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Sarawak



**Alim Majid**  
Melaka



**Kee Cheng Haw**  
Johor



**Hadizan Asrin**  
Sabah



**Tee Guat Hong**  
Selangor



**Tamilchelvan Mallilah**  
Kuala Lumpur, Wilayah Persekutuan



**Rafia'ah Yusof**  
Kelantan



**Ahnusha Yogaraja**  
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Perak



**Tan Yu Zuan**  
Perlis



**Peter Teo Yun Choi**  
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**Nurul Faariah Abdul Kadir**  
Kuala Lumpur, Wilayah Persekutuan



**Thooyaven Arunasalam**  
Pulau Pinang



**Lahiri Tahir**  
Pahang



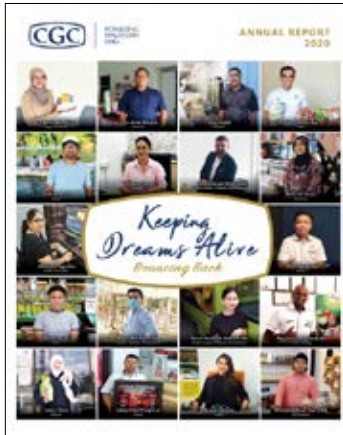
**Jimmy Goh Tiong Lun**  
Kedah



**Nur'ain Osman**  
Sabah



**Mohamad Fuad Mat Sidik**  
Terengganu



# KEEPING DREAMS ALIVE

## *Bouncing Back*

The stories of our MSMEs are our story, the cornerstone of who we are and why we do what we do. In the unprecedented 2020, Credit Guarantee Corporation Malaysia Berhad (CGC) channelled its efforts into **Keeping Dreams Alive, Bouncing Back**. To ensure that our MSMEs, despite the unexpectedly devastating challenges of both the health and economic crises, seize every available opportunity to reclaim and nurture their dreams. Resilient and resolute, our MSMEs are poised to bounce back bigger and better with the diverse range of CGC's progressive products, catalysing the nation's economic growth. Our MSMEs are our nation's stories, too. Through sheer grit, determination, and much optimism, they turn predicament into possibility by pivoting to pursue growth to meet future challenges.

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## HIGHLIGHTS



PG 16

### Chairman's Message



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### In Conversation with President/CEO

## ABOUT THIS REPORT

In a year that swirled with uncertainty, **Keeping Dreams Alive** was the motivating impetus. To survive in the wake of unparalleled global crises meant reinventing dreams once envisioned. The road to recovery rested not only on courage and strength, but also on the capacity to bounce back.

The success of CGC's journey that began almost five decades ago is attributed to the Corporation constantly evolving to meet, adhere to and adapt to current MSME demands. Since it was established, CGC has never veered away from its mandate in assisting Micro, Small and Medium-Sized Enterprises (MSMEs) with inadequate, or without, collateral and track records to obtain credit facilities. CGC continues to create products that suit the current needs of Malaysian MSMEs.

The foundation of Malaysia's economy, MSMEs make up 98.5 % of all business establishments in the country. They represent 48.4 % of Malaysia's total employment, generating more than 7 million jobs.

With Malaysia's GDP contracting by 5.6% in 2020, compared to a 4.3% increase in 2019, most MSMEs were severely affected. The adverse effects cascaded disconcertingly through the nation's economy and employment, particularly in selected industries such as tourism and food & beverage.

With the pandemic spreading throughout the world, debilitating people and economies, many MSMEs are still struggling to stay afloat. Government intervention through its many relief efforts such as Bank Negara Malaysia's (BNM) Special Relief Facility (SRF) and Targeted Relief and Recovery Facility (TRRF); Moratorium; PRIHATIN; PRIHATIN SME+ and PENJANA were vital in easing growing economic pressure. In February 2021, BNM announced an additional RM2 billion allocation for TRRF and established a RM200 million Disaster Relief Facility 2021.

Despite the many challenges of 2020, CGC performed well and exceeded all its Headline Targets, except for one. Our Portfolio Guarantee Scheme and Wholesale Guarantee Scheme (PG/WG) remained top contributors at RM2.655 billion, reaching out to 6,271 MSMEs. Additionally, 1,048 MSMEs secured our BizMula-i and BizWanita-i schemes with a total financing of RM70.8 million.

The CGC Developmental Programme™ has promoted the exponential growth and development of Malaysian MSMEs, both locally and internationally. The advisory services help build capability through sharing knowledge, offering advice and promoting potential. Operating since 2016, CGC's Developmental Programme™ had reached 30,102 MSMEs nationwide as at December 2020.

Despite aid in every form being forthcoming, the projected 41% MSME contribution to the Gross Domestic Product (GDP) was not realised in 2020, due to weak economic conditions and rising unemployment rates. While global economic activity shows signs of revival, in the face of the unpredictable nature of the pandemic, businesses will not return to previous levels for the near future.

To ensure that their businesses become sustainable, MSMEs build on resilience. New business approaches, reinventing business models, increase in efficiency and gaining economies of scale are only the beginning. Accelerating digitalisation, adopting strategic financial planning and enhancing branding capabilities are also necessary for MSME transformation agenda.

The CGC 5-year Strategic Plan (2016-2020) exceeded its Headline Targets except for the Graduation Rate, as the number of new customers grew faster than those who graduated, with achievements ranging from 94% to 116%. The next 5-Year Strategic Plan (2021-2025) is bold and brave. And all-encompassing, too. In tune with the evolving business landscape, CGC aspires to not only provide for MSMEs, but also to partner them on their journeys, growing together through their varied business life stages.

In aspiring to be the 'Partner for MSME Growth Across Life Stages' CGC aims to offer end-to-end holistic support, including financial and non-financial assistance. Among the steps taken to strengthen the ecosystem is by working together with our strategic partners.

Furthermore, the Malaysia Digital Economy Blueprint will transform the nation's digital terrain, increasing capabilities, resilience and competitiveness, leading the country towards becoming a high-value-added economy and a net exporter of home-grown technologies and digital solutions by the end of this decade. The digital economy, that has grown exponentially in the last year, is expected to make up 22.6% of Malaysia's GDP and to create 500,000 jobs by 2025. BNM recently announced that accelerating digitalisation and innovation, along with an orderly transition to a greener economy, is vital to achieving sustainable growth in the post-pandemic future.

The World Bank has projected the Malaysian economy to grow at a rate of 6.7% in 2021, on condition of successfully implementing the vaccination programme. Malaysia is well poised to capitalise on recovery efforts in the country and in the region.

# ELLY CATZ | PET SUPPLIES

Balok, Pahang

LAHIRI TAHIR



*"CGC helped me a lot, as much as they could, to make the application and approval processes simpler and easier for me."*

The global pandemic impacted Lahiri Tahir in two ways. Firstly, her supply of dry and wet pet food was disrupted. The price rise in food supplies, compounded with transport issues, meant that Lahiri had to quickly look for alternative pet food sources to cover shortages.

Secondly, she thinks that now people generally have more time on their hands at home and are probably lonely, turning to pets for comfort and company. "Maybe they are freer to spend time with their pets, as they can't travel to work or go on holidays." Sales of cats, hamsters, and rabbits – along with pet accessories – have risen. Even if her customers have been unable to go to her shops.

So, Lahiri had to learn to think fast and find a way of reaching her customers. Instead of waiting for them to arrive, she explored new selling techniques. Using platforms like social media and Shopee, Lahiri sells online and has introduced cash-on-delivery terms, earning very positive responses.

"I have to take care of my regular customers, *jaga hati*, so as not to lose them to my competitors." Taking her customers' feedback to heart, Lahiri ensures that the Elly Catz service is excellent and that her two shops always stock a variety of choice supplies.

Lahiri began her business seven years ago with a shop lot in Balok after initially selling online and at car boot sales in and around Kuantan. In 2018, with CGC's BizWanita-i financing, she opened a branch in Paka, Terengganu. "CGC helped me a lot, as much as they could, to make the application and approval processes simpler and easier for me." This allowed her to grow her small business.

In July 2020 she received further aid in the form of BizBina-i. With the moratorium easing her burden even more, she was able to rapidly top up her cash flow and stocks. Lahiri is eager to expand even further and is surveying space in Kotasas, Kuantan, to open her next branch.

# MAJOR MILESTONES

## YEAR 2020

### JANUARY

- Association of Chartered Certified Accountants (ACCA) awarded CGC with:
  - ACCA Approved Employer – Professional Development
  - ACCA Approved Employer – Trainee Development (Platinum)

### FEBRUARY

- - Awarded the Premier Partner Accreditation by Chartered Institute of Management Accountants (CIMA)
  - Distributed the Special Relief Facility (SRF) scheme initiated by Bank Negara Malaysia (BNM)
  - Launched BizJamin and BizJamin-i SRF schemes
  - imSME 2<sup>nd</sup> Anniversary

### APRIL

- - Provided a six-month moratorium to MSMEs affected by Covid-19 pandemic
  - Contributed to the National Disaster Management Agency (NADMA) Covid-19 Fund
  - Contributed to Yayasan Kebajikan Negara's Covid-19 fund to assist the B40 group, severely affected by the pandemic

### MAY

- - Dato' Mohammed Hussein appointed as Non-Executive Director

### JUNE

- - Supported Pelan Jana Semula Ekonomi Negara (PENJANA)
  - Won a Bronze at the Australasian Reporting Awards (ARA)
  - 1<sup>st</sup> hybrid 47<sup>th</sup> Annual General Meeting
  - Dato' Agil Natt resigns as CGC Chairman

### JULY

- - CGC appointed Dato' Mohammed Hussein as Chairman

### AUGUST

- - Launched TPUB-i 2.0 financing scheme for Bumiputera contractors

### SEPTEMBER

- - Hosted CGC 25<sup>th</sup> FI and SME Awards ceremony graced by YB Senator Tengku Dato' Sri Zafrul Tengku Abdul Aziz, Minister of Finance
  - Attended the 1<sup>st</sup> World Development Finance Forum on Sustainable Development Goals (SDG) financing gap
  - Received Certificate of Merit for Best Innovation in Sustainable Financial Services (imSME) from Karlsruhe Sustainable Finance Awards 2020

### OCTOBER

- - Awarded Operating Model Master, IDC DX Awards 2020 (Malaysia) at the 4<sup>th</sup> annual IDC Digital Transformation Awards ASEAN
  - Awarded Outstanding Development Project Award for Human Capital Development and the Merit Award for SME Development by the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)

### NOVEMBER

- - Pilot launch of BizMikro-i, a micro financing scheme for MSMEs that leverages Psychometric Assessment as the credit scoring tool

### DECEMBER

- - Provided guarantee coverage for BNM's Targeted Relief and Recovery Facility (TRRF) as well as for High Tech Facility – National Investment Aspirations (HTF-NIA)
  - Won Silver in the National Annual Corporate Report Awards (NACRA) for Non-Listed Organisation category

# CORPORATE EVENTS

## Year 2020

24 JUNE

### 47<sup>th</sup> Annual General Meeting

CGC conducted its first hybrid event. With strict SOP measures in place, nine members of the Board of Directors, including former Chairman Dato' Agil Natt and current Chairman Dato' Mohammed Hussein, were in attendance at the venue. Two other Board members and the Management Committee Members were present virtually.



