through this period so as to ensure sustainability with social distancing and movement control orders becoming a part of our day-to-day life. Some businesses may need to make minor adjustments, some may need to make major adjustments whilst some may find that their businesses are no longer relevant, thus requiring them to explore other sustainable businesses.

We foresee the new normal to evolve around a multi-dimensional shift in our business landscape and operating environment. The depth and length of this pandemic will give an indication of the shape of recovery that will take place. We need to plan for that so that the economic recovery can commence immediately and this requires us to re-imagine what the new normal will look like and what preparations we need to make for our People, Process and Technology.

NEXT 5-YEAR STRATEGIC PLAN 2021-2025

10. Subsequently, how do you see CGC's plans against these perspectives?

We began planning for our next Strategic Plan for 2021-2025 in July 2019 and it is well on track to be finalised by Q4 2020. In this new strategic plan, we will further embrace technology and digitalisation as well as incorporate the new normal so that we are able to continue creating value for MSMEs and support Malaysia's long-term targets for MSMEs.

We remain cognisant of continuous challenges ahead as well as those which are beyond our control. Therefore, we need to be discerning in our nimbleness and agility to face the future unknown of unknowns. In this journey, our key focus shall remain centred around our People, Process and Technology.

ACKNOWLEDGEMENTS

11. Since your arrival at CGC five years ago, what is the most significant transformative change implemented at the Corporation?

That would be the journey of transforming CGC into a high-performing organisation which is forward-looking, efficient and effective in driving MSME growth and development. We started with accelerating the transformation of our People, where we initiated mindset change and inculcated a high-performance culture; followed by enhancing our Processes for more efficient and effective service delivery. Next is embracing Technology which enabled STP and improved turnaround time.

CGC today has stronger fundamentals. Credit for this is due to the firm commitment, dedication and hard work of my Colleagues, the wise guidance of our Board of Directors as well as the unstinting support from all our Stakeholders; and that means our Shareholders, our valued MSMEs, Federal and State Governments, Bank Negara Malaysia and all of our Strategic Partners in Malaysia's MSME ecosystem. Many thanks to all of you for assisting CGC in Fulfilling the Ambitions of MSMEs, and my best wishes for your health and wellbeing as well as your loved ones.

With much gratitude and appreciation,

Datuk Mohd Zamree Mohd Ishak
President/Chief Executive Officer

Realising His Dreams

GREENHILL PUBLICATIONS SDN BHD | Publishing

Prai, Penang

Leong Kin Pun

Leong Kin Pun, an independent Malaysian publisher, produces and publishes a wide range of educational pre-school workbooks and learning material. These are for sale in Malaysia and around the world.

Deemed a high-risk industry applicant, he was rejected in his first attempt at procuring a loan from a renowned bank. However, he was redirected to apply for a MyKNP@CGC facility through imSME. CGC's Financial Advisory Team was enlisted to support him, making his application the second MyKNP@CGC success since its launch.

In November 2019, Leong was pleased to receive the BizSME loan that helped him pay his supplier to ship books to Australia and to launch eight new titles. "CGC comes in very handy, especially for small enterprises. Fledgling entrepreneurs can do with a CGC kickstart in this very competitive MSME market."

However, with the Covid-19 pandemic he feels that small and medium enterprises are taking the biggest hits. "We all need funds to keep going, it is not the time to pack up," Leong contends. So, he is very appreciative of CGC Prai branch that has already forwarded him information about the relief schemes.

Leong has worked for more than 30 years in the media, paper and printing industries. Almost 70% of his business is conducted abroad, with his biggest markets in the Pacific region and Ireland. "One of my major customers is Singapore and now, with restricted movement in place everywhere, I have begun to worry."

A New Zealand client of his informed Leong that books, paper, stationery products and education material there are considered essential goods. "We talk about going digital all the time, but there needs to be a balance." He hopes to persevere, with his ambition to publish more new books targeted at pre-school children. At the same time, he plans to penetrate new markets in Thailand, Vietnam, Cambodia and Indonesia.

BUSINESS MODEL

OUR CAPITALS

FINANCIAL

Share Capital

RM1.79 billion

To broaden MSMEs' access to financing, our source of funds is mainly derived from guarantee fees, and other liability instruments, operations and equity to run our business and fund our growth and operational activities. The growth in our guarantee and loan base is a reflection of our intensified outreach efforts to drive forward our core business functions, empowering MSMEs to reach their business goals.

HUMAN

Total No. of Employees

560 people

In investing in the development of our people and providing them with a conducive environment to pursue their career paths and cultivate personal goals, we take pride in their achievements. We propel our people towards execution excellence in implementing CGC strategic initiatives and capitalising on opportunities to provide solutions to enhance the viability of MSMEs.

SOCIAL AND RELATIONSHIPS

Our social capital is continuously strengthened through our relationships 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 processes and deliver on our commitments, creating long-term value and collective growth in realising aspirations.

INTELLECTUAL

We see intellectual capital as imperative intangibles that steer competitive advantage. These include property such as patents, copyright, software and organisational systems, procedures and protocols. It also includes the intangibles that are associated with the brand and reputation we have developed. Digitisation has improved customer experience in faster approvals, enhanced the way staff work and reduced repetitive manual processes with robotic process automation. With digitalisation the way forward, cybersecurity threats and data privacy concerns are managed accordingly, on par with current FI standards.

...ENABLE OUR BUSINESS ACTIVITIES

FINANCIAL

- Provision of guarantees to strengthen the credit profile of MSME financing with financial institutions.
- Offering financing for business startups; for women entrepreneurs; bumiputera financing; financing to expand and grow businesses and contractual financing.
- Effective fund management activities to meet targeted return.
- Our latest projects include:
  - imSME portal, Malaysia's 1st SME Financing/Loan Referral Platform.
  - MyKNP, a joint collaboration with CGC, Bank Negara Malaysia and Agensi Kaunseling dan Pengurusan Kredit (AKPK).

SUPPORT

- Offering Credit Information and Credit Rating Services, assisting MSMEs to build a credit history and track record.
- Forging strategic alliances with relevant agencies and trade associations in an effort to reach out to the MSMEs.
- Provision of CGC Developmental Programmes™ encompassing Mentoring Programmes, Market Access and Cross-Border Initiatives.

SUSTAIN

- Maintaining, optimising and investing in our operations, including technology and infrastructure.

MANAGING RISK

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

...DELIVERING FINANCIAL OUTCOMES FOR CGC

TOTAL INCOME

RM494.8 million

REVENUE

RM191.8 million

LIABILITIES

RM1.3 billion

EQUITY

RM3.6 billion

TOTAL ASSETS

RM4.9 billion

NET PROFIT

RM223.4 million

...VALUE CREATED FOR OUR STAKEHOLDERS

EMPLOYEES

- Employment opportunities.
- Invested RM2.2 million for staff training and development in 2019.

REGULATORS

- Adhered to sustainable practices to safeguard our assets.
- Complied with regulations, to mitigate systemic risk.

CUSTOMERS

- CGC has made available to MSMEs over 473,000 guarantees and financing valued at RM74.8 billion.
- Over 10,800 guarantees and financing approvals for MSMEs in 2019.
- Guarantee and financing approvals valued at RM4.0 billion for MSMEs in 2019.
- The launch of imSME has enhanced service for MSMEs through faster, hassle-free guidance and at their convenience to legitimate and authorise channels to source their business financing needs.
- Since its inception in 2016, our signature CGC Developmental Programme™ has benefited 13,508 MSMEs in 2019.
- 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

REVIEW

Global economic growth in 2019 is estimated to be at 2.9%[1]. Trade policy uncertainties, geopolitical tensions and idiosyncratic stress in key emerging market economies continued to weigh on global economic activity. This was especially the case in manufacturing and trade. On the other hand, timely fiscal and monetary policy actions, together with consumer demand, provided some support to global growth.

OUTLOOK

Most forecasts are pointing towards global economic recession, mainly due to the adverse impact of the Covid-19 pandemic. Measures have been taken to contain the spread of the virus. However, these have resulted in a slowdown of economic activities in most major advanced and emerging economies. Travel restrictions, enforced business closures and restricted social activities, while critical, are suppressing private sector activity. This applies both to the domestic-oriented and tourism-related sectors, as well as the manufacturing sector.

GDP for the US and Europe is forecast to contract. In the US, subdued labour conditions will negatively impact household expenditure, while moderating profits will affect corporate investment. Restricted movement in the Euro areas is exacerbating an already weak auto manufacturing outlook. Regional growth is also expected to be weak, and may result in negative growth in some countries. In particular, the projected contraction in advanced economies, subdued external demand and global supply chain disruptions will affect the trade-dependent Asian region.

Significant monetary and fiscal stimulus measures introduced around the world will somewhat mitigate the adverse economic impact of the Covid-19 pandemic. Moreover, they will support a gradual recovery in economic activity.

DOMESTIC

REVIEW

The year 2019 was another challenging one for the domestic economy. Despite support from resilient private-sector spending and continued expansion in services and manufacturing, weak external factors and supply disruptions, especially in the commodity sector, affected the domestic economy. As a result, GDP growth moderated to 4.3% in 2019 – the lowest level since the 2009 global financial crisis (according to a re-based constant of 2015), compared with 4.7% in 2018.

OUTLOOK

Malaysia's economic growth is expected to be within-2.0% to 0.5% in 2020, due to synchronised slowdown in both external and domestic demand. A modest recovery was initially projected on the back of expected stabilisation in the global economy. However, this was quickly nulled by the significant impact of the Covid-19 pandemic. This started in the first quarter of 2020. Since then, unprecedented measures have been taken to contain this pandemic. While 'social distancing' measures are crucial for public health, they have triggered concurrent supply and demand shocks. These, in turn, have led to widespread economic and business disruption, including in Malaysia.

The Government has implemented significant policy intervention to support individuals, households and businesses through a combination of monetary and fiscal measures.

Amid these developments, the Malaysian economy retains a degree of resilience. Diversified sources of growth and external trade structure help to mitigate the economic impact of domestic and external events. In addition, the financial sector remains a source of strength, giving assurance that financial intermediation will carry on uninterrupted. Nevertheless, opportunity to undertake key reforms is necessary to secure a stronger future growth path. A Digital Future is essential to accelerate digital adoption, connecting with 5G-rollout and greater fiberisation. Meanwhile, quality investments would re-calibrate Malaysia's current investment incentives framework.

[1] Estimate from International Monetary Fund (IMF)

MSMEs

REVIEW

Growth of SME GDP increased by 6.2% in 2018, slightly lower than the 7.1% in 2017. In spite of this, SME GDP growth continued to outperform the 4.7% overall GDP growth in 2018 (2017: 5.7%). This higher growth was supported by expansion in all economic sectors. In economic terms, SMEs contributed 38.3% to overall GDP, 17.3% to total exports and 66.2% to total employment in 2018.

According to Bank Negara, banks have been approving about seven to eight out of every 10 SME loan applications received. This equates to RM50 billion in loans approved from January to September 2019. This is higher than the 3-year average of RM48 billion for the same period, benefiting about 76,000 SMEs. Banks have also been easing collateral requirements and financing rates for SMEs in the past year, based on more holistic assessments of an SME's income and cash flow conditions. In the second half of 2019, banks received 131,152 SME loan/financing applications, 11% higher than the 5-year average.

OUTLOOK

A sum of RM4.3 billion had been earmarked earlier for SME development in 2020, under the National Budget 2020. Greater emphasis was given to digitalisation initiatives, development of Bumiputera entrepreneurs, and access to financing.

The Economic stimulus package, totalling RM260 billion, was announced to cushion the impact of Covid-19 and to reinvigorate the nation's economy. BNM had also reduced the Overnight Policy Rate to provide a more accommodative monetary environment to support the projected improvement in economic growth. Various financing facilities totalling RM13.1 billion by BNM were provided to assist Malaysian SMEs with some revisions made to the features in enhancing SMEs' access to the facilities.

CGC has also stepped up to assist SMEs during this difficult time. Under the Special Relief Facility, it provides 80% guarantee cover via BizJamin SRF and BizJamin-i SRF. CGC's existing financing customers can enjoy an automatic 6-month moratorium starting from 1 April 2020. In addition, the Corporation has made available BizBina-i for its existing customers affected by disasters, in this case Covid-19. Furthermore, CGC's preferential rates for BizMula-i and BizWanita-i are offered to SMEs who have been operating for less than four years.

5-YEAR STRATEGIC PLAN

CGC's strategic roadmap calls for a rollout of 25 initiatives under its 5-Year Strategic Plan (5SP+) in three waves over the course of five years (2016-2020), as a means of realising the Corporation's aspirations.

WAVE 1
2016

Building Strong Foundations

WAVE 2
2017-2018

Creating Growth

WAVE 3
2019-2020

Sustaining Momentum

The 5 Strategic Objectives (SOs) consist of 16 strategies and 25 initiatives:

STRATEGIC OBJECTIVES

1. **Reposition CGC to Become More Proactive and Relevant**
Initiatives identified shall support CGC in exploring new and niche opportunities that facilitate a shift in the perception of CGC within the market, i.e. MSME, FIs and other partners.

2. **Ensure Sustainable Growth**
Initiatives identified shall support CGC in maintaining sustainable growth by enhancing and leveraging current core activities, as well as aligning with its mandated and complementary role in the overall MSME financing ecosystem.

3. **Enhance Human Capital**
Initiatives identified shall support CGC in ensuring human capital is aligned with key strategies through enhancement of capabilities and assist its effort to attract, develop and retain talent.

4. **Enhance Operational Efficiency and Effectiveness**
Initiatives identified shall support CGC in continuously enhancing operational efficiency and effectiveness by ensuring that key enablers are in place, i.e. People, Process, Technology.

5. **Embark on Digitisation**
Initiatives under Digitisation will continue to have an impact on all the Strategic Objectives. Therefore, its influence extends beyond the Strategic Objective of Enhancing operational efficiency.

This detailed plan or roadmap consists of **16 strategies**, **25 initiatives**, and **identification of respective execution timelines with dedicated initiative owners**.

Strategic Objectives (SO)	Status of Initiatives: Number of Initiatives	Number of Initiatives Implemented	On-going Initiatives
SO #1 Reposition CGC to Become More Proactive and Relevant	9	7	2
SO #2 Ensure Sustainable Growth	6	5	1
SO #3 Enhance Human Capital	1	1	-
SO #4 Enhance Operational Efficiency and Effectiveness	2	2	-
SO #5 Embark on Digitisation	7	5	2
Total	**25**	**20**	**5**

20 initiatives have been completed, while the remaining 5 initiatives will be completed before the end of 2020.

INFORMATION TECHNOLOGY BLUEPRINT

The CGC Information Technology Blueprint (ITBP) 2017-2019 has enabled the Corporation to put in place a strong technology infrastructure and information security foundation. This helps us to move more quickly with accuracy and efficiency. Our Technology Strategy 2020-2021 will push CGC further on its digitisation journey, continuing to achieve more of the initial ITBP strategic outcomes.

01

Customer Engagement

Improve customers' touch-point experience by enabling access through mobile devices with an intuitive interface.

02

Straight-Through Processing/Automation

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

03

Agility, Speed, Efficiency

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

04

Data and Decisions

Using data analytics to assist management in predicting customer needs well ahead of time, thereby adding and creating value.

05

New Types of Services

Adopting a digital operating model (e.g. providing new financial products) that are executed via fintech.

06

Business Partnerships

Partnering closely with business units, IT can drive insights to effect cost reduction and innovation.

PERFORMANCE SCORECARD

Headline Targets	Targets 2019	Actual 2019	Achievement
Guarantee & Financing Base (RM billion)	12.9	13.8	107%
Guarantee Reserve Ratio (times)	3.0	2.7	90%
Pretax Profit (RM million)	148.0	223.4	151%
Cost-to-Income Ratio (%)	35.5	29.8	116%
Graduation Rate (%)	43.5	41.6	96%
Brand Awareness (%)	75.0	75.0	100%

100%

MSME OUTREACH & EFFICIENCY CHARTER

	Targets 2019	Actual 2019	Achievement
MSME Outreach			
Number of Guarantee & Financing Approvals	9,800	10,827	110%
Value of Guarantee & Financing Approvals (RM million)	4,600	3,968	86%
Number of Bumiputera Guarantee & Financing Approvals	3,400	3,298	97%
Value of Bumiputera Guarantee & Financing Approvals (RM million)	1,100	907	82%
Efficiency Charter			
Financing/Loans Processing for PG (%)	98% within 2 days	100% within 2 days	102%
Claim Payment (%)	90% within 5 days	100% within 5 days	111%

100%

PERFORMANCE SCORECARD

Headline Targets

	Targets 2020
Guarantee & Financing Base (RM billion)	14.5
Guarantee Reserve Ratio (times)	3.3
Pretax Profit (RM million)	160.0
Cost-to-Income Ratio (%)	35.0
Graduation Rate (%)	40.7
Brand Awareness (%)	80.0

MSME Outreach

	Targets 2020
Number of Guarantee & Financing Approvals	11,400
Value of Guarantee & Financing Approvals (RM million)	4,998
Number of Bumiputera Guarantee & Financing Approvals	4,000
Value of Bumiputera Guarantee & Financing Approvals (RM million)	1,000

Efficiency Charter

	Targets 2020
Financing/Loans Processing for PG (% within 2 days)	95%
Claim Payment (% within 5 days)	95%

RISKS AND MITIGATIONS

KEY RISKS	KEY MITIGATIONS	
Business Risk The risk of inability to meet the target or achieve the set financial goals.	▶ The Board approved the Risk Appetite Statement. This outlines the amount and type of risks that CGC is exposed to and is willing to take, in order to meet its strategic objectives.	▶ Capital stress testing is performed in line with CGC's Capital Adequacy Framework. This ensures that the operation is within an appropriate capital level.
	▶ Annual material risk assessment is carried out to determine relevance and materiality of each risk type to CGC's business.	▶ The Approving Authority Matrix (AAM) ensures that all transactions are authorised in accordance with: - Sound risk management practices. - Proper control procedures that include effective oversight of activities and transactions.
Credit Risk The risk of loss arising due to the inability or failure of a borrower or counterparty in meeting their obligations. The key objective of the credit risk management is to monitor and maintain the credit risk exposure within acceptable parameters. Inherent Credit risk is managed at both portfolio and individual credit level.	▶ The Credit Risk Policy ensures that best practices in credit risk management are upheld. This covers credit assessment, approval, monitoring, review, concentration risk, exception and problem credit.	▶ Setting the threshold limit for larger MSMEs under the Single Counterparty Exposure Limit, as a monitoring tool and control measure for larger MSMEs.
	▶ Establishment of Group Exposure & Single Counterparty Exposure Limit to enhance monitoring and tracking of total exposure granted to a particular group and single customer.	▶ Monitoring and managing Capital Adequacy Ratio (CAR) within the acceptable level.
	▶ Review of Internal Risk Rating Model to ensure improvement in overall on-boarding and behaviour monitoring of viable business.	
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 would affect the income, expense and balance sheet values.	▶ Monitoring and independent review of the prescribed risk limits and risk levels within the agreed risk tolerance.	▶ Input to Board and Management regarding market risk impacts on investment exposure (by product) for the purpose of providing direction to Management.
	▶ Advisory to Board and Management on market risk management strategies, risk control, asset liability management strategies and limiting exposure levels.	▶ Mark-to-market analysis of exposures, market risk measurement analysis, sensitivity forecasting and stress test.
Liquidity Risk Liquidity risk arises from the difference in timing between cash inflows and outflows.	▶ Monitor and control liquidity risk exposure 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 of liquidity gap and assets-liabilities mismatches.

RISKS AND MITIGATIONS

KEY RISKS	KEY MITIGATIONS	
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.	▶ Risk and control self-assessment is conducted to form a comprehensive business lines operational risk profile and is integrated into an overall process.
	▶ Identification and assessment of inherent operational risk within all business lines, leveraging risk management tools to assess materiality of inherent risks.	▶ 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.
	▶ Capital stress testing is performed in line with CGC's Capital Adequacy Framework. This ensures that the operation is within an appropriate capital level.	▶ Collecting and analysing information relating to all internal operational risk events including losses.
	▶ Appropriate mitigation controls relative to the inherent operational risks and assessing the design and effectiveness of these controls.	▶ Continuous operational risk awareness and educational programmes made available at all levels.
Cyber Security Risk This is a breach of IT security (external and internal) resulting in financial loss, disruption or damage to the reputation of an organisation due to the inability to effectively operate the systems.	▶ Continuous strengthening of cyber-control framework to improve resilience and cyber security capabilities. This includes threat detection and analysis, access control, data protection, network controls, back-up and recovery; as well as 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 business operations at an acceptable pre-defined level.	▶ Establishment of: - Process of identifying and categorising the criticality of business functions, vulnerabilities and disruptive impact. - Thresholds for activation of business continuity plans.	▶ Customised business continuity training for all employees, in accordance with specific roles, as well as regular reviews of training needs in order to ensure its applicability. ▶ Detailed business recovery plans that are tested periodically.
Compliance Risk The risk of legal or regulatory sanctions, financial loss or reputational damage as a result of failure in complying with legal and regulatory requirements applicable to its activities.	▶ Development of compliance risk appetite that articulates the nature, types and levels of compliance risk that CGC is willing to assume.	▶ Annual risk assessment of money laundering and terrorism financing.
	▶ Establishment of compliance policies related to Anti-Money Laundering and Counter-Financing of Terrorism, Personal Data Protection Act and the Anti-Bribery and Corruption Policy.	▶ Mandatory and customised compliance training for all employees to continuously educate them on: - Importance of compliance risk management. - Their responsibilities in handling day-to-day activities.
	▶ Escalation and reporting processes for breaches or potential breaches of compliance risk appetite through periodic reporting to Risk Management Committee and Board Risk Management Committee.	▶ Continuous raising of compliance awareness for all employee levels through compliance alerts.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

WITH INCLUSION AT THE CORE OF THE 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT, THE SUSTAINABLE DEVELOPMENT GOALS (SDGs) BLUEPRINT IS INTENDED TO ACHIEVE A BETTER AND MORE SUSTAINABLE FUTURE FOR ALL. ADDRESSING GLOBAL CHALLENGES, INCLUDING POVERTY, INEQUALITY, CLIMATE CHANGE, AND PEACE AND JUSTICE, THE SDGS ARE A SIGNIFICANTLY POWERFUL ADVOCACY PLATFORM TO SUPPORT IMPLEMENTATION AND MONITORING OF THE GOALS.

From a sustainability viewpoint, CGC is unique as its mandate and nature of business are in line with the SDGs. We play a developmental role in supporting Malaysia's economic development agenda by assisting marginal but potentially viable SMEs. This applies particularly to enterprises without collateral or with inadequate collateral and track records to obtain financing from the formal financial system.

We are confident that CGC will continue to create a positive impact on our journey to create value for the underbanked and underserved. This is not only via economic benefits, but also environment and social impact welfare.

CGC's businesses and operations are directly and indirectly aligned, as listed below, with 12 identified SDGs.

ECONOMIC

ENVIRONMENTAL

SOCIAL

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

ECONOMIC

1. GUARANTEE SCHEMES

Guarantee schemes, the nucleus of CGC, are designed to offer potentially viable SMEs the opportunity to access financing. Throughout the years, our guarantee schemes have transformed to remain relevant and, at the same time, deliver our financial inclusion agenda.

The Portfolio Guarantee (PG) scheme currently makes up most of our guarantee approvals. While PG enables quicker access to funding, our Wholesale Guarantee (WG) provides greater efficiency and economy of scale. Both our PG and WG schemes have won several international awards from the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP). These awards are not only for innovation but, most importantly, for enabling increased access to financing.

2. DIRECT FINANCING

CGC ventures into Direct Financing only if the situation warrants, and without involvement of financial institutions. Introduced in May 2014 the BizMula-i, our startup scheme, was piloted with RM30 million. This sum was then increased to RM65 million. While we were prepared for a higher percentage of casualties, to date our non-performing financing is only marginal. This has ensured the route for viable startups to obtain financing once risks have been assessed and mitigated. These days many banks opt to provide startups with financing options. Our three direct financing products have received international recognition under the Karlsruhe Sustainable Finance Awards.

3. imSME

Launched in February 2018, imSME is Malaysia's 1st SME financing/loan referral platform that provides comprehensive information to MSMEs on available funding options.

The online platform has helped to reduce customers' turnaround time and resources spent on searching for potentially suitable financing. It also acts as a one-stop centre for MSME financing. Through the imSME platform, a referral programme accords unmatched applications to the imSME Financial Advisory Team (FA Team). It assists in enhancing credit profile, improving financial literacy and strengthening the business viability of MSMEs.

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

ACHIEVEMENTS

GUARANTEE SCHEMES

PG
RM**3,265**million
8,236 approvals

WG
RM**60**million
203 approvals

DIRECT FINANCING

BizMula-i Scheme

Account Numbers	Approved Amount
1,074	RM**78**million

BizWanita-i Scheme

Account Numbers	Approved Amount
283	RM**18**million

TPUB-i Scheme

Account Numbers	Approved Amount
66	RM**60**million

imSME

Total Visitors
1,428,974

Total Registered MSMEs
18,420

Total Approved Financing
2,175cases

Total Approved Financing
RM**199.32**million

Total MSMEs Referred to Capacity-Building
39

Performance as at 31 March 2020

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

ENVIRONMENTAL

1. **ADMINISTERING GREEN TECHNOLOGY FINANCING SCHEME (GTFS)**
   The Green Technology Financing Scheme 2.0 (GTFS/i 2.0) was established to encourage local companies and entrepreneurs to involve themselves in green technology-based businesses. All commercial Financial Institutions, Islamic Financial Institutions and Development Financial Institutions, in accordance with BNM and other participating entities duly approved by MOF, participate as the scheme's financiers. As the scheme's administrator, CGC supports the national green technology agenda. GTFS 2.0 was initiated on 1 January 2019, with a total funding allocation of RM2 billion.

2. **GOING GREEN**
   As part of the initiative to reduce carbon footprint, CGC stopped procuring bottled mineral water for internal and external events.

   The initiative has not only resulted in cost savings but has also encouraged a more sustainable and eco-friendly behaviour. CGC was ahead of the curve as the same initative has since been announced and adopted by the Government.

3. **INTRODUCTION TO THE MULTI-PURPOSE PRINTER (MFP)**
   This initiative was introduced to offer the best solution for system software and printing devices to meet printing requirements with optimum efficiency. MFP is also seen as a cost-effective solution for printing expenses, with a relevant and practical management system to monitor usage, consumption and reporting.

4. **PAPERLESS INITIATIVE – ONLINE APPLICATION (imSME)**
   The establishment of the imSME portal reduces paper dependency, replacing lengthy hard copy application forms.

5. **STRAIGHT-THROUGH PROCESSING (STP)**
   Straight-Through Processing (STP) was implemented in 2017 to enhance SMEs' banking experience with fast approval, centred on our scoring technology – SIMPLE, TECHNOLOGY-BASED and PROCESS. CGC won the 2017 FICO Decisions Award for Decision Management Innovation after deployment of the FICO® Blaze Advisor® decision rules management system in August 2016.

ACHIEVEMENTS

GREEN TECHNOLOGY FINANCING SCHEME (GTFS)

8 Account Numbers

RM**282**million Approved Amount

STRAIGHT-THROUGH PROCESSING (STP)

Improvement In Average Turnaround Time for Approvals

from **13** to **4** days

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

SOCIAL

1. CORE VALUES (T.H.I.N.K.)

CGC's Core Values were established as part of the 5-year Strategic Plan. The 'THINK' Core Values serve as the staff's platform for expressing their identity, belief and relationship with stakeholders. The core values are: Teamwork, Hardworking, Integrity, Nurturing and Knowledgeable (T.H.I.N.K.).

2. STAGGERED WORKING HOURS

To benefit employees and boost workplace morale, two options for staggered working hours were introduced in early 2019. Staff could choose to work from 8.30 am to 5.30 pm or from 9.30 am to 6.30 pm. At CGC, we believe the benefits of well-coordinated staggered working hours will reduce travelling time, improve staff punctuality and lessen congestion at nearby restaurants and office elevators. It is noted that, in some cases, this flexible feature has contributed towards a significant rise in employee productivity and work quality.

3. E-LEARNING

Launched on 1 May 2019, the E-Learning portal corresponds in a timely way to the introduction of CGC's 5SP+'s fifth strategic objective – digitisation. It does not only create a new learning experience and opportunities in various subjects, but also saves cost, reduces traditional-based learning time and provides employees with continuous access to key resources.

4. CGC DEVELOPMENTAL PROGRAMME™

Other than the provision of guarantee and financing-based products, CGC further enhanced its advisory role, assisting MSMEs to gain financing and market-based access. In order to support the nation's sustainability development agenda, the Financial Advisory (FA) Team was founded to support the unsuccessful applications via the imSME platform and through the MyKNP portal. The FA Team's main aim is to increase the number of MSMEs obtaining financing or loans. The CGC Development Programme™ also provides Mentoring Workshops and Market Access Initiatives, locally and globally.

5. MyKNP@CGC

CGC provides financial advisory and recommendations to MSMEs that are not successful in obtaining business financing from banks via MyKNP@CGC. The platform, launched in August 2019, assists MSMEs in improving their eligibility criteria in securing financing. It also serves as an information hub concerning alternative financing options.

MyKNP@CGC strives to deliver to MSMEs a better understanding of the reasons for their rejected bank loan applications. In addition, it provides insightful tips on improving their financing eligibility and recommends alternative solutions.

6. CGC SME APPRENTICE SCHEME

The CGC SME Apprentice Scheme (SAS) supports the Technical and Vocational Education and Training (TVET) community segment. Under this specialised scheme, the Corporation assists TVET graduates to secure a 1-year working engagement with selected MSME customers involved in the interview process.

The first SAS programme was in May 2017, when CGC bore 90% of costs incurred, including monthly salaries, employment benefits and statutory contributions. Participating MSMEs bore the remaining 10%. CGC ran the programme a second time in July 2019, and plans to launch a third one in 2020.

7. CAMPUS AMBASSADOR PROGRAMME

Established in 2017, CGC's Campus Ambassador programme was introduced as a means of elevating CGC's brand awareness among potential university graduates. Campus Ambassadors leverage social media platforms to raise awareness about CGC, as well as to update the public on relevant events. They become a focal point for explaining CGC's products and services to students on campus.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

8. CORPORATE RESPONSIBILITY PROGRAMME

At CGC, our Corporate Responsibility Programme focuses on Community Building, Education, Health and Sports, and Environment initiatives. In including the underserved and underprivileged members of communities in our programmes, our concerted efforts aim to give back to society.

Some of our activities in 2019 included distributing food to the homeless and urban poor and a tree-planting programme. We work with our branches to ensure our community outreach programmes are carried out all across the nation.

ACHIEVEMENTS

E-LEARNING

5 e-learning modules rolled out with 100% participation rate

MyKNP PROGRAMME

34 Total enquiries received related to MSMEs

CGC SME APPRENTICE SCHEME (SAS)

2 Cohorts successfully launched

CGC DEVELOPMENTAL PROGRAMME™

15,366 MSMEs benefited since 2016

108 MSMEs gained new markets

480 MSMEs obtained financing through CGC's Financial Advisory Team since 2018

17 MSMEs who completed two years of tracking under Market Access Initiatives

4,330 MSMEs increased knowledge via Mentoring Workshops

Sales growth: **86%**

Additional employment: **45%**

Performance as at 31 March 2020

CAMPUS AMBASSADORS (CA)

Appointed 3 CAs from public universities namely Universiti Kebangsaan Malaysia, Universiti Malaysia Kelantan and Universiti Kuala Lumpur.

CORPORATE RESPONSIBILITY PROGRAMME (CR)

20 CR events were carried out in 2019

Over **1,000** beneficiaries including children

"After we received the financing, we were able to upgrade our facility, move to a bigger space, purchase more plastic to recycle, and bought new machinery."

Realising Their Potential

ABBN RECYCLE | Recycling

Pasir Pekan, Kelantan

Muhammad Abu Bakar Zainoddin

Nuri Aziz

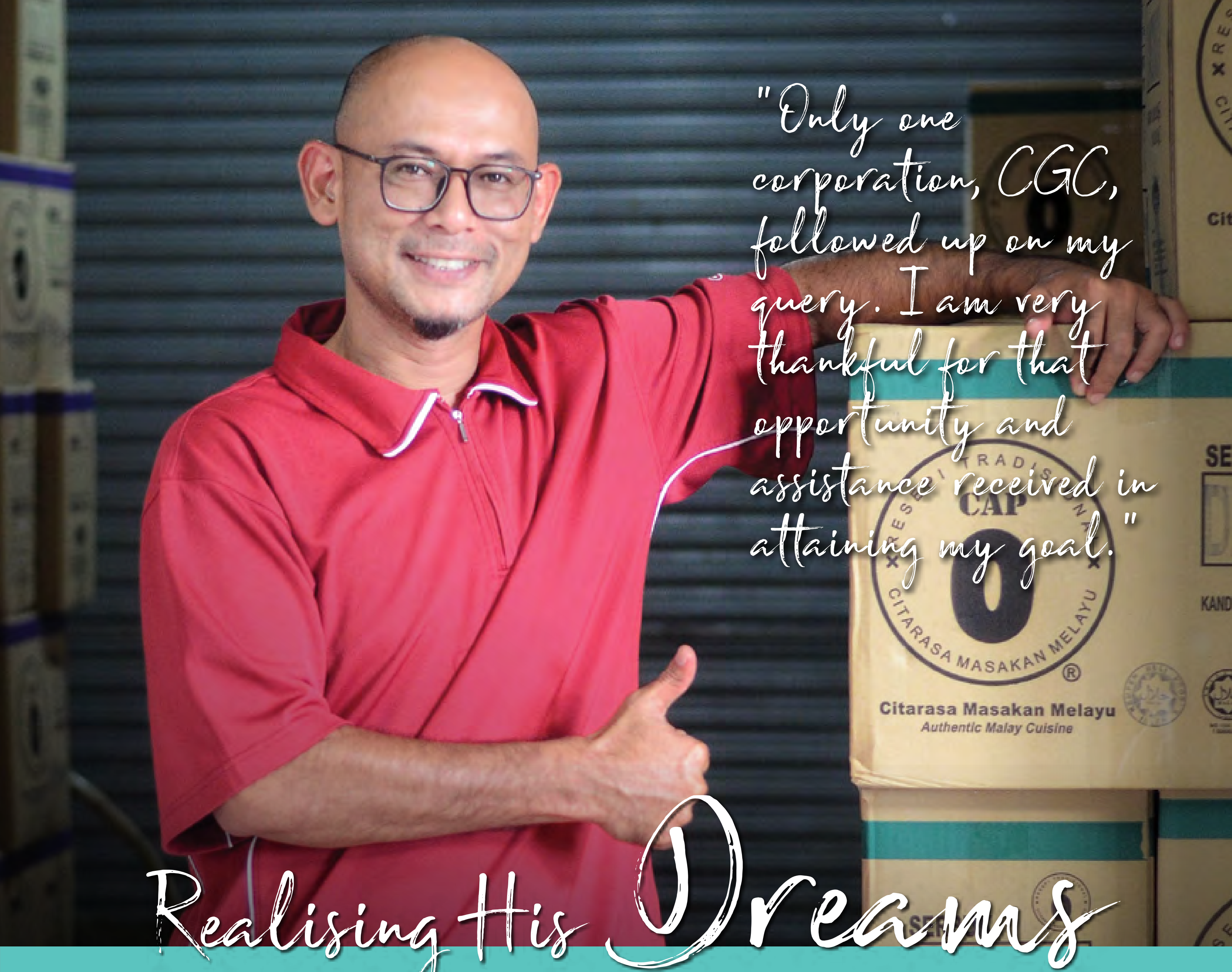
A chance meeting at an airport with Muhammad Abu Bakar Zainoddin's father and a CGC branch manager led to his and Nuri Aziz's first CGC offering, a BizMula-i financing. The husband-and-wife team's attempts at acquiring a loan from banks were not successful, so they are grateful for this opportunity to grow their business. The couple were two years into their new business, hoping to obtain capital to grow. They are impressed with the service provided, as CGC has helped them a lot with visits and checks before the financing was approved. So, they have recommended a friend in the transport business to approach CGC as well.

"After we received the financing, we were able to upgrade our facility, move to a bigger space, purchase more plastic to recycle, and bought new machinery." With the additional funds, they could also venture further to purchase raw material throughout the state.

In addition, they managed to sign up as an exclusive buyer for plastic waste with several companies and agencies. These included Kilang Budu Cap Ketereh, Majlis Perbandaran Besut, Sinaran Metal, RY Metal, Kami Recycle and several scrap metal firms around Kota Bharu.

Says Nuri, who had previously worked with her husband in her father's scrap metal recycling company for almost seven years, "I have known about this business since I was a child, as my father has been running his business for 28 years." After gaining enough experience, it was natural for the newly-wed couple to open a business together in 2016.

Their second financing access, BizWanita-i, has been approved and is awaiting disbursement. Nuri foresees great business development potential, as the need to recycle used material is established now. Moreover, people are becoming more aware of the importance of recycling. She hopes to expand her business further to venture into Acrylonitrile Butadiene Styrene (ABS) recycling, including scrap metal and related materials. "No other firm has done this in Kelantan yet, so we hope to be the first."



Realising His Dreams

SYNERGY DAGANG | Retail & Trading

Alor Setar, Kedah

Bazharizal Abu Bakar

When Bazharizal Abu Bakar first started his business, he used to sell packets of Rempah Kari Cap O from his car boot. The product has been in the market since the 1980s. It is very well known in the Northern region, especially in Kedah where it is manufactured. Now, as an exclusive distributor, he has high hopes of taking what is regarded as a 'kampung' brand nationwide, competing against giants such as Adabi and Baba's.

He explained that he had failed in his previous businesses because he was not adept at managing his accounts. Neither was he well-versed in networking, marketing, distribution or supply chain management. And, crucially, he was unable to secure a loan to gain the capital he sought to expand his business.

He attended a Finance seminar a few years ago and spoke to every financial institution that participated, including banks, Perbadanan Usahawan Nasional Berhad (PUNB) and SME Corp. "Only one corporation, CGC, followed up on my query. I am very thankful for that opportunity and assistance received in attaining my goal."

By contrast, when he first approached CGC in 2018, he needed a lorry more than a loan. Instead, he was offered BizMula-i financing, enabling him to increase his sales volume and variety of stock for new market segments in Selangor, Kuala Lumpur and Negeri Sembilan.

Bazharizal diligently studies his competitors' strengths and weaknesses, hoping to access at least one or two percent of their market share. Currently, in order to expand into hypermarkets, he is sourcing capital injection, as he will need to bulk-buy to keep pricing competitive. For Bazharizal, the most vital aspect of running a successful business is to, "find an experienced mentor, an expert in whatever field you are in..." Why? "...as it is very important to exchange ideas and thoughts to keep on learning." With his determined attitude, and his ambition to grow, Bazharizal is well set for further success.

PERFORMANCE BY DIVISIONS

CORPORATE

Investment

Function(s)

- To manage Investment Fund portfolio with the primary objective of preserving the long-term capital value of the Fund, while achieving a consistent and growing stream of investment income on a risk-adjusted basis.
- To ensure a strong and robust framework for both credit risk and fund management activities.

Accomplishments

- Maintaining a Fixed Income portfolio with strong credit quality and appropriate duration that has been consistently meeting or outperforming the target returns.
- Effective functioning of credit assessment and fund management activities that are guided by established investment policies and guidelines.

Strategic Management

Function(s)

- To support Board and Management on overall strategic visioning and develop long-term strategic business plans.
- To develop annual Corporate and Divisional KPIs and provide timely performance analysis.
- To develop innovative products and schemes that meet the needs of MSMEs.
- To provide data and information to support business operations namely branch performance monitoring, outreach analysis and marketing plan.
- To undertake broad macro-economic and industry research and identify opportunities and challenges.
- To evaluate and improve CGC's product offerings to keep up with rapid change in financial services industry.
- To develop reporting systems, data automation and performance dashboard for business users.

Accomplishments

- Completed 80% of the planned 5SP+ initiatives, while the remaining five initiatives will be completed by end-2020.
- Initiated Corporation's next strategic plan (2021-2025).
- Successfully cascaded corporate scorecard to divisional and departmental levels.
- Provided data and information support for Corporation.
- Provided quality and timely Corporate-wide Management Information System support to users.
- Established relationship with technology partner to explore/test alternative credit scoring aimed at expanding outreach, reducing turnaround time and accelerating digitalisation.

Human Capital and Administration

Function(s)

- To develop effective human capital strategies by identifying challenges and opportunities found in current and future operating landscape.
- To develop and implement people solutions by leveraging diverse Human Capital functions; 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.

CORPORATE

Accomplishments

- Refined Corporate Organisational Structure to reshape divisional structure in order to execute business strategies and initiatives effectively.
- Introduced Religious Leave for non-Muslim staff to further promote inclusivity and diversity in CGC's workforce.
- Introduced Staggered Working Hours with two (2) working timeframes.
- Filling vacancies through internal transfer and internal promotion.
- Reduced reliance on Recruitment Agency by 88% year-on-year.
- Executed SME Apprentice Scheme (SAS) programme with 13 apprentices on board, located nationwide.
- Launched iThink e-learning portal to increase staff training outreach, as learning can happen simultaneously at different locations, for different programmes and for unlimited participant numbers.
- Rolled out 5 e-learning modules through iThink to promote flexibility and convenience in learning.
- Supported Technology & Operations Division in the organisation of the Design Thinking Workshop aimed at discovering innovation strategy, as well as generating more ideas to boost CGC's existing innovation.
- Bagged Accreditation as 'Approved Training Employer' from the Malaysian Institute of Certified Public Accountants (MICPA).
- Launched Credit Job Family Competency Development programme in collaboration with Asian Institute of Chartered Bankers (AICB).
- Increased Employee-led Engagement Programmes, e.g. Annual Dinner, Family Day, Long Service Awards, Retirement Award, Jom Sihat Challenge, People's Day and CSR Programme.

