

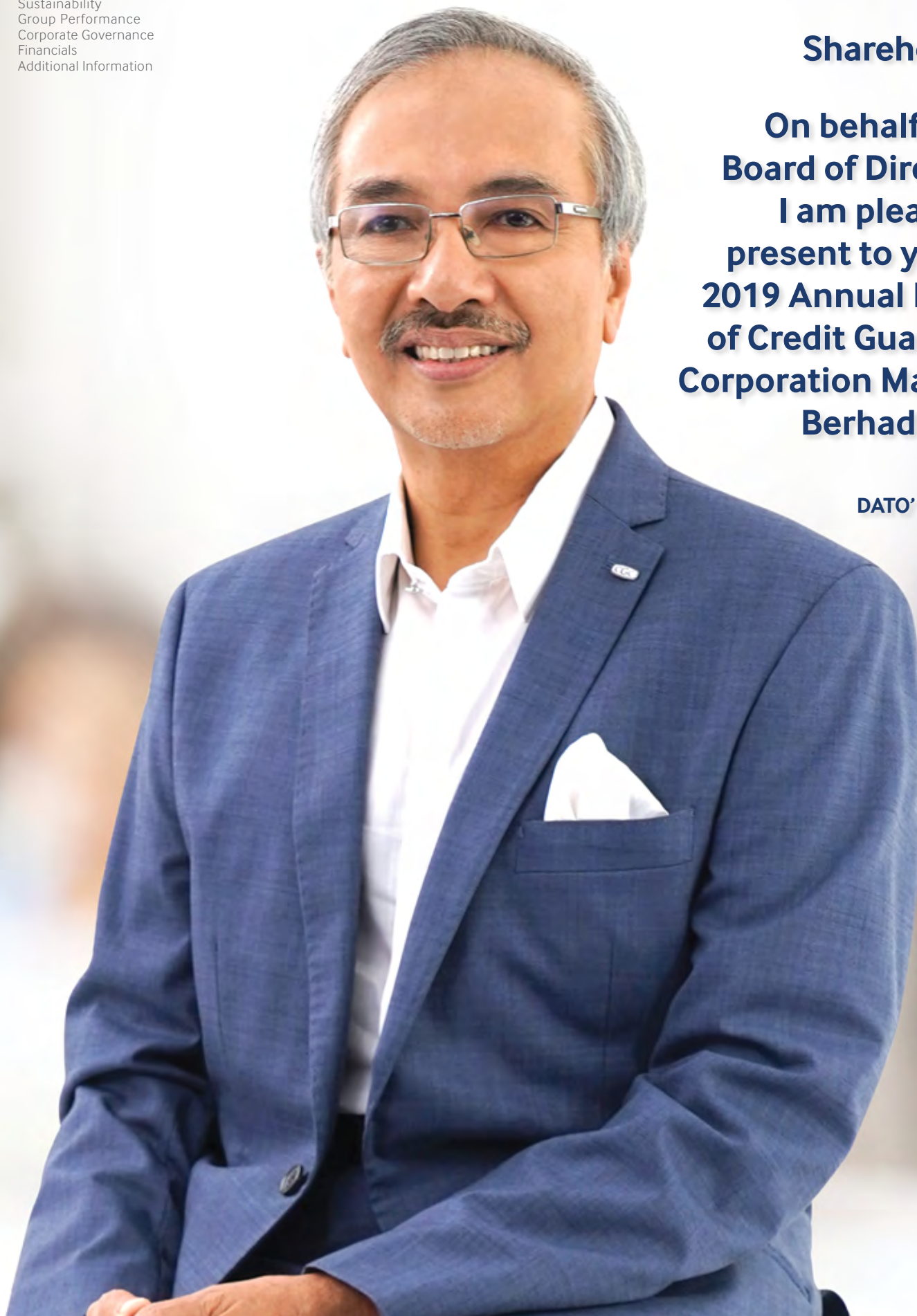
KEY MESSAGES

**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

Review of the Year
How We're Organised

KEY MESSAGES

Our Strategy
Performance by Divisions
Sustainability
Group Performance
Corporate Governance
Financials
Additional Information

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.

KEY MESSAGES

Our Strategy
Performance by Divisions
Sustainability
Group Performance
Corporate Governance
Financials
Additional Information

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