24 JUNE

### Bidding Farewell

CGC bade Dato' Agil Natt, former Chairman, farewell and presented him with a tribute book. Recording his 7-year tenure, the book is an acknowledgement of his contribution to the growth and development of unserved and underserved Malaysian MSMEs.



1 JULY

### CGC Appoints New Chairman

Dato' Mohammed Hussein was appointed as CGC's new Chairman. With more than 30 years experience in banking, and currently on the Board of numerous corporations, his appointment is an invaluable asset to CGC.



19 AUGUST

### TPUB-i 2.0 Launch

With enhanced features, TPUB-i 2.0 will offer further assistance to Bumiputera contractors in line with PENJANA, to aid the nation's economic recovery after Covid-19. Thirty features have been enhanced to strengthen the quality of aid based on the needs of the project, economic sector and business conditions. The scheme will also be more market-friendly, providing more financing options to Bumiputera contractors. The event was graced by Azrilah Abd Aziz, Deputy Division Secretary of Franchise & Vendor Development Division, Ministry of Entrepreneur Development and Cooperatives (MEDAC).

27 AUGUST

### Portfolio Agreement Signing Ceremony with Standard Chartered Bank Malaysia Berhad (SCB)

CGC and SCB signed a Portfolio Agreement (PG), making available RM100 million in financing to assist MSMEs in the aftermath of the pandemic.

SCB's Abrar A. Anwar, Managing Director and Chief Executive Officer, and Raj Tatavarty, General Manager, Business Banking, were present, along with Datuk Mohd Zamree Mohd Ishak, President/Chief Executive Officer, and Leong Weng Choong, Chief Business Officer.



## CORPORATE EVENTS

## Year 2020



28 SEPTEMBER

**FI & SME Awards 2019**

CGC held its 25<sup>th</sup> FI and SME Awards recognising Financial Institutions and MSME customers for their active participation in the various financing schemes. Of the 21 awards, the eight top Financial Partner awards included a Special Award and a Top Special Relief Facility (SRF). The 13 awards for MSMEs were categorised into TPUB-i Exemplary Customer, Top Rebate Customer and Top Graduate Customer for 2019. The ceremony was graced by YB Senator Tengku Dato' Sri Zafrul Tengku Abdul Aziz, Minister of Finance, and Datuk Nor Shamsiah Mohd Yunus, Governor of Bank Negara Malaysia.



26 NOVEMBER

**BizMikro-i Pilot Launch**

CGC launched BizMikro-i, a pilot micro financing scheme that leverages Psychometric Assessment as an alternative credit scoring tool to assist unserved and underserved MSMEs in gaining access to financing. CGC Board and Management Committee members were physically present at this hybrid event, while CGC Branch Managers and their respective MSMEs joined in virtually.

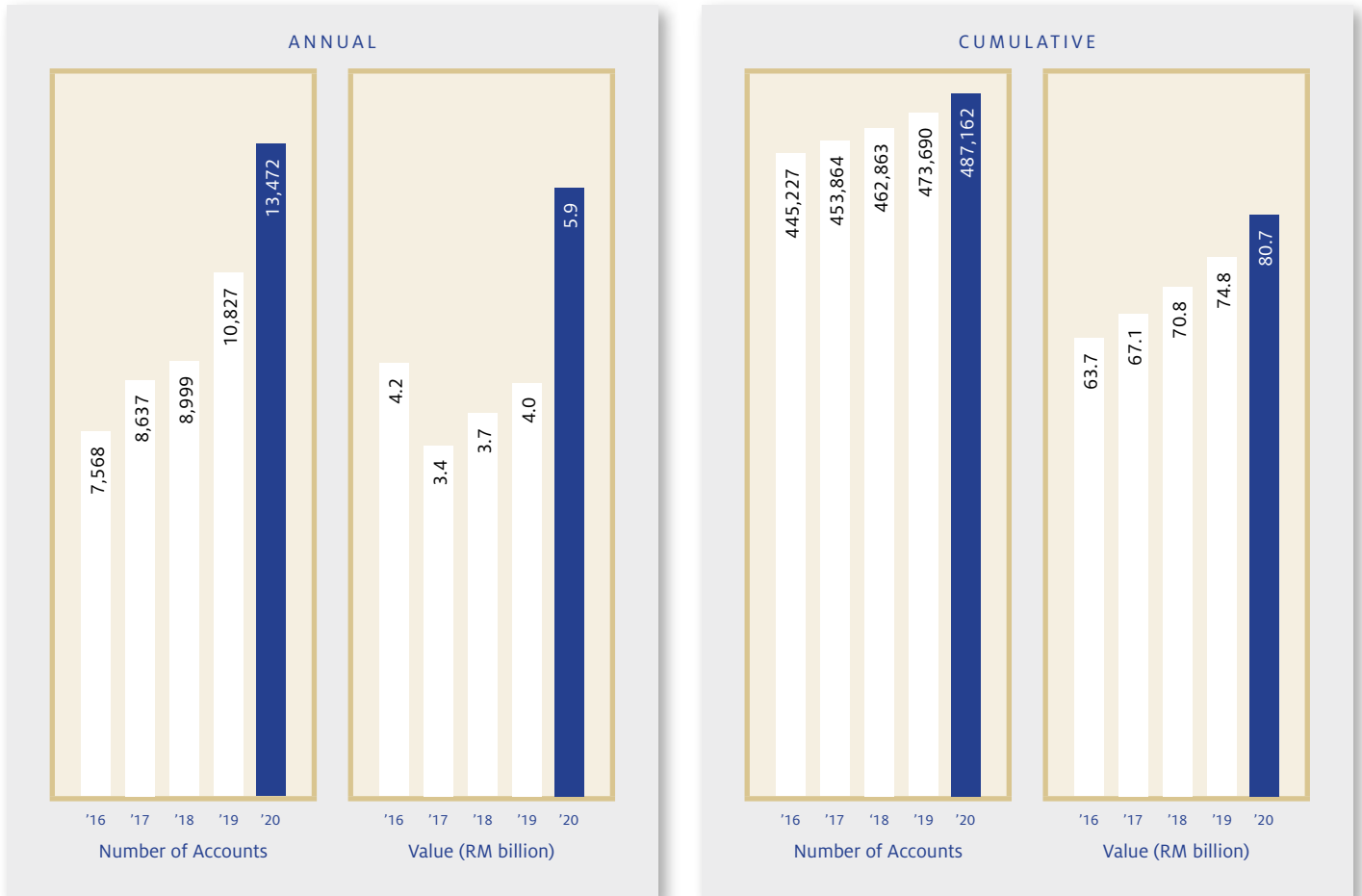


# KEY HIGHLIGHTS

## FINANCIALS



## GUARANTEE AND FINANCING APPROVALS



## KEY HIGHLIGHTS

# AWARDS FOR THE YEAR

In recognition of its excellence, CGC appreciates the commendation received from local and international establishments.

### Association of Chartered Certified Accountants (ACCA) Accreditation Awards

On behalf of CGC, Rahim Raduan, Chief Corporate Officer, and Shazmeer Mokhtar, Chief Financial Officer, received two accreditation awards presented by ACCA namely, the ACCA Approved Employer – Professional Development award and the ACCA Approved Employer – Trainee Development (Platinum) award.



### Chartered Institute of Management Accountants (CIMA) Premier Partner Accreditation

CGC was awarded the CIMA Premier Partner Accreditation under the CIMA Training and Development accreditation scheme. CGC is one of 20 companies in Malaysia recognised for its commitment to developing financial professionals. The Premier Partner Award is a platform to get professionals registered with Chartered Global Management Accountant (CGMA) to provide the organisation with talent in harnessing the full power of management accounting. Ginny Lim, Head of Southeast Asia, from The Association of International Certified Professional Accountants and Rahim Raduan, CGC Chief Corporate Officer were present.



### Bronze Award from Australasian Reporting Awards (ARA)

CGC won the Bronze Award in the 2020 Australasian Reporting Awards (ARA) for its 2018 Annual Report, satisfying all or most of the Sustainability Reporting criteria in recognition of achieving a high standard. For 70 years the Australia-based ARA has presented awards for excellence in preparing annual reports, inviting entries from private and public sectors and not-for-profit organisations in Australia, New Zealand and the Asia-Pacific region and beyond.

## KEY HIGHLIGHTS



### Certificate of Merit for Best Innovation in Sustainable Financial Services CGC received a Certificate of Merit for Best Innovation in Sustainable Financial

Services at the Karlsruhe Sustainable Finance Awards 2020 in Karlsruhe, Germany. Her Excellency Sarah Al Bakri Devadason, the Ambassador of Malaysia, accepted the award on behalf of CGC at the event. Guests of honour included Dr Frank Mentrup, Lord Mayor of Karlsruhe; Tom Hoyem, Member of Karlsruhe City Council, and Arshad Rab, CEO of the European Organisation. The awards ceremony was held virtually on the second day of European Organisation for Sustainable Development (EOSD) World Developmental Finance Forum, attended by Datuk Mohd Zamree Mohd Ishak, President/CEO, Rahim Raduan, Chief Corporate Officer, and Yushida Husin, Chief Technology and Operations Officer.



### IDC DX Awards 2020

At the 4<sup>th</sup> annual IDC Digital Transformation Awards ASEAN, CGC won the Operating Model Master, IDC DX Awards 2020 for Malaysia. CGC was recognised for its Robotic Process Automation (RPA) project on customer repayment posting, for excellence in digital transformation. Yushida Husin, Chief Technology and Operations Officer, on receiving the award on behalf of CGC, assured the audience that the recognition would certainly motivate the teams that were part of CGC's digitalisation transformation efforts.