▶ Corporate Communications

Function(s)

- To continuously elevate CGC brand to be a Household Name for SMEs by 2020.
- To build and strengthen relationships with media institutions to create a credible reputation for CGC through constant engagement and collaboration.
- To support CGC businesses by way of effective branding and advertising campaigns, defining our product, services and overall commitment to MSMEs.
- To reach out to underserved and underprivileged communities through our Corporate Responsibility initiative to remain relevant.
- To ensure internal and external stakeholders are well informed about CGC strategies, initiatives and developments.
- To organise business and corporate events to create favourable association and positive reputation for CGC internally and externally.
- To increase CGC presence on social media platforms to encourage MSME online participation and engagement.

Accomplishments

- Increased our brand awareness among Malaysian MSMEs from 55% in 2018 to 75% in 2019.
- Organised SME Awards 2018, graced by Minister of Finance YB Tuan Lim Guan Eng and attended by over 300 financial industry representatives and winning MSMEs.
- Received over 900 media mentions via television, radio channels, newspapers and online publications. This is an increase of 260% compared to coverage received in 2018 (2018: 255/2019: 920).
- Secured renewal of the naming rights for CGC-Glenmarie LRT Station (2020-2022).
- Enhanced branding of imSME and CGC products and services through train wrap advertising and placement of 10 lightboxes along Kelana Jaya and Ampang – Sri Petaling LRT lines.
- Organised Portfolio Guarantee signing ceremonies with AmBank Berhad, Standard Chartered Bank Malaysia Berhad, CIMB Bank, OCBC Bank, Bank Simpanan Nasional and Alliance Bank Malaysia Berhad which garnered extensive media coverage.
- Strengthened CGC brand presence through corporate sponsorships with The Star Outstanding Business Award (SOBA), Nanyang Siang Pau Golden Eagle Awards (GEA) and National Green Technology Malaysia comprising MGTC and Kuala Lumpur & Selangor Indian Chamber of Commerce and Industry (Suara KLSICCI).
- Engaged with top management of established media institutions for collaborations with CGC on our branding initiatives for MSMEs.
- Initiated over 20 Corporate Responsibility activities related to Community Building, Education, Sports, Health and Environment.

PERFORMANCE BY DIVISIONS

FINANCE

Finance

Function(s)

- 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 technology to improve the productivity and efficiency of the department.

Accomplishments

- Led successful migration and implementation of financial accounting, procurement and investment systems.
- Championed adoption of MFRS 16 (leases) by applying new methods of recognising 'right-to-use' assets as a lease liability that reflects future lease payments.
- Cultivated cost-conscious culture through adoption of proactive cost analysis and challenge exercise.
- Process harmonisation through standardised templates to enhance efficiency.
- Achieved cost-to-income ratio of 29.8% against 5SP+ target of 35%.
- 100%-compliant on Turnaround Time for payment and financing disbursements.
- Collaborated with Learning & Development unit for CGC to be authorised as an Approved Training Employer for MICPA.

Procurement

Function(s)

- To facilitate acquisition and sourcing of goods and services in a cost-effective manner.
- To advise and guide CGC staff in sourcing for goods and services, in accordance with the right processes and procedures.
- To safeguard the interests of CGC by ensuring that processes are aligned with the best practices and sound governance.

Accomplishments

- Led successful migration and implementation of SAP HANA system for procurement module.
- Revised the existing Procurement Policy and manual by aligning to the best market practices. This strengthens procurement governance and process efficiencies.
- Achieved cost savings and cost avoidances of approximately RM4.8 million for CGC.
- Support the UNSDG initiative by discontinuing the procurement of bottled mineral water to encourage a more sustainable behaviour internally and externally.

BUSINESS

Our Business Division executes the mandate of reaching out to and assisting MSMEs that are commercially viable but do not have sufficient track record and/or collateral in obtaining financing from Financial Institutions (FIs) on their own merits. CGC also provides contract financing facility via Tabung Project Usahawan Bumiputera-i (TPUB-i) to enterprises fully owned (100%) by Bumiputera.

Over the years, a large demand for credit has been noted from marginally qualified MSMEs and/or from commercially unviable MSMEs. Taking a cue from this, the CGC Developmental Programme™ was developed in 2016 to assist by providing financial advisory to MSMEs in this segment. The Programme has now evolved to include provision of Financial Advisory, Market Access Advisory and Knowledge Sharing Workshops for MSMEs to grow their businesses.

Function(s)

To Drive Guarantee Business

CGC has various guarantee schemes geared towards guaranteeing FIs. This is to reduce their risk of providing financing to MSMEs that would otherwise be unable to access financing on their own. CGC guarantee coverage ranges between 50% and 90%.

Accomplishments

- The Portfolio Guarantee (PG) and the Wholesale Guarantee (WG) schemes remained the top contributors to CGC outreach and guarantee approval value. Combined, the PG/WG schemes contributed 83.8% (RM3.32 billion) of CGC's total guaranteed approvals and 77.9% (8,439) of CGC's total outreach in 2019. This was a result of deepening the relationship with our partner FIs and DFIs.

PG/WG	2018	2019
Approved Value (RM billion)	2.84	3.32
MSMEs	6,670	8,439
Tranches	19	30
Participating Banks in PG/WG	13	16

Function(s)

To Drive Direct Financing Business

Direct financing provided by CGC focuses on MSME segments in the startup range and with a minimum track record of six months up to four years in operation. These segments were not well served by FIs. CGC also provides contract financing facility via Tabung Project Usahawan Bumiputera-i (TPUB-i) to enterprises fully owned (100%) by Bumiputera.

Accomplishments

- BizMula-i and BizWanita-i schemes grew significantly year-on-year, in line with the first full year of adoption of fast-track application processing.
- BizMula-i saw an increase in approval value of 80% to RM77.61 million, while BizWanita-i saw an increase in approval value of 71% to RM17.58 million. Combined, the outreach of these two schemes increased to 1,357 in 2019 compared to 739 in 2018.
- The performance of the TPUB-i scheme, however, was below expectation, with total approval of RM60.0 million in 2019 as compared to RM330.15 million in 2018. This was mainly due to slower growth in the construction industry.

Construction Industry Q-o-Q Growth

2018 (%)

Q1	Q2	Q3	Q4
+5.90	+5.30	+5.20	+4.10

2019 (%)

Q1	Q2	Q3	Q4
+0.70	+0.80	-0.60	+1.3

Source: Department of Statistics, Malaysia

PERFORMANCE BY DIVISIONS

BUSINESS

Function(s)

To Enhance the Participation of Bumiputera MSMEs

CGC placed great weight on Bumiputera participation in business, with special emphasis on its outreach and developmental activities. Apart from the 16 Branches that helped carry the Bumiputera targets, there were dedicated teams at Headquarters to assist and carry out the Outreach Programmes.

Accomplishments

- In 2019, both Branches and Headquarters conducted more than 200 activities, including Taklimat Usahawan (Entrepreneurs' Briefings). They also participated in various joint events, including those in collaboration with FIs, Government Agencies and Trade Chambers. These provided outreach to more than 34,000 MSMEs throughout the country.
- Participation by Bumiputera MSMEs in these events was encouraging, standing at more than 50%.
- Two key Bumiputera KPIs were the outreach and approval value targets. In 2019, the Bumiputera outreach achievement was green at 97%, ending at 3,298 MSMEs against the target of 3,400, whereas approval value was below target at 82%, ending at RM906.9 million against the RM1.1 billion target.
- The Business Division's KPIs would have exceeded its target if not for the timing issue with a counterparty FI. The outreach numbers were only received in Q1 2020. The approval value did not meet its target KPIs due to slower TPUB-i scheme take-up on slower construction growth during the year.

Function(s)

To Promote the Growth and Development of MSMEs via CGC Developmental Programme™

- The CGC Developmental Programme™ is an advisory service introduced to develop existing capabilities of MSMEs and growth/progress.
- Since 2016, CGC's Developmental Programme™ has progressively made its mark, with outreach of 13,508 MSMEs nationwide as at December 2019.

ADVISORY SERVICES

FINANCIAL ACCESS	MARKET ACCESS	
Financial Advisory	**Mentoring Workshops**	**Market Access Initiatives**
• Review unsuccessful applications • Capacity building • Business coaching	• Digital marketing • Digital sales • Product certification • Branding/Trademark	• Expand product distribution channels • Local and international market

Accomplishments

Financial Advisory Team (FA Team)

- The FA Team assists MSMEs that come through the imSME and MyKNP portals, who were unable to obtain loans/financing from FIs.
- Micro, Small and Medium Enterprises (MSMEs) face challenges in obtaining financing/loans from FIs due to lack or absence of financial records (bank statements or profit-and-loss statements). Aside from weak financial literacy, MSMEs without collateral or with poor credit track records may find it challenging to secure business financing.
- MyKNP was launched on 21 August 2019. KNP is an acronym for Khidmat Nasihat Pembiayaan (Financing Advisory Services), a service formalised by Bank Negara Malaysia (BNM) in collaboration with CGC and Agensi Kaunseling & Pengurusan Kredit (AKPK). MyKNP@CGC is an advisory unit under CGC that provides financial advisory and recommendations to Small and Medium Enterprises (SMEs) who were unsuccessful in obtaining business financing from banks. MyKNP@CGC aims to assist SMEs to improve their eligibility to secure financing and their awareness of the availability of alternative financing.

BUSINESS

Accomplishments

Roles of the FA Team

- Conduct comprehensive review and diagnosis on unsuccessful MSME applications, which include failure to obtain product match and/or rejection from FIs.
- Provide financial advisory to:
  - Improve MSMEs' financial literacy on the importance of maintaining good financial records and repayment track record.
  - Recommend alternative financiers such as Peer-to-Peer (P2P) Financing companies or Other Financing Agencies that may be able to provide financing to MSMEs.
- Provide business coaching to improve and rectify MSMEs' shortfalls and recommend them to Capacity Building partners on matters related to:
  - Financial: bookkeeping, costing, budgeting, projections, cash flow.
  - Credit: common credit evaluation criteria.
  - Business: business model and business plan development.

Performance of FA Team
(November 2017 - 31 December 2019)

PG/WG	MSMEs
Number of Advisory Provided	9,188
Number of MSMEs successfully referred to FIs/DFIs/P2P/CBA	3,428
Number of MSMEs successfully obtaining financing	391

Performance of MyKNP@CGC
(22 August - 31 December 2019)

PG/WG	MSMEs
Total enquiries received related to MSMEs	34
Number of Financial Advisory Provided	10
Number of MSMEs successfully obtaining financing post-Advisory Provided	2

Market Access Advisory

- The Market Access Advisory under the CGC Developmental Programme™ provides comprehensive assistance. This includes business advisory, knowledge sharing and facilitating MSMEs in penetrating new markets via:
  - Mentoring Workshops.
  - Market Access Initiatives.

Results of Mentoring Workshops (2016-2019)

1	Numbers of Mentoring Workshops	38
2	Numbers of MSMEs	4,212
3	Numbers of Partners	31
4	Location	15 locations where CGC has branch presence
5	Frequency	Average once a month
6	Positive Feedback	> 92% MSMEs found event helpful > 47% MSMEs know CGC after attending event

Results of Market Access Initiatives (2016-2019)

Local Market Access	
Numbers of MSMEs	48
Number of Exhibitions/Business Matching	2
International Market Access	
Numbers of MSMEs	60
Number of Exhibitions/Business Matching	10

As of 31 December 2019, 108 MSMEs had participated in the Market Access Initiatives:

- 88% of MSMEs have experienced increased sales.
- 53% of MSMEs have increased their number of employees.
- 16 MSMEs have completed 24 months of programme tracking.

PERFORMANCE BY DIVISIONS

BUSINESS

Function(s)

To Drive CGC Fintech Initiative via imSME

imSME continued its journey for the second year, with notable progress in driving financial inclusion. During the year, imSME increased the number of funding partners to offer more financing options to suit MSMEs' varied needs. Technology has been at the centre of driving imSME, to ensure the platform is effective to cater to MSME needs.

New Financing/Funding Partners on Board in 2019

Financial Institutions
- Maybank Islamic Berhad
- Standard Chartered Bank Malaysia Berhad
- Standard Chartered Saadiq Berhad

Peer-to-Peer (P2P)
- B2B Finpal Sdn Bhd
- Bay Smart Capital Ventures Sdn Bhd
- microLEAP PLT

Equity Crowdfunding
- Ata Plus Sdn Bhd
- Crowdplus Sdn Bhd
- Pitch Platforms Sdn Bhd

Grant Provider
- Cradle Fund Sdn Bhd

Other Financier
- Perbadanan Usahawan Nasional Berhad

Technology

- Dedicated Workflow with Partner Bank
  - Launched a customised application journey with a Partner Bank where imSME will pre-screen eligibility of potential customers when they apply for financing. The objective was to improve application turnaround time.
- Chatbot – imSME Digital Assistant (iDA)
  - The availability of iDA in Bahasa Malaysia enables the Chatbot to communicate and provide answers to general enquiries received from MSMEs in Malay.
- Design Thinking
  - Embarked on the first phase of the Design Thinking approach for creative problem-solving, with emphasis on human-centred experience as our main methodology to improve the MSME experience using imSME.

Accomplishments

Total Visitors
1,428,974

Total Approved Financing
RM199.32 million

Total Registered MSMEs
18,420

Total MSMEs Referred to Capacity-Building Agencies
39

Total Approved Financing
2,175 Cases

Products Offered
45 FIs/DFIs

Performance as at 31 March 2020

PERFORMANCE BY DIVISIONS

BUSINESS

Function(s)

To Deliver Superior Customer Experience

- The Client Service Centre (CSC) assists CGC in providing:
  - Excellent customer service experience through timely and accurate responses to received inquiries.
  - Alternatives and solutions to customer issues.

Accomplishments

- During the year, CSC's notable accomplishments included the following:
  - As owner of the Chatbot, CSC launched the Bahasa Malaysia version for use in imSME. Overall, the Chatbot attended to 26,261 users with 83,396 interactions.
  - Served 17,833 in-bound calls where inquiries were resolved within charter.
  - Carried out expanded scope of work to include providing advisory role for unsecured financing inquiries under MyKNP@CGC.
  - Continued to serve imSME clients by performing outbound calls to imSME customers to help them complete their journey on the imSME platform.

Function(s)

To Increase Engagement with Strategic Partners

- The year 2019 was exciting for CGC as it on-boarded many new business partners onto the imSME platform, creating deeper relationships with existing partner FIs/DFIs. This was reflected in increases in PG and WG numbers, on-boarding new DFIs and exploring non-traditional markets, including the gig economy. This was in line with the strategic objective to continuously support the development of MSMEs in the country.

Accomplishments

- During the year, CGC, together with Partner FIs, embarked on new variants of the PG structure to support the growing and differentiated needs of the MSME market space. These included the following:
  - PG-i Women Entrepreneur with Standard Chartered Saadiq Berhad.
  - PG Proton Vendors with AmBank Malaysia Berhad.
  - PG-i SME Startups with AmBank Islamic Malaysia Berhad.
  - PG-i Supply Chain Financing with RHB Islamic Bank Berhad.
  - PG-i Micro Financing with CIMB Islamic Bank Berhad.
  - PG Merchant with Hong Leong Bank Berhad.

Function(s)

To Position CGC as a Household Name among MSMEs

- Acknowledging the information gap faced by MSMEs, CGC continued to invest considerable time and effort in both traditional and above-the-line marketing efforts to reach MSMEs so they were aware of their financial choices and able to make well-informed decisions.

Accomplishments

- Bumiputera Media Campaign in 2019 encompassed advertisements in selected newspapers, on radio and in magazines, covering both East and West Malaysia. The campaign was run in the second half of the year.

PERFORMANCE BY DIVISIONS

BUSINESS

imSME Progress Performance
(Y-O-Y Comparison)

VISITORS

2018 316,609
2019 **910,356**

Growth: 188%

DISBURSEMENTS

2018 3,755
2019 **10,713**

Growth: 185%

APPROVALS (RM MILLION)

2018 47
2019 **125**

Growth: 166%

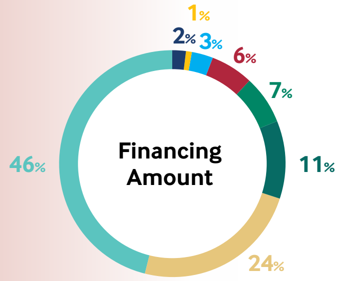
DISBURSEMENTS (RM MILLION)

2018 26
2019 **88**

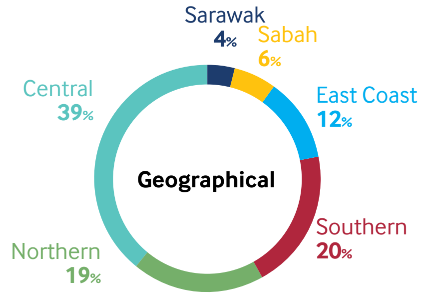
Growth: 238%

imSME Customer Profile 2019

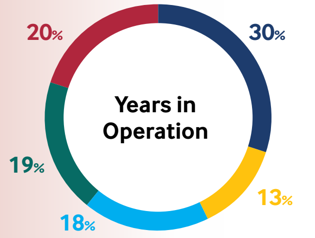
The information is computed based on the cumulative number of applications from December 2017 - December 2019



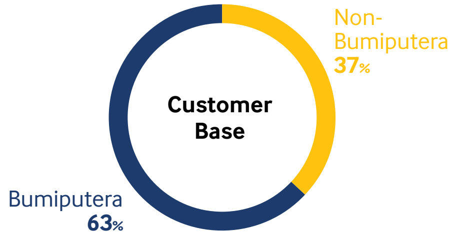
- > RM2M
- > RM1M - 2M
- > RM500K - 1M
- > RM300K - 500K
- > RM200K - 300K
- > RM100K - 200K
- > RM50K - 100K
- ≤ RM50K

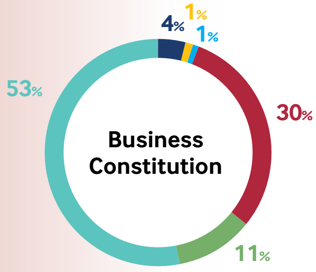


Central : Selangor, KL & Putrajaya
Northern : Perlis, Perak, Penang & Kedah
Southern : Negeri Sembilan, Melaka & Johor
East Coast: Kelantan, Terengganu & Pahang

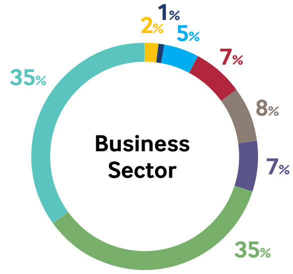


- ≥ 4yrs
- ≥ 3yrs - < 4yrs
- ≥ 2yrs - < 3yrs
- ≥ 1yr - < 2yrs
- < 1yr





- Individual Registered with Local Council
- Professional Bodies
- Limited Liability Partnership
- Sendirian Berhad
- Partnership
- Sole Proprietorship



- Electricity, Gas & Water
- Agriculture, Forestry & Fishing
- Transport, Storage & Communication
- Manufacturing
- Financing Insurance, Real Estate & Business Services
- Construction
- Wholesale, Retail Trade, Restaurants & Hotels
- Other Services

BUSINESS

CGC Developmental Programme™ Performance as at December 2019

CGC Developmental Programme™	2016		2017		2018		2019		Cumulative Since Inception	
	Number of MSMEs									
1. Advisory for Financial Access	0		9		2,453		6,726		9,188	
2. Advisory for Market Access	214		1,141		1,640		1,324		4,319	
a) Mentoring Workshop	210		1,126		1,606		1,270		4,212	
b) Market Access Participants	4		15		34		55		108	
L = Local / I = International	L	I	L	I	L	I	L	I	L	I
	1	3	5	10	10	24	32	23	48	60
Grand Total (1+2)	**214**		**1,150**		**4,093**		**8,050**		**13,508**	

OPERATIONS

Comprises back-office processing functions that cover perfection of documentation and timely disbursement, effective monitoring of CGC's asset quality, timely billing management, collection process, efficient claims and recovery processes.

▶ Loan Monitoring & Rehabilitation

Function(s)

- To analyse, propose and implement efficient and effective monitoring and rehabilitation of Financing and Guarantee portfolios approved by CGC.
- To ensure that the allocated provisions are within the set threshold.

Accomplishments

- Provisions for Expected Credit Loss (ECL) were lower than the target set for 2019.
- Re-organising Collection Centre by placing it under Loan Monitoring & Rehabilitation Department allowed streamlining and alignment of Department's functions.
- Further intensified monitoring of contract financing via frequent meetings with contract awarders in ensuring no incidence of leakages due to lapses in monitoring.

▶ Billing Management

Function(s)

- To manage overall billing and collection for both Portfolio and Non-Portfolio schemes.
- To issue Post-Approval Letter, Letter of Guarantee (LG), cancellation/reinstatement of LG and interest/profit reimbursement.

Accomplishments

- Moving in tandem with business growth, Billing Management Department increased its follow-up activities with Financial Institutions. This was achieved via frequent email reminders, coupled with phone calls, to ensure timely collection.

PERFORMANCE BY DIVISIONS

OPERATIONS

Subrogation & Recovery

Function(s)

- To maximise recovery and collection from Full Risk, Shared Risk and Recalled Accounts.

Accomplishments

- Recovery exceeded set target for Shared Risk and Full Risk schemes. This was due to intensified recovery efforts by expediting legal action, regular meetings with Financial Institutions and follow-ups with solicitors.
- ISO 9001:2015 Quality Management System certification for recovery process.

Quality & Process Excellence

Function(s)

- To drive CGC's process excellence, quality and improvement culture.

Accomplishments

- Procurement process review in alignment with new system implementation.
- Championed ISO 900:2015 Quality Management System with extension of scope that covers recovery process.

Claims

Function(s)

- To process and honour claim payments on defaulted loans submitted by FIs within five (5) working days.
- To submit Central Credit Reference Information System (CCRIS) report according to BNM specifications.

Accomplishments

- Under ISO 9001:2015 Quality Management System framework, continuous improvement was made by:
  - Improving target achievement for claims processing turnaround time from 90% to 95%.
  - Maintaining Financial Institutions' (FI) customer satisfaction at 83%, exceeding targeted 70% threshold.
- Improved accuracy of CCRIS submission with automation of checking process as well as datamart setup for data consistency across the Corporation.

Documentation & Disbursement

Function(s)

- To ensure perfection of financing documentation and timely disbursement for Direct Financing Schemes BizMula-i, BizWanita-i and TPUB-i.

Accomplishments

- In line with growth of direct financing, a process review exercise was conducted with action plans to move forward covering structure, processes and system improvements in further improving customer journey.

PERFORMANCE BY DIVISIONS

INFORMATION TECHNOLOGY (IT)

Function(s)

- To manage overall IT environment by maintaining its robustness and security; as well as digitalising Corporation to meet business requirements and outcomes.

Accomplishments

- Completing build and migration of Corporation's Tier-III-compliant data centre.
- Refining and enhancing information security defence by implementing data leakage protection and enterprise mobility management.
- Managing technology obsolescence by refreshing infrastructure and software.
- Migration of legacy financial accounting system to cloud-based SAP S/4HANA.

CREDIT

Function(s)

- 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 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

- Assisted growth of the Corporation's assets via fast credit approval.
- Credit approval for 90% of CGC's business via PG/WG within 24 hours, while for Biz-Mula/Biz-Wanita product schemes, Green Lane Approval within 48 hours.
- Improvement in CGC's quality of assets thorough credit assessment and credit advisory across credit family from Business to Disbursement to Monitoring functions.
- Improvement in credit assessment achieved via higher staff competency from continuous credit training and staff remobilisation within the credit family.
- Facilitated CGC's new Financing Origination System, to be launched at end-2020, via process and systems enhancements across entire credit process chain.
- Reviewed and proposed end-to-end process enhancement for TPUBi across credit eco-system, such as TPUBi Scorecards and Early Alert Mechanism to assist TPUBi asset growth/TAT/quality.

Realising Her Potential

TADIKA MINDA LABUAN | Education

Labuan, Wilayah Persekutuan

Ng Chiew Peng

With only a few children, Ng Chiew Peng started a kindergarten in 2011. After being in business for nine years, she was looking to expand her premises to accommodate increasing demand for enrolment. Her kindergarten has two class sessions, comprising around 120 students. To add to her service range, she offers tuition classes and a childcare facility, too. Soon she needed more space so, after receiving her BizMaju loan at the end of 2019, she added two rooms.

"I found out about CGC on Facebook and applied online. The process was quite simple and fast, and I would recommend it to any small business-owner," states Ng, who had tried other financial institutions and had her applications turned down. She asserts that capital is necessary for small businesses to expand. She herself has hired more teachers and staff to accommodate the increasing number of new students.

Her establishment focusses on a hands-on, interactive learning approach. "We mix various methods to ensure students learn as they play, and remember through actions after the part on theory." At Tadika Minda Labuan, they combine multimedia, workbooks and practical methods. In teaching phonetics, storyboards aid young students' learning, reinforced with song and dance. Ng observes that the children greatly enjoy their lessons, while parents are pleased with the techniques and teaching staff. Regular training and updated material support the Q-dees programme, for example. Ng thinks that children are smarter nowadays, and thus teachers need to constantly hold their attention with varied routines. "Easier for them to catch up with the lessons and they won't get bored."

Though perhaps not this year, Ng hopes to extend her current premises next year as she cannot accept any more students despite requests and enquiries. In future, Tadika Minda aims to be an established kindergarten in Labuan, with the possibility of adding more branches.

Realising Her Dreams

FIERICHE ENTERPRISE | Retail & Trading

Port Dickson, Negeri Sembilan

Heryannorhafiza Mohamad

As a perfume lover, Heryannorhafiza Mohamad has always been fascinated by scents. To feed her passion, she was determined to produce her own - unique, halal and affordable. Last year, her dream finally came true with her own original seven scents for both men and women.

Previously her Fieriche perfumes were inspired by other brands; she used to sell other perfume brands and cosmetics. "I did a lot of research to find out what people would like, learned how to mix perfumes and, most importantly, create my own formulas," proudly states Heryannorhafiza.

In October 2018, she applied for a BizWanita-i scheme to gain working capital. "I was able to increase my output volume and add more stockists and agents. Needless to say, my monthly sales increased." In February 2020, Heryannorhafiza moved to new, larger premises in Lukut to cater for stock increase and add space to prepare customer deliveries. She added new equipment and now manufactures her own perfumes to ensure quality control. Another CGC advantage, she finds, is the opportunities for entrepreneurs like her to showcase products at the corporate events.

Before the financial aid, Heryannorhafiza was not able to order larger quantities of perfume liquid from France, other raw materials and bottles. "Before CGC's capital injection, I had problems with product volume and I lost stockists because I couldn't meet their demand. CGC has really helped me move forward despite the many challenges and problems." Now her online business is better, but it would have been difficult, she admits, if they had to rely solely on offline channels.

For Heryannorhafiza, in owning a business it is important to have a bigger mission, to help other people by empowering them as stockists and agents. "By sharing what I have with them, they earn an income, too."

OUR PEOPLE

OVERVIEW

Today's businesses demand a work culture that is at the centre of transformation. A carefully cultivated organisational culture offers a compelling competitive advantage when aligned with values and strategy, while remaining adaptable to changing environments. Since people are CGC's strongest asset, we take pride in ensuring an integrated employee experience. This includes improving ways of working, developing talent and offering competitive compensation.

HUMAN CAPITAL SERVICES

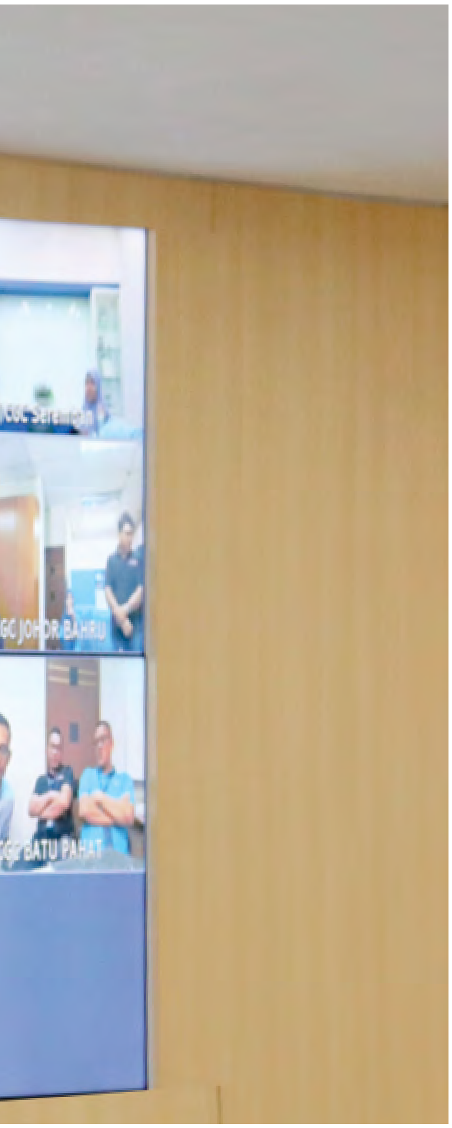
Career Enhancement and Retention

In 2019, CGC continued strengthening its employee development efforts through inter-division assignments and job rotations. CGC strongly believes in the learning model where 70% of learning comes from on-the-job training and challenging stretch assignments. The new-generation workforce is looking to employers for guidance on how to develop their skills and plot their career paths. This must be in line with both employee needs and future organisational needs.

Competitive Compensation and Benefits

While being prudent in our compensation practices, initiatives were nevertheless implemented to ensure employee benefits are better managed, requiring less administration. CGC also appointed a new Third-Party Administrator (TPA) to manage its medical benefits, providing a wider panel of clinics across Malaysia and more value-added services.

OUR PEOPLE



LEARNING AND DEVELOPMENT

Embracing the Industrial Revolution

We provide a variety of learning and development opportunities aimed at building employees' competency and capacity to meet CGC's strategic objectives. Embracing IR 4.0, CGC strives to instil desired behaviours that will drive our 5SP+ strategies. Customised in-house learning programmes were organised to meet our needs, such as Digital Transformation (DX) – Facilitating User Adoption.

Continuous Upskilling of Employees

With IR 4.0, CGC recognises that future-relevant skills will be required for employees in the rapidly evolving business landscape, as well as promoting business growth. A lot of effort and resources were invested in technology-related training and future skills requirement. Among these are Design Thinking for Mobility Solution and Leading Change-Facilitating User Adoption on Digital Transformation.

CGC also successfully rolled out its pilot Professional Credit Certification (PCC) programme in collaboration with the Asian Institute of Chartered Bankers (AICB) for the credit-related job family. Besides that, the Institute of Certified Public Accountants (ACCA), Chartered Institute of Management Accountants (CIMA) and the Institute of Chartered Accountants in England and Wales (ICAEW) have authorised CGC as the approved employer for financing, management accounts, financing accounting and business professionals.

Enhanced Learning Experience

In 2019 CGC, through its eLearning platform iTHINK, successfully introduced five modules: AMLA, DX, IT Security, PDPA and BCM. Internal subject matter experts developed these modules. Employees are required to pass an assessment at the end of the modules. We will continually invest in the eLearning platform, and more modules will be available for employees in 2020.

Creating a Culture of Transparency

On 14 November 2019, CGC organised an Anti-Bribery & Corruption (ABC) Awareness programme for CGC's Board of Directors and Senior Management. Datuk Mohd Zamree Mohd Ishak, President/CEO, officiated, while two presenters from Institut Integriti Malaysia (INTEGRITI) and Suruhanjaya Pencegahan Rasuah Malaysia (SPRM) spoke on the importance of transparency.

HUMAN CAPITAL STRATEGY

Strategic Talent Acquisition

CGC continues to strive to recruit the most innovative minds from diverse backgrounds as it values the creativity that different perspectives bring to the Corporation. In line with the practice of previous years, we believe in leveraging talent from diverse industries to propel our strategic imperatives. Critical non-credit positions are filled with individuals from other industries, who bring with them a different experience, fresh perspective and varied skill-sets.

In ensuring a leaner workforce, CGC and its internal stakeholders have agreed to address workload needs through more holistic resource allocation e.g. job rotation and inter-division assignments. For employees, it enriches their career experience and extends their network and circles of influence beyond their existing workplace. For the Corporation, it reiterates the value of teamwork, demonstrated through sharing resources.

OUR PEOPLE

Externally, CGC extended its internship programme by expanding the budget as well as increasing monthly allowances to RM1,000. This is in recognition of the expected increase on the cost of living.

As part of the collaboration with other Bank Negara institutions, CGC is participating in the Asian School of Banking's Financial Sector Talent Enrichment Programme (FSTEP). The first cohort will come on board in the first half of 2020.

Supporting our mission to build viable MSMEs, we provide talent placement services for Technical and Vocational Education and Training (TVET) graduates with our MSME clients nationwide. Throughout 2019, with the support of Kementerian Belia dan Sukan, CGC has placed 13 graduates.

In 2019, we also experimented with sourcing candidates via technology platforms. In 2020, the Corporation will invest in accessing these platforms further, as well as digitising Talent Acquisition processes in the latter part of 2020.

Organisational Development

CGC has been improving its way of working and streamlining internal processes by refining the organisation structure in order to foster efficiency and effectiveness. The divisions involved in the refinement exercise are Business, Technology & Operations, Credit, Corporate and Finance, all with the aim of supporting the 5SP+ journey.

Notably, the Corporate Division centralised the Innovation & Product Development Department (IPD) and Strategic Data Analytics (SDA) to inculcate a culture of innovation to explore new ideas and products, and establish an enterprise-wide analytics function to allow for better planning and analysis.

For the Business Division, we improvised the role of GLCs/Government Agencies Department (GGD) and Bumiputera Private Sector Department (BPS) from sales and processing to marketing and collaboration with key stakeholders. In order to drive business, leads are passed to branches for processing.

CGC piloted workforce optimisation in some departments through Strategic Workforce Planning (SWP). This will enable CGC to establish the baseline of 'As-Is' workload requirement. Future realisation of process digitisation or system implementation will then be combined with the baseline to allow the Corporation to assess job-at-risk and prepare re-skilling of employees. As a result of the pilot, CGC developed and tested the methodology to conduct SWP planned for 2020.

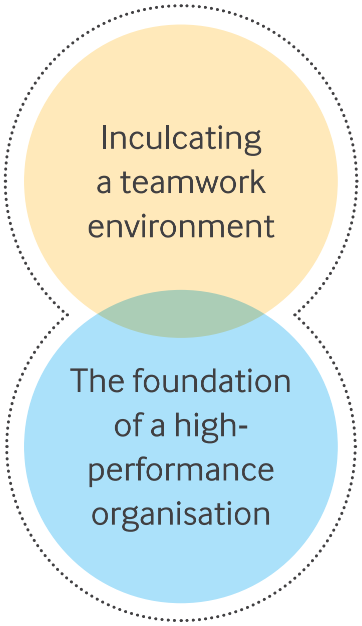
Recognising that the execution of our business goals hinges on our leaders' capability and capacity to steward our resources in executing strategies, we reviewed and enhanced the Leadership and Behavioural Competencies based on three (3) clusters: Operational Excellence, Capitalise Opportunities and Nurture Talent to improve leadership capabilities of our employees towards a performance-based culture.

We also assessed employees against the new core competency framework. From that, we are able to gauge employee competency at enterprise level, thus Change employees' development intervention and potentials can be addressed effectively in 2020.

Employee Experience

In 2019, we continued to engage and appreciate our employees through various activities anchored by CGC's core values:

Due to good employee response in the prior year, some engagement programmes were re-organised in 2019. We also introduced and organised new activities to raise employees' morale and increase their participation.



In promoting teamwork, CGC required that engagement activities were spearheaded and organised by employee-led committees comprising members from cross-functional departments and divisions.

We also continued to foster a close relationship between all employees and members of Senior Management. A management walkabout was organised at CGC's Head Office and Main Branch to distribute Hari Raya Gift Giveaway to all employees as a gesture of appreciation in celebration of Syawal. The employees appreciated the gesture and the presence of the Senior Management team in presenting the Hari Raya gifts personally.

The quarterly town hall sessions are organised to regularly inform employees of updates and progress of organisational performance. These town hall sessions are an effective platform, providing two-way communication between Management and employees.

Family Day

In August 2019, a Family Day for Head Office employees and family members, along with those from Main and Kuala Lumpur branches, was organised at the Forest Research Institute Malaysia (FRIM). Other branches organised similar events on a smaller scale at their respective venues. Employees and their family members took the opportunity to interact with one another in an informal and relaxing environment.

Annual Dinner

Held in November 2019, the much-awaited employee event of the year was themed 'Party Like a Rock Star', voted by the employees themselves. Prior to the event, to add an anticipatory element, committee members went 'door-to-door' to give away popcorn to every employee. The highlight of the night was the awards ceremony for Top Sales Award and Long Service Award. Employees were also entertained by two renowned Malaysian artistes, Ning Baizura and Amy Search.

Employee Engagement Survey

According to our staff, the employee experience in CGC has improved in comparison to 2018. This is evidenced in the Employee Engagement Survey conducted in December 2019, where the 2019 Engagement score increased by 3%, whilst the Enablement score increased by 1%.

OUR PEOPLE

STAFF ENGAGEMENT

Activities were organised throughout 2019 to ensure all CGC staff:

Foster close relationships with one another	Exchange knowledge and practices	Build an open community within the Corporation

Employees feel appreciated and acknowledged for their hard work and input in building a more conducive workplace. Events are arranged to raise employees' morale and increase their interaction to create a teamwork-driven environment.

26
April
2019

People's Day

To foster and improve relationships among staff, the People's Day included talks from Hospital Selayang, KJMC, Public Mutual and Bank Muamalat on health and financial management. It was also a platform for 19 booths, including those set up by CGC's MSME customers.

10
May
2019

Majlis Buka Puasa

CGC Board Members, HQ and KL Branch staff, together with caretakers and 54 children from Rumah Nur Sakinah, gathered to *Buka Puasa*, followed by Tarawih prayers and Moreh. Duit Raya was also distributed to the children and caretakers.

26
June
2019

Hari Raya Gift Giveaway

Employees received Raya cookies as gifts, distributed by the President/CEO and Management members in a walkabout.

08
September
2019

CGC Treasure Hunt 2019

The CGC staff Treasure Hunt took place from Kuala Lumpur to Pulai Spring Resort in Johor. It was an adventure-filled day of much fun, joy and laughter as happy winners returned home with gold cups and gifts.

14 October -
21 November
2019

Jom Sihat Challenge (Session 2)

A 6-week intensive fitness/weight loss programme, led by Malaysia's fitness guru Kevin Zahri, helped staff stay fit by promoting a healthier lifestyle. Many of the participants were thrilled with their positive results at the end of the programme.

05
November
2019

CGC 1st Technology Day

Choong Tuck Oon, CGC's Director posing a question at CGC's 1st Tech Day. This event brought staff together with experts to become more aware of digitalisation and the need to adapt and move with technology. Artificial Intelligence (AI) and Big Data trends were also shared as emerging technologies.

ECONOMIC PRACTICES

imSME 2019 ACHIEVEMENTS

Malaysia's 1st SME Financing/Loan Referral Platform – was launched in February 2018. Now in its second year, the Platform shows promising growth as an alternative channel for MSMEs to source financing products.

Our partner listing has increased to include alternative funding partners in the market, as we aspire to match MSMEs with the most suited funding options.

Technology and constant engagement with MSMEs are the key factors in aiding growth and development of imSME as the preferred financing/loan referral platform.

Participating Financial Institutions (PFIs) 25

AFFINBANK, AFFINISLAMIC, AGRO BANK, ALLIANCE BANK, AmBank, AmBank Islamic, BANK ISLAM, Bank Muamalat, BANK RAKYAT, BSN, CGC, CIMB BANK, CIMB ISLAMIC, HongLeong Bank, Maybank, Maybank Islamic, OCBC Al-Amin, OCBC Bank, PUBLIC BANK, PUBLIC ISLAMIC BANK, RHB, SME BANK, Standard Chartered, Standard Chartered Saadiq, UOB

P2P Partners 7

capbay, FinPal, fundaztic, funding societies, mia Malaysian Institute of Accountants, NUSA KAPITAL, QuicKash Malaysia

ECF Partners 3

ata plus, CrowdPlus.asia, pitchIN

Grant Provider Partner 1

Cradle

Capacity Building Agencies 3

CEDAR, INSKEN, mia Malaysian Institute of Accountants

A Certificate of Merit, '**Best Innovation in Financial Services**', from the Karlsruhe Sustainable Finance Awards for Malaysia's 1st Online SME Financing/Loan Referral platform – imSME.

Other Financier 1

PUNB

In 2019, imSME was also a winner of merit award, the "**Outstanding SME Development Project**" from the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP).

Total Visitors
1,428,974

Total Registered MSMEs
18,420

Total MSMEs Referred to Capacity Building Agencies
39

Total Approvals

Cases **2,175**

Value **RM199.32 million**

Note: Performance as at 31 March 2020.

ECONOMIC PRACTICES

Over
4,000
MSMEs benefitted from the Market Access Advisory

CGC Developmental Programme™

International Market Accces

Provides wide-ranging assistance, including business advisory, preparatory courses, knowledge-sharing and facilitating, to more than 4,000 MSMEs that benefitted from the programme. The preparatory courses for International Market Access aim at preparing SMEs before they start to export their products or services. These courses are specially designed for SMEs who will participate in the International Market Access scheme under the CGC Developmental Programme™.

20
April
2019

CGC Cross-Border E-Commerce

Teoh Kok Lin, CGC's Director addressing the audience during the talk. In advancing into the digital era, 115 SMEs attended the talk focusing on China's online shoppers, available funds for overseas business, various methods of selling and shipping, and stock control for Cross-Border e-commerce ventures.

23-24
April
2019

CGC International BizMatch Bangkok, Thailand

The International BizMatch event, a collaboration with MATRADE, for export-ready Malaysian MSMEs was graced by Norman Dzulkarnain Mohd Nasri, Trade Commissioner of MATRADE Thailand and Dr. Hwee Khim Boo, Chairman of Malaysian-Thai Chamber of Commerce. The Malaysian entrepreneurs met buyers, marketed their brands for the first time in Thailand and visited innovation hub True Digital Park to meet potential buyers from supermarket chains in Bangkok.

26
August
2019

CGC International BizMatch 2019 Bangkok, Thailand

Held in collaboration with MATRADE, export-ready Malaysian MSMEs had the opportunity to extend their market reach. On average 10 buyers attended the one-on-one business matching sessions with the Malaysian entrepreneurs. The event included a True Digital Park visit to meet with potential buyers from Thai supermarket chains.

26
August
2019

Preparatory Course for International Market Access – Business Opportunities in ASEAN Market

Organised by CGC and MATRADE, some of the topics presented include market outlook for MSMEs in the ASEAN market, available cross-border financing for MSMEs for export and awareness of intellectual property. Forty participants from 18 companies that are CGC customers participated in the 2019 CAEXPO.

21-24
September
2019

16th CAEXPO 2019 Nanning, China

In the fourth cooperation with MATRADE, CGC supported 18 out of the 167 MSMEs to attend the 16th China-ASEAN Expo (CAEXPO) in Nanning. As part of the CGC Developmental Programme™ International Market Access initiative, 44 MSMEs have participated in CAEXPO since 2016.

CGC Developmental Programme™

Local Business Matching

CGC Local BizMatch, a business matching platform, encourages aspiring MSMEs keen to penetrate specific markets. In a 15-minute slot, the MSMEs present and pitch their products to buyers.

25-26 March 2019

Program Citarasa Malaysia (PCM)

CGC participated in 'Program Citarasa Malaysia' launched by YB Datuk Seri Saifuddin Nasution Ismail, Minister of Domestic Trade and Consumer Affairs. The programme showcases and promotes Malaysian MSME products.

29 August 2019

30-31 October 2019

Local BizMatch

A domestic business matching platform to encourage aspiring entrepreneurs to engage with buyers in the business matching session. In pitching, MSMEs have the opportunity to display their products, sell to local hypermarkets and export to international markets. The CGC team was at hand to support with business financial solutions assistance.

Halal Preparatory Course with Nestle Malaysia and SME Corp

Halal Preparatory Course with Nestle Malaysia and SME Corp, in collaboration with Halal Industry Development Corporation, designed for MSMEs in the food and beverage industry.

MENTORING WORKSHOPS

CGC's Mentoring Workshops are aimed at facilitating MSMEs, through a series of workshops and knowledge-sharing sessions, to upskill and gain insights from business experts. In 2019, topics covered included Go Digital Talk, Mastery Class, and Gaining Market Access Talk via workshops at six locations across the country. Some of these events were jointly hosted by partners, such as Malaysia Digital Economy Corporation (MDEC), KPDNHEP, HDC, MyIPO, Lazada, Amaxmall.com, TM Unifi and other industry experts providing knowledge and hands-on assistance to MSMEs.

Mastery Classes

An extension of the hands-on session to enhance MSMEs' capabilities in specific areas. In 2019, the Smart Design and Packaging Mastery Class was jointly held with SIRIM in Kota Kinabalu, Sabah. The MyIPO on logos and trademarks was held in Kuantan, Pahang.

Go Digital Talk

Held throughout the year in the Klang Valley, Miri, Kuching, Sandakan, Johor Bahru and Ipoh, from January to November 2019.

Gaining Market Access Talk

Workshops were held from March to November 2019 in Penang, Seremban, Kota Kinabalu, Melaka, Kuantan and the Klang Valley.

ECONOMIC PRACTICES

FINANCIAL ADVISORY

01

Established since imSME's launch, the Financial Advisory (FA) Team has the role of assisting imSME applicants who do not get a product match or financing from FIs/DFIs. This includes reviewing these MSMEs, and subsequently providing comprehensive advice, and recommending alternate financing or suitable capacity-building agencies.

02

Since imSME's inception, 9,188 MSMEs who failed to get financing from FIs/DFIs have undergone or are undergoing advisory, with 3,725 successfully referred to FIs/DFIs/alternate financiers. In addition, a total of 391 MSMEs subsequently got loans/financing from either FIs/DFIs/alternate financiers like peer-to-peer (P2P) lenders.

03

Year-on-year, we see exponential progress and results.

	Calls	Referrals	Approvals
2017	9	2	1
2018	2,453	1,152	123
2019	6,726	2,571	267

Cumulative

9,188
Number of MSMEs that received financial advisory

3,725
Number of MSMEs successfully referred to FIs/DFIs/P2P/CBA

391
Number of MSMEs that successfully obtained loans/financing

01

In 2019, CGC established MyKNP by replicating the FA Team model in providing financial advisory to MSMEs that need assistance post-rejection from all FIs/DFIs. The objectives are to assist more MSMEs to get loans/financing and to enhance customer experience for MSMEs.

02

Since inception, 37 enquiries have been received, with two successfully obtaining loans/financing after receiving the financial advisory.

2019

37 enquiries received for MyKNP@CGC

2 MSMEs obtained loans/financing

CORPORATE PARTNERSHIP

CGC consistently partners with numerous corporations to gain knowledge and enhance its service to its customers. MSMEs gain immense benefit from these collaborations in amplifying their services and upgrading their products. Joining forces with the most synergised partnerships aids outreach and brand awareness.

Industry Collaborations

13
March
2019

TM BizNet Series

TM SME BizNet is a vertical-based experiential event and roundtable session organised by TM, drawing MSME entrepreneurs from across the country. As a partner, CGC promoted its imSME platform to participants and publicised the Corporation's background and product offerings.

18
July
2019

Malaysia Rail Link Berhad

CGC and Malaysia Rail Link Berhad ventured into a strategic collaboration to avail financing facilities to Bumiputera vendors participating in related sectors affiliated to the ECRL project.

16
August
2019

SME Corporation Malaysia TUBE Programme

CGC strongly supports and is a strategic partner in various SME Corp programmes throughout the year. Program Tunas Usahawan Belia Bumiputera (TUBE), attended by disabled entrepreneurs, offers financing as well as workshops on CGC's Business Financing and Developmental Programme™.

03
September
2019

Kementerian Belia & Sukan

CGC is a main committee member for the Youth Entrepreneurs Development Programme. Led by the Ministry of Youth and Sports, the programme strategises the direction and designs modules for all TVET schools and colleges nationwide.

CORPORATE PARTNERSHIP

13 September 2019

Syarikat Perumahan Negara Berhad

CGC and Syarikat Perumahan Negara Berhad ventured into a strategic collaboration, offering financing facilities to Bumiputera vendors from related sectors affiliated to SPNB's housing development project nationwide.

22 October 2019

Super 8 Women Trade Chambers

CGC collaborated with Persatuan Pedangangan dan Pengusaha Melayu Malaysia (PERDASAMA) in a hi-tea and networking session with women trade chambers: Persatuan Wanita Bumiputra Dalam Perniagaan Profesion Malaysia (PENIAGAWATI), Persatuan Usahawan Wanita Bumiputra Malaysia (USAHANITA), Pertubuhan Wanita Dalam Perniagaan & Pemikiran Kreatif Malaysia (PEWANGI), Business Professional Women (BPW), Wanita Inspirasi Negara (WIN), Women Entrepreneur Network (WENA) and Malaysian Bumiputera Make-up Artist Association (MBMUAA).

BRANCH EVENTS

Main Branch, Kelana Jaya

11 February 2019

Chinese New Year Celebration

The staff at CGC's Main Branch conducted a mini Chinese New Year 'Open House' to celebrate and spread festive cheer amongst its MSME customers, vendors and business partners.

Seremban

26 February 2019

Hari Bersama Pelanggan

Open day for customers organised by CGC Seremban as a platform to address issues and enquiries.

CORPORATE PARTNERSHIP

BRANCH EVENTS

Prai and Alor Setar

11 March 2019

Briefing Session to Kedah Indian Chamber of Commerce

A briefing session was held with members of the Chamber of Commerce, introducing CGC's products and services with a session for imSME registrations.

23 July 2019

TM SME Biz Net

CGC branch booth at TH Hotel Alor Setar to promote CGC's financing products and services.

Kuantan

13 April 2019

Program Santuni Rakyat, Peringkat Negeri Pahang

CGC Kuantan branch participated in the 'Program Santuni Rakyat Semarak Kasih Malaysia Sejahtera' which was officiated by YAB Dato' Seri Dr. Wan Azizah Wan Ismail, Deputy Prime Minister at Berjaya Megamall Kuantan.

Alor Setar

28-29 September 2019

Karnival Kewangan Perlis

CGC participated in Bank Negara Malaysia's signature 'Karnival Kewangan' programme.

COMMUNITY & STAKEHOLDER ENGAGEMENT

MEDIA

CGC registered a strong media presence in 2019, with close to 1,000 media mentions. Media coverage more than doubled in comparison to 2018. Widely reported events included the MyKNP Launch Ceremony, CGC-AmBank Portfolio Guarantee Signing Ceremony, Extension of CGC's TPUB-I scheme, CGC-CIMB Bank Portfolio Guarantee Signing Ceremony and the Star Outstanding Business Awards (SOBA).

In addition, several exclusive interviews and press conferences were organised with selected media houses such as ASTRO Awani, Radio Television Malaysia (RTM), The Sun Daily, Nanyang Siang Pau and Berita Harian to increase CGC's brand presence and awareness.

Efforts and initiatives to foster closer ties with the media were also conducted throughout the year, with leading media and radio houses such as The Star, The Edge, The Malaysian Reserve, Media Prima and BFM Radio. A total of 28 media engagement initiatives were carried out for the year 2019 and January 2020.

Interviews

3 January 2019

The Sun Daily
An exclusive interview with Datuk Mohd Zamree Mohd Ishak, President/CEO on his 2019 vision and plans.

25 January 2019

ASTRO Awani
Exclusive Interview with Rahim Raduan, Chief Corporate Officer on the recently launched imSME platform and CGC's direction for 2019.

30 January 2019

ASTRO Awani
Rahim Raduan, Chief Corporate Officer spoke on Persidangan Jiwa SME 2019 about the Corporation's commitment to assisting Malaysian MSMEs via the imSME portal.

4 September 2019

ASTRO Awani
Leong Weng Choong, Chief Business Officer spoke on the close CGC-Maybank ties in working together to build capacity.

COMMUNITY & STAKEHOLDER ENGAGEMENT

Press Conferences

18 January 2019

CGC-AmBank (M) Berhad PG Signing Ceremony

A strategic collaboration with PROTON to provide financial access for eligible Proton Edar dealers to upgrade their facility centres.

28 February 2019

CGC-Standard Chartered Bank (M) Berhad PG Signing Ceremony

Launch of WOWnita and celebrating 10 years of collaboration.

18 April 2019

CGC-AmBank (M) Berhad PG Signing Ceremony

A new collaboration for Shariah-Compliant SME Biz Start Up-i.

COMMUNITY & STAKEHOLDER ENGAGEMENT

Press Conferences

26
April
2019

CGC-CIMB Bank Berhad PG Signing Ceremony

To provide SMEs access to financing through Portfolio Guarantee-i Scheme.

13
June
2019

Hari Kaamatan

In conjunction with Hari Kaamatan celebration, Rahim Raduan, Chief Corporate Officer briefing Sabah Media representatives about CGC products and services.

4
July
2019

SME Apprentice Scheme, 2nd Cohort Launch

Dato' Agil Natt delivering his welcoming remarks at the launch of the 2nd cohort of CGC's SME Apprentice Scheme for Technical and Vocational Education Training (TVET) graduates.

8
August
2019

CGC-Bank Simpanan Nasional PG Signing Ceremony

To aid micro SMEs who have minimal credit track record.

20
August
2019

Halal Malaysia

CGC held its 3rd Gaining Market Access workshop in collaboration with the Halal Industry Development Corporation (HDC) in Kota Kinabalu officiated by YB Tuan Azhar Datuk Haji Matussin, Assistant Minister of Trade and Industry.

21
August
2019

MyKNP Launch

Adnan Zaylani Mohamad Zahid, Assistant Governor of Bank Negara Malaysia (BNM), Azaddin Ngah Tasir, CEO of Agensi Kaunseling dan Pengurusan Kredit (AKPK) and Datuk Mohd Zamree Mohd Ishak, CGC PCEO addressing the press at the MyKNP launch. MyKNP is a collaboration between CGC, BNM and AKPK.

COMMUNITY & STAKEHOLDER ENGAGEMENT

Meet & Greet

15 August 2019

The Star Media Group

Working visit to The Star hosted by their Chairman Datuk Fu Ah Kiow to forge a stronger relationship between CGC and the country's leading English language newspaper.

11 September 2019

Media Prima Berhad

Members of CGC's senior management team paid a courtesy visit to Media Prima Berhad's Managing Director, Datuk Kamal Khalid.

19 September 2019

The Edge Malaysia

Datuk Mohd Zamree Mohd Ishak, CGC President/CEO headed his team in exploring potential for mutually beneficial collaboration during this visit.

25 September 2019

Media Prima Berhad

Rahim Raduan, Chief Corporate Officer briefing the Media Prima team headed by Khaidir A. Majid, Berita Harian Group Editor, on CGC's role in developing the MSMEs.

COMMUNITY & STAKEHOLDER ENGAGEMENT

STUDY VISITS

As a vocal advocate of financial inclusion, CGC regularly hosts dignitaries, bankers and government officials from abroad. The aim is to share knowledge and begin challenging conversations that will be advantageous to MSMEs globally.

In 2019, five study visits were organised, involving guests from Egypt, Thailand, South Korea and Papua New Guinea. Much knowledge was exchanged, best practices vetted, and products and services highlighted.

27 March 2019

International Cooperation and Donor Projects Department, Egyptian Bank Institute, Egypt.

> "The study visit examined the practical application of SME banking theories, exchanged experience of SME financing policies and procedures, and discussed various techniques of SME credit scoring and risk management. Also included were the evaluation of SME banking services and international practice applications with respect to the clustering approach. All the participants were pleased with how informative the visit was."

REHAM FATHY
Senior Coordinator (B), International Cooperation and Donor Projects Department, Egyptian Bank Institute.

COMMUNITY & STAKEHOLDER ENGAGEMENT

08
July
2019

International Affairs Division, Communication and Corporate Branding Department, Thailand Credit Guarantee, Thailand.

"It was a valuable and insightful visit, with informative presentations on CGC's notable achievement in business and credit guarantee supplementation in Malaysia. Having learnt a lot from the achievements and experiences, the study visit has given us better knowledge and understanding of CGC's success in the credit guarantee systems and operations that have contributed to sustainable growth and development of SMEs and economy in Malaysia and throughout the world. Additionally, CGC credit guarantee system will help us develop our system more and pursue our mission in assisting SMEs and transforming TCG."

BENJAPAT CHAROONROJ
Manager, International Affairs Division,
Communication and Corporate Branding Department,
Thailand Credit Guarantee.

12
November
2019

Korea Credit Guarantee Fund (KODIT), South Korea.

"We think that the visit and the discussions have broadened the horizons of KODIT's personnel. It was a great opportunity to go beyond our experience of domestic credit guarantee operations. We learned about the supporting policies for SMEs that member countries have and the type of credit guarantees they provide. During our visit to CGC, we saw how the credit guarantee system of Malaysia works. It was obvious the Malaysian government has put in the effort to find out ways to support Malaysian SMEs. That was unforgettable. Especially, for low credit-rating and female-owned companies whose guarantee applications are unlikely to be accepted, Malaysian commercial banks can support those companies by granting a loan directly. Even if their guarantee application is not approved, the banks provide business consultations as a supplementary service. I would like to suggest the sharing of all CGC members' supporting programmes and new types of credit guarantee for SMEs. It would help members to put together new approaches to support each country's SMEs."

KWON HAESONG
KODIT

COMMUNITY & STAKEHOLDER ENGAGEMENT

18-19 November 2019

Korea Federation of Credit Guarantee Foundation (KOREG), South Korea.

"We, the Korea Federation of Credit Guarantee Foundation (KOREG) are preparing for a paradigm shift for the new future and visiting CGC gave us beneficial information and lessons. KOREG has mainly focused on credit guarantee programmes and we have been contemplating the financial advisory and mentoring service aspect. CGC's information-sharing was directly helpful to planning our business expansion. The Marketing Access Programme also gave us invaluable inspiration. We hope to continue this special relationship with CGC in the future, as it was a delightful experience to cooperate. The person in charge of the international relations was very kind and efficient at the same time. CGC was well prepared for the visit, and we enjoyed the hospitality and valuable information, simultaneously. The employees were very friendly and professional. We hope to continue to work together in the future. We wish you only everlasting growth and hopefully wait for your visit to Korea!"

PARK SONGMAN
KOREG

19-22 November 2019

SME Accelerator Program, Bank of Papua New Guinea (FSS Group).

"The site visit and technical discussions between CGC Malaysia and the Bank of PNG have given us a clear understanding of CGC's role in providing access to credit and other services to Malaysians. It has also given the Bank of PNG a clear direction in what we have/need to do in order to establish a similar entity for PNG to support our SMEs and the country's economy. Discussions with CGC Malaysia were very professional and courteous. Relevant information about its operations, services and products, and past and present experiences were presented diligently and have given Bank of PNG insight into the operations and partnerships of CGC Malaysia."

JUDITH KASEK
Communications Officer, SME Accelerator Program, FSS Group.
Bank of Papua New Guinea

COMMUNITY & STAKEHOLDER ENGAGEMENT

CORPORATE ENGAGEMENT

CGC's key corporate events with its stakeholders and business partners establish the Corporation's aims to nurture and build MSMEs in Malaysia. To benefit our customers, we build and foster close relationships, encouraging them to achieve their goals. In addition, we connect entrepreneurs to unparalleled opportunities expanding MSMEs' scope to succeed in growing their businesses. The events also help us build our brand awareness and market our products, while the various avenues allow us to express our identity in conveying our values.

12 January 2019

Digital Free Trade Zone (DFTZ) Workshop

Seven workshops organised by the Association of Chinese Chambers of Commerce & Industry of Malaysia (ACCCIM), enhancing business knowledge with focus on B2B and B2C ties amongst its members.

20 January 2019

Seminar Usahawan Belia 2019

Guest speaker Mohd Azman Mohd Taufik, Senior Vice President of Bumiputera Development & Products, covered entrepreneurial opportunities at the seminar organised by Majlis Amanah Rakyat (MARA) for its students.

16-17 February 2019

Mega Careers & Study Fair (MCASF)

CGC participated as a silver sponsor in its first Career Fair alongside other companies, to source the best talent.

COMMUNITY & STAKEHOLDER ENGAGEMENT

19
February
2019

BNM Entrepreneurs Financing Programme

Organised by Bank Negara Malaysia and Kuala Lumpur & Selangor Indian Chamber of Commerce & Industry (KLSICCI), Wong Keet Loong, Senior Vice President of Marketing & Sales, spoke on CGC's role in developing the Malaysian MSMEs and its imSME portal.

20
February
2019

42nd ADFIAP Annual Meeting 2019

In line with CGC's aims to foster a relationship and to learn from global Financial Institutions, Datuk Mohd Zamree Mohd Ishak, President/CEO, attended as a guest speaker and spoke on the subject 'DFIs and Entrepreneurship Development'.

28
February
2019

Grow & Accelerate Your Business in 1 Day

Jenny Hoh Chiew Moi, Vice President of SME Advisory & Marketing, was one of the guest speakers at the event, speaking on 'Access to Funding' as well as introducing the imSME portal.

2-3
March
2019

The Malaysia Careers & Training Fair (MCTF)

CGC participated in the 21st MCTF'19 Fair organised by AIC Exhibitions in collaboration with JobStreet.com. The annual fair gathered over 130 companies across 40 industries for candidates to meet and network with Malaysia's top employers under one roof.

14-15
May
2019

Mini Youth Business Export (myBEX)

The 2-day event organised by Ministry of Youth & Sports was officiated by YB Syed Saddiq Syed Abdul Rahman, Minister of Youth & Sports. With activities such as business matching, pocket talk, exhibitions and sales of products from all over the country, the event provided MSMEs with the latest information and advice on entrepreneurship.

16
May
2019

Field Trip to Institut Kemahiran Belia Negara (IKBN)

Institut Kemahiran Belia Negara (IKBN) is a Technical and Vocational Education and Training (TVET) incubator equipped with advanced machinery and technology to enable students to up-skill into entrepreneurship.

COMMUNITY & STAKEHOLDER ENGAGEMENT

17 June 2019

Majlis Jamuan Aidilfitri

An Open House to celebrate the Aidilfitri festive season with over 1,300 guests comprising clients, industry partners, stakeholders and CGC staff.

20 June 2019

CGC 46th Annual General Meeting

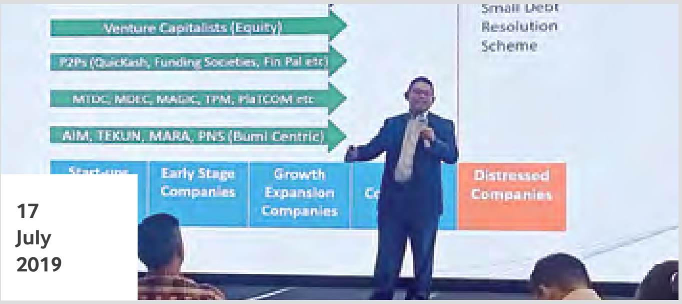
CGC held its Annual General Meeting with its stakeholders, to share the company's past performance, current progress and future plans.

4 July 2019

CGC SME Apprentice Scheme 2nd Cohort Launch

CGC launched the 2nd cohort of its apprentice scheme for Technical and Vocational Education Training (TVET) graduates. For the 11 TVET graduates, this scheme helps them to learn new skills, gain invaluable experience and develop their potential as future entrepreneurs.

COMMUNITY & STAKEHOLDER ENGAGEMENT



17
July
2019

Star Outstanding Business Awards (SOBA) Lab

The Star Outstanding Business Awards (SOBA) also holds workshops and talks to develop MSMEs. At this SOBA Lab, Mohd Azman Mohd Taufik, Senior Vice President, Bumiputera Products & Development, spoke on navigating the financial maze in growing one's business.

26-28
July
2019

Board of Directors and Management Retreat

In this retreat, the Board of Directors and Management discussed strategic matters, the overall plan for the following financial year and CGC's next 5-year plan 2021-2025.

19 August
10 September
2019

Knowledge Sharing Workshop on SME Financing

This knowledge sharing workshop on SME Financing is organised by Bank Negara Malaysia and the Association of Banks Malaysia to scale up Financial Advisory for SMEs. The workshop was attended by about 100 SME Corp Business Counsellors.

29
August
2019

National Economic Forum (NEF) 2019

This is the second year the National Chamber of Commerce and Industry of Malaysia (NCCIM) organised this biennial forum, attended by over 800 participants. In addressing Malaysia's economic issues and business landscape, the NEF also provides insights and feedback to the Government on the formulation of economic policies moving forward.

15
October
2019

Future SME Conference 2019

CGC participated in the Future SME Conference, organised by SME Corp, themed 'Engineering the Future' was officiated by YB Datuk Seri Mohd Redzuan Md Yusof, Minister of Entrepreneur Development and Cooperative. The event featured industry experts and thought leaders sharing their knowledge and insights on future business trends, innovations, technologies, strategies and best practices in the digital era.

COMMUNITY & STAKEHOLDER ENGAGEMENT

28-30 October 2019

32nd Annual Conference of Asian Credit Supplementation Institutions Confederation (ACSIC)

Hosted by the Central Bank of Sri Lanka in Colombo, the conference was themed 'Credit Supplementation: Towards Sustainable Development'. It was attended by 90 member institutions' participants from 11 countries. Datuk Mohd Zamree Mohd Ishak attended via video conference.

31 October 2019

Halal Preparatory Course

CGC in collaboration with Halal Industry Development Corporation organised a Halal Preparatory Course with Nestle Malaysia and SME Corp under the CGC Developmental Programme™. The 2-day programme was designed for MSMEs in the food and beverage industry. Twenty-four participants from 15 companies attended this course.

15 November 2019

Worldtech Solutions Sdn Bhd Customer Appreciation Night 2019

Yushida Husin, Chief Technology and Operations Officer, together with her team represented CGC at the Customer Appreciation Night. CGC also received a Certificate of Appreciation during the event.

12 December 2019

SME Financing Seminar and Financial Clinics

The SME Financing Seminar and Financial Clinic was organised by Bank Negara Malaysia and officiated by YB Dato' Ir Haji Amirudin Hamzah, Deputy Finance Minister. This seminar and knowledge sharing session aimed to enhance the awareness on various SME financing initiatives. It was held primarily for SMEs in the central region, with over 400 SME attendees.

28-29 December 2019

Putrajaya Literacy in Financial Technology/Living in Future Times (LIFT)

CGC participated in the 2-day festival, jointly organised by the Ministry of Finance and Bank Negara Malaysia (BNM) and graced by YAB Dato' Seri Wan Azizah Wan Ismail, Deputy Prime Minister.

COMMUNITY & STAKEHOLDER ENGAGEMENT

COLLABORATION WITH INDUSTRY PARTNERS

CGC, in delivering stakeholder value, continues to support events that recognise MSME contributions to the country, community and overall economic growth. It is also an opportunity to create and spread awareness about our brand and products.

In collaborating with industry partners at these events, actively engaging with stakeholders does more than sustain their goodwill and co-operation. It enables us to remain competitive and successful, staying in touch with wider social expectations while ensuring values and business principles are upheld.

Through constant communication and engagement, CGC and its industry partners are able to mutually understand aims and work together to achieve the goals.

The Star Outstanding Business Awards (SOBA) 2019

30 May 2019

SOBA Awards 2020: Launch Ceremony

As a key sponsor for the event, CGC was represented at the launch ceremony by Wong Keet Loong, CGC Senior Vice President, Marketing & Sales.

5 November 2019

SOBA 10th Year Anniversary Celebration

The Star Media Group hosted a dinner to celebrate a decade of business excellence. It is a night to recognise the success of past SOBA recipients, network with past SOBA winners, as well as an opportunity to rekindle old bonds and make new ones. CGC attended the dinner as one of its sponsors and supporter of the Awards.

8 January 2020

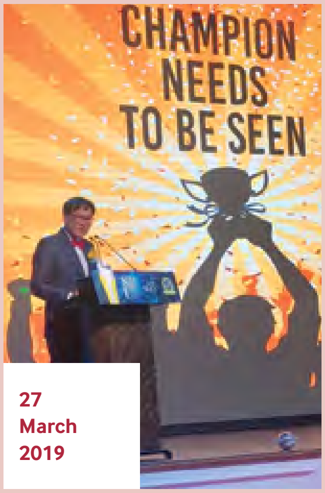
SOBA 2019 Dinner

CGC sponsored SOBA for the fifth year in a row, supporting inspiring Malaysian enterprises towards excellence and outstanding achievement. The award ceremony was graced by Dato' Abdul Majid bin Ahmad Khan, Chairman of the Malaysian Investment Development Authority (MIDA).

COMMUNITY & STAKEHOLDER ENGAGEMENT

The BrandLaureate SMEs Strategic Business Partner Award

The BrandLaureate SMEs Best Brands Awards 2018-2019, themed 'To Be Seen', recognises the role and contributions of the country's outstanding brands. The BrandLaureate SMEs Strategic Business Partner Award recognised CGC for its pivotal role in assisting MSMEs to grow and progress.



27
March
2019

Nanyang Siang Pau Golden Eagle Awards (GEA) 2019

15
August
2019

GEA Signing Ceremony

Presented by Nanyang Siang Pau, GEA honours the best of Malaysian SMEs, recognising their outstanding achievements. The Award was founded 18 years ago, and this year was CGC's fourth consecutive year as its co-sponsor.

15
November
2019

GEA 2019 Launch Ceremony

GEA honours the best of SMEs in Malaysia by giving them recognition for their hard-earned success and outstanding achievements. The event was graced by Imran Abdullah, Senior Director, Ministry of Entrepreneur Development and Cooperative, and attended by over 1,000 entrepreneurs.

COMMUNITY & STAKEHOLDER ENGAGEMENT

CORPORATE RESPONSIBILITY (CR) PROGRAMMES

Corporate Responsibility programmes practically integrate social and environmental goals into business operations. At CGC we empower communities in which we operate through targeted social investment, volunteer efforts and long-term partnerships.

In aiming for sustainable impact, these programmes focus on raising awareness for charitable causes. These causes encompass education, social wellbeing, sports development and celebrating of festivals with underprivileged communities. Our extensive CR programme is a continuous effort to give back to society in support of local communities. Moreover, the CR programme develops sustainable efforts towards managing their growth.

We carry out our CR initiatives throughout the year, with the Board, Management and employees as active participants. Programmes build and strengthen relationships between CGC and fellow Malaysians, while assuring our integrity in nurturing society. At the same time, we learn more about our communities and their needs.

2 March 2019

Persatuan Tindakan Wanita Islam (PERTIWI) Soup Kitchen

A second collaboration with PERTIWI, participating in their Soup Kitchen programme feeding 500 homeless people and the urban poor.

8 March 2019

Special Olympics Malaysia

A collaboration with Special Olympics Malaysia to co-sponsor air tickets for 44 Malaysian athletes to the 50th Special Olympics World Summer Games held from 14 to 21 March 2019 in Abu Dhabi, United Arab Emirates. The event was graced by YM Raja Dato' Sri Azureen binti Almarhum Sultan Azlan Muhibbuddin Shah Al-Maghfullah.

COMMUNITY & STAKEHOLDER ENGAGEMENT

2
March
2019

10
May
2019

Ramadan with Rumah Nur Sakinah

Shazmeer Mokhtar, Chief Financial Officer accompanying a young shopper from Rumah Nur Sakinah, Shah Alam. This Hari Raya shopping experience was redefined for 47 children between the ages of four and eight. A week later, these children were hosted at a Buka Puasa dinner with CGC Board, Management and staff.

18
April
2019

Blood Donation Drive

It was CGC's 5th consecutive year in organising the Blood Donation Drive in collaboration with Pusat Darah Negara (PDN). A total of 56 candidates successfully passed the screening tests and donated their blood.

13
June
2019

Kaamatan with Kota Kinabalu Palliative Care Association

The Festival was celebrated with songs and traditional dances at The Palliative Care Association in Kota Kinabalu. The Association cares for over 160 terminally ill cancer patients at its premises, serving areas around Kota Kinabalu, Tuaran and Papar.

COMMUNITY & STAKEHOLDER ENGAGEMENT

14
June
2019

Gawai with Persatuan Kebajikan Harapan, Kuching

CGC Kuching branch, in collaboration with Persatuan Kebajikan Harapan, identified poverty-stricken families from Sarawak's rural areas. In view of the families' circumstances, CGC donated items such as rice, tissues, milk powder, dried food and adult diapers.

27
July
2019

Visit to Pertubuhan Kebajikan Anak Yatim & Fakir Miskin Nur Iman

In conjunction with the Board of Directors and Management retreat, a special corporate responsibility programme was organised. A total of 24 children, aged six to 17, from Pertubuhan Kebajikan Anak Yatim & Fakir Miskin Nur Iman, were treated to light refreshments and handouts of tokens of appreciation.

3
August
2019

Plant-a-Tree

Held at Teratak Floria, FRIM Kepong, this programme was part of CGC's Family Day event. Attended by CGC Board, Management and Staff, the endeavour supported the government's call to reduce carbon emissions by up to 40%.

30
August
2019

Merdeka Midnight Rugby Meet

The Merdeka Midnight Rugby Meet attracted an audience of more than 2,000, including Management, alumni members of 16 prestigious schools from the Rugby Club, students and the public. This is the second consecutive collaboration between CGC and the Ministry of Communications and Multimedia.

COMMUNITY & STAKEHOLDER ENGAGEMENT

17 September 2019

Hari Pahlawan with Persatuan Bekas Polis Malaysia (PBPM)

In conjunction with Hari Pahlawan and Hari Malaysia, CGC hosted a high tea for 50 veteran police personnel from PBPM. During the event, the veterans shared their service experiences and CGC donated to PBPM adjustable beds, alloy canes, wheelchairs and a prosthetic leg.

18 September 2019

Persatuan Kebajikan Rumah Perlindungan Teratak Nur Insan Kuala Lumpur & Selangor (NURI)

A special programme organised with NURI orphanage to provide school stationery and aid in support of education.

19 September 2019

Wheelchair Contribution to Persatuan Kebajikan Rakyat Malaysia (PKRM)

CGC contributed five wheelchairs to PKRM to support the Association's 'Program Bantuan Kerusi Roda Rakyat Malaysia'.

COMMUNITY & STAKEHOLDER ENGAGEMENT

27 September 2019

Book Donation Drive to Children's Home of Hope (CHH)
We held a Book Drive programme for the CHH in collaboration with the National Cancer Society of Malaysia (NCSM). Activities included book-reading sessions and a clown show. About 200 books, as well as blankets and neck pillows, were donated to the Home.

29 September 2019

Malaysia AIDS Foundation – Red Ribbon Gala Dinner
CGC was a sponsor at the event organised by the Breast Cancer Welfare Association to raise funds to support treatment and care for those living with HIV or AIDS.

8 October 2019

Visit to National Autism Society of Malaysia (NASOM), Klang
Our Management and staff spent time with children from NASOM Klang Branch, organising various exercises, games and activities. The programme also served as early exposure and awareness about autism.

COMMUNITY & STAKEHOLDER ENGAGEMENT

8 November 2019

Deepavali with Persatuan Kebajikan Rumah Anak Yatim Sri Sai Selangor

Over 50 children and caretakers from Persatuan Kebajikan Rumah Anak Yatim Sri Sai Selangor were hosted by CGC for a Deepavali together. The event began with the lighting of the 'Kuthuvilakku' followed by traditional dances and food, as well as money packets and gifts for the children.

23 November 2019

Back to School with Sekolah Kebangsaan Jeram, Klang

To support education and to encourage children from financially poor backgrounds, CGC's 2019 'Back to School' initiative marked its sixth consecutive year. More than 90 students from Sekolah Kebangsaan Jeram, Klang received school bags, uniforms, shoes and socks.

12 December 2019

Christmas at Institut Jantung Negara (IJN)

Our annual Christmas celebration was with 70 patients from the IJN Children's Ward. The children joined in the Christmas carols and received gifts from Santa Claus amid the good cheer.

Realising His Potential

ORTHO PRO MED HEALTHCARE | Retail & Trading

Ipoh, Perak

Mohit Vasdev Sharma Sharan Kumar

During semester breaks, when Mohit Vasdev Sharma Sharan Kumar was pursuing his UTP Diploma in Mechanical Engineering, he would traverse the country with his father, a medical equipment vendor. He would spend his holidays learning about the medical devices his father sold, eagerly generating innovative ideas for increasing sales. Mohit has always liked working on his own, so it was easy to decide to go into business with his father.

However, not everything has been so easy. As his enterprise is less than a year old, it was difficult for them to obtain regular bank loans to expand. He was also considered very young. Luckily, a bank officer re-directed them, recommending that they talk to CGC. Here, impressed with the enthusiastic response, they applied for a CGC BizSME facility through the imSME platform. "The portal is user-friendly, staff respond very quickly and in less than two months we received our funds."

As their enterprise deals in trading medical orthopaedic implants, they work very closely with the end-users, surgeons. "After we received the capital, we were able to venture abroad to source more high-quality, reasonably priced implants. We wanted to enable as many people as possible to be able to afford this medical amenity option." Mohit's father, at the same time his mentor and partner, came from a very poor family that could not afford implants. Together, they ensure that they focus on keeping the pricing low.

The implants are manufactured in India. They are regulator-approved and now, besides hospitals, they work closely with selected insurance companies and government agencies such as SOCSO and PERKESO.

The proactive entrepreneur Mohit is already thinking ahead: "I have a lot of ideas." While expanding into other territories in Malaysia, father and son hope to open a branch either in Penang or Kuala Lumpur. "And we are thinking of packaging the implants together with related products such as braces and slings."

> "I'm very satisfied with the service I received from CGC as everyone was very helpful, even visiting my laundry a few times before approving the financing."

Realising Her Dreams

AS RED CHERRY RESOURCES & TRADING | Services

Arau, Perlis

Siti Nur Shakira Mohamad Shamsi

In Arau, within a radius of five kilometres, four laundries operate, including Siti Nur Shakira Mohamad Shamsi's. Although she hopes to open more branches in the future, for now she's concentrating on building client relationships. "I remember all the names of my customers and I allow time for chit chat. I'm learning ways to communicate with them so that I don't lose them to other laundries."

After a year in business, Siti tried very hard to apply for a loan. Ineligible because of her brief track record, she approached the CGC Alor Setar branch and had a Biz-Mula-i financing approved. After that, she replaced her manual washer and semi-auto dryers. With a second source, the Biz-Wanita-i fund, she added self-service equipment and offered her customers an extra one-day laundry service. She also purchased four 14-kilo washers and two 16-kilo dryers. "I'm very satisfied with the service I received from CGC as everyone was very helpful, even visiting my laundry a few times before approving the financing."

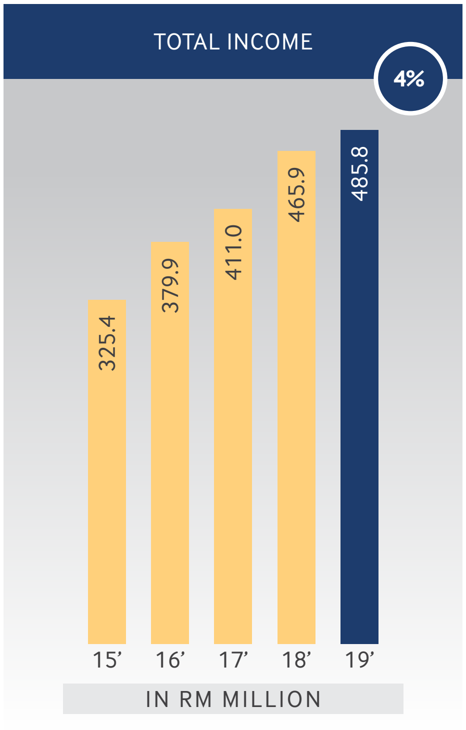
After working for about four years once she had completed her STPM, Siti returned to her hometown. Here, she helped her uncle run his laundry. "When I worked with my uncle, I was very interested in the laundry business because we are helping people." She says the assistance is extended to mainly working people who have no time to wash their clothes.

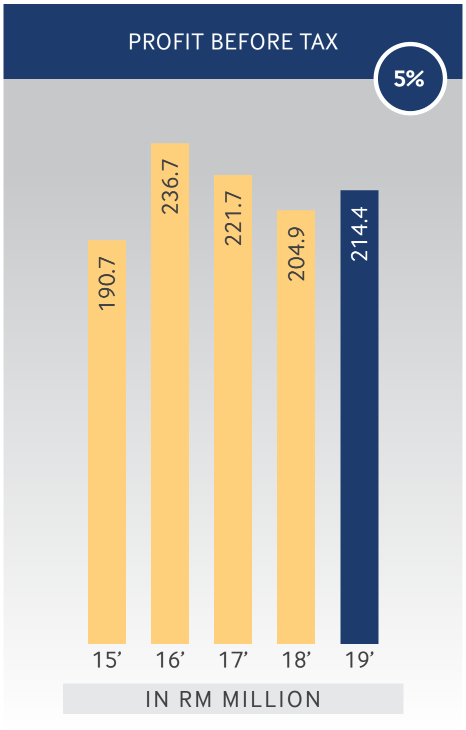
After two years, Siti decided to open her own laundry with an initial capital of almost RM30,000 consisting of her savings and aid from family members. Other than more branches in the near future, she hopes to convert her business from a conventional laundry to a self-service one, while growing into a medium-capacity enterprise.