### ADFIAP Awards

CGC won two prestigious awards from the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP). At the event, held in conjunction with ADFIAP's 43<sup>rd</sup> Annual Meeting, CGC received the Outstanding Development Project Awards, Category 1, Human Capital Development award for the CGC SME Apprentice Scheme (CGC SAS) and the Merit Award under Category 3, SME Development for MyKNP@CGC. CGC thanked Bank Negara Malaysia, its strategic partners, the Financial Institutions and Development Financial Institutions in Malaysia, and its MSME customers, for their commitment and support.



### 22 December 2020

### NACRA Silver Award

CGC won Silver in the non-listed organisation category at the 2020 National Annual Corporate Report Awards (NACRA), jointly organised by Bursa Malaysia Berhad (Bursa), Malaysian Institute of Accountants (MIA) and The Malaysian Institute of Certified Public Accountants (MICPA). Datuk Mohd Zamree Mohd Ishak, President/CEO, received the award, CGC's first from NACRA since 2016, after winning Best Annual Report of Non-Listed Organisations for CGC's 2015 Annual Report. A total of 32 winners in different categories were announced out of 48 participating organisations, in line with NACRA's new framework of integrating sustainability elements and integrated reporting, introduced in early 2020.

# 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** Hardworking
- I** Integrity
- N** Nurturing
- K** Knowledgeable



## PRODUCTS AND SERVICES

CGC offers financial assistance to MSMEs by providing guarantees through its Financial Institution partners and access to direct financing. In addition, the CGC Developmental Programme™, a Beyond Guarantee initiative, includes Financial Advisory and Market Access Advisory to support this purpose further, in keeping MSMEs' dreams alive. CGC ensures MSMEs have access to financing, and enhances their viability and capability in countering business challenges, as well as reinforcing growth.

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

## AT A GLANCE

## WHAT WE OFFER

CGC has evolved from a traditional guarantee provider into a full-fledged partner to MSMEs, supporting and promoting their growth through its products and services. In offering financial accessibility, CGC has developed customised products, ideas and knowledge for the underserved and unbanked MSME sector. The Corporation offers guarantee cover to MSMEs struggling with either inadequate collateral, no collateral or no 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)

### GOVERNMENT-BACKED SCHEMES

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



## DIRECT FINANCING SCHEMES



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



## BEYOND GUARANTEE



### imSME

### CGC DEVELOPMENTAL PROGRAMME™

- > Advisory for Financial Access
- > Advisory for Market Access

### MyKNP@CGC

## ABOUT US

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

Over the last 48 years, CGC has been evolving constantly to meet MSMEs' financing needs. As a result, it has progressed from being a traditional guarantee provider to a financially sustainable institution, providing guarantee and financing products for MSMEs, paving the way for them to remodel their businesses 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 Developing Financial Institutions (DFIs). Our stakeholders drive our agenda for financial inclusion and are directly involved in what we do.

MSMEs are able to enjoy broader and faster access to financing, which has been made possible by strategic alliances between CGC and leading FIs and DFIs to offer financing through our various Portfolio Guarantee (PG) schemes. In addition, our Wholesale Guarantee (WG) schemes provide guarantee coverage to financing facilities of FIs. We also offer financing products for startups, women entrepreneurs and contract financing to ensure that MSMEs remain progressive and dynamic.

As of 31 March 2021, CGC had provided MSMEs with over 490,000 guarantees and financing valued at over RM80 billion, impacting over 350,000 MSMEs.

In 2018, CGC took a leap by embarking on digitalisation, launching imSME, our pioneer venture into Fintech. imSME is an online platform tailored for MSMEs, matching them with suitable financing facilities from FIs, DFIs, P2P players and Crowdfunding. As the first financing/loan referral platform in Malaysia, imSME is a one-stop centre for MSMEs to compare and choose the best facility available in the market for their financing needs.



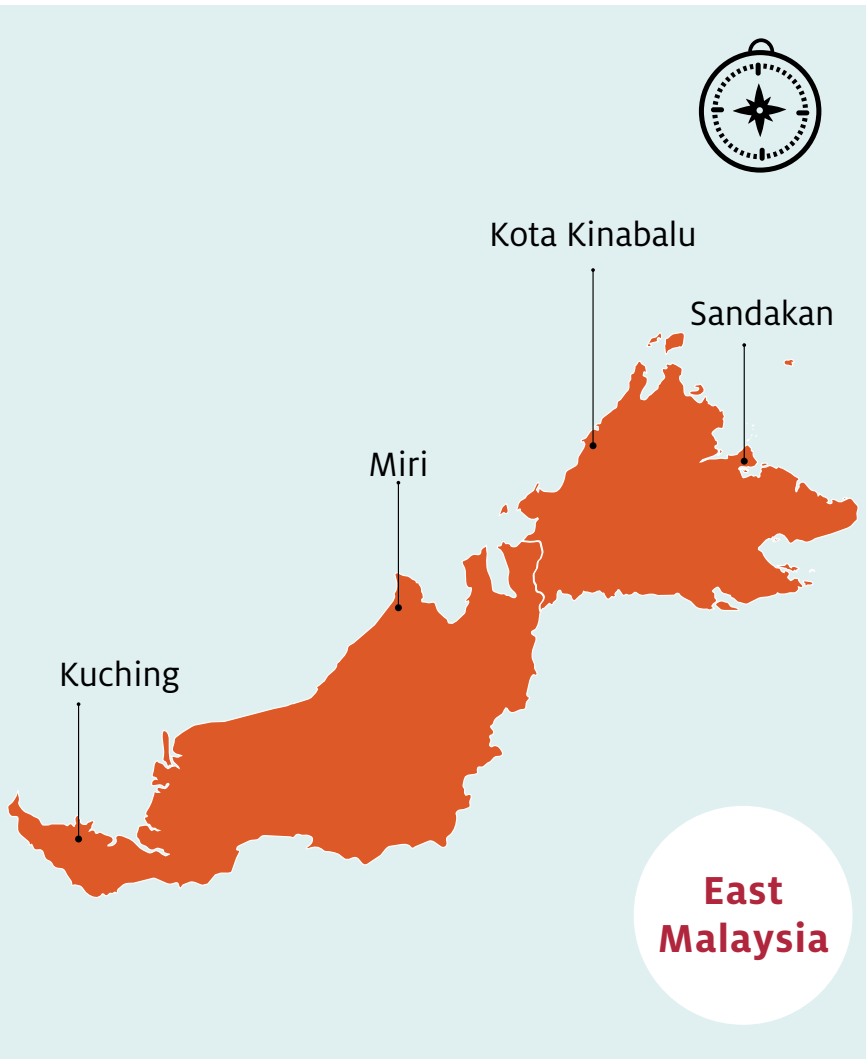
**Guarantees and Financing provided over**  
**490,000**

**Guarantees and Financing value over**  
**RM80**  
billion

As of 31 December 2020, 26 FIs are on board on imSME, offering more than 60 financing products to MSMEs. Since its inception, as of 31 March 2021, imSME has received over two million visitors, with 37,990 registered MSMEs. In addition, over 3,640 applications and financing amounting to RM369 million have been approved via this platform.

CGC is an advocate of financial inclusion and sustainability, and has introduced holistic measures to nurture MSMEs beyond guarantee. The CGC Developmental Programme™, introduced in 2016, plays a significant role in assisting MSMEs via our Financial Advisory, and Mentoring Workshops and Market Access Initiatives.

## ABOUT US



Standing by our commitment as a DFI, CGC is dedicated to helping MSMEs to access both the local and international market. These efforts are geared through our workshops, briefings, courses, training and webinars.

In 2020, CGC conducted numerous briefing engagements for International Market Access programmes for Indonesia and Singapore, the Intellectual Property for Export Market, and a webinar titled Transform Traditional Business to Digital and New Norm: Time to Put Your Store Online. These engagements were instrumental in assisting MSMEs to expand their market and to digitalise their businesses, enabling them to remain relevant in their respective industries.

In our quest to continuously assist viable MSMEs to gain access to financing, especially during these trying times, CGC understands the plight of MSMEs as they face the challenging economic landscape brought about by Covid-19.

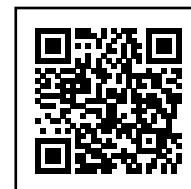
Throughout the pandemic, CGC was committed to doing its very best to honour its mandate. Management continued discussions late into the night to come up with solutions. CGC branch staff made visits and calls to MSMEs under their care to reassure them of CGC's continued support.

All staff played their role in embracing CGC's agenda to partner MSMEs, spurring their growth together. The introduction of BizMikro-i brought micro enterprises further into the fold.

CGC, through its participation in various Covid-19 financing programmes for MSMEs anchored by the Government and BNM, lends support to the unserved and underserved MSMEs, Keeping their Dreams Alive.

#### Branch Network

We have 16 branches nationwide, strategically located to provide timely and optimal assistance to our MSME customers. Our financial inclusion agenda is to ensure that unserved and underserved MSMEs are well supported, both via our physical locations, as well as virtually.



Scan here for our  
Branch Network details



*"Without any sales last year, it is only with CGC's help that I managed to cover up to 30% of our losses."*

▶ Prior to setting up Royal AUP Company, Jackson Buli worked in oil and gas, but he was always keen to start out on his own. A sole proprietor for the last four years, he is based in Miri with branches in Bintulu and Sibul. Currently, Jackson focusses on supplies and maintenance work for hydro plants, including fabrication and supplying machinery for civil construction.

"Frankly, the Covid-19 impact has been like a hammer." With the restrictions and no work, payments were delayed and he lost his manpower to other companies. In early January 2021, Jackson began to re-jig his company in its entirety, "It's quite tough, but if I wait any longer to make the changes, I will reach zero profit."

Initially Jackson found out about CGC's facilities through imSME. His 2018 TPUB-i financing helped him with supplies and machinery to complete his project at Batang Ai Power Generation. Last year, after the pandemic's devastating impact, he applied for the BizMaju scheme to help him save his company. "Without any sales last year, it is only with CGC's help that I managed to cover up to 30% of our losses."

Companies bigger than his are suffering, he notes, but for smaller MSMEs like his he finds the impact is greater, "If we don't keep everything on ice we cannot survive." In his restructuring plan, he needs to constantly keep thinking, from Plan A to Plan B, and even Plan C. "As a business-owner tired is not a thing. I need to re-establish again for the new challenges in the coming year."

As a panel supplier for Sarawak Energy, in January this year he had requests for quotations and tender invitations. Still no news. Today's business environment is challenging in every possible way, feels Jackson, but he finds it quite exciting, too. "The interaction with new people and clients, the constant price negotiations and mental calculations keep me busy."