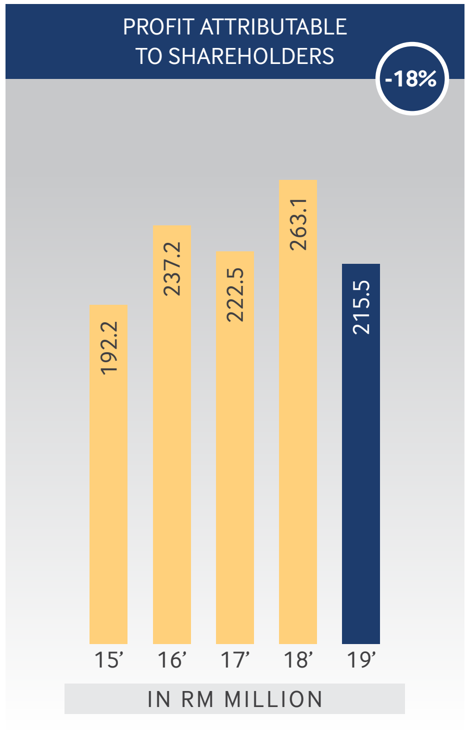
5-YEAR FINANCIAL SUMMARY AND HIGHLIGHTS

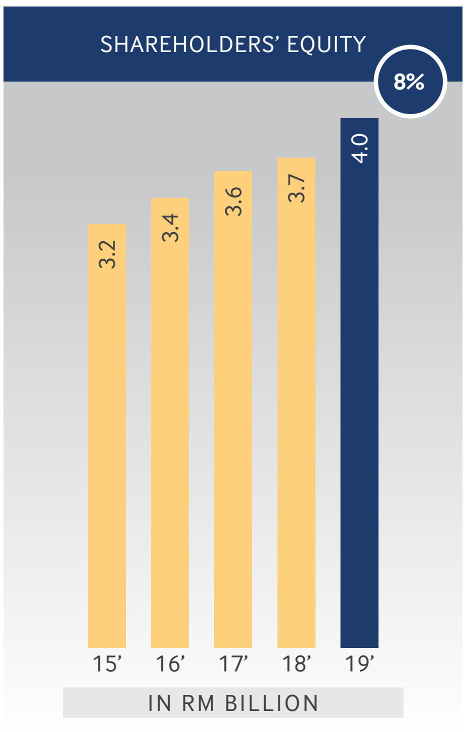
	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
GROUP					
Total Income	**485,806**	465,872	411,018	379,913	325,390
Profit Before Taxation	**214,399**	204,926	221,658	236,664	190,699
Profit After Taxation	**215,339**	262,540	222,008	236,284	190,699
Profit Attributable to Shareholders	**215,451**	263,095	222,497	237,191	192,221
Shareholders' Equity	**3,993,960**	3,711,288	3,611,818	3,377,484	3,150,975
Total Equity	**3,995,264**	3,712,704	3,613,789	3,379,944	3,154,342
Total Assets	**5,344,053**	5,023,319	5,091,909	4,841,083	4,767,381

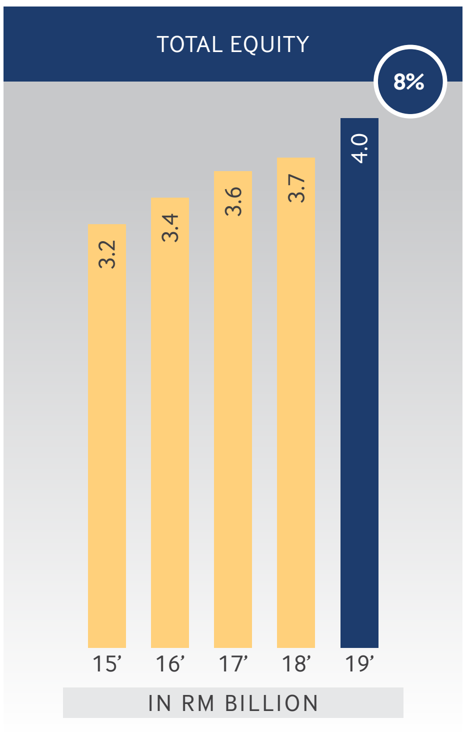
5-YEAR FINANCIAL SUMMARY AND HIGHLIGHTS

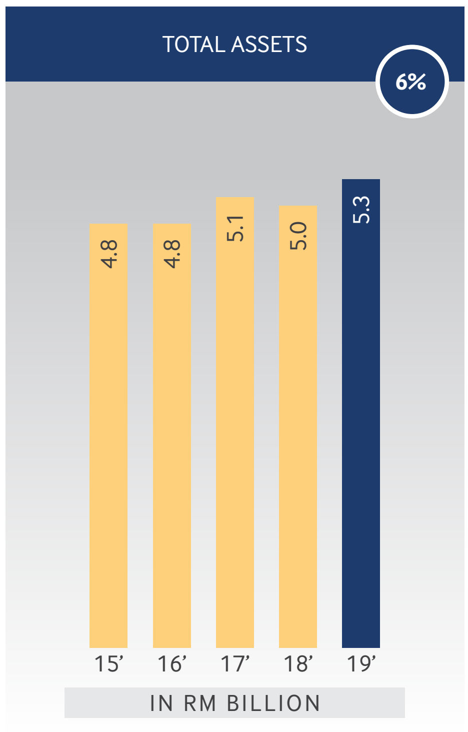








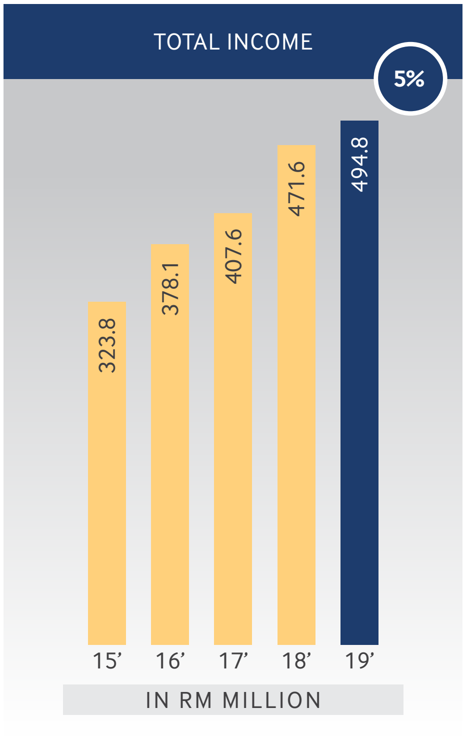


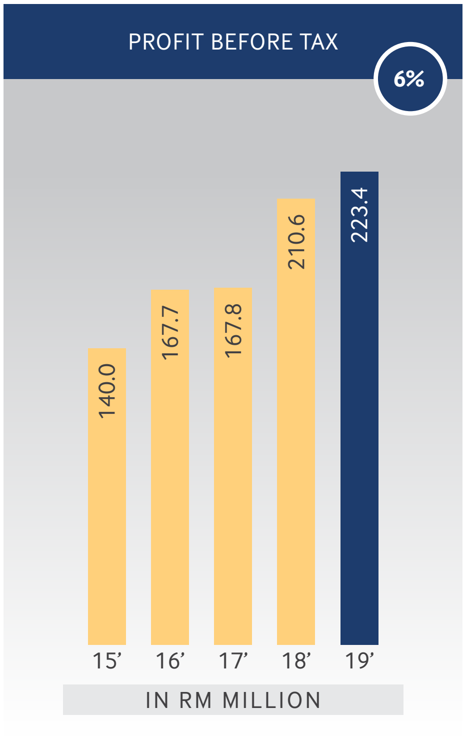


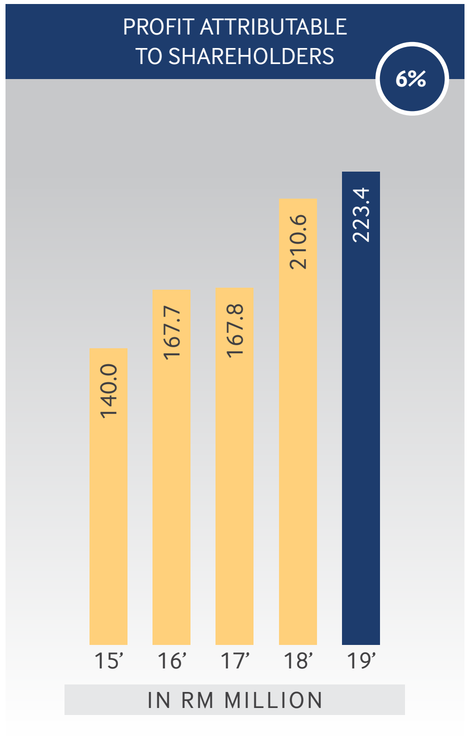
5-YEAR FINANCIAL SUMMARY AND HIGHLIGHTS

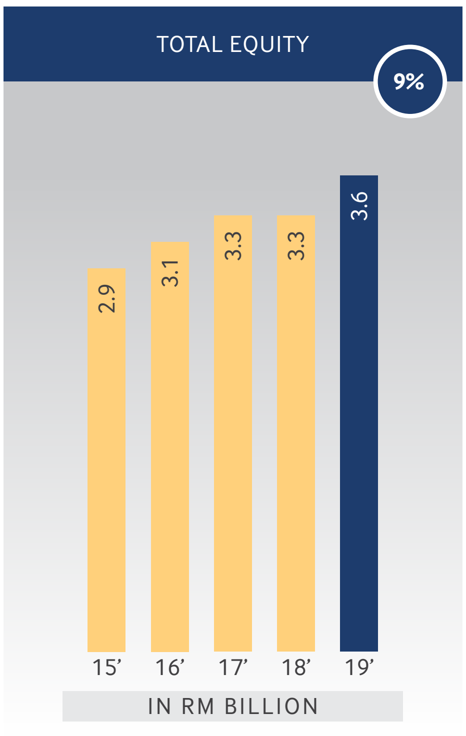
	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
COMPANY					
Total Income	**494,756**	471,572	407,626	378,147	323,762
Profit Before Taxation	**223,358**	210,636	167,849	167,730	140,030
Profit After Taxation	**223,358**	210,636	167,849	167,730	140,030
Profit Attributable to Shareholders	**223,358**	210,636	167,849	167,730	140,030
Total Equity	**3,589,510**	3,311,293	3,266,715	3,088,604	2,932,565
Total Assets	**4,935,604**	4,620,019	4,742,429	4,546,819	4,542,817

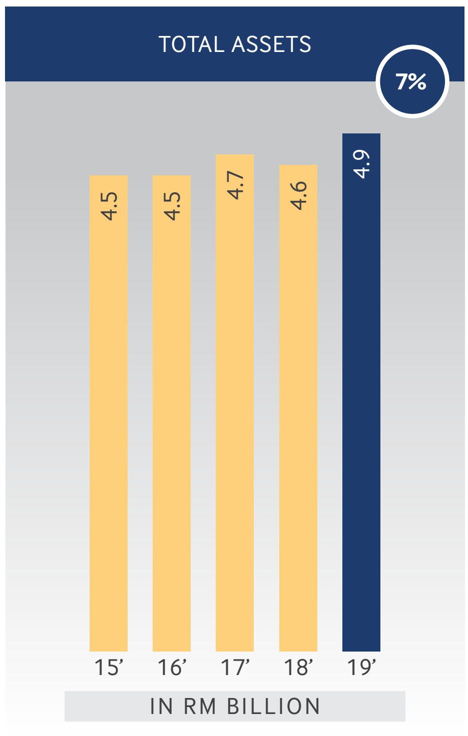
5-YEAR FINANCIAL SUMMARY AND HIGHLIGHTS











SIMPLIFIED STATEMENTS OF FINANCIAL POSITION

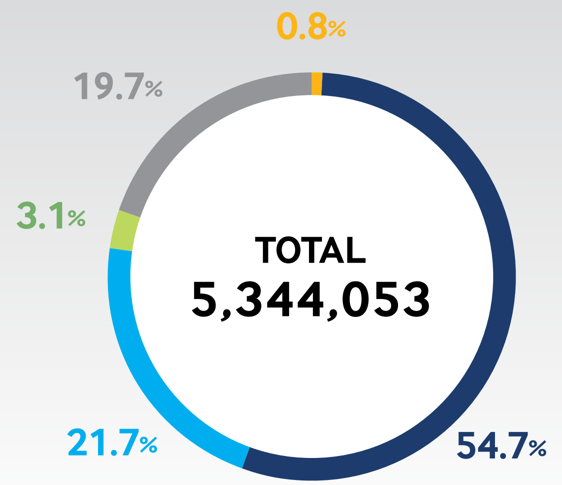
	2019		2018	
	RM'000	%	RM'000	%
GROUP				
PPE and Intangible Assets	**44,398**	**0.8%**	49,251	1.0%
Financial Investments	**2,924,820**	**54.7%**	2,826,029	56.3%
Term Deposits	**1,161,329**	**21.7%**	984,646	19.6%
Loans, Advances and Financing	**163,582**	**3.1%**	181,783	3.6%
Others	**1,049,924**	**19.7%**	981,610	19.5%
Total	**5,344,053**	**100.0%**	5,023,319	100.0%

	2019		2018	
	RM'000	%	RM'000	%
COMPANY				
PPE and Intangible Assets	**44,398**	**0.9%**	43,742	1.0%
Financial Investments	**2,924,820**	**59.3%**	2,826,029	61.2%
Term Deposits	**1,161,329**	**23.5%**	984,646	21.3%
Loans, Advances and Financing	**163,582**	**3.3%**	181,783	3.9%
Others	**641,475**	**13.0%**	583,819	12.6%
Total	**4,935,604**	**100.0%**	4,620,019	100.0%

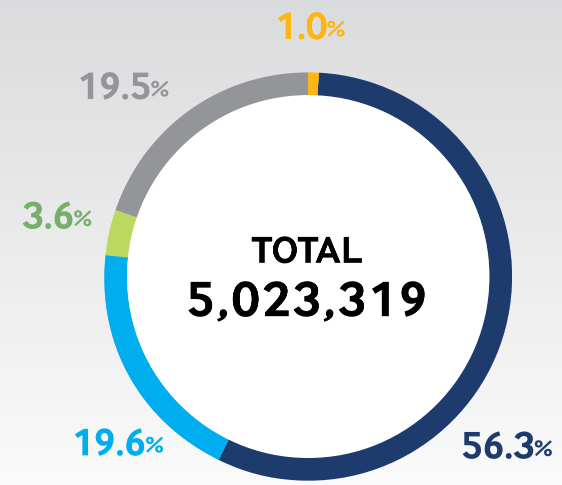
SIMPLIFIED STATEMENTS OF FINANCIAL POSITION

GROUP (RM'000)

2019

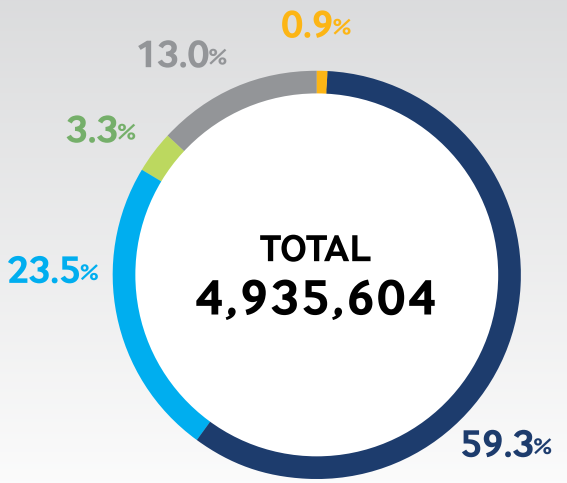


2018

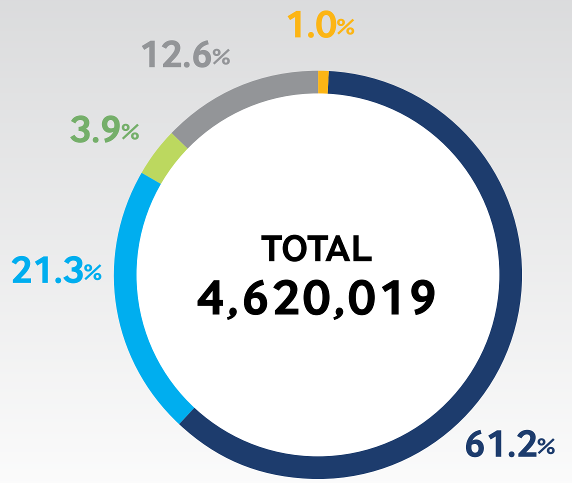


COMPANY (RM'000)

2019



2018



- PPE and Intangible Assets
- Financial Investments
- Term Deposits
- Loans, Advances and Financing
- Others

OVERVIEW OF GUARANTEE AND FINANCING SCHEMES

GUARANTEE/FINANCING SCHEMES

In 2019, CGC managed a total of 17 guarantee/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.

GUARANTEE SCHEMES

PORTFOLIO GUARANTEE SCHEME

WHOLESALE GUARANTEE SCHEME

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

DIRECT FINANCING SCHEMES

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

GOVERNMENT-BACKED SCHEMES

- Franchise Financing Scheme
- Green Technology Financing Scheme 2.0
- Green Technology Financing Scheme-i 2.0

BEYOND GUARANTEE

imSME

CGC DEVELOPMENTAL PROGRAMME™

- Mentoring Programme
- Market Access Programme
- Cross-Border Initiative
- Financial Advisory

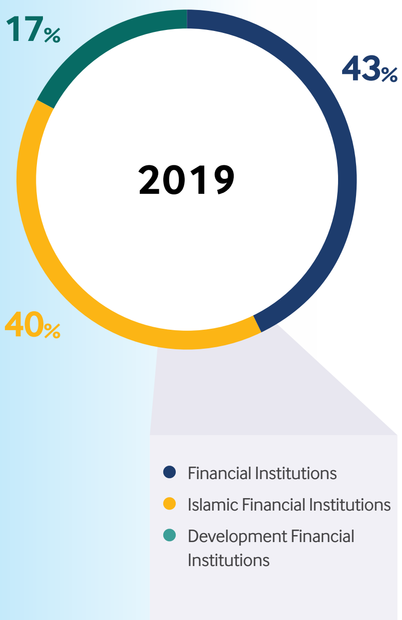
MyKNP@CGC

OVERVIEW OF GUARANTEE AND FINANCING SCHEMES

OUR CREDIT GUARANTEE SERVICES ARE ENGAGED BY DIFFERENT CATEGORIES

Categorisation	Total Institutions
Financial Institutions	13
Islamic Financial Institutions	12
Development Financial Institutions	5
Grand Total	**30**

CATEGORISATION



DISTRIBUTION OF GUARANTEES AND FINANCING

Sector	MSMEs	RM million	% MSMEs
Agriculture, Hunting, Forestry & Fishing	166	51.20	1.53
Mining & Quarrying	11	9.10	0.10
Community, Social & Personal Services	1,094	329.83	10.10
Construction	518	253.00	4.80
Electricity, Gas & Water	106	337.45	0.98
Financing, Insurance, Real Estate & Business Services	1,214	376.82	11.21
Manufacturing	1,214	508.97	11.21
Transport, Storage & Communication	728	248.12	6.72
Wholesale & Retail Trade, Restaurants & Hotels	5,776	1,822.20	53.35
Grand Total	**10,827**	**3,936.69**	**100.00**

Top 3 States	MSMEs	RM million	% MSMEs
Selangor	2,643	1,140.48	24.41
W.P. Kuala Lumpur	1,714	940.63	15.83
Johor	1,287	442.41	11.89
Others	5,183	1,413.16	47.87
Grand Total	**10,827**	**3,936.68**	**100.00**

Financing/Loan Range	MSMEs	RM million	% MSMEs
100,000 & below	3,308	238.12	30.55
100,001 – 500,000	5,768	1,848. 70	53.28
500,001 – 1,000,000	1,609	1,333.59	14.86
1,000,001 – 2,000,000	117	185.94	1.08
2,000,001 & above	25	330.33	0.23
Grand Total	**10,827**	**3,936.68**	**100.00**

"After CGC's assistance, we were able to proceed with our on-going expansion plans, extend our product line, grow our team and invest in retail."

Realising Her Potential

BREENA EMPIRE | **Cosmetics Retail**

Petaling Jaya, Selangor

Nur Sabrina Tajudin

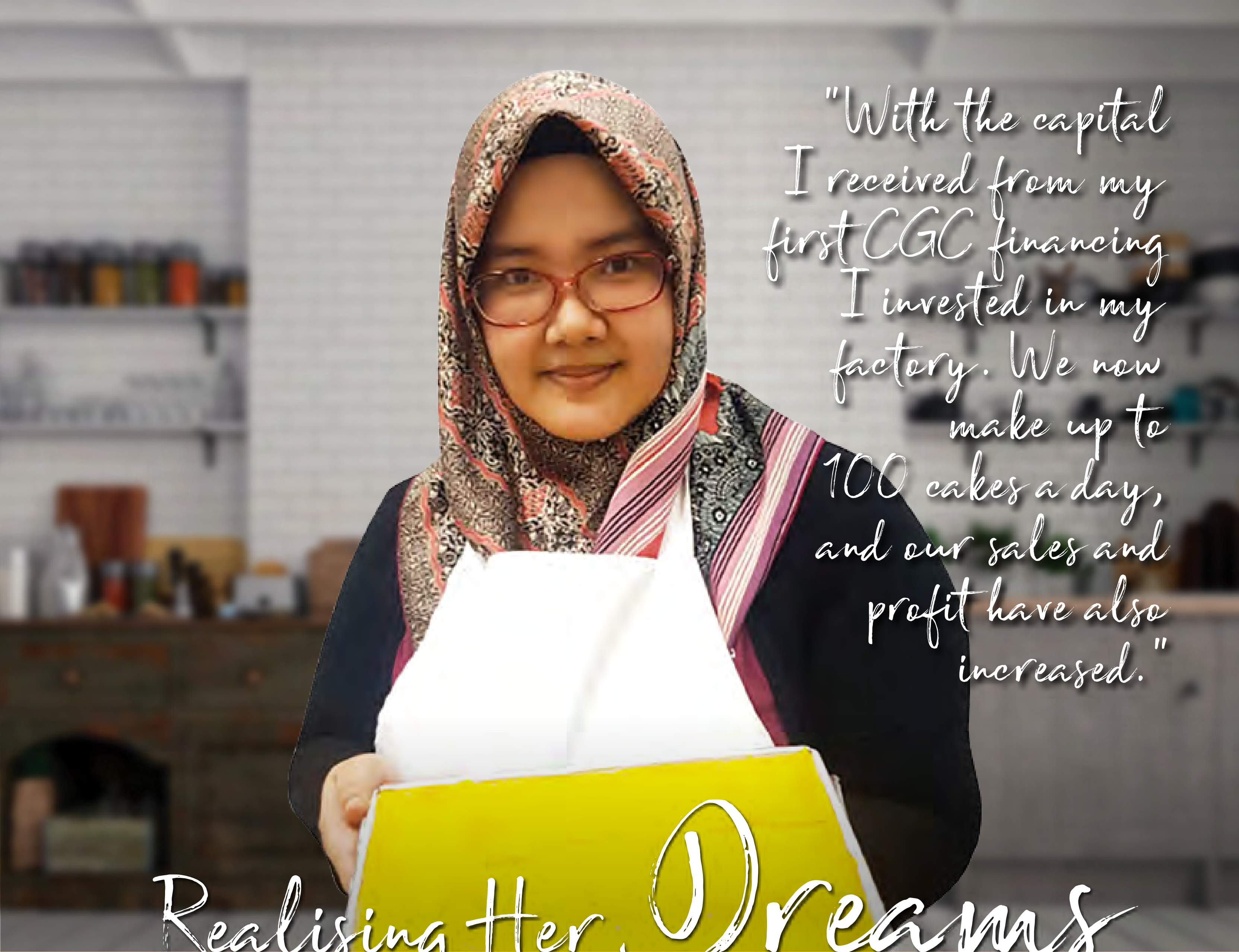
As a beauty blogger, Nur Sabrina Tajudin knew a lot about beauty products. In fact, her clients inundated her with thousands of products sent for review. With experience, knowledge and a keen interest in beauty, she had launched Breena Beauty in 2015 with one product - Face Luxe Brush, a best-selling multi-tasking powder brush. Another smash hit she created and designed herself is the Makeup Sponge, a product that beauty-lovers hoard. Today, her cosmetics range covers more than 40 products, with plans to add more items.

In a short time, magazines Marie Claire and Harper's Bazaar featured her products. Besides that, Elle Malaysia online nominated Nur Sabrina as a successful woman entrepreneur for cosmetics products. Breena Beauty is now a fast-growing local cosmetics brand that offers beauty tools and colour cosmetics, both online and in retail stores. The company has won many product awards, too, and has Playup Parkson's number-1 best-seller product.

Her husband and business partner found out about CGC on YouTube. They had first started their enterprise with the money received as wedding gifts. Explains Nur Sabrina:" We needed funds for expansion, especially when we are in retail. And that comes with detailed design and branding." Since they were new, other banks were cautious, especially towards local brands, she adds.

They received a BizMaju loan in 2018 and a BizMula-i in June 2019. "After CGC's assistance, we were able to proceed with our on-going expansion plans, extend our product line, grow our team and invest in retail." They also managed to increase their sales revenue by more than 50%, with growing profit.

Once a small-scale online beauty brand, Breena Beauty is now available on their own breenabeauty.com, as well as shopee.com, Watsons and selected stockists. With cult products, strong online presence and social media influence, Breena's regular customer base is growing.



Realising Her Dreams

DAPUR CIK NOHA | **Food & Beverage**

Kuantan, Pahang

Siti Nur Fairus Wahab

Ex-banker Siti Nur Fairus Wahab dreamt of starting a business with her husband. He suggested that, since she likes baking cakes, that should be the way forward. While he takes care of marketing the cakes and the cafe, she is in charge of production.

Siti's mango cheesecake is renowned in Kuantan. "It's our specialty, as ours is frozen, not baked. And it can last up to six months," she affirms. Other popular cakes in her stable are Nutella, Oreo and Durian cheesecakes.

For more than four years Siti has been supplying her cakes around Kuantan, other parts of Pahang and, most recently, Terengganu. In 2018, she obtained her first CGC financing. "With the BizMula-i financing I invested in my factory. We now make up to 100 cakes a day, and our sales and profit have also increased."

Last year, with her second BizWanita-i financing, she decided to finance the opening of a cafe. It's just a year old and serves Western meals and local favourites in a comfortable, charming ambiance. "But," she emphasises, "unlike other restaurants and cafes, Noha Cakes offers a lot of dessert cake options."

However, the current Movement Control Order (MCO) has been very challenging. Siti has had to shut down her restaurant, as well as a large part of her factory. But for the first time they have started home deliveries of cakes based on Cash on Delivery (COD). "We don't really know where we are all going with this. And when the MCO first came through, and cafes shut down, we were left with thousands of cakes sitting on our shelves."

In this time, all their frozen cakes are available but other specialty cakes were on a weekly rotation. Just a way of managing the situation in the best way they could.

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 **FAISAL ISMAIL**
Independent
Non-Executive
Director

6 DATO' ONG ENG BIN
Independent
Non-Executive
Director

7 SURESH MENON
Independent
Non-Executive
Director

8 TEOH KOK LIN
Independent
Non-Executive
Director

9 CHOONG TUCK OON
Independent
Non-Executive
Director

10 SALEHA M. RAMLY
Independent
Non-Executive
Director

BOARD OF DIRECTORS

DATO' AGIL NATT

Independent
Non-Executive Director
(Chairman)

Nationality: Malaysian
Gender: Male
Age: 69
Appointed: 18 June 2013
Meeting Attendance:

100% (8/8)

CHAIRMAN OF BOARD NOMINATION AND REMUNERATION COMMITTEE

Qualification(s)

- Bachelor of Science in Economics (Hons), Brunel University, UK
- Master of Science in Finance, Cass Business School, City University of London, UK
- Advanced Management Programme (AMP 163), Harvard Business School, US

Dato' Agil Natt brings vast knowledge and experience in areas of Corporate Banking, Investment Banking and Islamic Finance. He began 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 appointed as Chief Representative of Kleinwort Benson Limited before joining Maybank Group in 1995.

He held many key and senior positions in Maybank, including 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 was later appointed as President and Chief Executive Officer (PCEO) of International Centre for Education in Islamic Finance (INCEIF), the Global University of Islamic Finance established by Bank Negara Malaysia (BNM).

Besides serving as Chairman of CGC, Dato' Agil was appointed as Independent Non-Executive Chairman of Affin Bank Berhad on 8 November 2019. He is also Non-Executive Chairman of Manulife Insurance Berhad and Manulife Investment Management (M) Berhad. In addition, he is also a Non-Executive Director for Cagamas Berhad and an Investment Panel member of the Employees Provident Fund (EPF).

Dato' Agil Natt 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.

BOARD OF DIRECTORS

ADNAN ZAYLANI MOHAMAD ZAHID

Non-Independent
Non-Executive Director

Nationality: Malaysian
Gender: Male
Age: 49
Appointed: 18 October 2018
Meeting Attendance:

75% (6/8)

MEMBER OF BOARD AUDIT COMMITTEE

MEMBER OF BOARD RISK MANAGEMENT COMMITTEE

MEMBER OF BOARD NOMINATION AND REMUNERATION COMMITTEE

Qualification(s)

- Bachelor of Science in Economics, London School of Economics and Political Science, UK
- Master of Science in Global Market Economics, London School of Economics and Political Science, UK
- Master in Public Policy, Blavatnik School of Government, University of Oxford, UK

Adnan Zaylani is the Assistant Governor of Bank Negara Malaysia (BNM) responsible for Islamic Banking and Takaful, Financial Development and Innovation, Legal, Insurance Development and Development Finance and Inclusion. He is a member of BNM's Management Committee, Financial Stability Committee and Reserve Management Committee. He also serves as:

- Board Member of Kumpulan Wang Persaraan (KWAP)
- Member of Labuan Financial Services Authority
- Member of Board Executive Committee of International Islamic Liquidity Management Corporation (IILM)
- Executive Committee Member and Audit Committee Member of International Centre for Education in Islamic Finance (INCEIF)

Adnan Zaylani is a nominee of BNM, the major shareholder of CGC. He does not have any conflict of interest or any family relationship with any Director. He has not been charged and/or convicted for any offence.

BOARD OF DIRECTORS

DATUK DAVID CHUA KOK TEE

Independent
Non-Executive Director

Nationality: Malaysian
Gender: Male
Age: 73
Appointed: 15 February 2013
Meeting Attendance:

100% (8/8)

CHAIRMAN OF BOARD RISK MANAGEMENT COMMITTEE

MEMBER OF BOARD INVESTMENT COMMITTEE

MEMBER OF BOARD BUMIPUTERA DEVELOPMENT COMMITTEE

MEMBER OF BOARD IT COMMITTEE

Qualification(s)

- Bachelor of Arts (B.A. Hons), University of Malaya
- Honorary Doctor of Business Degree (Ph.D. Hon), University of Malaya

Datuk David Chua is the Managing Director of DC&A Group of Companies, a housing and property development group. He has vast experience in both the commercial and industrial sectors.

He has volunteered in numerous key and senior positions in trade associations, chambers of commerce and in industry, as well as in government-appointed positions. Among them were:

- Board Member University of Malaya (2007-2015)
- Chairman, UM Holdings Sdn Bhd (commercial and investment wing wholly owned by University of Malaya) (2009-2015)
- Board Member, UM Specialist Centre Sdn Bhd (2009-2015)
- Member, Consultation and Prevention Panel, Malaysian Anti-Corruption Commission (MACC)
- Member, Advisory Board of Dewan Bandaraya Kuala Lumpur

He was appointed to the National Economic Consultative Council (MAPEN 1 1990) and re-appointed as Deputy Chairman to MAPEN II in 1999.

Currently, he is a Director of Malaysia-China Business Council (MCBC), Advisor of the Chinese Chamber of Commerce & Industry of Kuala Lumpur and Selangor (KLSCCCI) and a Member of Bank Negara Malaysia's Small Debt Restructuring Committee (SDRC).

He is also a member of the Anti-Corruption Advisory Board of MACC and a Council Member for Entrepreneurship for National Higher Education, Ministry of Higher Education Malaysia (MOHE) (2018-2020). He was also appointed as Trustee of Administrative and Diplomatic Alumni Association Malaysia (Alumni PTD) on 26 April 2018.

Datuk David Chua Kok Tee 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.

BOARD OF DIRECTORS

DATO' HAJI SYED MOHEEB SYED KAMARULZAMAN

FCII, FCIIFP,
Senior Associate CIP

Independent
Non-Executive Director

Nationality: Malaysian
Gender: Male
Age: 67
Appointed: 15 January 2014
Meeting Attendance:

100% (8/8)

CHAIRMAN OF BOARD BUMIPUTERA DEVELOPMENT COMMITTEE

MEMBER OF BOARD RISK MANAGEMENT COMMITTEE

MEMBER OF BOARD NOMINATION AND REMUNERATION COMMITTEE

MEMBER OF BOARD IT COMMITTEE

Qualification(s)

- Senior Associate CIP, Australian and New Zealand Institute of Insurance and Finance
- Fellow of Chartered Institute of Islamic Finance
- Fellow of Malaysian Insurance Institution

Dato' Haji Syed Moheeb is a CIP with over 43 years of considerable experience in conventional insurance, reinsurance and takaful industry, serving in both local and multinational direct insurance, reinsurance and takaful companies. Among his appointments were Chairman of Malaysian Takaful Association, Management Committee member of General Insurance Association of Malaysia and Chief Executive Officer of Malaysian Insurance Institute (MII).

He sits on the Board of Credit Bureau Malaysia Sdn Bhd and the Board of Standard Chartered Saadiq Berhad. He is also an Adjunct Professor at the School of Economics, Business and Finance of Universiti Utara Malaysia (UUM).

Dato' Haji Syed Moheeb 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.

BOARD OF DIRECTORS

TEOH KOK LIN

CFA

Independent
Non-Executive Director

Nationality: Malaysian
Gender: Male
Age: 57
Appointed: 27 June 2014
Meeting Attendance:

100% (8/8)

CHAIRMAN OF BOARD INVESTMENT COMMITTEE

MEMBER OF BOARD RISK MANAGEMENT COMMITTEE

MEMBER OF BOARD IT COMMITTEE

Qualification(s)

- First Class Honours Double Degree in Electrical Engineering and Commerce (Finance), University of Windsor, Canada
- Master of Science in Industrial Administration, Purdue University, US

Teoh Kok Lin is the founder and Chief Investment Officer of Singular Asset Management Sdn Bhd, a fund management company established in 2002 and is licensed by 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 is one of the earliest Chartered Financial Analysts (CFA) in Malaysia and a former President of CFA Society Malaysia. In over 32 years of outstanding experience in banking, credit and investment, Teoh Kok Lin has worked at Citicorp Citibank Malaysia, Barings Malaysia, HSBC Research Malaysia and UOB Kay Hian Singapore. He constantly travels 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 the National Chamber of Commerce and Industry of Malaysia. He also serves as Chairman of the Digital Economy Committee and Deputy Chairman of the Socio-Economic Research Consultative Committee of the Associated Chinese Chamber of Commerce and Industry of Malaysia. In addition, Teoh Kok Lin is also Chairman of the Digital Economy Committee for the Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor.

Teoh Kok Lin 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.

BOARD OF DIRECTORS

SURESH MENON

Independent
Non-Executive Director

Nationality: Malaysian
Gender: Male
Age: 63
Appointed: 17 July 2014
Meeting Attendance:

100% (8/8)

MEMBER OF BOARD AUDIT COMMITTEE

MEMBER OF BOARD RISK MANAGEMENT COMMITTEE

MEMBER OF BOARD INVESTMENT COMMITTEE

Qualification(s)

- Bachelor of Technology, Majoring in Chemical Engineering, University of Madras, India
- Master in Business Management, Asian Institute of Management, Philippines

Suresh Menon is the Non-Executive Chairman of Credit Bureau Malaysia Sdn Bhd, a subsidiary of CGC. He also sits on the Board of Danajamin Nasional Berhad, a CGC associate company. He has been an Independent Capital Market Consultant since 2010, providing consultancy and training to financial agencies, the World Bank and regulatory authorities in several countries.

His 40-year experience comprises international financial and debt markets with his expertise extending to credit analysis and best practices in corporate governance.

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

Suresh Menon was also involved in developmental projects with international bodies, namely the Asian Development Bank, APEC Business Advisory Council and the Association of Credit Rating Agencies in Asia (ACRAA). He was Chairman of 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).

Suresh Menon 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.

BOARD OF DIRECTORS

DATO' ONG ENG BIN

Independent
Non-Executive Director

Nationality: Malaysian
Gender: Male
Age: 57
Appointed: 14 October 2014
Meeting Attendance:

62.5% (5/8)

MEMBER OF BOARD AUDIT COMMITTEE

MEMBER OF BOARD NOMINATION AND REMUNERATION COMMITTEE

MEMBER OF BOARD BUMIPUTERA DEVELOPMENT COMMITTEE

Qualification(s)

- Bachelor of Accounting & Finance, University of Manchester, UK

Dato' Ong Eng Bin began his career in OCBC Bank Malaysia Berhad (OCBC) in 1988. He was appointed as Head of Corporate Banking in 2004 before being promoted to Head of Business Banking in 2012. With extensive experience in Corporate Banking, his responsibilities included corporate and commercial, emerging businesses and transaction banking. He has been the Chief Executive Officer (CEO) of OCBC since 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 Asian Banking School (ABS) and Chairman of PAC Lease Sdn Bhd.

Dato' Ong Eng Bin 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.

BOARD OF DIRECTORS

CHOONG TUCK OON

Independent
Non-Executive Director

Nationality: Malaysian
Gender: Male
Age: 62
Appointed: 20 January 2017
Meeting Attendance:

100% (8/8)

CHAIRMAN OF BOARD IT COMMITTEE

MEMBER OF BOARD AUDIT COMMITTEE

Qualification(s)

- Bachelor of Science (First Class) in Mathematics, University of Malaya
- Master of Science in Computer Applications, Asian Institute of Technology
- Executive Diploma in Directorship, Singapore Management University

After 25 years with Accenture, Choong Tuck Oon retired as Senior Partner in the Asia-Pacific Financial Services practice. He led many strategy initiatives, comprising more than 20 large domestic and global banks, insurers in Malaysia, Singapore, Indonesia, Thailand, China, Hong Kong and Taiwan as well as national payment projects in Malaysia and Singapore. He was also appointed as an Independent Non-Executive Director in RHB Bank, RHB Islamic Bank, RHB Indochina Bank, RHB Indochina Securities and RHB Private Equity.

Choong Tuck Oon has been active in NGO initiatives, such as advising a consortium of international aid agencies on core systems for the launch of bank-of-banks microfinancing in Indonesia and a global wildlife/nature agency on a new growth strategy for eleven countries in Asia.

Currently, he is an Independent Non-Executive Director on Boards of FIDE Forum Malaysia, Star Media Group Berhad and NTUC Income Insurance Cooperative Singapore. He specialises in technology, strategy and transformation for banking and insurance. He is active in ASEAN digital startup ecosystem where his advice on digital and Fintech programmes is highly sought-after.

Choong Tuck Oon 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.

BOARD OF DIRECTORS

FAISAL ISMAIL

Independent
Non-Executive Director

Nationality: Malaysian
Gender: Male
Age: 57
Appointed: 1 December 2019
Meeting Attendance:

100% (1/1)

CHAIRMAN OF BOARD AUDIT COMMITTEE

MEMBER OF BOARD INVESTMENT COMMITTEE

MEMBER OF BOARD BUMIPUTERA DEVELOPMENT COMMITTEE

Qualification(s)

- Member of Malaysian Institute of Accountants
- Fellow of Institute of Chartered Accountants in England & Wales

Faisal Ismail has more than 30 years' experience and overseas exposure in various areas of expertise including board levels, top management, M&A, corporate, finance, tax planning, consulting, transformation and human resources. His experience was further honed in industries as diverse as hotels, property investment and development, healthcare, shipbuilding and repairs, banking, power and education. He has been an Independent Non-Executive Director of J.P. Morgan Chase Bank Berhad since 2011.

Positions he held include Executive Director in Landmarks Berhad, Executive Director in BinaFikir Sdn Bhd, Director in the Investment division of Khazanah Nasional Berhad and Group Managing Director, Pantai Holdings Berhad.

Faisal Ismail 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.

BOARD OF DIRECTORS

SALEHA M. RAMLY

Independent
Non-Executive Director

Nationality: Malaysian
Gender: Female
Age: 67
Appointed: 1 December 2019
Meeting Attendance:

100% (1/1)

MEMBER OF BOARD NOMINATION AND REMUNERATION COMMITTEE

MEMBER OF BOARD IT COMMITTEE

MEMBER OF BOARD BUMIPUTERA DEVELOPMENT COMMITTEE

Qualification(s)

- Bachelor of Laws (LL.B), University of Malaya
- Master of Laws (LL.M), University of London, UK

Saleha M. Ramly began her career as a lecturer in the Law Faculty of the University of Malaya, serving for more than 8 years. Moving on to the private sector, she held various positions in the legal and/or secretarial departments in several companies. Among these were government-linked and public-listed companies, namely Sime UEP Properties Berhad and its holding company Sime Darby Berhad, Landmarks Berhad and Country Heights Holdings Berhad.

After officially retiring in 2007, she continued to serve in similar positions in Scomi Group Berhad, Perbadanan Insurans Deposit Malaysia and ACR Capital Holdings Pte Ltd group of companies in Malaysia and Singapore until 2018.

She brings with her vast experience in corporate legal and secretarial operations of a company, specifically in crafting corporate governance policies and legal documents and training staff on governance and legal matters.

Saleha M. Ramly 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.