# WALTREE INDUSTRIES (M) SDN BHD | FOOD

Batu Pahat, Johor

KEE CHENG HAW



*"The CGC Developmental Programme™ has taken us the extra mile to efficiently expand into Singapore. The guidance received from this programme has helped us to scale up to the next level."*

Using the best selected coconuts in a secret recipe, fine-tuned by R&D, the Waltree Kerisik Kelapa (coconut paste) is not only the company's longest-established product, but also an all-time bestseller. For Kee Cheng Haw, his halal, MeSTI and Good Manufacturing Practice (GMP)-certified products do not compromise on hygiene. "Our emphasis on food cleanliness and safety raises our products higher than our competitors."

Having commenced operations in 2016, Kee received BizMula-i financing in 2019, using it as working capital, mainly to purchase raw materials. Waltree is also a CGC Market Access Advisory success story. Currently at the fourth level, where business performance is tracked for two years it will be awarded a CGC Developmental Programme™ Certificate of Completion.

Although Waltree products were already available in Singapore, entry into the city state's Eccellente by Hao Mart was precisely coordinated: product reviews, business matching session, International Market Access Preparatory Course and Digital Marketing training. To date, after racking up sales in the first month, the Bawang Goreng (fried shallots) has received great response from Singaporeans. Kee, who plans to extend his reach to

Brunei, Indonesia and other neighbouring countries, states: "The CGC Developmental Programme™ has taken us the extra mile to efficiently expand into Singapore. The guidance received from this programme has helped us to scale up to the next level."

Nevertheless, the pandemic challenges have been tough. Increase in costs and lack of consistent supplies have stirred Kee to view obstacles from another perspective. "As much as possible, we have tried to absorb the extra costs ourselves to ensure quality products at a reasonable price."

He is also trying to achieve a balance, meeting on a middle ground – between his suppliers and his customers – in this cash flow crunch time.

Add to the mix a reduced workforce, contingency plans and the realisation that cash is king. Yet he is optimistic about the future and their renewed team effort, working better with more interaction and connection to reach one productivity goal. And with corporations like CGC continuing to help small businesses like Waltree to expand and grow. "For small business, now is the time for growth, or we'll be left far behind."

## CHAIRMAN'S MESSAGE



### DATO' MOHAMMED HUSSEIN

Chairman

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the 2020 Annual Report of Credit Guarantee Corporation Malaysia Berhad (CGC).

In *Keeping Dreams Alive* in 2020, CGC set out to, firstly, support businesses to pull through the global health crisis and, secondly, to keep and to rethink those dreams in the new business terrain.

The severity of the Covid-19 pandemic has made it the worst global economic setback in recent history. Without a precedent, our recovery efforts were hampered by not knowing with any certainty when economic recovery, which is dependent on the wide availability and effectiveness of vaccines, can begin.

Many of us, in the course of our careers, have experienced at least one and maybe even several major crises – from the Pan-El crisis in the mid 1980s, the 1997 Asian Financial Crisis, the Dotcom Bubble of the late 1990s to the 2008 Global Financial Crisis. In terms of widespread impact, many considered the 1997 Asian Financial Crisis as the most damaging from the perspective of the business sector.

This time around, it's different. For the first time ever, we were confronted with an economic lockdown and social distancing rules which do not allow many businesses to operate or operate only under drastic 'new normal' conditions. Knock-on effects on the economic supply chain were both swift and harsh, and across the board, affecting people at every level. Businesses never had to adjust as much as they are adjusting now.



## CHAIRMAN'S MESSAGE

Looking ahead in responding to this crisis, it is crucial for CGC to align our actions with our key objectives of supporting MSMEs in Malaysia's financial inclusion agenda. This requires emphasis on rehabilitation, as well as developing new and emerging businesses and industries. CGC must therefore strengthen our own internal capabilities to continue to be a relevant and effective component of the MSME ecosystem.



The response of Malaysian businesses to this pandemic, which has now lasted more than a year, have been mixed. Older and more established companies, with reserves to ease the financial strain, fared better and proved to be more resilient. New and less-experienced business owners had to rely more on government assistance. While this assistance has been speedily made available, governments around the world faced the unenviable task of balancing the need to impose restrictive measures to control the pandemic with protecting livelihoods.

In many cases, the Asian propensity for prudent savings has helped many to weather the storm. Unfortunately, though, many segments of our population were slow to recognise the need for discipline. This resulted, despite our early and envied success of achieving low Covid-19 infection rates, in a second spike in infections in early 2021 that halted a possible earlier economic recovery.

### Aligning Objectives

Looking ahead in responding to this crisis, it is crucial for CGC to align our actions with our key objectives of supporting MSMEs in Malaysia's financial inclusion agenda. This requires emphasis on rehabilitation, as well as developing new and emerging businesses and industries. CGC must therefore strengthen our own internal capabilities to continue to be a relevant and effective component of the MSME ecosystem.

Our mission remains unchanged, but our action plans and strategies must evolve. We need to upgrade our skills to cope with new challenges, deepen our understanding of our customers' businesses as well as their financial requirements, and accordingly structure our financial products to properly meet their needs. At the same time, we must further review how we evaluate business proposals.

This alignment of our internal capabilities with our mission of empowering MSMEs is imperative to ensure CGC's continued success.

### Addressing Challenges

The events of the first half of 2020 focused on assisting MSMEs to survive, allowing them breathing space to protect their business. Relief from their financial obligations was granted nation-wide and industry-wide via financing/loan moratorium.

We were, like everyone around the world, struggling with countless unknown unknowns, but we adapted, ensuring health and safety measures for staff and responding swiftly to convert our processes in order to reach out promptly to those seeking assistance. Our recent IT systems enhancements were timely.

## CHAIRMAN'S MESSAGE

The latter part of 2020 shifted the focus to rehabilitating businesses towards recovery, with the assistance of several government-initiated special schemes. Assessing rehabilitation potential of businesses was a difficult task, and appraising genuine cases is a continuing challenge. Making sure that our staff have the necessary skills to perform this role effectively becomes our internal challenge.

Financially, the 2020 impact was mitigated with counter-cyclical fiscal measures. Our investment portfolio remained relatively intact. This helped supplement losses in our lending, financing and guaranteeing businesses.

Considering the challenging uncertainties, CGC responded and performed reasonably well in both the management of various parts of its businesses, as well as channelling various special schemes to help businesses in distress.

Moving on to 2021, we recognise that for our customers, there is a second phase of recovery after rehabilitation – reinventing their businesses and innovating to tap opportunities in new business growth areas.

To perform our role effectively in this second phase of recovery, as a strategic component in the MSME ecosystem, we must develop different skills to meet the new challenges. We do recognise there are skills gaps we need to close, and we must work with more intensity and at a pace faster than what we have been used to in order to close these skills gaps.

Moving on to 2021, we recognise that for our customers, there is a second phase of recovery after rehabilitation – reinventing their businesses and innovating to tap opportunities in new business growth areas.

## Acknowledgements

I would like to thank the Ministry of Finance and 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 2020 achievements reflect our consistently close cooperation. We look forward to working together to achieve CGC's mandate, to diligently serve MSMEs.

On behalf of the Board, we express our appreciation to the Management team under the leadership of Datuk Mohd Zamree Mohd Ishak, President/CEO of CGC, for rising to the challenge to steer the Corporation over a very demanding year to achieve our objectives.

On behalf of the Board and Management, I also extend our appreciation to Dato' Agil Natt, who retired as Chairman in June 2020. During his seven-year tenure as Chairman, he motivated, inspired, and led CGC to great success.

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

In *Keeping Dreams Alive* we have to both reassess and reinvent. Our past achievements no longer matter. What matters now is how we reinvent ourselves to meet these new challenges.



## Dato' Mohammed Hussein

Chairman

# KAWA KAWA RIVER CRUISE | TOURISM

Kota Belud, Sabah

HADIZAN ASRIN



*"For people like me, without much capital CGC helped me to try out new things, expand my business and grow."*

➤ After high school, Hadizan Asrin became a tour guide for several tour agencies in Kota Kinabalu. Soon after, he bought his own van and began taking tourists out on his own.

In 2016, Hadizan took over his father's river cruise business. Kawa Kawa River Cruise specialises in mangrove cruises, with proboscis monkey sightings, sunset dinner and spotting fireflies.

Two years later, with CGC's BizMula-i financing, Hadizan built a beach-side restaurant to add ambience to his sunset dinner. "For people like me, without much capital, CGC helped me to try out new things, expand my business and grow." Before the pandemic his business thrived and, in practising sustainable tourism, they hired only local staff and promoted local products.

Initially, when the first MCO was announced, he tried to hold on for three months. Then he had to relent, reducing staff from 28 to three. With the borders closed, their clientele, almost exclusively from South Korea and China, could not arrive. Floods also damaged their jetty a few times. "The complete loss of income was the biggest challenge I had to face, and it's very tough to turn the business around."

So, he started selling salted fish and bulk-bundle used clothes from South Korea and Japan online. While sales on his Facebook Live sessions were promising early in the lockdown, they have dwindled. Now he's got a government contract to erect a building six hours away from Kota Belud. His biggest lesson from the pandemic? The importance of savings – capital to see businesses through hard times.

He remains unfazed, though. Catering to the Malaysian market, by end-April he began building ten chalets on Nana Moon Beach, across from Mantanani Island. "It'll be ready in about three months. I hope to get another loan by then, as the beach lacks facilities like water and electricity."

## IN CONVERSATION WITH PRESIDENT/CEO



### DATUK MOHD ZAMREE MOHD ISHAK

President/Chief Executive Officer

#### Dear Shareholders,

To say that 2020 was a challenging year is an understatement. It was a year like no other. The Covid-19 pandemic and the ensuing economic crisis brought about the greatest test to all. For those in leadership positions, the actions they had to take and the decisions they had to make had far-reaching implications.

Personally, I would say that dealing with these crises has been the most monumental test by far and it was the furthest from easy. Like everyone else, I wish this pandemic had not happened but, for my colleagues and I, the lessons that we are still learning are immense. In this context it has been a great time to lead, for we have all been challenged to the limit; at times like this, strong leadership matters.

At CGC, we quickly re-aligned our strategies to support MSMEs. We coordinated our initiatives with all stakeholders in the Malaysian MSME ecosystem to assist them to weather these crises. CGC provided support in every phase of **Malaysia's 6R Strategy**, comprising the six stages: **Resolve, Resilience, Restart, Recovery, Revitalise and Reform**. When the Special Relief Facility (SRF) was launched by Bank Negara Malaysia (BNM) in February 2020, we assisted swiftly by issuing our guarantees to Participating Financial Institutions (PFIs) for the financial assistance provided to MSMEs in accordance with the national recovery plan.