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

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

3 **K. PERBAGARAN**
Chief Risk Officer

4 **SHAZMEER MOKHTAR**
Chief Financial Officer

5 **FAKRUL AZMI MOHAMAD**
Chief Internal Auditor

6 **RAHIM RADUAN**
Chief Corporate Officer

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

8 **LEONG WENG CHOONG**
Chief Business Officer

9 **ZARINA OSMAN**
Chief Credit Officer

MANAGEMENT TEAM

DATUK MOHD ZAMREE MOHD ISHAK

President/Chief Executive Officer

Date Joined:
1 January 2015

Qualification(s)

- 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

Experience

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

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

Awards

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

MANAGEMENT TEAM

RAHIM RADUAN

Chief Corporate Officer

Date Joined: 2 May 2018

Qualification(s)

- 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

Experience

Over 20 years of experience in various sectors including investment and consumer banking, wealth management, fund management, automotive, infrastructure and property development. He held the following key positions:

- General Manager/Head of Group Finance Division, PROTON Holdings Berhad
- Chief Operating Officer, CIMB Wealth Advisors Berhad
- Chief Operating Officer, CIMB-Principal Asset Management Berhad
- Managing Director/Head of Consumer Banking's 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

Qualification(s)

- Bachelor of Arts (Hons.) Accounting & Finance, London Southbank University, UK
- Negotiation & Influencing Skills Programme, 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 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

Experience

Over 17 years of experience with Bank Negara Malaysia (BNM) in Supervision, Regulation, Investments and Corporate Strategy sectors. He was instrumental in implementing several strategic initiatives to position Malaysia as an International Islamic Finance marketplace. This includes his involvement in the BNM-SC-World Bank technical working group which facilitated the issuance of the world's first Green sukuk in 2017. He also led the origination and structuring of the world's first liquidity instruments based on mudharabah. He held the following key positions:

- Deputy Director of BNM
- Board member of Aureous CGC Advisers Sdn Bhd

Award

- Academic Excellence Award by BNM (2006)

MANAGEMENT TEAM

LEONG WENG CHOONG

Chief Business Officer

Date Joined: 15 July 2015

Qualification(s)

- Bachelor of Commerce, University of Western Australia, Australia

Experience

Over 21 years of experience in Credit and Marketing, Collections and Recoveries, Operations, Cash Management, Product Development and SME Bancassurance. He 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

Qualification(s)

- Bachelor of Science in Statistics, University of Illinois Urbana Champaign, USA

Experience

More than 23 years of experience in Project Management, Corporate Planning, Process Improvement, Organisation and Methods, Corporate Services and Support Functions. She held the following key positions:

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

MANAGEMENT TEAM

K. PERBAGARAN

Chief Risk Officer

Date Joined: 1 August 2005

Qualification(s)

- 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
- Advanced Credit Enhancer (ACE) Certification, CGC – Institut Bank-Bank Malaysia (IBBM)
- Member of the Institute of Internal Auditors Malaysia (IIAM)
- Member of the Malaysian Institute of Accountants (MIA)

Experience

Over 21 years of experience in Audit & Risk Management. He 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

Qualification(s)

- Bachelor of Accountancy (Hons.), University of Malaya
- Certified Credit Professional (CCP) from Institut Bank-Bank Malaysia (IBBM)
- 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)

Experience

Over 25 years of experience in business credit and credit management covering the entire Business Banking portfolio, including Investment, Treasury and Capital Markets, Corporate, Commercial and Retail Business. She held the following key positions:

- Head of Credit Management, Kuwait Finance House Bhd
- Senior positions in Bank Muamalat Malaysia Bhd and RHB Islamic Bank Bhd
- Pioneer team member, RHB Islamic Bank Bhd, that established the first Islamic Window subsidiary in Malaysia

MANAGEMENT TEAM

FAKRUL AZMI MOHAMAD

Chief Internal Auditor

Date Joined: 2 October 2018

Qualification(s)

- 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 Institut Bank-Bank Malaysia (IBBM)
- 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

Experience

Over 21 years of experience in the financial services sector and successfully implemented best audit practices and improved audit activity coverage. He 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

Qualification(s)

- Bachelor of Laws (Hons.), International Islamic University Malaysia (IIUM), 1994
- Advocate and Solicitor of the High Court of Malaya. Admitted on 18 March 1995
- Licensed Company Secretary of Companies Commission of Malaysia since 1998

Experience

Has accumulated 25 years of experience in various sectors such as financial services, oil and gas, telecommunications, aerospace and hotel and property development. He held the following key positions:

- Assistant Vice President, Group Corporate Secretarial, Maybank and 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 and Company Secretary of Aerospace Technology Systems Corp. Sdn Bhd

MOHAMED AZMAN MOHAMED TAUFIK

Senior Vice President, Bumiputera Development & Products

Date Joined: 4 February 2015

Qualification(s)

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

Experience

Over 30 years of experience in banking and financial sectors both in Malaysia and Indonesia. Has extensive experience in corporate banking, SME banking and branch management. 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

Qualification(s)

- Affiliate of the Association of Chartered Certified Accountants (ACCA)

Experience

Over 25 years of experience in banking, managing branch 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. He 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

Qualification(s)

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

Experience

Over 36 years of experience in fund management, distinctly in areas of managing fixed income investment portfolios, credit evaluation and credit risk management. She 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: 3 April 2017

Qualification(s)

- Bachelor of Accountancy (Hons.), Universiti Utara Malaysia
- Member of Association of Chartered Certified Accountants (ACCA)

Experience

Over 19 years of working experience in Audit, Banking and Oil & Gas. He held the following key positions:

- Head of Strategic Planning and Special Assistant to President/CEO at EXIM Bank Berhad
- Acting CEO, Alkhair International Islamic Bank

MANAGEMENT TEAM

MOHD SUKERI ISMAIL

Senior Vice President, Operations

Date Joined: 6 May 1996

Qualification(s)

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

Experience

Over 23 years of experience in Shared/Full Risk and Financing Applications. He held the following positions:

- Branch Executive, Hong Leong Finance Berhad
- Branch Manager, Hong Leong Finance Berhad

NOR HAMIZWA MOHD NOR

Senior Vice President, Human Capital & Administration

Date Joined: 18 November 2019

Qualification(s)

- Bachelor in Business Administration (Human Resource Management), Universiti Teknologi MARA, Malaysia

Experience

Over 22 years of experience in general human capital and specialised human capital functions including talent management, learning & development, organisational design and manpower planning. She held the following key positions:

- General Manager, HR Business Partners and IR & Engagement, UEM Edgenta Berhad
- Covering Senior General Manager, Human Resources, Malaysia Airport Holdings Berhad
- Assistant General Manager, Talent & Specialist Management and Employee Behavioural Development, Telekom Malaysia Berhad

WAI KO-CHI

Senior Vice President, Information Technology

Date Joined: 15 June 2017

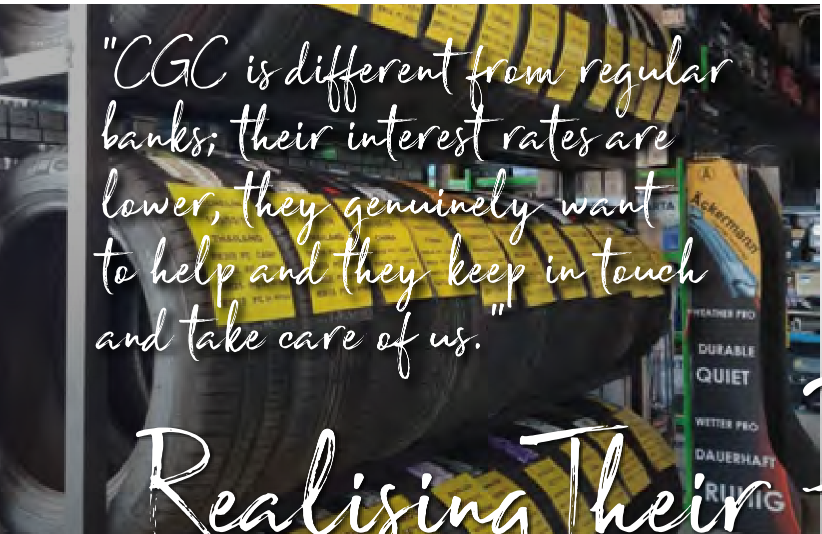
Qualification(s)

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

Experience

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

- Analyst, Andersen Consulting/Accenture
- Architect, Shell IT & Hewlett Packard Malaysia
- Chief Engineer, DXC Technology/Hewlett Packard Enterprise



"CGC is different from regular banks; their interest rates are lower, they genuinely want to help and they keep in touch and take care of us."

Realising Their Potential

AUTOCARE CENTRES | Automotive Services

Keningau, Sabah

Tham Yun Pin

Tham Yun Chun

In 2016, when two brothers opened their first auto service centre in Keningau, they continued to nurture their dream of opening more outlets. The initial fulfilment of that aspiration came two years later after they obtained their first CGC loan, BizMula-i. With this funding they opened their second centre, and in the following year applied for a BizMaju loan.

Tham Yun Pin, the elder of the two, found out about CGC on the internet. He observed that CGC's extended service was excellent. "CGC is different from regular banks; their interest rates are lower, they genuinely want to help and they keep in touch and take care of us." He has already recommended CGC to several business friends.

At their two service centres the brothers provide motor vehicle maintenance and repair, together with retail. The latter comprises automotive fuel, spare parts, components, tools and accessories. "With more capital, we have also upgraded our machinery, added more stock and created a more conducive and comfortable waiting area in our centres." In addition, they have now grown from eight staff in one outlet to 18 staff manning both centres, with an increase in new customers.

Over the last four years, the Tham brothers have worked very hard to hone their skills in differentiating themselves from their competitors. Adds Yun Pin, "To keep our customers satisfied, we hope to stand out in terms of products, pricing, service and environment." To this successful inventory they have recently added a 'flexible payment' scheme - the CCM instalment payment programme. Supported by BNM-approved AEON Credit, it has been very well received by their customers, who welcome the advantage of spreading their expenses over several months.

With such experience and skill, in the near future the Thams are looking forward to opening more outlets in and around Keningau.

OFFICE TEAM

"The imSME portal was very user-friendly and easy to navigate. The challenging questions were easy to answer, and service provided very satisfactory."

Realising Their Dreams

SINAR REZEKI RESOURCES | Construction

Melaka

Izreen Juliana Ismail

"Being a woman in a tough, mostly male, construction environment is not difficult," declares Izreen. Her ambition is to be a successful woman contractor in Melaka. Last year, as her business began to grow, the UiTM Melaka Construction Management graduate felt acutely limited in terms of manpower, cash flow and capital. She even resorted to cancelling projects as her company was unable to cope.

That was when she noticed the CGC imSME ads popping up on her Facebook newsfeed. Prompted by her husband, she decided to apply, as she had many concurrent projects going. "The imSME portal was very user-friendly and easy to navigate. The challenging questions were easy to answer, and service provided very satisfactory." In addition, when she hit a few snags, a CGC staff member walked her through them. She redirected her first application, as advised by the CGC Financial Advisory Team, and was pleased to receive offers from three banks.

She chose Bank Simpanan Nasional (BSN) and, within a week, her BSN Micro-i process was well under way.

Thus, when she received her much-needed capital in 2019, she was able to hire more staff, purchase material with upfront payment, and take on more projects. Her sales increased, too - by up to 20% in the second month after receiving financing. With aid and belief, Izreen was able to progress from managing small projects to larger ones.

After working for five years in a construction company, Izreen began her own in 2007. In the first seven years she was mainly involved in government projects, but later she started specialising in renovating properties. Work with housing developers was then coming in, involving projects from design to construction.

With the additional financing she received, and a project from a main contractor, she has managed to increase not just her company sales, but projects and manpower, too.

"Fulfilling Ambitions is not just a continuous journey. It's our *raison d'être*. And so we will persist in pursuing our goals with purpose."

Dato' Agil Natt, Chairman

ORGANISATIONAL STRUCTURE

CORPORATE GOVERNANCE OVERVIEW STATEMENT

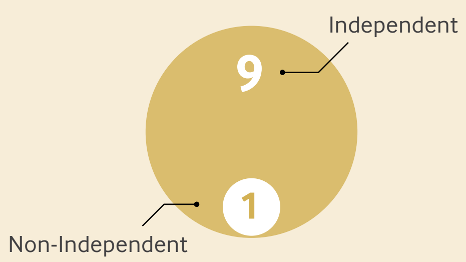
At CGC, operating in a rapidly evolving world, **Fulfilling Ambitions** is about attaining people's goals, both internally and externally. In aiming for that goal, we inculcate a culture of upholding strong corporate governance principles across the organisation. Upheld by a distinguished Board, this strong corporate governance framework, incorporated with the highest standards, is key to delivering sustainable business performance and creating continued shareholder value.

The CGC Board, Management and People are committed to applying best practices and principles. This is vital in maintaining integrity and professionalism in the long-term interest of our valued stakeholders. So, across the Corporation, guided by the principles of the Malaysian Code of Corporate Governance 2017, CGC continuously strengthens its governance processes to enhance accountability and transparency.

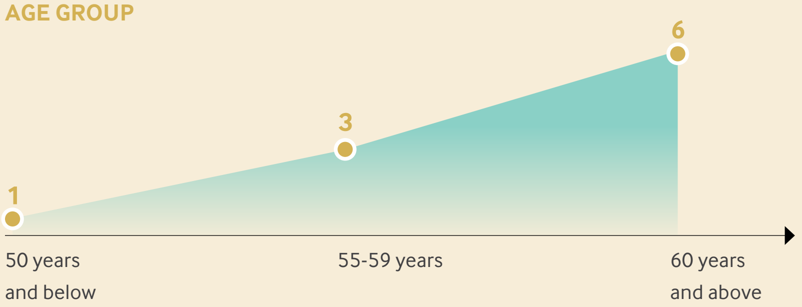
In the following pages, please note CGC's:

- approach to Corporate Governance, including the Board and its Committees administration
- conduct based on the Malaysian Code of Corporate Governance 2017 ("the Code")

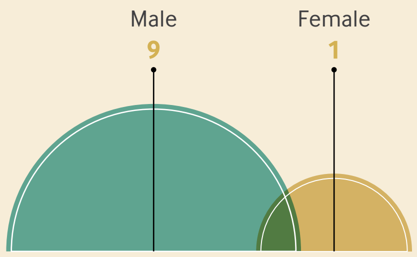
INDEPENDENCE



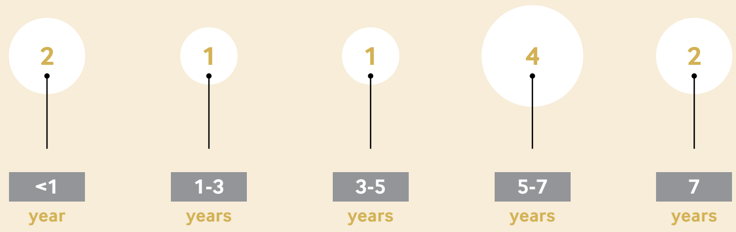
AGE GROUP



GENDER



TENURE



CORPORATE GOVERNANCE OVERVIEW STATEMENT

MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017

In strongly advocating and supporting these good corporate governance principles, the Board follows the Code's recommendations and complies with the Companies Act, 2016. Moreover, ensuring that the Code's principles and best practices are understood, adopted and reported further enhances and strengthens CGC's governance system and processes.

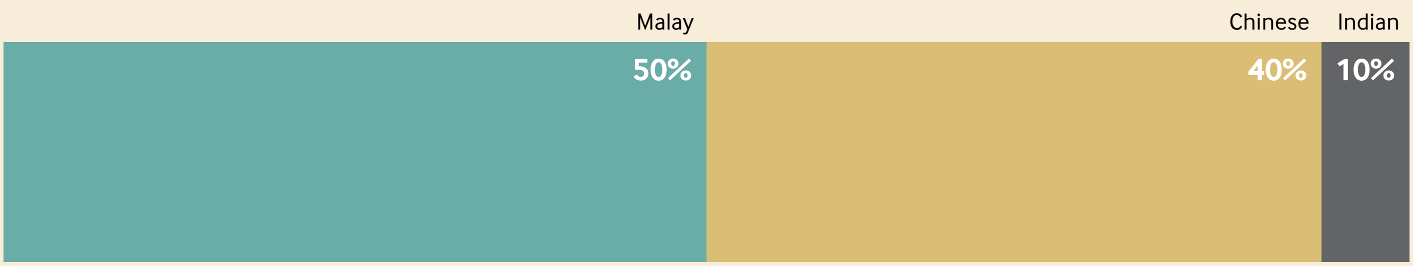
This Statement on Corporate Governance emphasises the three (3) key principles outlined in the Code, which are:

Principle A
Board Leadership and Effectiveness

Principle B
Effective Audit & Risk Management

Principle C
Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

RACE/ETHNICITY



EXPERIENCE AND SKILLS

Banking & Finance	Economics	Corporate Planning & Development	Leadership & Management	Information Technology	Corporate Governance	Legal/ Regulatory	Investment	Capital & Securities Market

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ROLES & RESPONSIBILITIES

The Board is accountable and responsible for the performance and affairs of CGC. The Board is expected to show good stewardship and act in a professional manner, as well as uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

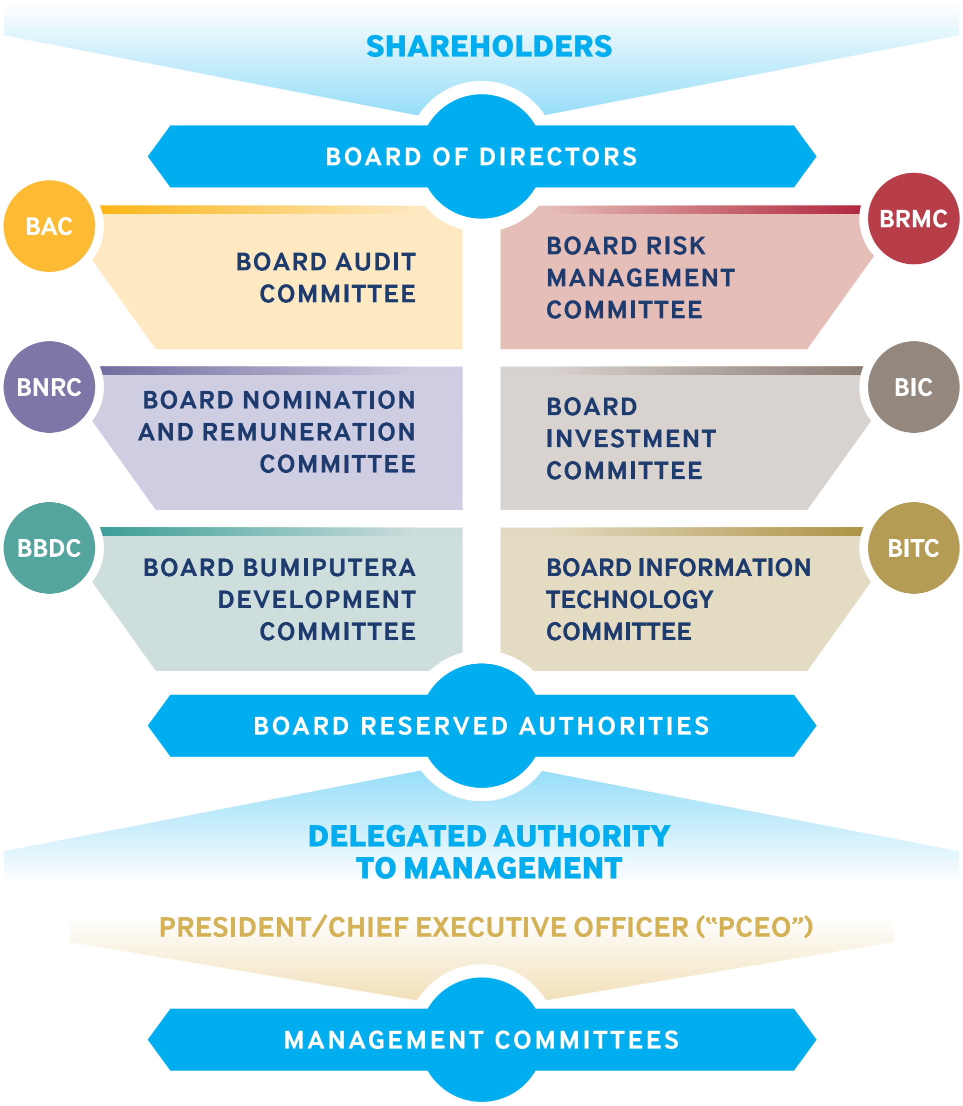
The Board is the principal decision-making body for all significant matters affecting CGC, and is accountable to shareholders for creating and delivering sustainable value. These matters include debating and agreeing on CGC's corporate strategy, long-term business objectives and risk appetite, as well as approving its annual budget and financial statements. The Board is also responsible for:

- championing the highest standards of corporate governance
- upholding a strong corporate performance management approach
- overseeing CGC's human capital development
- ensuring 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 (PCEO). It is the Chairman's responsibility to lead and manage the work of the Board. Responsibility for CGC's executive leadership and day-to-day business management is delegated to the PCEO. The Management Committees support the PCEO in this role.

BOARD GOVERNANCE FRAMEWORK

As part of discharging its duties, ensuring an appropriate level of oversight, the Board delegates specific roles and responsibilities to its six principal committees:



The Oversight Committee Members primarily consist of Non-Executive Directors.

This system establishes that:

- Each committee's Chair reports to the Board.
- The previous committee meeting's minutes are tabled at the next Board meeting.
- Each committee's Terms of Reference ("TOR") are documented, agreed by the Board and available for viewing on CGC's website (www.cgc.com.my).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

PRESIDENT/CHIEF EXECUTIVE OFFICER

- Responsible for CGC's executive leadership and day-to-day management of its business, within the authority delegated by the Board.
- Executes strategic direction of CGC as set out by the Board.
- Ensures 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.
- Ensures that operational planning and control systems are in place, monitoring performance results against plans and where necessary, taking remedial action.

NON-EXECUTIVE DIRECTOR

- Contributes sound judgment and objectivity and provide constructive challenge to board discussions and decision-making.
- Supports the Chairman and Senior Management by instilling appropriate culture and values in the boardroom and throughout CGC.
- Scrutinises performance of Management.

COMPANY SECRETARY

The General Counsel & Company Secretary ("GC&CS") is responsible for ensuring that the Board procedures and applicable rules are observed. The GC&CS, together with the Company Secretarial Section, is responsible for providing sound governance advice, full support and appropriate guidance and compliance to the Board on policies and procedures, rules and regulations as well as advocating adoption of corporate governance best practices.

The GC&CS works closely with the Chairman, Chairs of the Board Oversight Committees and PCEO to set meeting agendas and ensure 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ATTENDANCE AT BOARD MEETINGS

During the year, eight scheduled Board meetings were held. Upon the Board's request, Senior Management members attended these meetings to provide updates on specific developments or proposals. Their attendance provided an additional opportunity for Non-Executive Directors to discuss directly with the executive team. Furthermore, they spurred Management thinking on matters under discussion, 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 2019.

No.	Name of Directors	Attendance
1.	**Dato' Agil Natt** Independent Non-Executive Director (Chairman)	8/8
2.	**Datuk David Chua Kok Tee** Independent Non-Executive Director	8/8
3.	**Dato' Haji Syed Moheeb Syed Kamarulzaman** Independent Non-Executive Director	8/8
4.	**Teoh Kok Lin** Independent Non-Executive Director	8/8
5	**Suresh Menon** Independent Non-Executive Director	8/8
6.	**Dato' Ong Eng Bin** Independent Non-Executive Director	5/8
7.	**Choong Tuck Oon** Independent Non-Executive Director	8/8
8.	**Adnan Zaylani Mohamad Zahid** Non-Independent Non-Executive Director	6/8
9.	**Faisal Ismail**[1] Independent Non-Executive Director	1/1
10.	**Saleha M. Ramly**[1] Independent Non-Executive Director	1/1
11.	**Nadzirah Abd. Rashid**[2] Independent Non-Executive Director	8/8

[1] *Appointed as Director w.e.f. 1 December 2019*
[2] *Resigned as Director w.e.f. 1 February 2020*

Majority of Directors met the minimum attendance requirement of at least 75% at Board Meetings held during the financial period, complying with the Terms of Reference for Board of Directors meeting. The Board also agreed for the 75% minimum attendance requirement to be adopted for the Board Oversight Committee.

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

Name of Directors
Dato' Agil Natt
Datuk David Chua Kok Tee
Dato' Haji Syed Moheeb Syed Kamarulzaman
Teoh Kok Lin
Suresh Menon
Dato' Ong Eng Bin
Choong Tuck Oon
Adnan Zaylani Mohamad Zahid
Faisal Ismail[3]
Saleha M. Ramly[4]
Nadzirah Abd. Rashid[5]
Number of Meetings held in FY2019

[3] *Appointed as a Director w.e.f 1 December 2019. He was also appointed as a Member of BAC, BIC and BBDC w.e.f. 1 December 2019. He was re-designated as Chairman of BAC w.e.f 1 February 2020.*

BOARD ACTIVITIES AND DISCUSSIONS

Throughout the year, the Board considered the following:

STRATEGY
Proposal to Guarantee Non-Resident Controlled Company ("NRCC") SMEs
New Direct Financing Product – "BizMikro"
Establishment of Khidmat Nasihat Pembiayaan
Review of Investment Policy Statement (IPS) – 2019
Memorandum of Understanding (MoU) between CGC and Malaysia Rail Link Sdn. Bhd for East Coast Rail Link (ECRL) Project
Business Plan and Budget FY2020
Enhancement of CGC Competency Framework

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Chairman   Member

Date of Appointment	Date of Resignation	BAC (quarterly)	BIC (quarterly)	BRMC (quarterly)	BBDC (quarterly)	BNRC (quarterly)	BITC (quarterly)
Attendance							
18.06.2013	-	-	-	-	-	4/4	-
15.02.2013	-	-	4/4	5/5	4/4	-	7/7
15.01.2014	-	-	-	5/5	4/4	4/4	7/7
27.06.2014	-	-	4/4	5/5	-	-	7/7
17.07.2014	-	5/5	4/4	4/5	-	-	-
14.10.2014	-	4/5	-	-	3/4	4/4	-
20.01.2017	-	4/5	-	-	-	-	7/7
18.10.2018	-	5/5	-	3/5	-	4/4	-
1.12.2019	-	-	-	-	-	-	-
1.12.2019	-	-	-	-	-	-	1/1
22.10.2015	1.2.2020	5/5	4/4	-	3/4	4/4	-
		5	4	5	4	4	7

[4] *Appointed as a Director w.e.f 1 December 2019. She was also appointed as a Member of BBDC and BITC w.e.f. 1 December 2019 and as a Member of BNRC w.e.f 1 February 2020.*
[5] *Resigned as a Director w.e.f. 1 February 2020. She also ceased to be the Chairman of BAC, Member of BIC, BBDC and BNRC w.e.f.1 February 2020.*

GOVERNANCE

- Board Evaluation Exercise Result for year 2018
- Revision to CGC's Constitution pursuant to Redemption of Preference Shares
- Revised Terms of Reference of Board Oversight Committees
- Mapping Exercise: Corporate Governance Monitor 2019 vs CGC's Corporate Governance Practice
- Update on ISO 9001: 2015 Quality Management System (QMS) Implementation for Claims Processing
- Appointment of External Auditor FYE 2019
- Re-Election of Directors Retiring Pursuant to Articles 76A, 76B and 77 of CGC's Constitution

RISK MANAGEMENT/COMPLIANCE

- Cyber Security Policy
- Compliance Policy
- Anti-Bribery and Corruption Policy
- Establishment of Business Continuity Management Framework and Revision of BCM Policy
- Enhancement of Anti-Money Laundering & Counter-Financing of Terrorism (AML/CFT) Policy
- Risk Management Dashboard
- Interim Review of Red Business Rules Capping FY2019

TECHNOLOGY

- imSME Performance Update
- Digital & Technology Innovations 2020 and Beyond
- Guarantee and Financing Operating System: PG Origination Migration
- Update on iTransform Projects
- Data Centre Migration Project
- Biz-Mikro Digital Implementation
- Cyber Security Plan 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD COMPOSITION

The composition of the Board and its Oversight Committees is regularly reviewed to ensure the right mix of skills, experience and knowledge of CGC to enable Board members to perform their roles effectively. This is crucial to ensure sufficient diversity and independence in the decision-making process.

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

The current Board is considered to be a well-balanced group and of an appropriate size. This is essential to ensure diversity of views, 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. It considers the required skill-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 initiatives to increase the number of female directors on the Board, based on pre-determined skill-sets and competencies.

TERMS OF APPOINTMENT OF 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, transparent procedure for new appointment and re- appointment of a Director to the CGC Board.

Qualification criteria for appointment of a Director are governed by:
- The Companies Act 2016
- CGC's Constitution
- Criteria set under CGC's Guidelines 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 director recruitment, CGC will use independent resources to identify suitably qualified candidates from a wider talent pool.

BNRC is responsible for first assessing candidates for directorship and Board Oversight Committee membership before they are recommended to the Board for approval. As part of the initial screening and selection process, BNRC will consider the following criteria with respect to assessment of a candidate's fitness and propriety:

A	B	C
Probity, personal integrity and reputation	Competency and capability	Financial integrity

During the financial year 2019, none of the Independent Directors 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 subject 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 Annual General Meeting ("AGM") are subject to prior assessment by the BNRC and retiring Directors are required to give their consent on their re-election. In assessing the retiring candidates, the BNRC considers their contribution, competencies, commitment, personality and performance based on BNM's Fit and Proper Criteria. These include background screening and verification by an independent agent and the GC&CS. BNRC's recommendations are thereafter submitted to the Board for endorsement and to shareholders for approval.

In accordance with Article 76A of CGC's Constitution, one-third of the Directors 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 AGM. Article 76B of the Constitution provides that retiring Directors shall be the Directors who have been longest in office since the Directors' last election. A retiring Director shall be eligible for re-election based on Article 76C of the Constitution.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The following are the three (3) Directors who have served the longest in office since their last election and who shall retire by rotation at the forthcoming AGM. The BNRC and Board recommended their re-election and all three (3) Directors have given their consent to be re-elected:

A	B	C
Datuk David Chua Kok Tee	Suresh Menon	Dato' Ong Eng Bin

Article 77 of CGC's Constitution states 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. Any Director(s) so appointed shall hold office until the next AGM. Faisal Ismail and Saleha M. Ramly were appointed as Directors on 1 December 2019, after the 46th AGM, which was held on 20 June 2019. Therefore, they will retire but are eligible for re-election at the forthcoming AGM pursuant to the aforementioned Article. They are recommended for re-election by the BNRC and Board, and have given their consent to be re-elected as Directors.

TIME COMMITMENT

In order to effectively discharge their responsibilities, 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 necessary to fulfil his duties, with his responsibilities at CGC taking priority over other business commitments.

In addition to time spent preparing for and attending Board and Board Oversight Committee meetings, the Chairman and 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.

DIRECTORS' 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; and
- Remuneration report by professional bodies such as FIDE Forum or external consultants.

DIRECTORS' REMUNERATION

Non-Executive Directors	Directors' Fees (RM'000)	Meeting Allowance (RM'000)	Benefit in-kind (RM'000)	Total (RM'000)
Dato' Agil Natt	180	85	110	375
Datuk David Chua Kok Tee	72	120	6	198
Dato' Haji Syed Moheeb Syed Kamarulzaman	72	122	6	200
Teoh Kok Lin	72	104	6	182
Suresh Menon	72	88	6	166
Dato' Ong Eng Bin	72	63	6	141
Choong Tuck Oon	72	94	6	172
Adnan Zaylani Mohamad Zahid	60	38	-	98
Faisal Ismail[6]	6	3	-	9
Saleha M. Ramly[6]	6	7	-	13
Nadzirah Abd. Rashid[7]	72	109	6	187
Total	**756**	**833**	**152**	**1,741**

6 *Appointed as a Director w.e.f 1 December 2019*
7 *Resigned as a Director w.e.f 1 February 2020*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PERFORMANCE EVALUATIONS

Practice 5.1 of MCCG 2019 and Standard 13.1 of BNM Policy on Corporate Governance provide the need to conduct an annual evaluation of the Board, Board Committees and individual Directors. A Board evaluation which is periodically facilitated by a professional, experienced and independent party will provide greater objectivity to the assessment exercise.

CGC in December 2016 engaged the Malaysian Directors Academy ("MINDA") to conduct Directors' Evaluation Exercise for Board and Board Oversight Committees. This includes Board Effectiveness Assessment and Individual Director Evaluation. The result of MINDA's evaluation exercise was presented to the Board on 17 March 2017.

In compliance with MCCG and BNM's Policy on Corporate Governance, the CGC Board Evaluation exercise for year 2019 comprises the following:
i. Board Evaluation
ii. Directors' Peer & Self (optional) Evaluation
iii. Management Evaluation of Board

The Board Evaluation was conducted to measure the effectiveness of the Board's structure, operations, interactions, roles and responsibilities. Directors' Peer & Self Evaluations were focused on two (2) sections:
i. Contribution & performance
ii. Calibre & personality

Meanwhile, Management Evaluation of Board emphasised strategic thinking, effectiveness in discharging oversight role, industry/technical knowledge, practising good corporate governance and quality of deliberation and decision-making process.

Overall, the assessment results revealed that the Board had carried out its duties well and amicably it was rated as 'Satisfactory' in all three (3) types of Evaluations.

BOARD INDUCTION AND TRAINING

All new Directors are entitled to receive 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 aimed at helping the new Directors to understand CGC, the environment in which it operates, its people and their role in making the organisation a success.

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 have engaged fully in this process. Some of them even became panel speakers on several programmes and also provided lecture series at public varsities.

Listed below are the seminars and training events attended by CGC Directors to keep abreast of latest developments:

LIST OF TRAINING COURSES ATTENDED

FINANCIAL INDUSTRY

- CIIF Chartered & Fellowship Masterclass (CFM) 2019
- FIDE Banking Core Programme (Banking) Module A
- Panel Speaker at the Association of Insurance Supervision for Portuguese-Speaking Countries (ASEL) Conference @ Dili, Timor-Leste
- Guest Speaker at the Certificate of Shariah for Takaful Practitioners (CSTP) Programme

RISK MANAGEMENT

Anti-Bribery and Corruption Awareness Programme:
- National Anti-Corruption Plan (NACP) 2019-2023
- Guidelines on Adequate Procedures Pursuant to Subsection (5) of Section 17A under the MACC Act 2009

GOVERNANCE

- Accelerate Workshop Series ("AWS") Resolving Conflict in the Boardroom conducted by The ICLIF Leadership and Governance Centre (ICLIF)
- Presentation by Lee Hishammuddin Allen & Gledhill on IT Contract Management

TECHNOLOGY

- MyFintech Week 2019
- BNM-FIDE FORUM: Key Aspects of Fintech and Regulation
- BNM-FIDE FORUM: Digital to the Core
- BNM-FIDE FORUM: Innovation and Fintech in the Financial Services Industry
- BNM-FIDE FORUM: Leadership in a Disruptive World: The Changing Role of Boards

CGC 2019 TECHNOLOGY DAY

- Innovation within Financial Services and Regulatory Impact
- Digitalisation of the Malaysian Capital Market
- Digital Transformation and Emerging Technologies
- Artificial Intelligence

OTHERS

- Asia Global Dialogue 2019: Building a Sustainable Framework for a Globalised Economy
- Presentation by United Nations (UN) Resident Coordinator for Malaysia on UN Sustainable Development Goals
- Presentation by SME Corp on Challenges in Embracing Technological Disruption and Ways to Mitigate Lending Risks to SMEs

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD OVERSIGHT COMMITTEES

Under the Board Charter, the Board delegates certain responsibilities to its respective Board Oversight Committees (BOCs) 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 BOCs operate principally in a review or advisory capacity, except in cases where the Board specifically confers powers and authorisation on a Committee. The Board currently has six (6) principal BOCs, each of which is governed by a clearly defined TOR. These TORs are reviewed from time to time, as the need arises to ensure they remain relevant and up-to-date. Brief descriptions of the BOCs established by the Board are as follows:

BAC — BOARD AUDIT COMMITTEE

- To establish cost effective controls, assessing risks, review the financial condition of CGC, its internal controls, information system, performance and findings of the internal and external auditors and to recommend appropriate remedial action.

BRMC — BOARD RISK MANAGEMENT COMMITTEE

- 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.

BNRC — BOARD NOMINATION AND REMUNERATION COMMITTEE

- 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, BOCs and assessment of the performance of Chief Executive Officers and/or Executive Directors (if any) and Senior Management Officers.
  (ii) CGC's key policies, strategies and practices on human resources, management succession plans, performance and reward systems, business conduct and ethical behaviour of employees.

BIC — BOARD INVESTMENT COMMITTEE

- Review investment objectives, strategies, policies and guidelines.
- Provide strategic directions governing CGC investment activities.

BBDC — BOARD BUMIPUTERA DEVELOPMENT COMMITTEE

- Provide strategic guidance and direction with regard to the overall development of Bumiputera SMEs under CGC's various programmes.

BBDC — BOARD IT COMMITTEE

- Assist the Board in overall IT strategy and governance.

EXTERNAL ADVICE

Where appropriate, the Directors may seek independent professional advice, at CGC's expense, in respect of their duties to the Board and its BOCs, so as to ensure the Directors are able to make independent and informed decisions. However, 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 for avoiding an actual or potential conflict of interest and shall immediately disclose and declare to the Board any other interest (actual, potential or perceived) which is in conflict with CGC, in accordance with the Companies Act 2016 and Board Charter.

SUPPLY OF AND ACCESS TO INFORMATION

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

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 Board Members have sufficient time to appreciate issues deliberated at meetings, which in turn enhances the decision-making process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The Board has in place the Board Audit Committee (BAC), which comprises five members; the majority of whom are Independent Non-Executive Directors. The BAC is chaired by Faisal Ismail, an Independent Non- Executive Director.

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

The BAC is responsible for oversight of financial reporting, including adequacy of financial disclosures and the effectiveness of internal audit functions. The Internal Audit function is established to undertake independent review and assessment of the adequacy, efficiency and effectiveness of risk management, control and governance processes implemented by the Management.

The BAC has the authority to request an audit or investigation into any organisational entity within CGC; as well as those mandated under contract or any matters within its Terms of Reference (TOR), available on CGC's corporate website.

Further information on the BAC, including internal audit functions, can be found under the BAC report on pages 149 to 151 of this Annual Report.

RISK MANAGEMENT & INTERNAL CONTROL FRAMEWORK

The Board of Directors takes heed of the importance of corporate governance. It strives to instil 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 it to function effectively.

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

A comprehensive financial reporting system is in place. In addition, the Board receives a number of reports to enable it to carry out its functions in the most efficient manner. These procedures include preparation of management accounts, forecast variance analysis and other ad-hoc reports. Clearly defined authority limits are set out throughout CGC, including those matters reserved specifically for the Board. The Board has established a continuous process for:

- Identifying, assessing, evaluating and managing material risks that CGC faces.
- Determining the nature and extent of 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. This 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 mis-statement 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, along with 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 that significant weaknesses are promptly remedied and indicates a need for more extensive monitoring. The BAC 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, their potential impact and mitigation plans.

More on our Risk Management and Frameworks can be found in our Risk Management and Internal Control Statement on pages 152 to 157.

During the course of its review of 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.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

RELATIONSHIP WITH STAKEHOLDERS

In fulfilling our role and objectives as a development finance institution, CGC deals with a wide range of stakeholders. CGC recognises the importance of maintaining transparency and accountability, while managing an effective 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. i.e. Teamwork – Hardworking – Integrity – Nurturing – Knowledgeable continue to play a role in shaping the employee engagement activities organised in 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Amongst others, the activities organised were:

- Town Halls
- Launch of SME Apprentice Scheme Programme (Cohort 2)
- Mega Career and Study Fair
- JobStreet Career Fair
- Corporate Responsibility Initiatives and employee-led Engagement programmes (most of the programmes were organised by cross-departmental teams as part of CGC's effort to promote interdepartmental collaboration).
- People's Day
- Family Day @Head Office and CGC Branches Nationwide
- Annual Dinner

The employees were also provided with a 2-way communication channel for them to interact and obtain latest information on CGC's performance, important initiatives etc. via the Quarterly Town Hall sessions and Breakfast/Luncheon Sessions with the PCEO. CGC continues to encourage the employees to share their thoughts and feedback through these platforms.

Human Capital reviews its policies and procedures periodically to ensure that the policies and procedures remain relevant. These policies and procedures are also easily accessible by all employees via CGC intranet portal for employees to refer to at their convenience.

In addition, Learning & Development continues with CGC's agenda to develop employees' potential through various training and development programmes. One of the Human Capital Key Strategic initiatives for 2019 is Asian Institute of Chartered Bankers' (AICB) Professional Credit Certification (PCC) program for employees in the Credit job family. This initiative supports the industry-wide commitment to professionalise the Development Financial Institution (DFI), where an industry commitment was signed by members of Banks of Association of Banks in Malaysia (ABM) to create a workforce, characterised by high standards of professional conduct, knowledge and competence. With this, CGC is committed to provide employees with the required skills and knowledge. Aligning with our SO#5, Embark on Digitisation, in 2019 Learning & Development successfully rolled out five (5) e-Learning modules to employees and top management to promote continuous learning anywhere, anytime. On top of that, in August 2019, Learning & Development rolled out Digital Transformation – Facilitating User Adoption training. Members of senior and middle management were awarded with the Certified Change Champion. Meanwhile, the certification for another 40 employees is still in progress. Participants are furnished with the knowledge and skills to adapt with the Digital Transformation agenda as well as to drive the change across CGC.

Further to that, in line with CGC's SO#3 which is to Enhance Human Capital, the Emerging Managers Development Programme was rolled out targeting more than 70 first-line managers to provide sound foundation of managerial and leadership competencies towards achieving CGC's Vision, Mission and Aspiration.

RELATIONSHIP WITH CUSTOMERS

The Client Service Centre (CSC) assisted CGC to provide excellent customer service experience by providing timely and accurate response to their inquiries, as well as providing alternatives and solutions to customers' issues.

- As the owner of the Chatbot, CSC launched the Bahasa Malaysia version for use in imSME. Overall, the Chatbot attended to 26,261 users, with 83,396 interactions.
- Served 17,833 in-bound calls, whose inquiries were resolved within charter.
- Carried out expanded scope of work to include providing advisory role for unsecured financing inquiries under MyKNP@CGC.
- Continued to serve imSME clients by making outbound calls to imSME customers to help them complete their journey on the imSME platform.

In addition, CGC branches organised networking activities such as workshops and briefings, both to consistently engage with CGC's existing customers and to attain potential leads. Branches also participated in external conferences, expos, carnivals, pocket talks and seminars whereby it is part of their involvement in building network with various stakeholders via setting up of booths and to entertain potential customers' queries with regard to CGC, its products and services.

Interested customers can reach out to CSC officers via Hotline 03-7880 0088, email csc@cgc.com.my or write to:

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 keen interest of shareholders in CGC's performance. Shareholders are encouraged to participate in the Question and Answer (Q&A) session of the AGM on the proposed resolutions or CGC's operations in general. Directors as well as External Auditors of CGC, are present to respond to 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 key information on CGC's financial performance and major initiatives for the year.

RELATIONSHIP WITH SUPPLIERS

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

1. Request for Information (RFI)
2. Request for Quotation (RFQ) in line with Company's standard guideline following procurement process
3. Preparation of business case paper for approval (based on Approving Authority Matrix)
4. PO issuance

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 ensure shareholders have sufficient time to read the Annual Report and papers supporting the resolutions proposed.

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

BOARD AUDIT COMMITTEE REPORT

COMMITTEE MEMBERSHIP

The following table shows the committee membership during the year:

FAISAL ISMAIL
Independent Non-Executive Director (Chairperson)
Re-designated as Chairperson on 1 February 2020. Appointed as member on 1 December 2019

SURESH MENON
Independent Non-Executive Director

DATO' ONG ENG BIN
Independent Non-Executive Director

CHOONG TUCK OON
Independent Non-Executive Director

ADNAN ZAYLANI MOHAMAD ZAHID
Non-Independent Non-Executive Director

NADZIRAH ABDUL RASHID
Independent Non-Executive Director
Resigned on 1 February 2020

The Board Audit Committee (BAC) mostly consists of Independent Non-Executive Directors and is chaired by En. Faisal Ismail. En. Faisal was appointed as a Non-Executive Director to the Board of CGC with effect from 1 December 2019. He was re-designated as Chairperson of the Board Audit Committee on 1 February 2020 following Pn. Nadzirah's resignation.

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

The table on pages 140 to 141 shows the directors who have served the BAC during the year and their meeting attendance.

The BAC has the resources required to discharge its functions effectively and has the authority to obtain independent professional advice to help it discharge its oversight responsibilities. The BAC also has the authority to direct the Internal Audit Functions to conduct audits on and investigations into any entities within CGC or on any matters within its Terms of Reference.

ROLES AND RESPONSIBILITIES

The BAC assists the Board in its oversight role, with regard to CGC's financial reporting, business governance, risk management and internal control systems. The BAC's roles and responsibilities are defined in its revised Terms of Reference, approved by the Board on 17 December 2019.

BOARD AUDIT COMMITTEE REPORT

PRINCIPAL ACTIVITIES

The BAC's principal activities during the year were to perform oversight responsibilities in relation to internal audit, external audit and financial reporting, as outlined below:

INTERNAL AUDIT	EXTERNAL AUDIT
• Approved the Internal Audit Plan and the Internal Audit Function's budget expenses on 7 November 2018. In approving the Internal Audit Plan, the BAC reviewed the risk-based audit methodology used by the Internal Audit Function in preparing the Plan. The BAC also reviewed the adequacy of Internal Audit Function resources required to implement the Audit Plan. A mid-year review of the Plan was conducted on 30 August 2019. • Approved the Key Performance Indicators (KPIs) of the Chief Internal Auditor (CIA) on 14 January 2019 and evaluated the CIA's 2019 performance on 6 April 2020. • Deliberated on the audit reports and audit recommendations, as well as the Management's responses. Deliberated on the investigation reports and directed the Management to strengthen existing controls in order to prevent recurrence of incidents. The BAC met five (5) times in 2019 to deliberate on the audit and investigation reports. • The Audit Compliance Committee (ACC) is a BAC-delegated committee. It was established to ensure that the Management take action to address business governance, risk management and internal control issues highlighted in the Internal Audit reports, as well as other internal control reports issued by external parties such as external auditors. The ACC met twelve (12) times in 2019. The BAC reviewed and deliberated on the status of actions taken by the Management during each BAC meeting.	• Reviewed and approved the External Auditor's Audit Plan and scope of work on 12 November 2019. • Completed the annual assessment of the External Auditor, which encompassed the performance, independence and objectivity of the Auditor, prior to recommending the Board to re-appoint the Auditor. • Held a meeting on 6 April 2020 with the External Auditor to review the 2019 audit results and the identified areas of concern. • Met the External Auditor without the presence of the Management on 12 November 2019 and 6 April 2020 to discuss relevant issues related to audit as well as obtaining feedback for further improvements. • Reviewed and recommended to the Board for approval, the fee for the provision of audit services by External Auditor. The non-audit services provided (and the fees charged) by the same External Auditor were also reviewed to ensure that the provision of such services will not impair the External Auditor's judgment or objectivity.

BOARD AUDIT COMMITTEE REPORT

FINANCIAL REPORTING

Reviewed CGC's audited financial statements to ensure that the financial reporting and disclosure requirements are in compliance with accounting standards. Special attention was paid to changes in accounting policies and significant/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 evaluating and improving the effectiveness of governance, risk management and control processes. IAD serves as an important source of advice for the BAC in these three areas.

The Chief Internal Auditor reports directly to the BAC to ensure that the Internal Audit Function is independent from the Management and is thus able to perform its activities in a more objective manner.

IAD established a risk-based Annual Internal Audit Plan whereby audit work is prioritised and scoped in accordance with current and emerging risk assessment, which includes financial, operational, technology and compliance risks. The Audit Plan was approved by the BAC.

IAD leveraged technology for greater effectiveness and efficiency of its audit. Specifically, data analytics enabled IAD to review a larger number of cases than with sampling, increase efficiency through automation, and derive greater insights from its audits.

Number of audit staff during the year was 24. IAD managed to complete audits of all high-risk areas during the year.

The work undertaken by IAD involved assessment of the adequacy and effectiveness of CGC's existing governance, risk management and internal control processes in meeting its strategic objectives. In evaluating these, IAD adopted the Committee of Sponsoring Organization of the Treadway Commission's (COSO) Integrated Internal Control Framework. COSO is an internationally recognised framework, providing thought leadership and guidance on internal control, enterprise risk management and fraud deterrence.

IAD's activities were carried out in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors, and the relevant regulatory guidelines issued by Bank Negara Malaysia.

In the course of its work, IAD had unrestricted access to information it required to complete the audits.

In 2019, IAD presented the internal audit and investigation reports to the BAC five (5) times. The reports highlighted gaps found in the governance, risk management and control practices, and provided recommendations for improvement.

SUMMARY OF AUDIT ACTIVITIES DURING THE YEAR

Carried out audits, investigations and ad hoc reviews. A total of 59 planned audits, ad hoc reviews and investigation reports were issued during the year.

Monitored and followed up on the implementation of corrective measures by the Management and reported the status of outstanding audit findings at all ACC and BAC meetings.

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

Witnessed the tender opening process for procurement of services or assets to ensure that the process was conducted in an objective, fair, transparent and consistent manner.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

OUR APPROACH

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

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

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The risk management and internal control system is embedded in all the 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 the 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 responsible for:

- Independently evaluating adequacy of all internal controls.
- Ensuring that Business Lines reasonably adhere to internal processes and procedures, as well as regulatory and legal requirements.

PRINCIPLES	DESCRIPTIONS
Risk Strategy	Our risk management strategy addresses: - Scope of risk management efforts, methods and tools used for risk assessment, risk analysis, risk mitigation, risk monitoring and communication of risk information. - Setting of risk appetite and tolerance parameters, comprising risk matrix with equitable thresholds to identify risk mitigation techniques used on identified risks.
Risk Governance	We have a well-established risk governance structure with an active and engaged Board, supported by the three-lines-of-defence model. Proper governance provides the direction and structures required to make well-informed decisions to meet strategic objectives.
Risk Culture	The risk culture at CGC is supported through the 'Tone from the Top' with clear and consistent communication from the Board on risk behaviour expectations. This culture is embedded throughout the organisation. The Corporation's 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 the risk response strategies and controls with 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 enable CGC to operate in accordance with strategic objectives and meeting stakeholder commitments.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

CGC RISK MANAGEMENT FRAMEWORK

The primary goals of the risk management framework are to ensure that:

- The outcomes of risk-taking activities are consistent with our strategies and risk appetite.
- There is an appropriate balance between risk and reward in order to maximise MSME and shareholder 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. It is a top-down process which consists of specific quantitative and qualitative factors. In addition, it provides an enforceable risk statement on the amount of risk that 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 the governance processes. It 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, perform mandated roles at all times and withstand potential business and operational shocks.

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

Stress Testing
Stress Testing is a key element of capital adequacy management and an integral tool in the risk management framework as it provides management with a better understanding of how we operate under adverse economic conditions. CGC periodically conducts stress testing to estimate risk exposure 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's Approving Authority Limit (AAM) outlines accountability and responsibility. It, 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 to changes in organisational structure to ensure effective decision-making.

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

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

Anti-Bribery and Anti-Corruption Policy

CGC is committed to conducting business in accordance with 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. CGC shall be guided by the Malaysian Anti-Corruption Commission Act 2009, adequate procedures and guidelines issued by the Prime Minister's Department, its own internal ABC Policy and best practices recommended by ISO 37001:2016 Anti-Bribery Management System.

Anti-Money Laundering and Countering Financing of Terrorism

CGC is a BNM-designated Reporting Institution and is required to combat money laundering and terrorism financing activities. Therefore, it is CGC's responsibility to ensure that funds from money laundering and for terrorism financing activities are prevented from entering Malaysian financial systems. CGC shall be guided by the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, applicable policy documents issued by BNM, its own internal AML/CFT policy and procedures, as well as best practices recommended by the Financial Action Task Force.

Personal Data Protection Act

As a user of personal data, CGC is under the statutory duty to comply with the principles of the Personal Data Protection Act 2010 and its code of practice. CGC shall be guided by the 2010 Act, applicable codes of practice and its own internal policy based on the Act.

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 in achieving its performance and strategic objectives by providing risk information to enable better decision-making.

RISK IDENTIFICATION

Identify risks that need to be managed.

RISK ASSESSMENT

Analyse root causes of the risk and determine the likelihood and impact of risk exposure (either quantitatively or qualitatively).

RISK MITIGATION

Determine appropriate risk mitigation actions that address root causes of the risk.

RISK MONITORING

Design an accountability structure within which risks and corresponding risk mitigation actions are implemented and continuously monitored.

RISK REPORTING

Design a process of risk information reporting to enable risk monitoring.

RISK COMMUNICATION

Enable ongoing sharing of 'lessons learned' across the Corporation's business area.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

CGC THREE-LINES-OF-DEFENCE MODEL

We have adopted the three-lines-of-defence 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 policies and limits. Clear accountabilities and robust controls are vital to help manage risks and build trust. This 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 defence lines are as follows:

1st Line of Defence
Business Lines/risk owners are accountable for effective management of risks within their business areas through identifying, assessing, mitigating, monitoring and reporting risks and actively implementing effective internal controls to manage risk and maintain activities within risk appetite and policies.

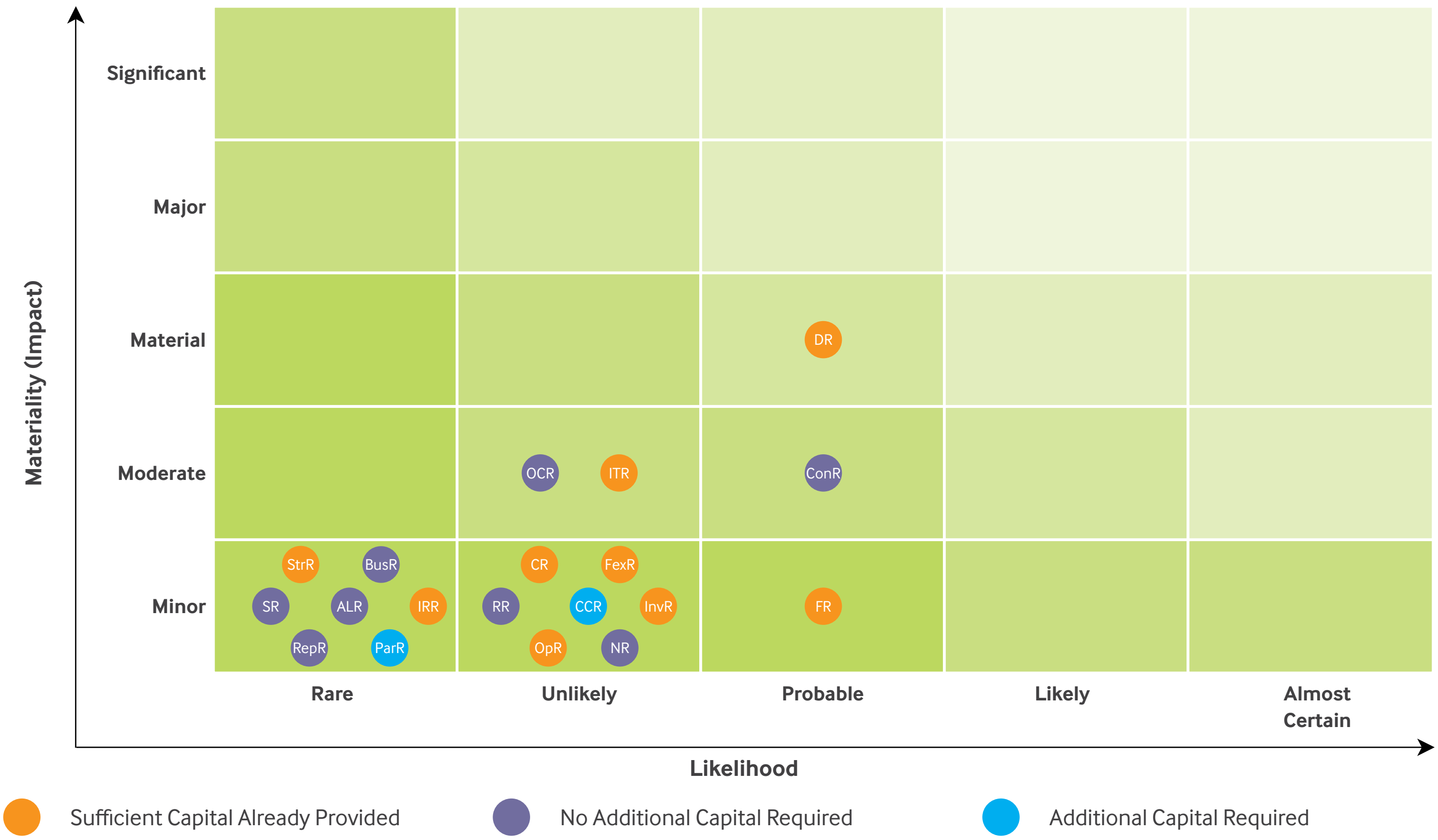
2nd Line of Defence
Independent risk management and compliance functions are responsible for maintaining an effective risk management and compliance framework that resonates through all levels of the organisation. The Risk Management function is responsible for providing reasonable assurance to the Board and Management that risks are actively identified, managed and communicated to all key stakeholders. The Compliance function acts as a consultant on regulatory compliance, internal policies and procedures. It 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 Defence
The Internal Audit function provides independent assurance on the design and operating effectiveness of the governance, risk management and internal control framework. It also 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 aligns with CGC's strategies and risk appetite. The Board receives regular updates on risk information and periodically reviews and approves the risk management framework, policies and limits. Management Level Committees comprise senior management, responsible for supporting Board sub-committees in implementing an effective risk management framework, embedded throughout CGC.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

SIGNIFICANT MATERIAL RISKS OF CGC



Legend

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

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

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.

> "With our second financing last year under the same initiative, we expanded to our fourth branch. And, because of volume, we could now negotiate better pricing, buy in bulk for bigger profit margins."

Realising Their Potential

KONOHA GARAGE | Automotive Services

Kuala Lumpur, Wilayah Persekutuan

Rusydi Jauhari Muhammad Nuairi

Muhammad Syafiq Mohd Syafiq

As with all businesses globally, the Covid-19 pandemic has affected Konaha Garage. Yet, despite work ceasing on its latest addition to its service centres, Rusydi Jauhari Muhammad Nuairi prefers to remain optimistic. "We want to look at the bright side. I feel that, after this time passes, people will behave in two ways: those who will spend and those who will save."

Instead of taking the negative path for his business to deteriorate further, he will focus on those who will spend. After a month of the MCO, he is already working on future promotions to entice the spenders. "It's a challenge, because of the 50-50 percentage of things turning either way. You have to either grab it or leave it. It's up to you."

Rusydi and his motorsport aficionado partner Muhammad Syafiq Mohd Syafiq have been running Konoha Garage for the last 15 years. They now have three branches around the city. But renovation work has halted at their fourth branch. "It was supposed to be our biggest branch, with 16 bays and full focus on European cars." Their one-stop service centres also supply tyres, batteries, spare parts and other car accessories.

After their first BizMula-i financing in 2018, they opened their second outlet, with upgraded facilities. It was better stocked, too. "With our second financing last year under the same initiative, we expanded to our fourth branch. And, because of volume, we could now negotiate better pricing, buy in bulk for bigger profit margins." Rusydi, who oversees the Garage's finances, found CGC very genuine and sincere in his dealings with them. "Even now, at this time, they have already informed me of the new relief schemes that are available."

2019 FINANCIAL STATEMENTS

Financial Statements

Additional Information

DIRECTORS' REPORT

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 2019.

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 – Resigned on 1 February 2020
Encik Choong Tuck Oon
Encik Adnan Zaylani Mohamad Zahid
Encik Faisal Ismail – Appointed on 1 December 2019
Puan Saleha M. Ramly – Appointed on 1 December 2019

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	215,451	223,358
Non-controlling interest	(112)	-
Net profit for the financial year	215,339	223,358

RESERVES AND PROVISIONS

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

ISSUANCE 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 22 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 2019.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 42 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.

DIRECTORS' REPORT

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 9 to the financial statements.

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

AUDITOR'S REMUNERATION

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

SIGNIFICANT EVENT AND EVENT OCCURING AFTER BALANCE SHEET DATE

Details of significant event and event occuring after balance sheet date are set out in Note 46 to the financial statements.

BUSINESS REVIEW

Bank Negara Malaysia reported that in 2019 the Malaysian economy grew at its slowest pace since the 2009 global financial crisis. The economy, measured by GDP, expanded 4.3 per cent from the registered 4.7 per cent in 2018. This decline was attributed to lower output of palm oil, crude oil and natural gas and a fall in exports. Overall economic activity was also weighed down by slower than expected investment growth and weakening export demand, reported the World Bank.

However, Malaysia's diversified economy and the growth of domestic economy has helped to cushion the adverse impact. CGC, in strengthening the availability of its core products and services, registering another strong financial year results, recording double digit growth in its guarantee approvals and raising awareness through its Beyond Guarantee initiatives, especially the CGC Developmental Programme™.

(a) Overall Performance

In 2019 CGC achieved a total revenue of RM191.8 million, with majority of the income derived from Portfolio Guarantee ("PG") and Wholesale Guarantee ("WG") products. Despite the country's moderately slow economic growth, CGC approved more than 10,000 new guarantee and financing accounts, registering almost RM4.0 billion in total value.

PG and WG products were CGC's biggest contributors for MSMEs to access financing from participating Financial Institutions. In 2019, these approvals grew by 17% year-on-year ("Y-o-Y"), totalling RM3.3 billion. During the year, thematic and customised PG-based products were introduced to support specific sectors and industries.

Our Direct Financing schemes posted a lower achievement record in meeting our set targets, ending at RM158 million due to the construction-sector slowdown. This impacted our TPUB-i performance. As for BizMula-i and BizWanita-i products, both schemes grew by almost 80% Y-o-Y to a total approved of RM95 million from 2018's RM53 million.

As one of the Beyond Guarantee initiatives, the CGC Developmental Programme™, through its Mentoring Workshops have benefited more than 4,000 MSMEs since 2016. Looking ahead, CGC will continue to offer more workshops on Digital Transformation and Industrial Revolution 4.0 ("IR4.0"). Additionally over the same period, 107 MSMEs participated in Market Access initiatives (47 MSMEs – local market access, 60 MSMEs – international market access).

Our online platform imSME won two international awards: from the Association of Development Financing Institutions in Asia and the Pacific ("ADFIAP") and the European Organisation for Sustainable Development's ("EOSD") Karlsruhe Sustainable Finance Award. In the two years since its inception on 9 February 2018, more than 2,000 facilities were approved through imSME with close to RM200 million in total approved financing.

In 2019, Bank Negara Malaysia established the Khidmat Nasihat Pembiayaan ("MyKNP"), a collaborative effort between CGC and Agensi Kaunseling dan Pengurusan Kredit ("AKPK"). MyKNP@CGC offers MSMEs, whose financing applications are rejected by banks, the opportunity to seek advisory services to improve their eligibility.

(b) Key Performance Indicators ("KPIs")

As of 31 December 2019, out of the 25 strategic initiatives under our 5-Year Strategic Plan ("5SP+"), 19 were completed and six (6) are going as planned. We have managed to achieve five out of the six headline targets set out in our 5SP+ in 2019.

DIRECTORS' REPORT

BUSINESS REVIEW (CONTINUED)

(c) Key Risks and Mitigations

CGC practises credit risk and portfolio management through consistent monitoring, data analytics and insightful reporting. Standards to mitigate risk adhere to Malaysian Financial Reporting Standards ("MFRS") and Bank Negara Malaysia ("BNM") Internal Capital Adequacy Assessment Process ("ICAAP"). Operational risk has heightened, especially with extensive exposure to technology, with relevant controls to manage the digital risks. IT governance and cyber security, key risks now are closely monitored. CGC continues to keep abreast of regulatory and legal requirements to ensure compliance with all guidelines issued by regulators.

(d) Human Capital Development

Attracting, developing and retaining talent remain the key fundamentals for developing human capital in CGC, the cornerstones of our Employee Value Proposition. CGC embarked on an enterprise-wide Change Management Programme to ensure our staff's skill enhancement and continuous learning to stay relevant to both internal and external stakeholders. Our investment in our people also enables them to better manage rapidly evolving development of automation and FinTech in our business.

(e) Community Building

At CGC, our Corporate Responsibility ("CR") focusses on Community Building, Education, Health and Sports, and Environment initiatives. As we strive continuously to give back to society, we do it by supporting local communities, especially the underserved and underprivileged members. In 2019, CGC successfully carried out 20 corporate responsibility programmes.

In many of these programmes, we initiated and teamed up with reputable organisations, for example the PERTIWI Soup Kitchen for distribution of food to the homeless and urban poor. Together with Rakan IJN, CGC celebrated Christmas with 70 young heroes from the National Heart Institute. Our annual 'Jom Kembali ke Sekolah' programme, benefitted over 100 primary school students from Sekolah Kebangsaan Jeram, Selangor. In the spirit of inclusiveness, our branches in East Malaysia organised the Kaamatan and Hari Gawai celebrations for the underprivileged communities in Kota Kinabalu and Kuching.

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 23 April 2020. Signed on behalf of the Board of Directors:

DATO' AGIL NATT
Chairman

FAISAL ISMAIL
Director

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
		31.12.2019	31.12.2018	31.12.2019	31.12.2018
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Property, plant and equipment	6	**28,361**	29,004	**28,361**	28,489
Intangible assets	7	**16,037**	20,247	**16,037**	15,253
Right-of-Use assets (ROU)	8	**2,303**	-	**2,303**	-
Investment in a subsidiary	9	**-**	-	**-**	-
Investments in associates	10	**216**	896,623	**200**	500,200
Assets held for sale	11	**912,403**	-	**500,000**	-
Structured investments: Fair value through profit or loss ("FVTPL")	12	**-**	148,546	**-**	148,546
Investment securities: FVTPL	13	**952,001**	801,786	**952,001**	801,786
Investment securities: Fair value through other comprehensive income ("FVOCI")	14	**1,784,688**	1,701,952	**1,784,688**	1,701,952
Investment securities: Amortised cost	15	**182,333**	171,800	**182,333**	171,800
Derivative financial assets	16	**5,798**	1,945	**5,798**	1,945
Term deposits	17	**1,161,329**	984,646	**1,161,329**	984,646
Loans, advances and financing	18	**163,582**	181,783	**163,582**	181,783
Amount due from a subsidiary	19	**-**	-	**3,970**	4,505
Amount due from Bank Negara Malaysia ("BNM")	20	**151**	-	**151**	-
Trade and other receivables	21	**35,191**	20,275	**35,191**	18,118
Cash and cash equivalents		**99,660**	64,712	**99,660**	60,996
TOTAL ASSETS		**5,344,053**	5,023,319	**4,935,604**	4,620,019

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
	Note	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
EQUITY AND LIABILITIES					
Equity attributable to the shareholders of the Company					
Share capital	22	**1,785,600**	1,785,600	**1,785,600**	1,785,600
Reserves	23	**1,016,918**	945,866	**1,016,918**	945,866
Retained earnings		**1,093,142**	948,743	**704,991**	552,685
FVOCI reserve	24	**98,300**	31,079	**82,001**	27,142
		3,993,960	3,711,288	**3,589,510**	3,311,293
Non-controlling interest		**1,304**	1,416	**-**	-
TOTAL EQUITY		**3,995,264**	3,712,704	**3,589,510**	3,311,293
LIABILITIES					
Amount due to Bank Negara Malaysia ("BNM")	20	**-**	227	**-**	227
Funds from BNM	25	**919,321**	841,089	**919,321**	841,089
Small Entrepreneurs Guarantee Scheme ("SEGS")	26	**21,633**	29,549	**21,633**	29,549
Tabung Usahawan Kecil ("TUK")	27	**41,550**	39,906	**41,550**	39,906
Government funds	28	**32,159**	42,556	**32,159**	42,556
Small Entrepreneurs Financing Fund ("SEFF")	29	**33**	32	**33**	32
Derivative financial liabilities	30	**244**	1,016	**244**	1,016
Expected credit losses for guarantee schemes	31	**199,656**	208,911	**199,656**	208,911
Liabilities held for sale	11	**2,695**	-	**-**	-
Claims payable		**1,480**	2,097	**1,480**	2,097
Trade and other payables	32	**127,667**	145,232	**127,667**	143,343
Lease liability	8	**2,351**	-	**2,351**	-
Deferred tax liabilities		**-**	-	**-**	-
TOTAL LIABILITIES		**1,348,789**	1,310,615	**1,346,094**	1,308,726
TOTAL EQUITY AND LIABILITIES		**5,344,053**	5,023,319	**4,935,604**	4,620,019

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
Continuing operations	Note	RM'000	RM'000	RM'000	RM'000
Revenue	35	**191,830**	172,903	**191,830**	172,903
Investment income	36	**234,134**	234,808	**234,134**	234,808
		425,964	407,711	**425,964**	407,711
Other operating income	37	**59,842**	58,161	**68,792**	63,861
Total income		**485,806**	465,872	**494,756**	471,572
Staff costs	38	**78,949**	68,932	**78,949**	68,932
Depreciation on property, plant and equipment		**6,099**	5,394	**6,099**	5,394
Amortisation of intangible assets		**5,968**	4,273	**5,968**	4,273
Expected credit losses		**103,906**	129,445	**103,906**	129,445
Expected credit losses of loans, advances and financing		**8,689**	9,472	**8,689**	9,472
Expected credit losses for investment securities and others		**11,388**	(266)	**11,388**	(266)
Interest expense for Government loans		**3,422**	3,525	**3,422**	3,525
Other operating expenses		**52,977**	40,161	**52,977**	40,161
Total operating expenses		**271,398**	260,936	**271,398**	260,936
Share of loss after tax of an associate		**(9)**	(10)	**-**	-
Profit before taxation	39	**214,399**	204,926	**223,358**	210,636
Taxation		**-**	-	**-**	-
Profit from continuing operations		**214,399**	204,926	**223,358**	210,636
Profit from discontinuing operations	11	**940**	57,614	**-**	-
Net profit for the financial year		**215,339**	262,540	**223,358**	210,636

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
		2019	2018	2019	2018
	Note	RM'000	RM'000	RM'000	RM'000
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss					
- Net fair value gain on FVOCI investments		**43,873**	13,871	**43,873**	13,871
- Write-back of expected credit losses for FVOCI investments		**10,986**	(19)	**10,986**	(19)
- Share of other comprehensive income from discontinued operation	11	**12,362**	2,433	**-**	-
Other comprehensive income for the financial year		**67,221**	16,285	**54,859**	13,852
Total comprehensive income for the financial year		**282,560**	278,825	**278,217**	224,488
Net profit/(loss) for the financial year attributable to:					
Shareholders of the Company		**215,451**	263,095	**223,358**	210,636
Non-controlling interest		**(112)**	(555)	**-**	-
		215,339	262,540	**223,358**	210,636
Total comprehensive income/(loss) for the financial year attributable to:					
Shareholders of the Company		**282,672**	279,380	**278,217**	224,488
Non-controlling interest		**(112)**	(555)	**-**	-
		282,560	278,825	**278,217**	224,488
Total comprehensive income for the year attributable to Shareholders of the Company arises from:					
Continuing operations		**214,399**	204,926	**223,358**	210,636
Discontinued operations		**1,052**	58,169	**-**	-
		215,451	263,095	**223,358**	210,636

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Attributable to Shareholders of the Company							
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	Retained earnings RM'000	Non-controlling interest RM'000	Total equity RM'000
Balance as at 1 January 2019 – as previously reported		**1,785,600**	**308,612**	**16,509**	**620,745**	**31,079**	**948,743**	**1,416**	**3,712,704**
Total comprehensive income/ (loss) for the financial year		**-**	**-**	**-**	**-**	**67,221**	**215,451**	**(112)**	**282,560**
Transfer between reserves	**23**	**-**	**20,588**	**896**	**49,568**	**-**	**(71,052)**	**-**	**-**
Balance as at 31 December 2019		**1,785,600**	**329,200**	**17,405**	**670,313**	**98,300**	**1,093,142**	**1,304**	**3,995,264**
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		200,000	-	-	-	-	(200,000)	-	-
Transfer between reserves	23	-	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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Non-Distributable					Distributable	
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	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2019 – as previously reported		**1,785,600**	**308,612**	**16,509**	**620,745**	**27,142**	**552,685**	**3,311,293**
Total comprehensive income for the financial year		**-**	**-**	**-**	**-**	**54,859**	**223,358**	**278,217**
Transfer between reserves	23	**-**	**20,588**	**896**	**49,568**	**-**	**(71,052)**	**-**
Balance as at 31 December 2019		**1,785,600**	**329,200**	**17,405**	**670,313**	**82,001**	**704,991**	**3,589,510**
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		200,000	-	-	-	-	(200,000)	-
Transfer between reserves	23	-	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

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	**215,339**	262,540	**223,358**	210,636
Adjustments for:				
Depreciation on property, plant and equipment	**6,099**	5,593	**6,099**	5,394
Depreciation on ROU assets	**1,574**	-	**1,574**	-
Amortisation of intangible assets	**5,968**	5,959	**5,968**	4,273
Gain on disposal of property, plant and equipment	**-**	(34)	**-**	(34)
Write-off of property, plant and equipment	**2,526**	28	**2,526**	28
Write-off of intangible assets	**114**	-	**114**	-
Interest expense for lease liability	**140**	-	**140**	-
Unrealised fair value gain on structured investments	**-**	1,454	**-**	1,454
Realised gain on FVOCI investments	**(760)**	(279)	**(760)**	(279)
Realised (gain)/loss on FVTPL investments	**(11,271)**	4,880	**(11,271)**	4,880
Realised (gain)/loss on structured investments	**(1,454)**	2,051	**(1,454)**	2,051
Unrealised fair value gain on FVTPL investments	**(35,050)**	(18)	**(35,050)**	(18)
Amortisation of premiums on FVTPL investments	**2,463**	2,462	**2,463**	2,462
Amortisation of premium on FVOCI investments	**1,511**	1,209	**1,511**	1,209
Realised loss/(gain) on derivatives	**455**	(605)	**455**	(605)
Unrealised (gain)/loss on derivatives	**(4,523)**	1,282	**(4,523)**	1,282
Expected credit losses	**103,906**	129,445	**103,906**	129,445
Expected credit losses of loans, advances and financing (net)	**8,689**	9,472	**8,689**	9,472
Expected credit losses charge/(written back) for investment securities	**11,388**	(272)	**11,388**	(272)
Expected credit losses for P2P	**(1)**	6	**(1)**	6
Expected credit losses written back for trade receivables	**-**	(52)	**-**	-
Amortisation of deferred income	**(2,728)**	(2,953)	**(2,728)**	(2,953)
Accretion of Government loans	**2,728**	2,953	**2,728**	2,953
Interest expense on Government loans	**3,422**	3,525	**3,422**	3,525
Share of profit after tax of associates	**(4,112)**	(59,568)	**-**	-
Taxation	**-**	(17)	**-**	-
	306,423	369,061	**318,554**	374,910
Decrease/(increase) in interest receivable for investments	**10,762**	(4,816)	**10,762**	(4,816)
Decrease in amount due from a subsidiary	**-**	-	**535**	56
Increase in trade and other receivables	**(17,073)**	(1,835)	**(17,073)**	(1,944)
Increase/(decrease) in loans, advances and financing	**9,512**	(20,311)	**9,512**	(20,311)
Decrease in claims payable	**(113,778)**	(102,809)	**(113,778)**	(102,809)
Decrease in other payables	**(12,948)**	(66,444)	**(12,948)**	(65,983)
Cash generated from operations	**182,898**	172,846	**195,564**	179,103
Tax paid	**-**	(1)	**-**	-
Net cash inflows from operating activities	**182,898**	172,845	**195,564**	179,103

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of property, plant and equipment	**-**	38	**-**	38
Purchase of property, plant and equipment	**(12,481)**	(9,957)	**(12,481)**	(9,897)
Purchase of intangible assets	**(2,882)**	(9,276)	**(2,882)**	(7,838)
Purchase of lease liability	**(1,665)**	-	**(1,665)**	-
Purchase of structured investments	**-**	(150,000)	**-**	(150,000)
Purchase of FVTPL investments	**(791,869)**	(439,599)	**(791,869)**	(439,599)
Purchase of FVOCI investments	**(342,512)**	(99,923)	**(342,512)**	(99,923)
Purchase of Amortised Cost investments	**(100,000)**	(21)	**(100,000)**	(21)
Proceeds from disposal of FVOCI investments	**302,004**	165,017	**302,004**	165,017
Proceeds from disposal of FVTPL investments	**674,710**	415,742	**674,710**	415,742
Proceeds from disposal of structured investments	**150,000**	145,010	**150,000**	145,010
Proceeds from disposal of amortised cost investments	**90,000**	-	**90,000**	-
Increase in derivative financial liabilities – net	**(557)**	586	**(557)**	586
(Increase)/decrease in term deposits	**(472,570)**	571,601	**(472,570)**	571,601
Dividend received from associates	**8,950**	5,700	**-**	-
Net cash inflows/(outflows) from investing activities	**(498,872)**	594,918	**(507,822)**	590,716
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	**1**	(11,043)	**1**	(11,043)
Repayment of HPT & New Investment Fund	**(10,397)**	(107,786)	**(10,397)**	(107,786)
Payment of interest on Government funds	**(3,422)**	(3,525)	**(3,422)**	(3,525)
Repayment of loan due to non-controlling interest	**-**	(38)	**-**	-
Decrease in amount due to BNM	**(378)**	(282)	**(378)**	(282)
Increase in BizMula-i and BizWanita-i funds from BNM	**78,232**	39,589	**78,232**	39,589
Net cash inflows/(outflows) in financing activities	**55,036**	(292,085)	**55,036**	(292,047)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	**(260,938)**	475,678	**(257,222)**	477,772
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**540,010**	64,332	**536,294**	58,522
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**279,072**	540,010	**279,072**	536,294
Cash and cash equivalent comprise the following:				
Cash and bank balances	**99,660**	64,712	**99,660**	60,996
Term deposits	**1,161,329**	984,646	**1,161,329**	984,646
	1,260,989	1,049,358	**1,260,989**	1,045,642
Less:				
Term deposits with original maturity more than three months	**981,917**	509,348	**981,917**	509,348
	279,072	540,010	**279,072**	536,294

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Group	At 1 January 2019 RM'000	Cash flows RM'000	Non-cash changes Interest accretion RM'000	Non-cash changes Interest accrual RM'000	At 31 December 2019 RM'000
Amount due to Bank Negara Malaysia ("BNM")	**227**	**(378)**	**-**	**-**	**(151)**
Funds from BNM	**841,089**	**78,232**	**-**	**-**	**919,321**
Small Entrepreneurs Guarantee Scheme ("SEGS")	**29,549**	**(9,000)**	**1,084**	**-**	**21,633**
Tabung Usahawan Kecil ("TUK")	**39,906**	**-**	**1,644**	**-**	**41,550**
Government funds	**42,556**	**(13,819)**	**-**	**3,422**	**32,159**
Preference shares	**-**	**-**	**-**	**-**	**-**
Small Entrepreneurs Financing Fund ("SEFF")	**32**	**1**	**-**	**-**	**33**
	953,359	**55,036**	**2,728**	**3,422**	**1,014,545**

Group	At 1 January 2018 RM'000	Cash flows RM'000	Non-cash changes Interest accretion RM'000	Non-cash changes Interest accrual RM'000	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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Company	At 1 January 2019 RM'000	Cash flows RM'000	Non-cash changes Interest accretion RM'000	Non-cash changes Interest accrual RM'000	At 31 December 2019 RM'000
Amount due to Bank Negara Malaysia ("BNM")	**227**	**(378)**	**-**	**-**	**(151)**
Funds from BNM	**841,089**	**78,232**	**-**	**-**	**919,321**
Small Entrepreneurs Guarantee Scheme ("SEGS")	**29,549**	**(9,000)**	**1,084**	**-**	**21,633**
Tabung Usahawan Kecil ("TUK")	**39,906**	**-**	**1,644**	**-**	**41,550**
Government funds	**42,556**	**(13,819)**	**-**	**3,422**	**32,159**
Preference shares	**-**	**-**	**-**	**-**	**-**
Small Entrepreneurs Financing Fund ("SEFF")	**32**	**1**	**-**	**-**	**33**
	953,359	**55,036**	**2,728**	**3,422**	**1,014,545**

Company	At 1 January 2018 RM'000	Cash flows RM'000	Non-cash changes Interest accretion RM'000	Non-cash changes Interest accrual RM'000	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

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

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. There have been no significant changes in the nature of principal activities during the financial year.

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 23 April 2020.

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 provisions of 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 income and expenses during the reported period. It also requires 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 2019:

- MFRS 16 'Leases'
- Amendments to MFRS 9 'Prepayment Features with Negative Compensation'
- IC Interpretation 23 'Uncertainty over Income Tax Treatments'
- Annual Improvements to MFRSs 2015-2017 Cycle

The Group and the Company have adopted MFRS 16 'Leases' issued by MASB with its mandatory adoption date of 1 January 2019. MFRS 16 supersedes MFRS 117 'Leases' and its related interpretations. As permitted by MFRS 16, the Group and the Company have adopted the simplified transitional approach and will not restate comparative amounts for the financial year prior to first adoption.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

Right of use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

On adoption of MFRS 16, the Group and the Company recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the Group and the Company's borrowing rate as of 1 January 2019.

The reconciliation on the operating lease commitments disclosed under MFRS 117 to MFRS 16 are as follows:

	Group/ Company 2019 RM'000
Operating lease commitments as at 31 December 2018	**4,944**
Discounted using the lessee's incremental borrowing rate of at the date of initial application	**(1,815)**
(Less): short-term leases recognised on a straight-line basis as expense	**(739)**
Lease liability recognised as at 1 January 2019	**2,390**

The recognised right-of-use assets as at 1 January 2019 relate to properties.

(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 2019. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

  The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

  In addition, the revised definition of the term 'outputs' is narrower, focusses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

  The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. Under this concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business.

  The amendments shall be applied retrospectively.

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.

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 and statements of changes in equity respectively.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation, subsidiaries and associates (continued)

(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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation, subsidiaries and associates (continued)

(d) Associates (continued)

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.

2.4 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment (continued)

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.

2.5 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.7 Financial assets

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 solely payment of principal and interest ("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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

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.

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
- Contract assets
- 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.

(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 44 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.

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.

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

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', '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.

2.9 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Derivative financial instruments (continued)

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 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 fair value of a financial guarantee at the time of issuance is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premium is recognised.

Subsequently the financial guarantee contracts are measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of MFRS 15.

2.12 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 on impairment of financial assets.

2.13 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Non-current Assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Immediately before the classification as held for sale, the assets and liabilities are measured in accordance to the Group's accounting policies and thereafter they are stated at the lower of carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

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 classified as liability if they are redeemable on a specific date, or at the option of the preference shareholders or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in the profit or loss.

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 the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Current and deferred income tax (continued)

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.

2.18 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 constructive obligation.

Defined contribution plans

The Group and the Company contribute to the Employees' Provident Fund ("EPF"), a defined contribution plan. The Group's and the Company's contributions to the defined contribution plan are charged to the profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 9 'Financial Instruments'. The Government grant is measured as the difference between the initial carrying value of the Government loan determined in accordance with MFRS 9 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 statements 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', 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.

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 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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 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.

2.23 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 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 engages 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 a customer obtains control of the services rendered i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 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 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.

2.25 Leases in which the Group is a lessee

The Group as a lessee

Accounting policies applied from 1 January 2019

From 1 January 2019, leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Company are a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

(a) Lease term

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affects whether the Group and the Company are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to (d) below).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases in which the Group is a lessee (continued)

The Group as a lessee (continued)

Accounting policies applied from 1 January 2019 (continued)

(b) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

While the Group revalues land and building (presented as part of property, plant and equipment) that it owns, it has chosen not to revalue the ROU building held by the Group and the Company.

The Group applies the fair value model to ROU assets that meet the definition of investment property of MFRS 140 consistent with those investment property owned by the Group and the Company. Refer to Note 8 for accounting policy on investment property.

The Group and the Company present ROU assets that meet the definition of investment property in the statement of financial position as investment property. ROU assets that are not investment properties are presented as a separate line item in the statement of financial position.

(c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group and the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases in which the Group is a lessee (continued)

The Group as a lessee (continued)

Accounting policies applied from 1 January 2019 (continued)

(c) Lease liabilities (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group and the Company present the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of profit or loss.

(d) Reassessment of lease liabilities

The Group and the Company are also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

(e) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line bases as an expense in profit or loss.

Accounting policies applied until 31 December 2018

Finance lease

Until 31 December 2018, leases of property, plant and equipment where the Group and the Company, as lessee, has substantially all the risks and rewards of ownership were classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Operating lease

Leases in which a significant (substantially all) portion of the risks and rewards of ownership are not transferred to the Group and the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Leases in which the Group is a lessor

The Group as a lessor

As a lessor, the Group and the Company determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(a) Finance leases

The Group and the Company classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment (refer to Note 2.7 on impairment of financial assets). In addition, the Group reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group and the Company revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

(b) Operating leases

The Group and the Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company recognises lease payments received under operating lease as lease income on a straight-line basis over the lease term.

(c) Sublease classification

Until the financial year ended 31 December 2018, when the Group and the Company was an intermediate lessor, the subleases were classified as finance or operating leases by reference to the underlying assets.

From 1 January 2019, when the Group and the Company are an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group and the Company applies the exemption described above, then it classifies the sublease as an operating lease.

(d) Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Group and the Company allocates the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15.

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 44(d) for key assumptions used to determine the fair values of financial instruments.

(b) Measurement of expected credit losses allowances

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 44(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) 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Lease

The accounting for leases under MFRS 16 involves making various judgements and estimates which may need to be disclosed. The level of detail provided depends on the individual circumstances of the entity and the materiality of the amounts involved. For example, an entity may explain how it applies the judgment in the following areas:

(i) How the entity has determined whether a contract is, or contains, a lease.
(ii) How the entity has determined the incremental borrowing rate, for example where third party financing cannot be obtained (or can only be obtained at a significant premium), or by adjusting rates to reflect the term, security, value or economic environment.
(iii) What the entity considers to be an index or rate in determining lease payments.
(iv) How the entity accounts for costs incurred in connection with a lease that are not part of the cost of the ROU asset.

4. LESSEE

The objective of MFRS 16 disclosures is for lessee to disclose sufficient information about its lease contracts for users of financial statements to assess the effect of these contracts on the financial position, financial performance and cash flows of the lessee.

A lessee shall disclose information about its leases for which it is a lessee in a single note or separate section in its financial statements. However, a lessee need not duplicate information that is already presented elsewhere in the financial statements, provided that the information is incorporated by cross-reference in the single note or separate section about leases.

Where a lessee has elected to present ROU assets within the same line item as the corresponding underlying assets would be presented if they were owned, it should provide the same disclosures for the ROU assets as for the corresponding underlying assets. For example, where the ROU assets are presented as PPE, they would need to be included in the reconciliation that is required under MFRS 116 'Property, Plant and Equipment', with the same amount of detail as is required for other items of PPE.

If ROU assets are measured at revalued amounts applying MFRS 116, the lessee shall also disclose the following information required by MFRS 116.77 for those ROU assets:

(i) Effective date of the revaluation;
(ii) Whether an independent valuer was involved;
(iii) Carrying amount that would have been recognised had the ROU assets been carried under the cost model; and
(iv) Revaluation surplus, indicating the change for the period and any restriction on distribution of the balance to shareholders.