The journey towards economic recovery continued and in Q4 2020, PFIs and CGC participated in other BNM initiatives such as the Targeted Relief and Recovery Facility (TRRF), High Tech Facility – National Investment Aspirations (HTF – NIA) and Micro Enterprise Facility (MEF).



## IN CONVERSATION WITH PRESIDENT/CEO

### A YEAR LIKE NO OTHER

**Q1**  
In a year that was a severe test to many, especially leaders in charting the way forward, what were some of your most insightful realisations?

Essentially, it was back to basics and I would begin with the importance of having:

- I. A Crisis Management Plan. Similar to many organisations, we already had a crisis management plan in which the 5W1H (What, When, Where, Who, Why and How) method is applied. Through simulation, we had opportunities to test this plan periodically. So, when the pandemic hit, we knew what to do. With a caveat, though, we kept on improving our crisis management plan as there are still many unknown unknowns which was mentioned by our Chairman in his message.
- II. Clear and timely communication to our staff and all stakeholders. Exchange of information and instructions must be clear, concise, and prompt.
- III. Close monitoring of our counter-cyclical fiscal measures. Upon executing our crisis management plan, we ensured close monitoring of the actions taken by prioritising our people's health and safety and ensuring the continued delivery of our mandate to serve MSMEs. Making certain of both our technological readiness and our people being equipped to carry out our counter-cyclical measures. We closely monitored daily approvals of our guarantee, while closely engaging with MSMEs to re-structure or re-schedule their financing so that they could continue doing business.

**Q2**  
Would you say that the exacting demands that have lasted for more than a year now are the catalyst for the future of operating businesses?

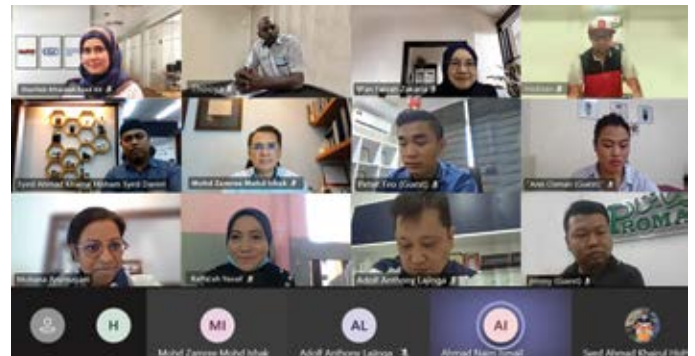
Despite many changes to ways of working and operating in the last year, the challenges, taking on new forms and variants, continue into 2021. The opportunity to deliberate and recalibrate is a catalyst for the future.

Agility and adaptability are a given. Working from home and sometimes working from anywhere, collaborating virtually and a new take on teamwork have ensured that to stand strong is to shift focus from input to output. In facing the pandemic's domino effect on everyone, every contribution to the larger goal is a valued solution, devised to overcome difficult situations.

No doubt, many pitfalls will accompany new and untested methods, constant interruptions, internet congestion, lack of face-to-face interaction and rapidly changing consumer behaviour means that the challenge we envision will be even tougher. Added to these disruptions will be a widening of economic gap and gender disparity, which must be addressed.

Nevertheless, accelerated digitalisation and entrepreneurship have kickstarted the push towards a new equilibrium, narrowing gaps between those who can change and those who must change. At CGC, we have welcomed the growing reach and purpose of imSME (Malaysia's 1<sup>st</sup> SME financing referral platform).

Most of all, I marvel at our very own MSMEs. You will read their stories in this Annual Report of how each of them has taken the opportunity to pivot. These MSMEs are expanding their spaces, growing their businesses, and diversifying their products. They are striving harder than ever to offer the best service possible. They have also become mindful of the need, not only to better manage their finances, but also to revise their business models and create new sales channels. They will emerge stronger after the pandemic, better equipped than before.



**Q3**  
When navigating this crisis, beset by adverse conditions, how did you inspire your team to meet rising new difficulties and demands?

I began by emphasising the importance of two key elements, the health and safety of our people and CGC's raison d'être. To ensure the health and safety of our people, regulatory SOPs were put in place immediately. We acted swiftly, providing masks and sanitisers, and practising social as well as physical distancing in our workplace. In addition, Work From Home (WFH) measures were quickly implemented so that we can continue to perform our mandate to help MSMEs who, without our guarantees, may not be able to secure financing from banks. The salient determinant of our first core value is Teamwork, never more relevant in this first health and economic crises for all of us. Regardless of our roles or positions in CGC, we worked closely with one another.



## IN CONVERSATION WITH PRESIDENT/CEO

The salient determinant of our first core value is Teamwork, never more relevant in this first health and economic crises for all of us.

What were some of the steps and measures taken to implement relief and recovery initiatives such as Special Relief Facility (SRF), Moratorium, PRIHATIN and PENJANA?

Q4

In support of **Malaysia's 6R Strategy**, we geared our efforts to **Resolve**, helping MSMEs survive by softening the impact of the pandemic through our participation in the SRF. This initiative was aimed at providing immediate and targeted cash flow support to MSMEs so that they could sustain their businesses and safeguard jobs. Our BizJamin and BizJamin-i SRF schemes guaranteed PFIs' financing/lending to affected MSMEs, thus enabling them to remain **Resilient**.

We also provided a six-month moratorium to MSMEs, allowing them to defer their financing/loan repayments. With the six-month moratorium, they were able to **Restart** their businesses as they could address their short-term cash-flow requirements. In addition, we closely engaged with MSMEs in need of Targeted Repayment Assistance.

Furthermore, our efforts pivoted toward **Recovery** and supported the Short-Term Economic Recovery Plan (PENJANA), focused on three key thrusts – Empower People, Propel Businesses and Stimulate the Economy.

CGC believes the ongoing National Immunisation Programme (NIP) will further spur recovery and set us on our path to further **Revitalising** and **Reforming** of Malaysia's economic rebound.

The journey towards economic recovery continued further and, in Q4 2020, we participated in other BNM initiatives, namely the Targeted Relief and Recovery Facility (TRRF), High Tech Facility – National Investment Aspirations (HTF-NIA) and Micro Enterprises Facility (MEF).

## 2020 PERFORMANCE

How would you describe CGC's performance in FY2020?

Q5

Despite the crises, CGC performed well. We exceeded all our Headline Targets except for the Graduation Rate which had a 94% achievement as the MSMEs that were supposed to graduate in 2020 still needed our guarantee due to the pandemic. In addition, the numbers of new MSMEs that became our customers grew faster than those who graduated.

## FY2020

Headline Targets (5-Year Strategic Plan 2016-2020)	Target 2020	Actual 2020	Achievement
Guarantee & Financing Base (RM billion)	17.2	17.2	100%
Guarantee Reserve Ratio (times)	3.1	3.1	100%
Pretax Profit (RM million)	95.5	110.8	116%
Graduation Rate (%)	40.7	38.4	94%
Cost-to-Income Ratio (%)	36.3	32.7	110%
Brand Awareness Level (%)	80.0	84.0	105%

100%



## IN CONVERSATION WITH PRESIDENT/CEO

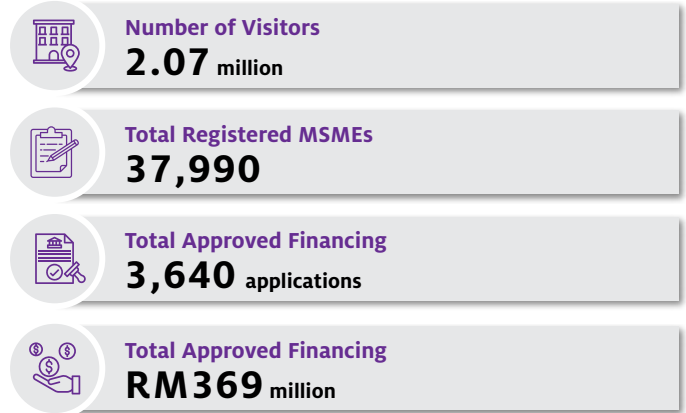
I would also like to make a special mention of imSME (Malaysia's 1<sup>st</sup> Online SME Financing Platform), and I am pleased to share that it was awarded **The Asset Triple A Awards for Best Digital Banking Solution** in August 2020.

In 2020, imSME recorded robust and impressive growth, enabling MSMEs to secure financing products conveniently online, anywhere, anytime. There are currently 26 Participating Financial Institutions (PFIs) offering more than 60 financial products, 10 Peer-to-Peer financing platforms, 3 Equity Crowdfunding platforms, 3 Alternative Funding agencies and 3 Capacity Building agencies on board imSME.

As of 31 March 2021, imSME received 2.07 million visitors since its launch on 9 February 2018, clinching over 37,990 registrations. More than 3,640 applications have been approved amounting to RM369 million.

### imSME

As of 31 March 2021



Q6

2020 marked the end of CGC's 5-year Strategic Plan 2016-2020, executed at the beginning of your tenure as President/CEO. What were some of its most significant achievements?

### To be the Household Name for SMEs

<b>Vision</b>	To be an effective financial institution dedicated to promoting the growth and development of competitive and dynamic small and medium enterprise				
<b>Mission</b>	To enhance the viability of small and medium enterprise through the provision of products and services at competitive terms and, with the highest degree of professionalism, efficiency and effectiveness				
<b>Core Values</b>	Teamwork; Hardworking; Integrity; Nurturing; Knowledgeable (T.H.I.N.K)				
<b>Strategic Objectives (S.O.)</b>	<b>S.O. #1</b>	<b>S.O. #2</b>	<b>S.O. #3</b>	<b>S.O. #4</b>	<b>S.O. #5</b>
	Reposition CGC to become more proactive and relevant	Ensure sustainable growth	Enhance human capital	Enhance operational efficiency and effectiveness	Embark on digitisation

### Six Headline Targets

	Actual	
	2015	2020
Guarantee & Financing Base (RM billion)	8.0	17.2
Graduation Rate (%)	47.1	38.4
Brand Awareness Level (%)	53.0	84.0
Guarantee Reserve Ratio (times)	1.9	3.1
Cost to Income Ratio (%)	28.3	32.7
Profit Before Taxation (RM million)	140.0	110.8

## IN CONVERSATION WITH PRESIDENT/CEO

In meeting its 5 Strategic Objectives, CGC attained a number of its Headline Targets in 2020 while exceeding others, as our 5-year Strategic Plan 2016-2020 came to an end. Among our most significant achievements were that we:

- Doubled our outreach, in terms of MSMEs served from 2015 to 2020. Our outstanding Guarantee and Financing base doubled, both in terms of RM value and number of accounts, totalling 20,000 in 2015 and 42,000 in 2020.
- Increased our Brand Awareness from 53% to 84%, in line with our aspiration To Be the Household Name for SMEs.
- Made significant inroads in our Beyond Guarantee initiatives that consist of CGC Developmental Programme™, imSME and myKNP.