Lessee who chooses to apply the short-term lease exemption in MFRS 16.6 is not required to recognise any lease liability. Instead, the lessee shall recognise the lease payments associated with short-term leases as an expense. Accordingly, MFRS 16 requires such lessees to disclose the amount of its short-term lease commitments if the portfolio of short-term lease commitment at the end of the reporting period is dissimilar to the portfolio of short-term leases for the current reporting period. This is because the amount of lease expense for the next reporting period would be different from the current reporting period.

4. LESSEE (CONTINUED)

4.1 Disclosures about the ROU assets, expenses and cash flows related to leases

MFRS 16 prescribes specific items of information that, if material, should be disclosed by lessees to meet the information needs of users of financial information. A lessee shall disclose these information in tabular format unless another format is more appropriate.

The Group as a lessee

Information about ROU assets, expenses and cash flows related to leases.

	2019 RM'000	2018 RM'000
Carrying amounts of ROU asset by class of underlying assets:		
Properties	**3,132**	-
Machineries	**744**	-
	3,876	-
Additions to the ROU assets during the financial year:		
Properties	**691**	-
Machineries	**567**	-
	1,258	-
Depreciation charge of ROU assets by class of underlying assets:		
Properties	**1,450**	-
Machineries	**124**	-
	1,574	-

Accordingly, additional information may include, but not limited to, information that helps users of financial statements to assess:

(a) Nature of the lessee's leasing activities
(b) Future cash flows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities. This includes exposure arising from:
  (i) Variable lease payments
  (ii) Extension options and termination options
  (iii) Residual value guarantee; and
  (iv) Leases not yet commenced to which the lessee is committed.
(c) Restrictions or covenants imposed by leases
(d) Sale and leaseback transactions.

4. LESSEE (CONTINUED)

4.2 Additional entity specific qualitative and quantitative information about its leasing activities

Many leases contain more complex features, which can include variable payments, termination and extension options and residual value guarantee. These features of a lease are often determined on the basis of the individual circumstances of the parties to the contract. Accordingly, to meet the MFRS 16 disclosure objective, a lessee shall disclose additional qualitative and quantitative information about its leasing activities that is relevant to users of financial statements and is not apparent or disclose elsewhere in the financial statements.

Lessee should apply judgement in determining the most useful and relevant disclosures, which will depend on a lessee's individual circumstances. The information is likely to be relevant to users of financial statements if it helps those users to understand:

(i) the flexibility provided by leases. Leases may provide flexibility if, for example, a lessee can reduce its exposure by exercising termination options or renewing leases with favourable terms and conditions.

(ii) restrictions imposed by leases. Leases may impose restrictions, for example, by requiring the lessee to maintain particular financial ratios.

(iii) sensitivity of reported information to key variables. Reported information may be sensitive to, for example, future variable lease payments.

(iv) exposure to other risks arising from leases.

(v) deviations from industry practice. Such deviations may include, for example, unusual or unique lease terms and conditions that affect a lessee's lease portfolio.

Nature of the lessee's leasing activities and restrictions or covenants imposed by leases

The Group leases various offices, warehouses, retail stores, and equipment. Rental contracts are typically made for fixed periods of 3 to 8 years but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease agreement do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Extension options and termination options

Extension and termination options are included in a number of equipment leases across the Group. Local teams are responsible for managing their leases and, accordingly, lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Extension and termination options are included, when possible, to provide local management with greater flexibility to align its need for access to equipment with the fulfilment of customer contracts. The individual terms and conditions used vary across the Group. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessors.

In cases in which the Group is not reasonably certain to exercise an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

During 2019, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities of RM2,434,000.

5. LESSOR

MFRS 16 enhances the previous disclosure requirements of a lessor in MFRS 117 to meet the disclosure objective of MFRS 16. Specifically, a lessor is required to disclose sufficient information on its leasing activities so as to give a basis for users of financial statements to assess the effects of these activities on the financial position, financial performance and cash flows of the lessor.

5.1 Analysis of lease income

MFRS 16 requires a lessor to disclose information about the different component of lease income recognised during the reporting period. This requirement is similar to the requirement in MFRS 15 of which entities are required to disaggregate revenue recognised from contract with customers during the reporting period.

Lease income from lease contracts in which the Group acts as a lessor:

	2019 RM'000	2018 RM'000
Operating lease		
Lease income (excluding contingent rents)	**251**	-

5.2 Additional entity specific qualitative and quantitative information

A lessor shall disclose additional qualitative and quantitative information about its leasing activities necessary to meet the disclosure objective in MFRS 16. This additional information includes, but is not limited to, information that helps users of financial statements to assess:

(a) the nature of the lessor's leasing activities; and

(b) how the lessor manages the risk associated with any rights it retains in underlying assets. In particular, a lessor shall disclose its risk management strategy for the rights it retains in underlying assets, including any means by which the lessor reduces that risk. Such means may include, for example, buy-back agreements, residual value guarantees or variable lease payments for use in excess of specified limits.

5.3 Changes in the carrying amount of net investment in finance leases

MFRS 16 requires a lessor to provide a qualitative and quantitative explanation of the significant changes in the carrying amount of the net investment in finance leases during the reporting period to allow users of financial statements to understand these significant changes. This disclosure was not required by MFRS 117.

During the financial year, the increase of finance lease receivables are due to the following reasons:

	2019 RM'000	2018 RM'000
Balance as at 1 January 2019	**-**	-
Lease payments received during the financial year	**251**	-
Balance as at 31 December 2019	**251**	-

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6. 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 2019	39,081	5,010	144	4,085	5,838	15,346	15,758	8,838	94,100
Additions	-	-	-	722	338	2,976	937	7,508	12,481
Disposals	-	-	-	(2)	-	-	-	-	(2)
Write-off	-	-	-	(1,115)	(4,073)	(103)	(4,865)	(22)	(10,178)
Transfer from work in progress	-	-	-	-	-	2,082	811	(2,893)	-
Reclassification to intangible assets (Note 7)	-	-	-	-	-	-	-	(3,984)	(3,984)
Reclassification to assets held for sale (Note 11)	-	-	-	(122)	(245)	(457)	(2,233)	-	(3,057)
As at 31 December 2019	39,081	5,010	144	3,568	1,858	19,844	10,408	9,447	89,360
Less: Accumulated depreciation									
As at 1 January 2019	34,393	2,890	143	2,662	3,752	8,331	12,925	-	65,096
Charge for the financial year	1,564	29	-	494	354	2,844	814	-	6,099
Disposals	-	-	-	(2)	-	-	-	-	(2)
Write-off	-	-	-	(863)	(2,915)	(60)	(3,814)	-	(7,652)
Reclassification to assets held for sale (Note 11)	-	-	-	(102)	(173)	(372)	(1,895)	-	(2,542)
As at 31 December 2019	35,957	2,919	143	2,189	1,018	10,743	8,030	-	60,999
Net book value									
As at 31 December 2019	3,124	2,091	1	1,379	840	9,101	2,378	9,447	28,361

6. 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 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	4,046	9,957
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	8,838	94,100
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	8,838	29,004

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6. 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 2019	39,081	5,010	144	3,963	5,593	14,889	13,525	8,838	91,043
Additions	-	-	-	722	338	2,976	937	7,508	12,481
Disposals	-	-	-	(2)	-	-	-	-	(2)
Write-off	-	-	-	(1,115)	(4,073)	(103)	(4,865)	(22)	(10,178)
Transfer from work in progress	-	-	-	-	-	2,082	811	(2,893)	-
Reclassification to intangible assets (Note 7)	-	-	-	-	-	-	-	(3,984)	(3,984)
As at 31 December 2019	39,081	5,010	144	3,568	1,858	19,844	10,408	9,447	89,360
Less: Accumulated depreciation									
As at 1 January 2019	34,392	2,891	143	2,560	3,579	7,959	11,030	-	62,554
Charge for the financial year	1,564	29	-	494	354	2,844	814	-	6,099
Disposals	-	-	-	(2)	-	-	-	-	(2)
Write-off	-	-	-	(863)	(2,915)	(60)	(3,814)	-	(7,652)
As at 31 December 2019	35,956	2,920	143	2,189	1,018	10,743	8,030	-	60,999
Net book value									
As at 31 December 2019	3,125	2,090	1	1,379	840	9,101	2,378	9,447	28,361

6. 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

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7. INTANGIBLE ASSETS

Group	Software RM'000	Data costs RM'000	Capital work in progress RM'000	Total RM'000
Cost				
As at 1 January 2019	**69,353**	**10,228**	**10**	**79,591**
Additions	**2,882**	**-**	**-**	**2,882**
Write-off	**(462)**	**-**	**-**	**(462)**
Reclassification from property, plant and equipment (Note 6)	**3,984**	**-**	**-**	**3,984**
Reclassification to assets held for sale (Note 11)	**(12,708)**	**(10,228)**	**(10)**	**(22,946)**
As at 31 December 2019	**63,049**	**-**	**-**	**63,049**
Less: Accumulated amortisation				
As at 1 January 2019	**51,820**	**7,524**	**-**	**59,344**
Amortisation charge during the financial year	**5,968**	**-**	**-**	**5,968**
Write-off	**(348)**	**-**	**-**	**(348)**
Reclassification to assets held for sale (Note 11)	**(10,428)**	**(7,524)**	**-**	**(17,952)**
As at 31 December 2019	**47,012**	**-**	**-**	**47,012**
Net book value				
As at 31 December 2019	**16,037**	**-**	**-**	**16,037**
Cost				
As at 1 January 2018	61,334	8,981	-	70,315
Additions	8,019	1,247	10	9,276
As at 31 December 2018	69,353	10,228	10	79,591
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	10	20,247

7. INTANGIBLE ASSETS (CONTINUED)

Company	Software RM'000	Data costs RM'000	Total RM'000
Cost			
As at 1 January 2019	**56,645**	**-**	**56,645**
Additions	**2,882**	**-**	**2,882**
Write-off	**(462)**	**-**	**(462)**
Reclassification from property, plant and equipment (Note 6)	**3,984**	**-**	**3,984**
As at 31 December 2019	**63,049**	**-**	**63,049**
Less: Accumulated amortisation			
As at 1 January 2019	**41,392**	**-**	**41,392**
Amortisation charge during the financial year	**5,968**	**-**	**5,968**
Write-off	**(348)**	**-**	**(348)**
As at 31 December 2019	**47,012**	**-**	**47,012**
Net book value			
As at 31 December 2019	**16,037**	**-**	**16,037**
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			
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

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The statement of financial position shows the following amounts relating to leases:

	Group/ Company
	31.12.2019 RM'000
Right-of-Use assets:	
Properties	1,682
Machineries	621
	2,303
Lease liabilities:	
Properties	(1,709)
Machineries	(642)
	(2,351)

The statement of profit or loss as at 31 December 2019 shows the following amounts relating to leases:

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Depreciation charge on right-of-use assets		
Properties	1,450	-
Machineries	124	-
	1,574	-
Accumulated Depreciation during the year:		
Properties	1,450	-
Machineries	124	-
	1,574	-

8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Future minimum lease payments at 31 December 2019 are as follows:

Group/Company	Within 1 year RM'000	1-3 years RM'000	More than 3 years RM'000	Total RM'000
31.12.2019				
Lease payment	1,439	1,069	30	2,538
Finance cost	(101)	(86)	-	(187)
Net present value	1,338	983	30	2,351
01.01.2019				
Lease payment	1,666	2,323	215	4,204
Finance cost	(140)	(176)	(11)	(327)
Net present value	1,526	2,147	204	3,877

9. INVESTMENT IN A SUBSIDIARY

	Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Unquoted shares, at cost	23,650	23,650
Less: Allowance for impairment	(23,650)	(23,650)
	-	-

Details of the subsidiary which is incorporated in Malaysia are as follows:

	Percentage of equity held			
	Group		Non-controlling interest	
Name of subsidiary	31.12.2019	31.12.2018	31.12.2019	31.12.2018
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.

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10. 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	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Unquoted shares, at cost	**500,200**	500,200	**500,200**	500,200
Group's share of post-acquisition reserves	**16**	396,423	**-**	-
Reclassification to assets held for sale (Note 11)	**(500,000)**	-	**(500,000)**	-
	216	896,623	**200**	500,200

Details of the associates are as follows:

Name of associates	Principal activities	Percentage of equity held 31.12.2019	Percentage of equity held 31.12.2018
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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Assets						
Current assets	**1,639,659**	1,333,405	**628**	654	**1,640,287**	1,334,059
Non-current assets	**1,152,420**	1,414,182	**-**	-	**1,152,420**	1,414,182
Total assets	**2,792,079**	2,747,587	**628**	654	**2,792,707**	2,748,241
Liabilities						
Current liabilities	**(10,403)**	(12,310)	**(86)**	(89)	**(10,489)**	(12,399)
Non-current liabilities	**(979,379)**	(942,484)	**-**	-	**(979,379)**	(942,484)
Total liabilities	**(989,782)**	(954,794)	**(86)**	(89)	**(989,868)**	(954,883)
Net assets	**1,802,297**	1,792,793	**542**	565	**1,802,839**	1,793,358

10. INVESTMENTS IN ASSOCIATES (CONTINUED)

(a) Summarised financial information of the associates which are accounted for using the equity method is as follows: (continued)

(ii) Summarised statements of comprehensive income

	Danajamin		Aureos CGC		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	**160,930**	184,557	**-**	-	**160,930**	184,557
Net profit/(loss) for the financial year	**2,684**	119,155	**(23)**	(25)	**2,661**	119,130
Total comprehensive income/(loss) for the financial year	**27,452**	124,024	**(23)**	(25)	**27,429**	123,999

(b) Reconciliation of the summarised financial information to the carrying amount of the interest in the associates:

	Danajamin		Aureos CGC		Total	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Net assets as at 1 January	**1,792,793**	1,680,169	**565**	590	**1,793,358**	1,680,759
Net profit/(loss) for the financial year	**2,684**	119,155	**(23)**	(25)	**2,661**	119,130
Dividend paid	**(17,900)**	(11,400)	**-**	-	**(17,900)**	(11,400)
Other comprehensive income for the financial year	**24,720**	4,869	**-**	-	**24,720**	4,869
Net assets as at 31 December	**1,802,297**	1,792,793	**542**	565	**1,802,839**	1,793,358
Opening carrying value	**901,150**	896,397	**216**	226	**901,366**	896,623
Reclassification to asset held for sale (Note 11)	**(901,150)**	-	**-**	-	**(901,150)**	-
Closing carrying value	**-**	896,397	**216**	226	**216**	896,623

11. DISPOSAL GROUPS HELD FOR SALE

MFRS 5 specify that for non-current assets that meet the criteria to be classified as held for sale, it is to be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease. Such assets also to be presented separately in the statement of financial position and the result of discontinued operations to be presented separately in the statement of comprehensive income.

Assets and liabilities of disposal groups held for sale

At 31 December 2019, the disposal groups were stated at the lower of its respective carrying amounts and fair values less costs to sell and comprised the following assets and liabilities:

(i) Summarised statements of comprehensive income

	Danajamin		CBM	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	**160,930**	184,557	**12,500**	11,409
Expenses	**(148,617)**	(66,987)	**(12,906)**	(13,391)
Profit before income tax	**12,313**	117,570	**(406)**	(1,982)
Taxation	**(9,629)**	1,585	**7**	17
Profit/(loss) from discontinued operations	**2,684**	119,155	**(399)**	(1,965)
Other comprehensive income for the financial year	**24,768**	4,869	**-**	-
Total comprehensive income/(loss) for the financial year	**27,452**	124,024	**(399)**	(1,965)

(ii) Summarised statements of cash flow

	Danajamin		CBM	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Net cash inflow/(outflow) from operating activities	**45,756**	36,012	**2,771**	(2,691)
Net cash outflow from investing activities	**(1,649)**	(1,844)	**(2,033)**	(1,499)
Net cash outflow from financing activities	**(43,969)**	(35,532)	**(251)**	(163)

(iii) Summarised statements of financial position

	Danajamin	CBM
Assets		
Current assets	**1,639,659**	**5,503**
Non-current assets	**1,152,420**	**5,750**
Total assets	**2,792,079**	**11,253**
Liabilities		
Current liabilities	**(10,403)**	**(6,665)**
Non-current liabilities	**(979,379)**	**-**
Total liabilities	**(989,782)**	**(6,665)**
Net assets	**1,802,297**	**4,588**

11. DISPOSAL GROUPS HELD FOR SALE (CONTINUED)

Assets and liabilities of disposal groups held for sale (continued)

(iii) Summarised statements of financial position (continued)

Reconciliation to carrying value of assets held for sales:

	Group	Company
	2019	2019
	RM'000	RM'000
Total assets from CBM	11,253	-
Transfer of investment in associates to asset held for sale (Note 10b)	901,150	500,000
Total assets held for sale	**912,403**	**500,000**
Total liabilities from CBM	(6,665)	-
Less:		
Amount due to immediate holding company	(3,970)	-
Total liabilities held for sale	**(2,695)**	**-**

12. STRUCTURED INVESTMENTS: FVTPL

	Group/Company	
	31.12.2019	31.12.2018
	RM'000	RM'000
At fair value:		
Structured investments, unquoted in Malaysia	-	148,546

	Group/Company	
	2019	2018
	RM'000	RM'000
Fair value gain/(loss):		
As at 1 January	(6,444)	(2,939)
Realised gain/(loss) during the financial year (Note 36)	1,454	(2,051)
Unrealised fair value (loss) during the financial year (Note 36)	-	(1,454)
As at 31 December	(4,990)	(6,444)

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13. INVESTMENT SECURITIES: FVTPL

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
At fair value		
Money market instruments:		
Unquoted in Malaysia		
Malaysian Government Securities	**28,241**	30,600
Unquoted securities:		
In Malaysia		
Private debt securities	**613,931**	544,680
Outside Malaysia		
Private debt securities	**270,473**	222,779
	884,404	767,459
Quoted securities:		
In Malaysia		
REITS	**5,074**	-
Outside Malaysia		
REITS	**34,282**	3,727
	39,356	3,727
	952,001	801,786

14. INVESTMENT SECURITIES: FVOCI

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
At fair value		
Money market instruments:		
Unquoted in Malaysia		
Cagamas bonds	**73,289**	71,819
Malaysian Government Securities	**62,134**	47,794
	135,423	119,613
Unquoted securities:		
In Malaysia		
Private debt securities	**1,649,265**	1,582,339
	1,784,688	1,701,952

14. INVESTMENT SECURITIES: FVOCI (CONTINUED)

Movements in allowance for impairment of FVOCI

		Group/Company	
		31.12.2019 RM'000	31.12.2018 RM'000
(i)	**Expected Credit Losses "ECL" Stage 2**		
	Balance as at 1 January	**4**	60
	Allowance made during the financial year	**9,782**	-
	Amount written-back during the financial year	**-**	(56)
	Balance as at 31 December	**9,786**	4

		Group/Company	
		31.12.2019 RM'000	31.12.2018 RM'000
(ii)	**Expected Credit Losses "ECL" Stage 1**		
	Balance as at 1 January	**677**	640
	Allowance made during the financial year	**1,151**	-
	Amount written-back during the financial year	**-**	37
	Balance as at 31 December	**1,828**	677

15. INVESTMENT SECURITIES: FINANCIAL ASSETS AT AMORTISED COST

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
At amortised cost		
Unquoted securities:		
In Malaysia		
Private debt securities	**183,517**	172,569
Peer-to-peer ("P2P")	**7**	21
	183,524	172,590
Less: Expected credit losses ("ECL")	**(1,191)**	(790)
	182,333	171,800

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15. INVESTMENT SECURITIES: FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)

Movements in allowance for Impairment of amortised cost

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
(i) Expected Credit Losses "ECL" Stage 1		
Balance as at 1 January	**790**	1,037
Allowance made during the financial year	**401**	-
Amount written-back during the financial year	**-**	(247)
Balance as at 31 December	**1,191**	790

16. DERIVATIVE FINANCIAL ASSETS

	Group/Company			
	31.12.2019		31.12.2018	
	Contract/ notional amount RM'000	Assets RM'000	Contract/ notional amount RM'000	Assets RM'000
Derivative assets				
- Currency forward contracts	**317,842**	**5,798**	113,463	1,945

17. TERM DEPOSITS

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
At amortised cost		
Licensed banks	**1,037,600**	905,581
Other financial institutions	**123,729**	79,065
	1,161,329	984,646

18. LOANS, ADVANCES AND FINANCING

(i) By schemes

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Redemption of Direct Access Guarantee Scheme ("DAGS") loans	**78,801**	108,506
Tabung Pemulihan dan Pembangunan Usahawan ("TPPU")	**2,052**	2,052
Tabung Pemulihan Peniaga Kecil ("TPPK")	**169**	198
Tabung Projek Usahawan Bumiputra-i ("TPUB-i")	**47,079**	109,746
BizMula-i	**123,322**	77,789
BizWanita-i	**31,994**	22,389
Staff loans	**1,358**	1,461
Gross loans, advances and financing	**284,775**	322,141
Less: Expected credit losses ("ECL")		
- Stage 3	**(104,054)**	(119,980)
- Stage 2	**(12,176)**	(10,060)
- Stage 1	**(4,963)**	(10,318)
Total net loans, advances and financing	**163,582**	181,783

(ii) By maturity structure

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Maturity within one year	**59,786**	76,243
One year to three years	**56,125**	95,456
Three years to five years	**136,773**	94,112
Over five years	**32,091**	56,330
	284,775	322,141

(iii) By interest rate/profit rate sensitivity

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Fixed rate		
- Redemption of DAGS loans	**78,801**	108,506
- Tabung Pemulihan dan Pembangunan Usahawan	**2,052**	2,052
- Tabung Pemulihan Peniaga Kecil	**169**	198
- Tabung Projek Usahawan Bumiputra-i	**47,079**	109,746
- BizMula-i	**123,322**	77,789
- BizWanita-i	**31,994**	22,389
- Staff loans	**1,358**	1,461
	284,775	322,141

18. LOANS, ADVANCES AND FINANCING (CONTINUED)

(iv) By economic sectors

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Primary agriculture	**2,340**	2,747
Education, health and others	**15,618**	10,468
Construction	**45,319**	98,633
Electricity, gas & water supply	**2,186**	4,013
Financing, insurance, real estate & business services	**39,126**	38,753
Manufacturing	**34,223**	36,136
Mining & quarrying	**185**	260
Transport, storage & communication	**6,596**	9,390
Wholesale, retail trade, restaurants & hotels	**135,603**	118,030
Others	**3,579**	3,711
	284,775	322,141

(v) By economic purpose

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Working capital	**283,417**	320,680
Others	**1,358**	1,461
	284,775	322,141

(vi) By geographical distribution

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Johor	**46,866**	48,694
Kedah	**13,932**	17,248
Kelantan	**13,414**	9,702
Melaka	**11,123**	13,947
Negeri Sembilan	**15,607**	21,859
Pahang	**12,599**	10,710
Perak	**15,567**	14,127
Pulau Pinang	**21,017**	27,630
Sabah	**21,932**	20,225
Sarawak	**22,858**	24,253
Selangor	**55,463**	74,775
Terengganu	**15,309**	18,654
Wilayah Persekutuan – Kuala Lumpur	**19,088**	20,317
	284,775	322,141

18. LOANS, ADVANCES AND FINANCING (CONTINUED)

(vii) Movements in impaired gross loans, advances and financing

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Balance as at 1 January	**119,980**	124,098
Add: Classified as impaired	**22,567**	25,573
Less: Reclassified as non-impaired	**(225)**	(2,450)
Less: Amount written-back	**(10,413)**	(3,673)
Less: Amount written-off/waived	**(27,855)**	(23,568)
Balance as at 31 December	**104,054**	119,980

(viii) Impaired loans, advances and financing by economic purposes

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Working capital	**103,900**	119,826
Others	**154**	154
	104,054	119,980

(ix) Impaired loans, advances and financing by geographical distribution

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Johor	**14,416**	11,983
Kedah	**5,411**	6,407
Kelantan	**4,724**	5,073
Melaka	**1,934**	862
Negeri Sembilan	**8,850**	12,552
Pahang	**2,457**	3,471
Perak	**2,616**	2,688
Pulau Pinang	**6,713**	7,757
Sabah	**9,536**	9,535
Sarawak	**8,287**	12,510
Selangor	**27,369**	29,173
Terengganu	**4,873**	6,663
Wilayah Persekutuan – Kuala Lumpur	**6,868**	11,306
	104,054	119,980

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18. LOANS, ADVANCES AND FINANCING (CONTINUED)

(x) Movements in expected credit losses/allowance for impairment of loans, advances and financing

	Group/Company	
	2019 RM'000	2018 RM'000
Expected Credit Losses "ECL" STAGE 3		
Balance as at 1 January	**119,980**	124,098
Allowance made during the financial year	**22,567**	25,572
Amount written-back during the financial year	**(10,638)**	(6,122)
Amount written-off/waived during the financial year	**(27,855)**	(23,568)
Balance as at 31 December	**104,054**	119,980
Expected Credit Losses "ECL" STAGE 2		
Balance as at 1 January	**10,060**	13,627
Allowance made during the financial year	**9,397**	6,097
Amount written-back during the financial year	**(7,281)**	(9,664)
Balance as at 31 December	**12,176**	10,060
Expected Credit Losses "ECL" STAGE 1		
Balance as at 1 January	**10,318**	16,729
Allowance made during the financial year	**2,553**	7,130
Amount written-back during the financial year	**(7,908)**	(13,541)
Balance as at 31 December	**4,963**	10,318
Total	**121,193**	140,358

19. AMOUNT DUE FROM A SUBSIDIARY

	Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Amount due from a subsidiary	**3,970**	4,505

The amount due from a subsidiary is unsecured, interest-free and is repayable on demand.

20. AMOUNT DUE FROM/(TO) BNM

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Amount due from/(to) BNM	**151**	(227)

The amount due from/(to) 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 from/(to) BNM is unsecured, interest-free and has a 14 days to 21 days repayment terms.

21. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Trade receivables	**-**	1,963	**-**	-
Receivables due from financial institutions	**19,307**	9,512	**19,307**	9,512
Deposits	**1,136**	1,129	**1,136**	1,082
Prepayments	**2,308**	2,465	**2,308**	2,385
Other receivables	**1,010**	624	**1,010**	549
Invoice accrual for guarantee fees	**11,430**	3,955	**11,430**	3,955
Receivables - legal fees	**-**	610	**-**	610
Amount due from Entrepreneur Rehabilitation Fund Sdn. Bhd.	**-**	25	**-**	25
Less: Allowance for impairment				
- Expected credit losses – Lifetime ECL	**-**	(8)	**-**	-
	35,191	20,275	**35,191**	18,118
Expected credit losses – Lifetime ECL				
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.

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22. SHARE CAPITAL

	Group/Company	
	2019 RM'000	2018 RM'000
Issued and fully paid ordinary shares:		
As at 1 January/31 December at no par value	**1,785,600**	1,585,600
Redemption during the financial year	**-**	200,000
	1,785,600	1,785,600

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.

23. RESERVES

	Group		Company	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Special Programme reserve (a)	**329,200**	308,612	**329,200**	308,612
SPI reserve (b)	**17,405**	16,509	**17,405**	16,509
Special reserve (c)	**670,313**	620,745	**670,313**	620,745
	1,016,918	945,866	**1,016,918**	945,866

(a) Special Programme reserve

	Group/Company	
	2019 RM'000	2018 RM'000
As at 1 January	**308,612**	288,852
Transfer from retained earnings during the financial year	**20,588**	19,760
As at 31 December	**329,200**	308,612

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).

23. RESERVES (CONTINUED)

(b) SPI reserve

	RM'000	RM'000
As at 1 January	**16,509**	15,630
Transfer from retained earnings during the financial year	**896**	879
As at 31 December	**17,405**	16,509

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	
	2019	**2018**
	RM'000	**RM'000**
As at 1 January	**620,745**	566,260
Transfer from retained earnings during the financial year	**49,568**	54,485
As at 31 December	**670,313**	620,745

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.

24. FVOCI RESERVE

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
As at 1 January	**31,079**	14,794	**27,142**	13,290
Fair value gain during the financial year	**43,873**	13,871	**43,873**	13,871
Amount made/(written-back) during the financial year	**10,986**	(19)	**10,986**	(19)
Share of FVOCI of associates	**12,362**	2,433	**-**	-
As at 31 December	**98,300**	31,079	**82,001**	27,142

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25. FUNDS FROM BANK NEGARA MALAYSIA

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
TPUB-i	**301,500**	301,500
Shares of Danajamin	**500,000**	500,000
BizWanita-i	**22,061**	7,575
BizMula-i	**95,760**	32,014
	919,321	841,089
Repayable within 12 months	**33,241**	311,639
Repayable after 12 months	**886,080**	529,450
	919,321	841,089

Details of the balance outstanding as at 31 December 2019 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 June 2019, BNM has granted an extension of repayment for a period of 3 years starting from 1 July 2019 until 30 June 2022.

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.

(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.

26. SMALL ENTREPRENEURS GUARANTEE SCHEME ("SEGS")

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Repayable within 12 months	**9,000**	9,000
Repayable after 12 months	**12,633**	20,549
	21,633	29,549

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.

27. TABUNG USAHAWAN KECIL ("TUK")

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Repayable after 12 months	**41,550**	39,906

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.

28. GOVERNMENT FUNDS

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
As at 1 January	**42,556**	150,000
Repayment during the financial year	**(10,739)**	(107,786)
Interest payable	**342**	342
As at 31 December	**32,159**	42,556
Repayable within 12 months	**10,842**	10,738
Repayable after 12 months	**21,317**	31,818
	32,159	42,556

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 instalment until 2023 as provided by Jabatan Akauntan Negara ("JAN").

29. SMALL ENTREPRENEURS FINANCING FUND ("SEFF")

	Group/Company	
	2019 RM'000	2018 RM'000
As at 1 January	**32**	11,075
Repayment during the financial year	**(32)**	(11,520)
Recovery during the financial year	**33**	477
As at 31 December	**33**	32
Repayable within 12 months	**33**	32

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.

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 was 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.

29. SMALL ENTREPRENEURS FINANCING FUND ("SEFF") (CONTINUED)

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 23).

The remaining of the outstanding amount will be paid to PNB upon recovery of the defaulted loans.

30. DERIVATIVE FINANCIAL LIABILITIES

	Group/Company			
	31.12.2019		31.12.2018	
	Contract/ notional amount RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Liabilities RM'000
Derivative financial liabilities				
- currency forward contracts	**50,644**	**244**	153,340	1,016

31. EXPECTED CREDIT LOSSES FOR GUARANTEE SCHEMES

		Group/Company	
		2019 RM'000	2018 RM'000
(i)	**Expected Credit Losses "ECL" STAGE 3**		
	Balance as at 1 January	**21,366**	12,446
	Allowance made during the financial year	**128,735**	112,346
	Transfer to claims payable during the financial year	**(113,162)**	(103,426)
	Balance as at 31 December	**36,939**	21,366
(ii)	**Expected Credit Losses "ECL" STAGE 2**		
	Balance as at 1 January	**112,845**	90,395
	Allowance made during the financial year	**(19,206)**	22,450
	Balance as at 31 December	**93,639**	112,845
(iii)	**Expected Credit Losses "ECL" STAGE 1**		
	Balance as at 1 January	**74,700**	80,051
	Allowance written back during the financial year	**(5,622)**	(5,351)
	Balance as at 31 December	**69,078**	74,700
	Total	**199,656**	208,911

32. TRADE AND OTHER PAYABLES

	Group		Company	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Trade payables	**-**	877	**-**	-
Guarantee fee due unearned	**64,485**	62,903	**64,485**	62,903
Refundable proceed TPUB and TPUB-i	**1,031**	4,768	**1,031**	4,768
Sinking fund – TPUB-i	**435**	2,193	**435**	2,193
Deferred income				
- ERF	**39**	39	**39**	39
- Prepaid package and annual subscription fee	**-**	573	**-**	-
- Government grant	**9,817**	12,545	**9,817**	12,545
Green Technology Financing Scheme	**18,574**	23,359	**18,574**	23,359
Accruals	**27,446**	24,317	**27,446**	24,317
Other payables	**5,840**	13,658	**5,840**	13,219
	127,667	145,232	**127,667**	143,343

33. FRANCHISE FINANCING SCHEME FUND ("FFS")

On 27 October 1997, a Memorandum of Understanding ("MOU") was executed between the Company and the Government of Malaysia via Ministry of Cooperative & Entrepreneur Development ("MECD") aiming at promoting growth in franchise business under a fund known as FFS.

In this MOU, the Company was appointed by the Government to execute the scheme. The fund is to provide guarantee cover and subsidy of interest to borrowers, enabling entrepreneurs operating viable franchise businesses to have access to credit facilities up to a maximum of RM7.5 million each. Participating banks may charge interest up to a maximum of BLR + 1.5% per annum, the Company through FFS scheme will subsidies the interest payment and reduce the cost of borrowing.

Details of the Company's receipt from MECD in the form of guarantee fund and subsidy interest to borrowers as follow:

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

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	
	2019	**2018**
	RM'000	**RM'000**
Guarantee fees – portfolio guarantee scheme	**147,227**	124,698
Guarantee fees – wholesale guarantee scheme	**3,428**	4,954
Guarantee fees – other schemes	**22,675**	22,082
Interest income – Redemption schemes	**7,318**	9,385
Interest income – TPUB	**24**	47
Profit income – TPUB-i	**3,257**	5,809
Profit income – BizMula-i	**6,174**	4,574
Profit income – BizWanita-i	**1,727**	1,354
	191,830	172,903

36. INVESTMENT INCOME

	Group/Company	
	2019	**2018**
	RM'000	**RM'000**
Interest income		
- Term deposits	**40,146**	101,966
- Investment securities: FVTPL	**45,297**	42,033
- Structured investments: FVTPL	**4,313**	7,896
- Investment securities: FVOCI	**84,051**	84,979
- Investment securities: Amortised Cost	**11,698**	10,370
	185,505	247,244

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36. INVESTMENT INCOME (CONTINUED)

	Group/Company	
	2019 RM'000	2018 RM'000
Realised gain/(loss) on disposal		
- Investment securities: FVTPL	**11,271**	(4,880)
- Structured investments: FVTPL	**1,454**	(2,051)
- Derivatives	**(455)**	605
- Investment securities: FVOCI	**760**	279
	13,030	(6,047)
Unrealised fair value gain/(loss)		
- Investment securities: FVTPL	**35,050**	18
- Structured investments: FVTPL (Note 12)	**-**	(1,454)
- Derivatives	**4,523**	(1,282)
	39,573	(2,718)
(Amortisation of premiums)/Accretion of discounts		
- Investment securities: FVTPL	**(2,463)**	(2,462)
- Investment securities: FVOCI	**(1,511)**	(1,209)
	(3,974)	(3,671)
	234,134	234,808

37. OTHER OPERATING INCOME

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Rental income	**257**	262	**257**	262
Management fees	**2,634**	2,672	**2,634**	2,672
Dividend income from an associate	**-**	-	**8,950**	5,700
Administrative fee – TPUB-i	**54**	59	**54**	59
Recovery income	**46,634**	46,256	**46,634**	46,256
Amortisation of deferred income – Government grant	**2,728**	2,953	**2,728**	2,953
Other income	**7,535**	5,959	**7,535**	5,959
	59,842	58,161	**68,792**	63,861

38. STAFF COSTS

	Group/Company	
	2019 RM'000	2018 RM'000
Salaries	45,797	41,778
Bonus	14,973	11,622
Employees' Provident Fund	9,092	7,943
Others	9,087	7,589
	78,949	68,932

39. PROFIT BEFORE TAXATION

	Group/Company	
	2019 RM'000	2018 RM'000
Profit before taxation is arrived at after charging/(crediting):		
Computer maintenance	10,775	9,276
Recovery expenses	5,080	4,112
Accretion of Government loans	2,728	2,953
Fund managers expenses	3,575	2,139
Rental	244	1,534
Electricity	1,180	1,286
Directors remuneration	771	684
Directors meeting allowance	844	572
Promotional expenses	1,243	1,011
Auditors remuneration :		
- statutory audit	451	630
- non-audit services	40	380
(Gain)/loss on disposal of property, plant and equipment	-	(34)
Write-off of property, plant and equipment	2,526	28
Depreciation on property, plant and equipment (Note 6)	6,099	5,394
Amortisation of intangible assets (Note 7)	5,968	4,273
Expected credit losses for guarantee schemes	103,906	129,445
Expected credit losses ("ECL") made/(written back) on:		
- loans, advances and financing	8,689	9,472
- investment securities	11,227	(272)
- P2P	(1)	6
Interest expense for Government loans	3,422	3,525

40. COMMITMENTS, CONTINGENCIES AND GOVERNMENT BACKED SCHEMES

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	
	31.12.2019 RM'000	31.12.2018 RM'000
Financial guarantees	**6,355,201**	5,921,299
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	**38,309**	130,693
Foreign exchange related contracts:		
- maturity not exceeding one year	**368,486**	266,803
	6,761,996	6,318,795

Out of the total financial guarantees balances of RM6.4 billion as at 31 December 2019, RM1.1 billion is reimbursable under Government Back Scheme ("GBS") arrangement.

(i) Commitments and Contingencies

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Full Risk		
(a) Conventional		
DAGS	**43,922**	55,361
BizSME	**19,062**	-
(b) Islamic		
DAGS	**183**	345
Shared Risk		
(a) Conventional		
BizJamin	**85,072**	91,830
Flexi Guarantee Scheme	**97,491**	111,947
Franchise Financing Scheme	**3,057**	3,742
Small Biz Express	**688**	1,447
Portfolio Guarantee	**2,877,442**	2,461,353
Wholesale Guarantee	**18,766**	-

40. COMMITMENTS, CONTINGENCIES AND GOVERNMENT BACKED SCHEMES (CONTINUED)

(i) Commitments and Contingencies (continued)

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Shared Risk (continued)		
(b) Islamic		
BizJamin	58,151	48,909
Flexi Guarantee Scheme	210,841	232,160
Portfolio Guarantee	2,016,823	1,596,755
Wholesale Guarantee	16,469	44,540
Gross Full/Shared Risk Financial guarantees	5,447,967	4,648,389
Less: Expected Credit Losses		
- Stage 3	(36,940)	(21,366)
- Stage 2	(93,638)	(112,845)
- Stage 1	(69,078)	(74,700)
Full/Shared Risk Financial guarantees	5,248,311	4,439,478

(ii) Government Backed Schemes

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Other Shared Risk – Government Backed Schemes		
(a) Conventional		
Special Relief Guarantee Facility	-	730
SME Assistance Facility	-	200
SME Assistance Guarantee Scheme	-	2,610
Green Technology Financing Scheme	378,960	474,730
Intellectual Property Financing Scheme	-	5,000
Special Relief Facility	27,240	28,870
Disaster Relief Facility	33,510	34,560
(b) Islamic		
Green Technology Financing Scheme	606,870	858,150
Intellectual Property Financing Scheme	2,480	11,480
SME Assistance Guarantee Scheme	-	520
Special Relief Facility	42,560	49,570
Disaster Relief Facility	15,270	15,401
Others Shared Risk – Government Backed Schemes Guarantees	1,106,890	1,481,821
Total financial guarantees	6,355,201	5,921,299

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41. CAPITAL COMMITMENTS

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Capital expenditure not provided for in the financial statements:		
Authorised and contracted for	**11,413**	3,501
	11,413	3,501

42. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Other significant related parties are as follows:

Name of Company	Relationship
Bank Negara Malaysia ("BNM")	Substantial shareholder of the Company
Credit Bureau Malaysia Sdn. Bhd.	Subsidiary
Aureos CGC Advisers Sdn. Bhd.	Associate
Danajamin Nasional Berhad	Associate

(b) The key management personnel compensation is as follows:

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
Non-Executive Directors' fees	**1,911**	1,534
Other key management personnel (including President/CEO):		
- Short-term employee benefits	**5,346**	4,586
- Contribution to Employees' Provident Fund	**931**	779
Total compensation	**8,188**	6,899

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.

42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The key management personnel compensation is as follows: (continued)

(i) Directors' fees and remuneration

Total remuneration (including benefit-in-kind) of the Directors of the Group are as follows:

Group 2019	Salary and bonus RM'000	Fees RM'000	Meeting allowance RM'000	Benefit-in-kind RM'000	Total RM'000
Non-Executive Directors:					
Dato' Agil Natt	-	180	85	110	375
Datuk David Chua Kok Tee	-	72	120	6	198
Dato' Haji Syed Moheeb Syed Kamarulzaman	-	92	136	6	234
Datuk Mohd Zamree Mohd Ishak	-	20	14	-	34
Datuk Hamirullah Boorhan***	-	20	14	-	34
Encik Teoh Kok Lin	-	72	104	6	182
Encik Suresh Menon	-	92	102	6	200
Dato' Ong Eng Bin*	-	72	63	6	141
Encik Kevin Koo Chiang**	-	20	14	-	34
Puan Nadzirah Abd. Rashid	-	72	109	6	187
Encik Choong Tuck Oon	-	72	94	6	172
Encik Adnan Zaylani Mohamad Zahid	-	60	38	-	98
Encik Faisal Ismail[1]	-	6	3	-	9
Puan Saleha M. Ramly[2]	-	6	7	-	13
Total Directors' remuneration	-	856	903	152	1,911

Group 2018	Salary and bonus RM'000	Fees RM'000	Meeting allowance RM'000	Benefit-in-kind RM'000	Total RM'000
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	-	47	26	-	73
Encik Adnan Zaylani Mohamad Zahid	-	12	8	-	20
Total Directors' remuneration	-	793	660	81	1,534

42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The key management personnel compensation is 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)

Company 2019	Salary and bonus RM'000	Fees RM'000	Meeting allowance RM'000	Benefit-in-kind RM'000	Total RM'000
Non-Executive Directors:					
Dato' Agil Natt	-	180	85	110	375
Datuk David Chua Kok Tee	-	72	120	6	198
Dato' Haji Syed Moheeb Syed Kamarulzaman	-	72	122	6	200
Encik Teoh Kok Lin	-	72	104	6	182
Encik Suresh Menon	-	72	88	6	166
Dato' Ong Eng Bin*	-	72	63	6	141
Puan Nadzirah Abd. Rashid	-	72	109	6	187
Encik Choong Tuck Oon	-	72	94	6	172
Encik Adnan Zaylani Mohamad Zahid	-	60	38	-	98
Encik Faisal Ismail[1]	-	6	3	-	9
Puan Saleha M. Ramly[2]	-	6	7	-	13
Total Directors' remuneration	-	756	833	152	1,741

Company 2018	Salary and bonus RM'000	Fees RM'000	Meeting allowance RM'000	Benefit-in-kind RM'000	Total RM'000
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	-	47	26	-	73
Encik Adnan Zaylani Mohamad Zahid	-	12	8	-	20
Total Directors' remuneration	-	684	572	81	1,337

* 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] Appointed as a Director with effect from 1 December 2019
[2] Appointed as a Director with effect from 1 December 2019

42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The key management personnel compensation is as follows: (continued)

(ii) The significant related party balances included in the statements of financial position are as follows:

	Group		Company	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
Amount due from subsidiary (Note 19)	**-**	-	**3,970**	4,505

Amount due (to)/from BNM:

	Group/Company	
	31.12.2019 RM'000	31.12.2018 RM'000
(i) SRGF, SRGF-2 and SME AGS (Note 20)	**151**	(227)
(ii) Government funds (Note 28)	**(32,159)**	(42,556)
(iii) Danajamin Nasional Berhad (Note 25)	**(500,000)**	(500,000)
(iv) TPUB-i (Note 25)	**(301,500)**	(301,500)
(v) BizMula-i (Note 25)	**(22,061)**	(7,575)
(vi) BizWanita-i (Note 25)	**(95,760)**	(32,014)

(iii) Details of significant transactions between the Company and its related parties are as follows:

	Group/Company	
	2019 RM'000	2018 RM'000
Subscription fee charged by a subsidiary	**5**	5
Report fees charged by a subsidiary	**311**	315
Office rental charged to a subsidiary	**(251)**	(251)
Management/secretarial fee charged to a subsidiary	**(129)**	(141)
Interest expense on loan charged by BNM	**3,422**	3,525

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43. 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 2019 and 2018.