### CGC DEVELOPMENTAL PROGRAMME™

Q7

#### Could you elaborate on the CGC Developmental Programme™?

Going forward with our next 5-Year Strategic Plan, our ambition for the CGC Developmental Programme™ is to journey with our MSMEs as a valued partner. We want to accompany them, spurring them to higher growth across their different business life stages.

During this especially difficult time, the CGC Developmental Programme™, initiated in 2016, went beyond expectations to assist MSMEs with financing and the market access they needed.

One of the programme's components is Financial Advisory (FA) that provides one-to-one personalised financial advisory by the Financial Advisory Team (FA Team) to MSMEs who were unable to obtain financing and referred to the FA Team by either imSME or MyKNP. Since the programme's inception, as of 31 March 2021, 28,000 MSMEs were assisted, with 13,800 cases referred and more than 880 MSMEs approved to receive financing.

Despite being deemed high-risk and unviable, the MSMEs, through the FA Team's diligence, were provided greater understanding of factors affecting their applications, refined their eligibility for financing, improved their Central Credit Reference Information System (CCRIS) conduct and increased their chances to obtain financing in the future. These MSMEs were also recommended alternative financing channels such as other government agencies, Peer-to-Peer (P2P) or Equity Crowdfunding. In some cases, the MSMEs were also referred to attend courses with capacity-building agencies such as Institut Keusahawanan Negara (INSKEN) or Centre for Entrepreneur Development and Research Sdn Bhd (CEDAR), among others.

Market Access Advisory (MAA) is the other component in the CGC Developmental Programme™. It aims to equip MSMEs with appropriate knowledge and skills for local and international market expansion via online and offline channels. This Advisory has a two-pronged approach, through Mentoring Workshops and Market Access Initiatives. 2020 has been an extraordinary year for these two initiatives because, despite daunting barriers, 6,180 MSMEs benefitted from MAA as of 31 March 2021.

Only one physical Mentoring Workshop was held in 2020, while the other 11 were converted to webinars in the interest of health and safety precautions due to Covid-19 pandemic. This enabled our MSMEs

to continue gaining knowledge from the planned programme. These focused on three key areas: IR4.0 awareness, preparing and equipping MSMEs with digital sales and marketing skills and knowledge about penetrating new markets. The CGC Developmental Programme™ also partnered with the government and private sector to feature reputable, credible speakers in all these areas.

In 2020, MAA assisted 55 MSMEs to enter new markets through local and international digital platforms. For local market access, 34 MSMEs were successfully onboarded as merchants such as Sama-Sama Lokal by Maybank, amaxMALL and Shopee.

In responding positively to 2020's restrictions, our international Market Access Initiatives were able to take place as we swiftly pivoted to promote our MSMEs' products abroad. Two alternative approaches were chosen to assist 21 MSMEs to get into cross-border markets, through product placement in a retail market and an e-commerce platform. As you will read here, Mohd Zaki Hj Zakaria's Bertambest pre-mixed coffee is now available at Eccellente Hao Mart at KINEX Mall Singapore, a halal market via AmaxMALL, with top sales and repeat orders. Joe Pramesh Ganesaguru's truelifesciences health supplements are receiving great response in Blibli.com, Indonesia via Global Shoppers Malaysia (GSM).

A key point to note here is that previously it took from six to 12 months to place products in international markets but, with all meetings, discussions and negotiations online, favourable results were achieved within a much shorter learning curve.

#### CGC Developmental Programme™

#### Number of MSMEs Assisted

As of 31 March 2021

Financial Advisory

28,000

Market Access Initiatives

6,180

## IN CONVERSATION WITH PRESIDENT/CEO



### KEEPING DREAMS ALIVE

Q8

How inspirational was it for you to continue striving in *Keeping Dreams Alive* (2020), compared to *Changing Lives* (2018) and *Fulfilling Ambitions* (2019)?

We planned our themes in 2018, in line with our 5-Year Strategic Plan 2016-2020, in a series beginning with *Changing Lives* and including the yet-to-come *Achieving Goals* and *Unlocking Potential*.

The motivation behind *Changing Lives* (2018) was to guide growth and progress for the betterment of MSMEs. We assisted them with growth, created space for ideas which, in return, fuelled aspiration towards *Fulfilling Ambitions* (2019). To realise their dreams, CGC assisted them with our products and services as well as our developmental programmes.

Reflecting on how the crises have affected everyone and how the MSMEs sector has been hit the hardest, we decided that the theme *Keeping Dreams Alive* is most appropriate for our 2020 Annual Report. Earlier, I mentioned about the stories of how our very own MSMEs responded to the crises and how they succeeded. To keep our dreams alive, we must remain confident and act swiftly to bounce back.

Q9

What drove CGC's business growth in 2020 in terms of extending outreach to MSMEs?

Our 2020 business growth was mainly driven by the counter-cyclical measures we undertook via our Portfolio Guarantee Schemes, Bizjamin SRF and Bizjamin-i SRF, and our BizBina-i Direct Financing Scheme in support of Malaysia's 6R Strategy.

### MSME Outreach and Efficiency Charter

	Target	Actual	Achievement
MSME Outreach	2020	2020	
Number of Guarantee & Financing Approvals	12,200	13,472	110%
Value of Guarantee & Financing Approvals (RM million)	5,500	5,922	108%
Number of Bumiputera Guarantee & Financing Approvals	4,000	4,025	101%
Value of Bumiputera Guarantee & Financing Approvals (RM million)	1,000	894	89%

100%

## IN CONVERSATION WITH PRESIDENT/CEO

Efficiency Charter	Target	Actual	Achievement
	2020	2020	
Financing/Loans Processing for PG	95% within 2 days	99% within 2 days	104%
Claim Payment	95% within 5 days	92% within 5 days	97%

100%

### How did CGC leverage technology to drive outreach and enhance its brand?

Q10

Recognising the importance of leveraging technology to better perform our mandate, we embarked on our digital transformation journey in 2018. When the crises struck, we accelerated our digital transformation initiatives which allowed us to continue serving the MSMEs despite the numerous challenges faced during various types of Movement Control Order (MCO).

It was in leveraging technology through accelerating our digital transformation that we were able to drive outreach on all our platforms, enhancing our brand.

### CGC 5-YEAR STRATEGIC PLAN 2021-2025

#### Where is CGC in the next level of trust in this digitally delineated landscape, in terms of cybersecurity threats and data privacy concerns?

Q11

We will continue to keep abreast of matters pertaining to cybersecurity and have taken necessary measures based on best practices, benchmarks, and positioning controls. CGC ensures that our cybersecurity measures and data privacy risks are monitored and managed accordingly. We actively use alerts on our website to warn the public of scams.

#### What will be the key focus of CGC's next 5-year Strategic Plan (2021-2025)?

Q12

CGC has done well in our 5-year Strategic Plan (2016-2020) and we have set more ambitious targets to outdo ourselves in the new 5-Year Strategic Plan (2021-2025). Our aspiration is bold in striving to become a partner, acting as a catalyst for MSMEs' growth across their different business life stages. While we adhere to our vision statement, our mandate remains. We added micro enterprises in line with our entry into offering BizMikro-i into our vision and mission statements. As we sail into 2021, we are supported by the very same core values: Teamwork, Hardworking, Integrity, Nurturing and Knowledgeable. These values have proven to be our strong pillars in achieving our aspiration, vision and mission. Embedded into our corporate identity, these principles, beliefs, and philosophy complement the technical competencies and advancement we target to achieve.

We have aligned three Strategic Objectives as our long-term corporate goals to convert our aspiration into more specific plans and actions. The Strategic Objectives focus on us partnering MSMEs throughout their life stages by providing end-to-end financial offerings, driving MSME excellence through targeted developmental support, and becoming a digitally savvy organisation to propel scale and speed of MSME impact. These objectives are supported by our Digital Vision, which is encapsulated by three letters A.C.E

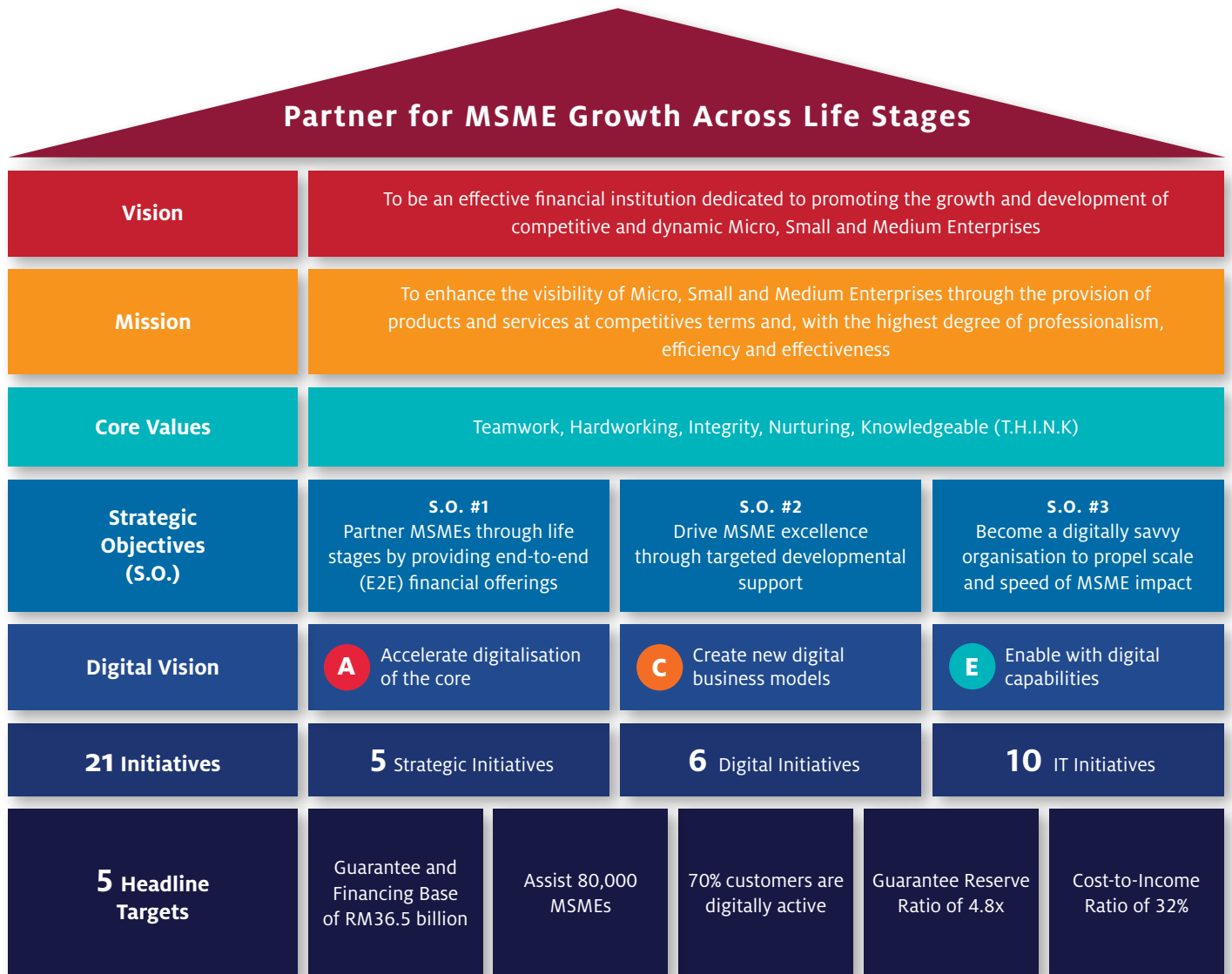
**A** Accelerate digitalisation of our core

**C** Create new digital business models

**E** Enable with digital capabilities

Supporting this Digital Vision, we have lined up 21 initiatives for the next five years to achieve our Strategic Objectives. These initiatives are categorised into 6 Digital initiatives, 5 Strategic initiatives and 10 IT initiatives. In broader terms, our digital initiatives will focus more on establishing end-to-end digital journeys, covering our guarantee, direct financing and partners, turning iMSME into a super application and creating artificial intelligence for early warning system and transaction-messaging. Our strategic initiatives will enable us to deepen and widen our guarantees and direct financing offering with partners in the ecosystem. It will also provide support for end-to-end digital adoption, establish end-to-end programme for non-tech startups and build an academy for MSMEs. To support these digital and strategic initiatives, vital IT initiatives have been strategised to balance the need to transform our core systems and equally speed up the overall digital transformation process. CGC is on the right track to achieve greater successes in our vision which in turn will support our aspiration to be a significant partner for MSMEs in these five years.

## IN CONVERSATION WITH PRESIDENT/CEO



## ACKNOWLEDGEMENTS

In the previous annual report, I spoke about CGC's 5-Year Strategic Plan 2016-2020 entering its final lap when the Covid-19 pandemic hit the world like a series of severe thunderstorms. Despite the many challenges, we performed well and continued to keep our dreams alive. We have rolled out our 5-Year Strategic Plan 2021-2025 aimed at taking CGC to greater heights in delivering its mandate in serving MSMEs.

In this regard, I would like to record my utmost appreciation to all our stakeholders, namely our valued customers, Federal and State Governments, Bank Negara Malaysia, our strategic partners in

Malaysia's MSME ecosystem, our Board of Directors for their judicious guidance and, last but not least, all my colleagues for their continued commitment and dedication.

CGC remains committed to our mandate and is confident that, with all stakeholders playing their part, an accelerated wave of economic recovery is in sight. It's time for us to bounce back!

With much hope and confidence,

**Datuk Mohd Zamree Mohd Ishak**

President/Chief Executive Officer



*"It took a long time for me to revive my business. The BizMikro-i financing I received in January 2021 helped me to keep 'rolling', to buy the ingredients I needed."*

➤ The Aduhai Patin Tempoyak page, with over 7,000 Facebook followers, is filled with cheerful pictures of contented people enjoying their meals. The simple yet delectable spread on the makeshift tables bears testimony to Nurul Faariah Abdul's food truck's popularity.

She serves a selected range of traditional food such as *Ikan Patin Pais Tempoyak*, *Ayam Kampung Goreng* or *Ikan Patin Gulai Tempoyak*, steeped in the exclusively sourced tempoyak. The homemade tempoyak is delivered weekly from Temerloh, known locally as the home of the fermented durian paste. Since she started her business in 2018 the menu has not changed much, her regular customers returning often for the fried chicken and fresh catfish.

With the reasonable prices approved by her followers, Nurul actively uses social media to market her brand. She finds the response encouraging and a lot of her customers happily post their experiences on her page.

Business was good before the pandemic. She catered mostly to late evening crowds in Jalan Gombak. Once the MCO was implemented, however, it slowed down. With shorter operating hours and fewer people out and about, it was hard. "The impact was huge. Our sales were down by at least 50%." Previously they were open till past 1.00 am, but now have to shut by 10.00 pm. Her biggest challenge was to get her customers back. In the meantime, they did takeaways from the truck, which was better than some of the food delivery registries, except for Lalamove.

She found out about BizMikro-i on CGC's Facebook page and did a Psychometric Test at the Wangsa Maju branch to qualify. "It took a long time for me to revive my business. The BizMikro-i financing I received in January 2021 helped me to keep 'rolling', to buy the ingredients I needed."

With three workers to assist her, Nurul hopes to maintain and improve her business until the pandemic situation recedes. She also hopes in the next two years to set up more food trucks in the Klang Valley.

# JDW CONCEPT ENTERPRISE | FURNITURE MANUFACTURING

Menglembu, Perak

LIM CHEE HONG



*"With the BizMula-i financing, I want to open another factory, so that we can increase our production and build our products faster."*

For aspiring entrepreneurs, CGC's belief in their dreams is a confidence boost. Even if the application process gets a little tedious, Lim Chee Hong admits that the CGC team vets all the details and documentation very thoroughly. He is grateful for the dedicated staff's diligent service. Unlike traditional financial institutions, Lim holds the calls, visits and follow-up service in high regard.

With a keen interest in design and custom-made furniture, Lim started JDW Concept Enterprise two years ago, after gaining previous experience in a similar business. He custom-makes for both commercial and residential properties. As a one-stop design solution centre, Lim is proud of his product quality and premium that he offers his customers at very competitive rates.

One of the most important lessons Lim Chee Hong learned during the Covid-19 pandemic was to value health, especially among his workers at his factory. As soon as the first MCO was announced

in the middle of March 2020, he shut down his premises for the duration. This led to an overall loss of income, by at least 30%. "Since we could not travel outstation, I could only rely on the already reduced local business."

With 14 staff in his employ, Lim had to think fast. By September, he began to actively promote discounted renovation packages for interiors. The response was so good, business improved. "Most of my residential renovations are word-of-mouth recommendations from satisfied customers." The reviews on his Facebook page echo this sentiment. His customers appreciate his before and after sales service, reasonable pricing and prompt response.

With the added volume of work coming in, he plans to expand his business to keep his dream alive. "With the BizMula-i financing, I want to open another factory, so that we can increase our production and build our products faster."

# BUSINESS MODEL

## OUR CAPITALS

## ...ENABLE OUR BUSINESS ACTIVITIES

### FINANCIAL

#### Share Capital

Our source of funds is mainly procured from guarantee fees and other liability instruments, operations, and equity to run our business and finance our development and operating activities to expand MSME access to financing. The guarantee and financing base's growth represents our expanded outreach activities to move our core business functions forward, enabling MSMEs to achieve business objectives.

RM  
**1.79**  
billion

### HUMAN

#### Total Number of Employees

We take pride in their accomplishments by investing in our people's growth and providing them with a conducive atmosphere to follow their career paths and cultivate personal goals. In executing CGC strategies and capitalising on opportunities to provide solutions to improve MSMEs' viability, we inspire our people to achieve excellence in execution.

**574**  
people

### SOCIAL AND RELATIONSHIPS

Through our relationships with our stakeholders, including the communities in which we work our social capital is continuously enhanced. We create an enabling atmosphere for all our stakeholders. We also incorporate their needs into our business processes, fulfilling our commitments while building long-term value and mutual progress in realising expectations.

### INTELLECTUAL

Intellectual capital is seen as one of the imperative intangibles that drive competitive advantage.

This includes intellectual property, such as patents, copyright, organisational structures and software, procedures and protocols. It also consists of the intangibles linked to the brand and credibility we have created. In faster approvals, digitisation has enhanced customer service, changed the way workers work and decreased repetitive manual procedures with robotic process automation. Cybersecurity risks and data protection issues are the same standard with existing FI requirements, and with digitalisation as the pathway forward.

### 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

### SUPPORT

- Forging strategic alliances with relevant agencies and trade associations in an effort to reach out to MSMEs
- Provision of CGC Developmental Programmes™ encompassing Advisory for Financial Access and Advisory for Market Access Mentoring Programmes



**BUSINESS MODEL**

**...DELIVERING FINANCIAL OUTCOMES FOR CGC**

**...VALUE CREATED FOR OUR STAKEHOLDERS**

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

**SUSTAIN**

**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 Reputational Risk

**RM455.1**  
million

**TOTAL INCOME**

**RM193.0**  
million

**REVENUE**

**RM1.5**  
billion

**LIABILITIES**

**RM3.7**  
billion

**EQUITY**

**RM5.2**  
billion

**TOTAL ASSETS**

**RM110.8**  
million

**NET PROFIT**

**EMPLOYEES**

- Employment opportunities.
- Invested more than RM1.6 million for staff training and development in 2020.

**REGULATORS**

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

**CUSTOMERS**

- CGC has made available to MSMEs over 490,000 guarantees and financing valued at over RM80 billion.
- Over 13,400 guarantees and financing approvals for MSMEs in 2020.
- Guarantee and financing approvals valued at RM5.9 billion for MSMEs in 2020.
- 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 16,594 MSMEs in 2020.
- Through our associate, 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

The global economy was in a perfect storm in 2020, the secular downtrend aggravated by the outbreak of Covid-19 pandemic. The extent of which even surpassed those caused by the First World War, the Great Depression and the Second World War, making it the fourth most severe recession in 150 years. The global economy is estimated to have contracted by 3.5% in 2020. Economic activities and supply chain disruptions from various containment measures implemented in response to Covid-19 resulted in weak labour market conditions as well as weak consumer spending. To some extent, the unprecedented global policy responses – including large fiscal stimuli and accommodative monetary policies – mitigated the risk of a more severe global economic downturn.