The Company monitors its capital and ability to guarantee by reference to its GRR, which stands at 2.7 times as at 31 December 2019 (2018: 2.6 times). The Company's policy is to maintain a GRR of less than 6 times.

44. 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.

44. 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 uses three categories for financial instruments in 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

44. 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)

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:

$$Life\ time\ ECL = \sum_{t=1}^{Life\ time} [\ PD_t \times LGD_t \times EAD_t \times (1 + EIR)^{-t}\ ]$$

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).

44. 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)

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").

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	
	2019 Maximum credit exposure RM'000	2018 Maximum credit exposure RM'000	2019 Maximum credit exposure RM'000	2018 Maximum credit exposure RM'000
Credit risk exposures of on-balance sheet assets:				
Investment securities: FVTPL*	**912,645**	798,059	**912,645**	798,059
Trade and other receivables#	**32,883**	17,810	**32,883**	15,733
Cash and cash equivalents^	**99,642**	64,692	**99,642**	60,978
Credit risk exposure of off-balance sheet items:				
Financial guarantees	**6,355,201**	5,921,299	**6,355,201**	5,921,299
Credit related commitments and contingencies	**38,309**	130,693	**38,309**	130,693
Total maximum credit risk exposure	**7,438,680**	6,932,553	**7,438,680**	6,926,762

The following have been excluded for the purpose of maximum credit risk exposure calculation:

* Investment in REITS

\# Prepayments

^ Cash in hand

44. 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)

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 2019	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	-	-	-	-	-	-	-	-	-	-	-	-
Investment securities: FVTPL*	6,023	44,110	54,571	414,278	107,965	-	33,363	-	93,875	143,043	15,417	912,645
Investment securities: FVOCI	56,924	-	167,344	358,803	-	-	304,211	-	459,362	372,724	65,320	1,784,688
Investment securities: Amortised cost	-	-	132,975	2	-	-	-	-	-	-	49,356	182,333
Derivative financial assets	-	-	-	5,798	-	-	-	-	-	-	-	5,798
Term deposits	-	-	-	1,161,329	-	-	-	-	-	-	-	1,161,329
Loans, advances and financing	2,037	11,516	16,357	24,964	16,578	26	5,034	85,345	-	521	1,204	163,582
Trade and other receivables#	-	-	49	31,424	-	-	-	1	193	-	1,216	32,883
Cash and cash equivalents^	-	-	-	99,642	-	-	-	-	-	-	-	99,642
	64,984	55,626	371,296	2,096,240	124,543	26	342,608	85,346	553,430	516,288	132,513	4,342,900
Financial guarantees	79,144	447,386	635,475	969,822	644,065	1,015	195,576	3,315,695	-	20,256	46,767	6,355,201
Credit related commitments and contingencies	129	33	22,549	6,661	456	-	620	7,656	-	205	-	38,309
Total off balance sheet	79,273	447,419	658,024	976,483	644,521	1,015	196,196	3,323,351	-	20,461	46,767	6,393,510

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit risk concentration (continued)

Group	Primary agriculture	Education, health and others	Construction	Financing, insurance, real estate & business services	Manufacturing	Mining and quarrying	Transport, storage & communication	Wholesale, retail trade, restaurants & hotels	Government	Electricity, gas & water supply	Other	Total
2018	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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	-	436,385	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	65,253	243,645	1,772,253	858,479	565,662	1,847	237,505	2,013,956	-	120,114	42,585	5,921,299
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	65,369	244,222	1,845,292	888,584	567,312	1,847	239,124	2,032,723	-	124,934	42,585	6,051,992

Excludes prepayments of RM2,308,000 (2018 : RM2,465,000)
^ Excludes cash in hand of RM18,000 (2018 : RM20,000)
* Excludes investment in REITS of RM39,356,000 (2018: RM3,727,000)

44. 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)

Credit risk concentration (continued)

Company	Primary agriculture	Education, health and others	Construction	Financing, insurance, real estate & business services	Manufacturing	Mining and quarrying	Transport, storage & communication	Wholesale, retail trade, restaurants & hotels	Government	Electricity, gas & water supply	Other	Total
2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Structured investments: FVTPL	-	-	-	-	-	-	-	-	-	-	-	-
Investment securities: FVTPL*	6,023	44,110	54,571	414,278	107,965	-	33,363	-	93,875	143,043	15,417	912,645
Investment securities: FVOCI	56,924	-	167,344	358,803	-	-	304,211	-	459,362	372,724	65,320	1,784,688
Investment securities: Amortised cost	-	-	132,975	2	-	-	-	-	-	-	49,356	182,333
Derivative financial assets	-	-	-	5,798	-	-	-	-	-	-	-	5,798
Term deposits	-	-	-	1,161,329	-	-	-	-	-	-	-	1,161,329
Loans, advances and financing	2,037	11,516	16,357	24,964	16,578	26	5,034	85,345	-	521	1,204	163,582
Amount due from a subsidiary	-	-	-	3,970	-	-	-	-	-	-	-	3,970
Trade and other receivables#	-	-	49	31,424	-	-	-	1	193	-	1,216	32,883
Cash and cash equivalents^	-	-	-	99,642	-	-	-	-	-	-	-	99,642
	64,984	55,626	371,296	2,100,210	124,543	26	342,608	85,346	553,430	516,288	132,513	4,346,870
Financial guarantees	79,144	447,386	635,475	969,822	644,065	1,015	195,576	3,315,695	-	20,256	46,767	6,355,201
Credit related commitments and contingencies	129	33	22,549	6,661	456	-	620	7,656	-	205	-	38,309
Total off balance sheet	79,273	447,419	658,024	976,483	644,521	1,015	196,196	3,323,351	-	20,461	46,767	6,393,510

44. 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	65,253	243,645	1,772,253	858,479	565,662	1,847	237,505	2,013,956	-	120,114	42,585	5,921,299
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	65,369	244,222	1,845,292	888,584	567,312	1,847	239,124	2,032,723	-	124,934	42,585	6,051,992

\# Excludes prepayments of RM2,308,000 (2018 : RM2,385,000)
^ Excludes cash in hand of RM18,000 (2018 : RM18,000)
* Excludes investment in REITS of RM39,356,000 (2018: RM3,727,000)

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

44. 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

	2019			
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
Carrying amount of loans, advances and financing by credit quality:				
Neither past due nor impaired (A)	**144,061**	**1,821**	**-**	**145,882**
Past due but not impaired (B)	**-**	**34,839**	**-**	**34,839**
Impaired (C)	**-**	**-**	**104,054**	**104,054**
Gross loans, advances and financing	**144,061**	**36,660**	**104,054**	**284,775**
Less: Allowances for impairment losses				
- Expected Credit lossess 'ECL'	**(4,963)**	**(12,176)**	**(104,054)**	**(121,193)**
Net loans, advances and financing	**139,098**	**24,484**	**-**	**163,582**

	2018			
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
Carrying amount of loans, advances and financing by credit quality:				
Neither past due nor impaired (A)	170,474	1,860	-	172,334
Past due but not impaired (B)	-	29,827	-	29,827
Impaired (C)	-	-	119,980	119,980
Gross loans, advances and financing	170,474	31,687	119,980	322,141
Less: Allowances for impairment losses				
- Expected Credit lossess 'ECL'	(10,318)	(10,060)	(119,980)	(140,358)
Net loans, advances and financing	160,156	21,627	-	181,783

44. 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:

	2019			
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
Quality classification				
Satisfactory	**144,061**	**1,821**	**-**	**145,882**
Total	**144,061**	**1,821**	**-**	**145,882**

	2018			
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
Quality classification				
Satisfactory	170,474	1,860	-	172,334
Total	170,474	1,860	-	172,334

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.

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(i) Loans, advances and financing (continued)

(B) Past due but not impaired

	2019			
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
Past due up to 30 days	-	**23,820**	-	**23,820**
Past due 30-60 days	-	**11,019**	-	**11,019**
Total	-	**34,839**	-	**34,839**

	2018			
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
Past due up to 30 days	-	20,569	-	20,569
Past due 30-60 days	-	9,258	-	9,258
Total	-	29,827	-	29,827

(C) Impaired

	2019			
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
Gross impaired loans	-	-	**104,054**	**104,054**
Individually impaired loans	-	-	**104,054**	**104,054**

	2018			
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
Gross impaired loans	-	-	119,980	119,980
Individually impaired loans	-	-	119,980	119,980

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(ii) Investment securities, derivatives, term deposits and cash and cash equivalents

Investment securities: FVTPL and investment securities: FVOCI 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:

Structured investments: FVTPL

	2019			
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
Sovereign (no rating)	-	-	-	-
Total	-	-	-	-

	2018			
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
Sovereign (no rating)	-	148,546	-	148,546
Total	-	148,546	-	148,546

44. 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)

Investment securities: FVTPL

	2019			
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
Sovereign (no rating)	21,415	-	-	21,415
Investment grade (AAA to BBB-)	718,411	-	-	718,411
Unrated	172,819	-	-	172,819
Total	912,645	-	-	912,645

	2018			
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
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

	2019			
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
Sovereign (no rating)	341,039	-	-	341,039
Investment grade (AAA to BBB-)	1,324,589	119,060	-	1,443,649
Total	1,665,628	119,060	-	1,784,688

44. 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)

Investment securities: FVOCI (continued)

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
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

Investment securities: Amortised cost

Group/Company	2019 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	**183,524**	**-**	**-**	**183,524**
Expected credit losses ('ECL')	**(1,191)**	**-**	**-**	**(1,191)**
Total	**182,333**	**-**	**-**	**182,333**

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
Unrated	172,590	-	-	172,590
Expected credit losses ('ECL')	(790)	-	-	(790)
Total	171,800	-	-	171,800

44. 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)

Derivative financial assets

	2019			
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
Investment grade (AAA to BBB-)	5,798	-	-	5,798
Total	5,798	-	-	5,798

	2018			
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
Investment grade (AAA to BBB-)	1,945	-	-	1,945
Total	1,945	-	-	1,945

Term deposits

	2019			
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
Investment grade (AAA to BBB-)	1,118,134	-	-	1,118,134
Unrated	43,195	-	-	43,195
Total	1,161,329	-	-	1,161,329

44. 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)

Term deposits (continued)

	2018			
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
Investment grade (AAA to BBB-)	940,813	-	-	940,813
Unrated	43,833	-	-	43,833
Total	984,646	-	-	984,646

Cash and cash equivalents

	2019			
Group	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-)	**99,642**	**-**	**-**	**99,642**
Total	**99,642**	**-**	**-**	**99,642**

	2018			
Group	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

The following have been excluded for the purpose of maximum credit risk exposure calculations:
^ Cash in hand for the Group of RM18,000 (2018: RM20,000)

44. 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)

Cash and cash equivalents (continued)

	2019			
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
Investment grade (AAA to BBB-)	**99,642**	**-**	**-**	**99,642**
Total	**99,642**	**-**	**-**	**99,642**

	2018			
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
Investment grade (AAA to BBB-)	60,978	-	-	60,978
Total	60,978	-	-	60,978

The following have been excluded for the purpose of maximum credit risk exposure calculations:
^ Cash in hand for the Company of RM18,000 (2018: RM18,000)

There are no investment securities, term deposits and cash and cash equivalents which are past due but not impaired or impaired.

(iii) Other financial assets

The carrying amount of other financial assets of the Group and the Company are summarised as below:

	2019			
Group	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
Neither past due not impaired				
Trade and other receivables#	**30,856**	**-**	**-**	**30,856**
Total	**30,856**	**-**	**-**	**30,856**

44. 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)

	2018			
Group	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
Neither past due not impaired				
Trade and other receivables#	15,586	-	-	15,586
Total	15,586	-	-	15,586

	2019			
Group	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
Past due but not impaired				
Trade and other receivables#	**2,027**	**-**	**-**	**2,027**
Total	**2,027**	**-**	**-**	**2,027**

	2018			
Group	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
Past due but not impaired				
Trade and other receivables#	2,224	-	-	2,224
Total	2,224	-	-	2,224

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44. 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)

	2019			
Group	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
Impaired				
Trade and other receivables#	-	-	-	-
Allowance for impairment	-	-	-	-
Total	-	-	-	-

	2018			
Group	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
Impaired				
Trade and other receivables#	-	-	8	8
Allowance for impairment	-	-	(8)	(8)
Total	-	-	-	-

	2019			
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
Neither past due not impaired				
Amount due from a subsidiary	3,970	-	-	3,970
Trade and other receivables#	30,856	-	-	30,856
Total	34,826	-	-	34,826

44. 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)

	2018			
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
Neither past due not impaired				
Amount due from a subsidiary	4,505	-	-	4,505
Trade and other receivables#	13,741	-	-	13,741
Total	18,246	-	-	18,246

	2019			
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
Past due but not impaired				
Trade and other receivables#	**2,027**	**-**	**-**	**2,027**
Total	**2,027**	**-**	**-**	**2,027**

	2018			
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
Past due but not impaired				
Trade and other receivables#	1,992	-	-	1,992
Total	1,992	-	-	1,992

The following have been excluded for the purpose of maximum credit risk exposure calculations:

Prepayments for the Group and the Company amounting RM2,308,000 (2018: RM2,465,000) and RM2,308,000 (2018: RM2,385,000) respectively.

44. 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.

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period:

Loans, advances and financing

	2019			
Group/Company	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Loss allowance as at 1 January 2019	10,318	10,061	119,980	140,359
Movements with P&L impact				
Transfers				
Change due to change in credit risk:				
Transfer from Stage 1 to Stage 2	(420)	2,903	-	2,483
Transfer from Stage 1 to Stage 3	(638)	-	11,196	10,558
Transfer from Stage 2 to Stage 3	-	(4,060)	8,946	4,886
Transfer from Stage 3 to Stage 2	-	9	(88)	(79)
Transfer from Stage 3 to Stage 1	3	-	(617)	(614)
Transfer from Stage 2 to Stage 1	120	(1,588)	-	(1,468)
New financial assets originated or purchased	2,426	6,082	1,089	9,597
Financial assets derecognised during the financial year other than write-offs	(6,846)	(1,231)	(8,597)	(16,674)
Written-off/waived during the financial year	-	-	(27,855)	(27,855)
	4,963	12,176	104,054	121,193

44. 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)

Loans, advances and financing (continued)

	2018			
Group/Company	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
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

Investment securities: FVOCI

	2019			
Group/Company	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Loss allowance as at 1 January 2019	**677**	**4**	**-**	**681**
Movements with P&L impact				
Change due to change in credit risk	**543**	**9,786**	**-**	**10,329**
New financial assets originated or purchased	**934**	**-**	**-**	**934**
Disposal	**(326)**	**(4)**	**-**	**(330)**
	1,828	**9,786**	**-**	**11,614**

44. 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 (continued)

	2018			
Group/Company	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
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

	2019			
Group/Company	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Loss allowance as at 1 January 2019	**790**	**-**	**-**	**790**
Movements with P&L impact				
Change due to change in credit risk	**415**	**-**	**-**	**415**
Disposal	**(14)**	**-**	**-**	**(14)**
	1,191	**-**	**-**	**1,191**

	2018			
Group/Company	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
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

44. 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

	2019			
Group/Company	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Gross carrying amount as at 1 January 2019	170,474	31,687	119,980	322,141
Movements with P&L impact				
Transfers				
Change due to change in credit risk:				
Transfer from Stage 1 to Stage 2	(12,204)	9,738	-	(2,466)
Transfer from Stage 1 to Stage 3	(16,711)	-	11,196	(5,515)
Transfer from Stage 2 to Stage 3	-	(10,517)	8,946	(1,571)
Transfer from Stage 3 to Stage 2	-	55	(88)	(33)
Transfer from Stage 3 to Stage 1	87	-	(617)	(530)
Transfer from Stage 2 to Stage 1	4,209	(6,077)	-	(1,868)
New financial assets originated or purchased	69,821	16,228	1,089	87,138
Financial assets derecognised during the financial year other than write-offs	(71,617)	(4,452)	(8,597)	(84,666)
Written-off/waived during the financial year	-	-	(27,855)	(27,855)
Gross carrying amount as at 31 December 2019	144,059	36,662	104,054	284,775

44. 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)

Loans, advances and financing (continued)

	2018			
Group/Company	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount 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

44. 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)

Loans, advances and financing (continued)

An analysis of financial assets individually assessed as impaired (Stage 3) and the movements on the impairment allowance during the year are as follows:

	2019				
	Allowances At 1 January RM'000	Allowances Made During The Year RM'000	Recoveries/ Written Back RM'000	Write-Off RM'000	Allowances As At 31 December RM'000
Loans, advances and financing	**119,980**	**22,567**	**(10,638)**	**(27,855)**	**104,054**
	119,980	**22,567**	**(10,638)**	**(27,855)**	**104,054**

	2018				
	Allowances At 1 January RM'000	Allowances Made During The Year RM'000	Recoveries/ Written Back RM'000	Write-Off RM'000	Allowances As At 31 December RM'000
Loans, advances and financing	124,098	25,572	(6,122)	(23,568)	119,980
	124,098	25,572	(6,122)	(23,568)	119,980

Investment securities: FVOCI

	2019			
Group/Company	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2019	**1,691,742**	**10,210**	**-**	**1,701,952**
Movements with P&L impact				
Change due to change in credit risk	**(183,508)**	**124,927**	**-**	**(58,581)**
New financial assets originated or purchased	**413,975**	**-**	**-**	**413,975**
Financial assets derecognised during the financial year other than write-offs	**(272,658)**	**-**	**-**	**(272,658)**
Gross carrying amount as at 31 December 2019	**1,649,551**	**135,137**	**-**	**1,784,688**

44. 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)

An analysis of financial assets individually assessed as impaired (Stage 3) and the movements on the impairment allowance during the year are as follows: (continued)

Investment securities: FVOCI (continued)

Group/Company	2018 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
Gross carrying amount 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	2019 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
Gross carrying amount as at 1 January 2019	**172,590**	**-**	**-**	**172,590**
Movements with P&L impact				
Change due to change in credit risk	**10,948**	**-**	**-**	**10,948**
Disposal	**(14)**	**-**	**-**	**(14)**
Gross carrying amount as at 31 December 2019	**183,524**	**-**	**-**	**183,524**

Group/Company	2018 Stage 1 RM'000	 Stage 2 RM'000	 Stage 3 RM'000	 Total RM'000
Gross carrying amount 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

44. 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			
	31.12.2019		31.12.2018	
	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")	**38,824**	**39,806**	36,288	36,600
- 100 bps	**(38,824)**	**(39,806)**	(36,288)	(36,600)

	Company			
	31.12.2019		31.12.2018	
	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	**38,824**	**39,643**	36,288	36,561
- 100 bps	**(38,824)**	**(39,643)**	(36,288)	(36,561)

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.

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44. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

	2019				
Group/Company	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 securities: FVTPL	17,855	230,464	693,557	10,125	952,001
Investment securities: FVOCI	110,929	596,938	1,057,238	19,583	1,784,688
Investment securities: Amortised cost	49,754	129,049	-	3,530	182,333
Derivative financial assets	5,798	-	-	-	5,798
Term deposits	1,155,408	-	-	5,921	1,161,329
Loans, advances and financing - not impaired*	15,230	159,445	6,045	(17,138)	163,582
Amount due from a subsidiary	-	-	-	3,970	3,970
Trade and other receivables^	-	-	-	32,883	32,883
Cash and cash equivalents	-	-	-	99,660	99,660
Total financial assets	**1,354,974**	**1,115,896**	**1,756,840**	**158,534**	**4,386,244**
Liabilities					
Funds from BNM	33,241	386,080	-	500,000	919,321
Small Entrepreneurs Guarantee Scheme	-	-	-	21,633	21,633
Tabung Usahawan Kecil	-	-	-	41,550	41,550
Government Funds	10,842	21,317	-	-	32,159
Small Entrepreneurs Financing Fund	-	-	-	33	33
Derivative financial liabilities	244	-	-	-	244
Other liabilities[@]	-	-	-	331,154	331,154
Total financial liabilities	**44,327**	**407,397**	**-**	**894,370**	**1,346,094**
Net interest sensitivity gap	**1,310,647**	**708,499**	**1,756,840**		

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

	2018				
Group	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
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
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	1,633,139		

* The negative balance represents collective allowance for loans, advances and financing

^ Excludes prepayment amounting to RM2,308,000 (2018: RM2,465,000)

@ Other liabilities includes amount due to BNM, expected credit losses, claims payable, trade and other payables

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44. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

	2018				
Company	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	339,490	-	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
Other liabilities@	-	-	-	354,578	354,578
Total financial liabilities	2,615	339,490	42,556	924,065	1,308,726
Net interest sensitivity gap	1,284,963	655,140	1,633,139		

* The negative balance represents collective allowance for loans, advances and financing

^ Excludes prepayment amounting to RM2,308,000 (2018: RM2,385,000)

@ Other liabilities includes amount due to BNM, expected credit losses, claims payable, trade and other payables

44. 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.

	2019					
Group/Company	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	**199,934**	**44,122**	**1,179**	**-**	**25,238**	**270,473**
Derivatives	**4,991**	**279**	**-**	**-**	**528**	**5,798**
Cash and cash equivalents	**10,283**	**4**	**95**	**-**	**224**	**10,606**
Net on-balance sheet financial position	**215,208**	**44,405**	**1,274**	**-**	**25,990**	**286,877**
Liability						
Derivatives	**-**	**13**	**3**	**-**	**228**	**244**
Net on-balance sheet financial position	**-**	**13**	**3**	**-**	**228**	**244**
Off-balance sheet commitments	**226,843**	**43,326**	**1,150**	**-**	**24,530**	**295,849**

	2018					
Group/Company	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	23,236	222,779
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	24,268	234,743
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

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Foreign exchange risk (continued)

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	
	31.12.2019 RM'000	31.12.2018 RM'000	31.12.2019 RM'000	31.12.2018 RM'000
+ 1%				
United States Dollar	**4,421**	3,355	**4,421**	3,355
Singapore Dollar	**877**	529	**877**	529
Australian Dollar	**24**	235	**24**	235
Great Britain Pound	**-**	49	**-**	49
Euro	**507**	479	**507**	479
- 1%				
United States Dollar	**(4,421)**	(3,355)	**(4,421)**	(3,355)
Singapore Dollar	**(877)**	(529)	**(877)**	(529)
Australian Dollar	**(24)**	(235)	**(24)**	(235)
Great Britain Pound	**-**	(49)	**-**	(49)
Euro	**(507)**	(479)	**(507)**	(479)

(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.

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

Liquidity risk disclosure table which is based on contractual undiscounted cash flows (continued)

	2019			
Group	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Liabilities				
Amount due to BNM	-	-	-	-
Funds from BNM	25,391	392,918	500,000	918,309
Small Entrepreneurs Guarantee Scheme	9,000	14,000	-	23,000
Tabung Usahawan Kecil	-	35,000	15,000	50,000
Government Funds	10,819	21,637	-	32,456
Small Entrepreneurs Financing Fund	33	-	-	33
Expected credit losses for guarantee schemes	199,656	-	-	199,656
Claims payable	1,480	-	-	1,480
Trade and other payables	127,667	-	-	127,667
	374,046	463,555	515,000	1,352,601

	2018			
Group	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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2019

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

Liquidity risk disclosure table which is based on contractual undiscounted cash flows (continued)

	2019			
Company	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Liabilities				
Amount due to BNM	-	-	-	-
Funds from BNM	25,391	392,918	500,000	918,309
Small Entrepreneurs Guarantee Scheme	9,000	14,000	-	23,000
Tabung Usahawan Kecil	-	35,000	15,000	50,000
Government Funds	10,819	21,637	-	32,456
Small Entrepreneurs Financing Fund	33	-	-	33
Expected credit losses for guarantee schemes	199,656	-	-	199,656
Claims payable	1,480	-	-	1,480
Trade and other payables	127,667	-	-	127,667
	374,046	463,555	515,000	1,352,601

	2018			
Company	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

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

Derivative financial liabilities based on contractual undiscounted cash flows:

	2019			
Group/Company	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Derivatives settled on a gross basis				
Foreign exchange derivatives:				
- outflow	50,888	-	-	50,888
- inflow	(50,644)	-	-	(50,644)
	244	-	-	244

	2018			
Group/Company	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Derivatives settled on a gross basis				
Foreign exchange derivatives:				
- outflow	154,356	-	-	154,356
- inflow	(153,340)	-	-	(153,340)
	1,016	-	-	1,016

(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.

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value of financial instruments (continued)

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.

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 (2018: 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

	31.12.2019			
Group/Company	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Assets				
Structured investments: FVTPL	-	-	-	-
Investment securities: FVTPL				
- Money market instruments	-	28,241	-	28,241
- Private debt securities	-	884,404	-	884,404
Investment securities : REITS				
- REITS	34,282	-	-	34,282
Investment securities: FVOCI				
- Private debt securities	-	1,649,265	-	1,649,265
- Money market instruments	-	135,423	-	135,423
Derivative financial assets	-	5,798	-	5,798
	34,282	2,703,131	-	2,737,413
Liabilities				
Small Entrepreneurs Guarantee Scheme	-	21,633	-	21,633
Tabung Usahawan Kecil	-	41,550	-	41,550
Derivative financial liabilities	-	244	-	244
	-	63,427	-	63,427

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value of financial instruments (continued)

Recurring fair value measurements (continued)

	31.12.2018			
Group/Company	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

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:

	31.12.2019				
Group/Company	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	**182,333**	**-**	**178,077**	**-**	**178,077**
Loans, advances and financing	**163,582**	**-**	**158,083**	**-**	**158,083**
Financial liabilities					
Funds from BNM	**919,321**	**-**	**553,812**	**-**	**553,812**
Government funds	**32,159**	**-**	**33,502**	**-**	**33,502**

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value of financial instruments (continued)

Effect of changes in significant unobservable assumptions to reasonably possible alternatives (continued)

	31.12.2018				
Group/Company	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

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.

The fair value estimates were determined by application of the methodologies and assumptions described below.

Investment securities at FVTPL, investment securities at FVOCI and investment securities at amortised cost

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

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 expected credit losses, being the reasonable estimate of recoverable amount.

44. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value of financial instruments (continued)

Funds from BNM, Government funds, SEGS, TUK, 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.

45. 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 qualify for statements of financial position netting.

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.

	2019		
Group/Company	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	-	151	151
Financial liabilities			
Amount due to BNM	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2019

46. SIGNIFICANT EVENT AND EVENT OCCURING AFTER BALANCE SHEET DATE

Coronavirus Disease (COVID-19) Pandemic

The COVID-19 pandemic outbreak has developed rapidly in 2020, affecting global economic activities. More countries have taken preventive measures for the virus to stop spreading by imposing restrictions on the movement which include travelling and flight restrictions, getting people to stay at home and encouraging the practice of social distance. The measures have also resulted in temporary closures of businesses, schools, and cancellation of public events. As such, this has ramification on businesses in tourism, retails, transportation and entertainment, while other business segments have starting to feel the heat given the sluggish consumer demand.

Whilst it is premature to assess the impact of COVID-19 outbreak to CGC's financial position as a whole, based on CGC's preliminary assessment, CGC expect that this current situation will not normalise in the near term, and may impact CGC's earnings in 2020.

Given that such situation is unprecedented, it is extremely difficult to ascertain the extend of the impact to Malaysia's economy especially among the SMEs. Nevertheless, the Government's timely intervention through the introduction of various measures such as increasing the liquidity in the market (i.e. six months moratorium on loan and financing, Bantuan Prihatin Nasional etc.) are expected to cushion the impact and accelerate domestic consumptions. In fact, CGC participated in guaranteeing Bank Negara Malaysia Special Relief Fund to assist affected SMEs, and provide moratorium to CGC's existing customers.

Having said that, CGC is closely monitoring the situation to ensure that COVID-19 pandemic will not have a severe impact to CGC.

Company's position in Credit Bureau Malaysia Sdn Bhd

During the year 2019, the Company has commenced negotiations with a potential investor, which would result in dilution of Company's interest in CBM. The exercise is expected to be concluded in second quarter of 2020.

Company's position in Danajamin Nasional Berhad

Minister of Finance had proposed to consolidate Danajamin, Bank Pembangunan Malaysia Berhad (BPMB), Export-Import Bank of Malaysia Berhad (EXIM Bank) and Small Medium Enterprise Development Bank Malaysia Berhad (SME Bank) in two phases during the Budget 2020 announcement. Phase 1 involving restructuring exercise between BPMB and Danajamin while Phase 2 involving the enlarged entity of BPMB and Danajamin with EXIM Bank and SME Bank.

Bank Negara Malaysia has given its approval in December 2019 for the Phase 1 of the negotiation to commence. Whilst it is expected to be completed by fourth quarter of 2020, recent COVID-19 pandemic situation may result in delay on the execution of such exercise.

Company's position in Aureos CGC Advisers Sdn Bhd

As at 31 December 2019, Aureos CGC is currently undergoing member's voluntary liquidation, and the process is yet to be completed.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **DATO' AGIL NATT** and **FAISAL ISMAIL**, 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 165 to 276 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 2019 and of the financial performance and the cash flows of the Group and of the Company for the financial year ended 31 December 2019 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 23 April 2020.

DATO' AGIL NATT
Chairman

FAISAL ISMAIL
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 165 to 276 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 Shazmeer Mokhtar at Petaling Jaya, Selangor in Malaysia on 30 April 2020.

Before me,

PESURUHJAYA SUMPAH
B 532
AMMAR BIN MOHAMAD DAHALAN
1 OKTOBER 2018 HINGGA 31 DISEMBER 2020
MALAYSIA

COMMISSIONER FOR OATHS

No. 43, Kompleks Emporium
Makan Sek 52, Jalan Sultan
46200 Petaling Jaya, Selangor

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD
(INCORPORATED IN MALAYSIA)
REGISTRATION NO. 197201000831 (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 2019, 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 2019 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 165 to 276.

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 the 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 of the 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 on the 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 the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD
(INCORPORATED IN MALAYSIA)
REGISTRATION NO. 197201000831 (12441-M)

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
30 April 2020

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. **Choong Tuck Oon**
   Independent Non-Executive Director
8. **Adnan Zaylani Mohamad Zahid**
   Non-Independent Non-Executive Director
9. **Faisal Ismail**
   Independent Non-Executive Director
   (Appointed on 1 December 2019)
10. **Saleha M. Ramly**
    Independent Non-Executive Director
    (Appointed on 1 December 2019)
11. **Nadzirah Abd. Rashid**
    Independent Non-Executive Director
    (Resigned on 1 February 2020)

BOARD AUDIT COMMITTEE

1. **Faisal Ismail**
   Independent Non-Executive Director
   (Chairperson)
   (Re-designated as Chairperson on 1 February 2020)
   (Appointed as member on 1 December 2019)
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
6. **Nadzirah Abd. Rashid**
   Independent Non-Executive Director
   (Resigned on 1 February 2020)

BOARD RISK MANAGEMENT COMMITTEE

1. **Datuk David Chua Kok Tee**
   Independent Non-Executive Director
   (Chairperson)
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

BOARD NOMINATION & REMUNERATION COMMITTEE

1. **Dato' Agil Natt**
   Independent Non-Executive Director
   (Chairperson)
2. **Dato' Haji Syed Moheeb Syed Kamarulzaman**
   Independent Non-Executive Director
3. **Dato' Ong Eng Bin**
   Independent Non-Executive Director
4. **Adnan Zaylani Mohamad Zahid**
   Non-Independent Non-Executive Director
5. **Saleha M. Ramly**
   Independent Non-Executive Director
   (Appointed as a member on 1 February 2020)
6. **Nadzirah Abd. Rashid**
   Independent Non-Executive Director
   (Resigned on 1 February 2020)

CORPORATE INFORMATION

BOARD BUMIPUTERA DEVELOPMENT COMMITTEE

1. **Dato' Haji Syed Moheeb Syed Kamarulzaman**
   Independent Non-Executive Director
   (Chairperson)
2. **Datuk David Chua Kok Tee**
   Independent Non-Executive Director
3. **Dato' Ong Eng Bin**
   Independent Non-Executive Director
4. **Faisal Ismail**
   Independent Non-Executive Director
   (Appointed as a member on 1 December 2019)
5. **Saleha M. Ramly**
   Independent Non-Executive Director
   (Appointed as a member on 1 December 2019)
6. **Nadzirah Abd. Rashid**
   Independent Non-Executive Director
   (Withdrew as a member on 1 December 2019)

BOARD INVESTMENT COMMITTEE

1. **Teoh Kok Lin**
   Independent Non-Executive Director
   (Chairperson)
2. **Datuk David Chua Kok Tee**
   Independent Non-Executive Director
3. **Suresh Menon**
   Independent Non-Executive Director
4. **Faisal Ismail**
   Independent Non-Executive Director
   (Appointed as a member on 1 December 2019)
5. **Nadzirah Abd. Rashid**
   Independent Non-Executive Director
   (Withdrew as a member on 1 December 2019)

BOARD IT COMMITTEE

1. **Choong Tuck Oon**
   Independent Non-Executive Director
   (Chairperson)
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. **Saleha M. Ramly**
   Independent Non-Executive Director
   (Appointed as a member on 1 December 2019)

PRESIDENT/CHIEF EXECUTIVE OFFICER

Datuk Mohd Zamree Mohd Ishak

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

COMPANY SECRETARY

Daeng Hafez Arafat Zuhud
(LS0007002)
General Counsel & Company Secretary

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)03-7806 2300
Fax : (6)03-7806 3308
Website : www.cgc.com.my

Social Media
Facebook : www.facebook.com/CGCmy

Instagram : cgcmalaysia

NOTICE OF 47TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 47th Annual General Meeting ("AGM") of Credit Guarantee Corporation Malaysia Berhad ("CGC") [Registration No.: 197201000831 (12441-M)] will be held at Bangunan CGC, Kelana Business Centre, 97, Jalan SS 7/2, 47301 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 24 June 2020 at 2.30 p.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2019 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) Encik Suresh Kumar T.A.S Menon; — Resolution 1
   (b) Dato' Ong Eng Bin; and — Resolution 2
   (c) Datuk David Chua Kok Tee. — Resolution 3

3. To re-elect the following Directors who retire in accordance with Article 77 of CGC's Constitution and who being eligible offer themselves for re-election:

   (a) Encik Faisal Bin Ismail; — Resolution 4
   (b) Puan Saleha Binti M. Ramly; and — Resolution 5
   (c) Dato' Mohammed bin Haji Che Hussein. — Resolution 6

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 47th AGM to the 48th AGM of CGC, payable in a manner as the Directors may determine. — Resolution 7

5. To approve the Directors' benefits up to an amount of RM1,825,700 payable to the Non-Executive Chairman and Non-Executive Directors from the 47th AGM to the 48th AGM of CGC, payable in a manner as the Directors may determine. — Resolution 8

6. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of CGC for the financial year ending 31 December 2020 and to authorise the Directors to fix their remuneration. — Resolution 9

7. 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
27 May 2020

NOTICE OF 47TH ANNUAL GENERAL MEETING

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 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 of 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 or email to CompanySecretarial@cgc.com.my, 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 2019

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 which do not require shareholders' approval and hence, will not be put for voting.

Ordinary Resolution 1, 2, 3, 4, 5 and 6 – Re-election of Directors who retire in accordance with Articles 76A and 76B, and 77 of CGC's Constitution

6. The Board had on 24 March 2020 endorsed the Board Nomination and Remuneration Committee Meeting ("BNRC")'s recommendation for re-election of the following directors who shall retire in accordance with Articles of CGC's Constitution:

   (i) Articles 76A and 76B:
   Encik Suresh Kumar T.A.S Menon, Dato' Ong Eng Bin and Datuk David Chua Kok Tee, who have been the longest in office since their last election to retire and shall be eligible for re-election.

   (ii) Article 77:
   Encik Faisal Bin Ismail and Puan Saleha Binti M. Ramly who were appointed as Independent Non-Executive Directors of CGC on 1 December 2019, shall hold office until the 47th AGM and shall be eligible for re-election.

   A brief profile of the abovementioned Non-Executive Directors is set out in pages 117, 118, 114, 120 and 121 respectively of CGC Annual Report 2019.

   The Board had on 23 April 2020 endorsed the BNRC's recommendation for re-election of the following director who shall retire in accordance with Articles of CGC's Constitution:

   (i) Article 77:
   Dato' Mohammed bin Haji Che Hussein who was appointed as Independent Non-Executive Directors of CGC on 1 May 2020, shall hold office until the 47th AGM and shall be eligible for re-election.

   A brief profile of Dato' Mohammed bin Haji Che Hussein is available on CGC's website.

   All the above Directors had abstained from deliberations and decision on their eligibility to stand for re-election at the Board Meeting.

Ordinary Resolution 7 – Directors' Fees

7. Section 230(1) of CA 2016 provides amongst others that "the fees" of the Directors and "any benefits" payable to the Directors of a public company shall be approved at a general meeting. In this respect, the Board agreed that the shareholders' approval be sought at the 47th AGM.

   The following proposed Directors' fees to be paid to Non-Executive Chairman and Non-Executive Directors from this AGM to the 48th AGM is similar with the fee structure which had been earlier approved by the shareholders at the 45th AGM held on 25 June 2018:

	RM (per annum)
(i) Chairman	180,000
(ii) Members	72,000

Ordinary Resolution 8 – Directors' Benefits

8. The proposed Directors' Benefits comprises allowances, benefits-in-kind and other emoluments payable to Non-Executive Chairman and Non-Executive Directors, details of which are as follows:

Directors' Benefits	Chairman	Members
1. Meeting Allowance	RM5,000 per meeting	RM3,500 per meeting
2. Mobile Phone Allowance	RM500 per month	RM500 per month
3. Car Allowance	RM6,000 per month	
4. Entertainment Allowance	RM2,000 per month	
5. Company Driver	RM7,200 per annum (based on taxable rate)	
6. Other benefits	Medical coverage, travel & communication, working tool and other claimable benefits	

   The proposed Directors' Benefit amounting to RM1,825,700 will be paid to Non-Executive Chairman and Non-Executive Directors from the 47th AGM until the conclusion of the next AGM. CGC will pay the Directors' Benefit on monthly basis and/or and when incurred.

   The calculation of the Directors' Benefit is based on estimated number of scheduled Board and Board Committees Meetings, training organised for the Board, and also number of Non-Executive Directors involved in these meetings/trainings.

Ordinary Resolution 9 – Re-appointment of Auditor

9. The Board Audit Committee ("BAC") had at its meeting on 6 April 2020 assessed the suitability and independence of Messrs. PricewaterhouseCoopers ("PwC") in accordance with CGC's External Auditor Policy.

   Being satisfied with PwC's performance in 2019 which includes their quality of audit, efficiency, independence and resources allocated to complete their assignment, BAC recommended to the Board on the re-appointment of PwC as external auditors for the financial year ending 31 December 2020.

   The Board had at its 23 April 2020 meeting approved the BAC's recommendation for the shareholders' approval at the 47th AGM.

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FORM OF PROXY

CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD
Registration No. 197201000831 (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 47th Annual General Meeting ("AGM") of CGC to be held at Bangunan CGC, Kelana Business Centre, 97, Jalan SS 7/2, 47301 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 24 June 2020 at 2.30 p.m. and at any adjournment thereof for the following resolutions as set out in the Notice of the 47th AGM:-

Resolution No.	Resolution	For	Against
	Ordinary Resolutions:		
	To re-elect the following Directors who retire by rotation in accordance with Articles 76A and 76B of CGC's Constitution:-		
1	Encik Suresh Kumar T.A.S Menon		
2	Dato' Ong Eng Bin		
3	Datuk David Chua Kok Tee		
	To re-elect the following Directors who retire in accordance with Article 77 of CGC's Constitution:-		
4	Encik Faisal Bin Ismail		
5	Puan Saleha Binti M. Ramly		
6	Dato' Mohammed Bin Haji Che Hussein		
7	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 47th AGM to the 48th AGM of CGC, payable in a manner as the Directors may determine.		
8	To approve the Directors' benefits up to an amount of RM1,825,700 payable to the Non-Executive Chairman and Non-Executive Directors from the 47th AGM to the 48th AGM of CGC, payable in a manner as the Directors may determine.		
9	To re-appoint Messrs. PricewaterhouseCoopers as Auditors of CGC for the financial year ending 31 December 2020 and to authorise the Directors to fix their remuneration.		

(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 .... 2020.

....
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 of 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 or email to CompanySecretarial@cgc.com.my, 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
Registration No. 197201000831 (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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