### OUTLOOK

The global economy is expected to rebound in 2021, growing by 5.5% from a low base, mainly driven by a China-led recovery and also the brightened prospect of the global rollout of vaccines. The next phase of growth will see global growth mix evolve as downside risks continue in some countries with worsened outbreaks. There are also questions on the lasting impact of the pandemic, especially the impact of the containment measures on the long-term growth outlook. Challenges remain with production, distribution and logistics of disseminating them around the world. This corresponds to the continued weakness in food and beverage, hospitality, airlines and entertainment, and strength in technology, professional services as well as healthcare.

The immediate goals are to contain the virus spread, provide relief for vulnerable populations and deal with vaccine-related issues. It is necessary to promote resilience through healthcare and education as well as to prioritise investment in digital and green technology. Once the pandemic is largely contained, the focus will likely be the gradual phasing out of the extraordinary stimulus measures. Meanwhile, policy makers will likely maintain the accommodative low interest rates and abundant liquidity through 2021 and beyond.

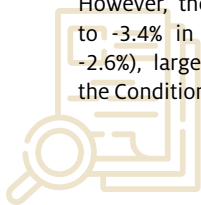


## DOMESTIC

### REVIEW

The Covid-19 outbreak has changed the economic landscape in terms of production levels, household spending, investments and the labour market. Amid highly challenging global and domestic operating environment, the Malaysian economy contracted by 5.6% in 2020, to its lowest point since the 1998 economic crisis when it contracted by 7.4%.

The first Movement Control Order (MCO) was implemented on 18 March 2020. Malaysian economy was severely impacted as most business operations halted for almost three months. Gross Domestic Product (GDP) of the second quarter in 2020 contracted to an all-time low of -17.1%. During the third quarter, improvements in most of the economic sectors led to a rebound in economic growth. However, the economy growth deteriorated to -3.4% in the fourth quarter (3Q 2020: -2.6%), largely attributable to imposition of the Conditional MCO (CMCO) in several states.



### OUTLOOK

Looking ahead, the domestic economy is projected to grow between 6.0% - 7.5% in 2021. The economic growth in first quarter of 2021 is likely to be affected due to MCO containment measures. Nevertheless, the economy is expected to improve from the second quarter onwards, driven by external trades and domestic demand. With the vaccine rollout, easing of containment measures and continuation of policy supports for businesses and households, signs of recovery are seen in the economic activities and labour market. However, downside risks of Malaysia economy remain due to the developments surrounding Covid-19. Potential risks such as resurgence of Covid-19 cases, slower than expected progress of vaccine rollout and its effectiveness against the virus, could dampen economic recovery.

## ECONOMIC REVIEW AND OUTLOOK

## MSMEs



## REVIEW

Micro, Small and Medium Enterprises (MSMEs) are a vital component of the Malaysian economy. They also provide employment to more than seven million workers (Department of Statistics Malaysia, 2019). Approximately 98.5% of registered business establishments in Malaysia are MSMEs, accounting for 38.9% of GDP in 2019, increasing marginally from 38.3% in 2018.

The impact of the Covid-19 pandemic on Malaysian MSMEs has been unprecedented, mainly caused by the MCOs that include restrictions on inter-state travel and business operating hours, as well as physical distancing measures in public spaces to curb the spread of the virus. These measures adversely affected MSME livelihoods, causing a fall in demand for products and services due to supply chain disruption. As a countercyclical measure to cushion the blow, BNM introduced the RM10 billion Special Relief Facility to ease immediate liquidity constraints for MSMEs in all sectors. Besides that, funds worth RM5.8 billion were made available to support business recovery in targeted economic segments.

Furthermore, the Government introduced four economic stimulus packages, of which three were to support MSMEs during the pandemic. The economic stimulus packages PRIHATIN, PRIHATIN SME+ and PENJANA included various initiatives such as the Special Relief Funds (SRFs), Special Grant for Micro SMEs, Human Resources Development (HRD) levy exemption and Employer Covid-19 Assistance Programme (e-CAP) to support affected SMEs, mainly by providing soft loans, grants, tax exemption, wage subsidy, and moratorium. Roughly 250,000 MSMEs have benefited from the moratorium.



## OUTLOOK

Moving forward, among the initiatives that will enable MSMEs to endure any crisis are accelerating digitalisation, adopting strategic financial planning and enhancing branding capabilities. Adopting digitalisation is necessary to transform MSMEs to become more competitive and resilient.

MSMEs need to enhance their business models. This includes adopting the digital business model while re-orienting supply chains and embracing the shift in consumer buying behaviour. For MSMEs to become more resilient, agile and flexible to face uncertainties, capability and capacity must be re-evaluated and reconstructed. MSMEs are encouraged to digitalise, transforming their businesses into online business operations.

Changes in the business landscape are inevitable, and MSME sectors need to adapt to the new environment. Digitalisation helps businesses to better understand their customers' needs and wants, while gauging the effectiveness of mass marketing campaigns, increasing their business operational efficiency, transforming products that meet the customer's criteria, and empowering employees through digital literacy. With MSMEs' significant presence in the economy, any crisis will inevitably affect various sectors and overall economic growth. This reflects the importance of ensuring MSME sustainability and resilience, especially during a crisis.

## 5-YEAR STRATEGIC PLAN

### 5-Year Strategic Plan 2016-2020

As one chapter ends, another begins. While we enter a new chapter in 2021 with our next 5-Year Strategic Plan 2021-2025, we first look back to our achievements in the last five years.

During the 5-Year Strategic Plan 2016-2020, our five strategic objectives, consisting of 16 strategies and 25 initiatives, were implemented. The five core values which are encapsulated in T.H.I.N.K (Teamwork, Hardworking, Integrity, Nurturing, and Knowledgeable) serve as a common platform to express who we are, what we believe in and how we relate with our stakeholders and with each other. We identified five (5) core values to serve as a common foundation for all CGC employees to express who we are and what we believe in. That informs all areas of our work on how we relate with our stakeholders and with each other. Our core values are encapsulated in T.H.I.N.K (Teamwork, Hardworking, Integrity, Nurturing, and Knowledgeable).

In terms of our performance under the 5-Year Strategic Plan 2016-2020, we exceeded majority of the headline targets and achieved more than 90% of the remaining headline targets. We doubled our outstanding guarantee and financing base, both in terms of value and number of accounts. The graduation rate, however, decreased gradually over time. This was mainly due to the continuous support required by MSMEs, especially in the challenging economic environment.

As for brand awareness, we managed to increase it from 53% to 84%, in line with our aspiration to be the household name for MSMEs. Our Guarantee Reserve Ratio improved from 1.9 times to 3.1 times, due to the doubling of the outstanding guarantee and financing base mentioned above.

Our cost-to-income ratio hovered around 30%, despite us doubling our business. Although recording continuously better profit year-on-year from 2015 to 2019, the momentum was affected by the efforts in assisting MSMEs to survive and recover from the health and economic crises. This resulted in higher expected credit loss, which in turn affected our Profit Before Tax for 2020.

6 Headline Targets	Actual		Target 2020	Achievement (Actual Against Target 2020)
	2015	2020		
Guarantee & Financing Base (RM billion)	8.0	17.2	17.2	100%
Graduation Rate (%)	47.0	38.4	40.7	94%
Brand Awareness Level (%)	53.0	84.0	80.0	105%
Guarantee Reserve Ratio (times)	1.9	3.1	3.1	100%
Cost-to-Income Ratio (%)	28.3	32.7	36.3	110%
Profit Before Taxation (RM million)	140.0	110.8	95.5	116%

100%

## 5-YEAR STRATEGIC PLAN

### New 5-Year Strategic Plan 2021-2025

We developed our new 5-Year Strategic Plan 2021-2025 by leveraging the foundation that had been laid under the previous 5-Year Strategic Plan, taking into account current and future operating environments. In developing the Strategic Plan, the Corporation conducted external and internal assessments. This included analysing MSMEs’ current and future needs, as well as drawing inspiration from international credit guarantee institutions. The Covid-19 pandemic was also a catalyst in our focus on digitalisation efforts, both for the Corporation and MSMEs to adapt to new norms.

### Partner for MSME Growth Across Life Stages

<b>Vision</b>	To be an effective financial institution dedicated to promoting the growth and development of competitive and dynamic Micro, Small and Medium Enterprises				
<b>Mission</b>	To enhance the visibility of Micro, Small and Medium Enterprises through the provision of products and services at competitive terms and, with the highest degree of professionalism, efficiency and effectiveness				
<b>Core Values</b>	Teamwork, Hardworking, Integrity, Nurturing, Knowledgeable (T.H.I.N.K)				
<b>Strategic Objectives (S.O.)</b>	<b>S.O. #1</b> Partner MSMEs through life stages by providing end-to-end (E2E) financial offerings	<b>S.O. #2</b> Drive MSME excellence through targeted developmental support	<b>S.O. #3</b> Become a digitally savvy organisation to propel scale and speed of MSME impact		
<b>Digital Vision</b>	<b>A</b> Accelerate digitalisation of the core	<b>C</b> Create new digital business models	<b>E</b> Enable with digital capabilities		
<b>21 Initiatives</b>	<b>5</b> Strategic Initiatives	<b>6</b> Digital Initiatives	<b>10</b> IT Initiatives		
<b>5 Headline Targets</b>	Guarantee and Financing Base of RM36.5 billion	Assist 80,000 MSMEs	70% customers are digitally active	Guarantee Reserve Ratio of 4.8x	Cost-to-Income Ratio of 32%

## 5-YEAR STRATEGIC PLAN

### New 5-Year Strategic Plan 2021-2025

We aspire to be the 'Partner for MSME Growth Across Life Stages'. From a traditional guarantee institution, we aim to offer end-to-end holistic support, which includes the full ecosystem of financial and non-financial assistance. This means working hand-in-hand with strategic partners to achieve this aspiration.

The word 'micro' has been added to our vision and mission statements, in line with the Corporation's efforts to enhance financial inclusion among micro entrepreneurs, which is also a practice that has been adopted since the Annual Report 2017. The core values are maintained, as they will continue to drive our culture and way of working in the next five years.

To realise the aspiration, vision and mission, three strategic objectives have been set:

- i. Partner MSMEs through life stages by providing end-to-end financial offerings
- ii. Drive MSME excellence through targeted developmental support
- iii. Become a digitally savvy organisation to propel scale and speed of MSME impact

Digitalisation has been and will be a key area, and three digital vision elements have been introduced as another focal point in developing and executing initiatives. 11 Strategic and Digital Initiatives have been developed together with another 10 IT Initiatives as technology enablers to drive our efforts towards becoming an organisation that can offer end-to-end holistic support for MSMEs.

Guarantee is CGC's core business, thus enhancement of the guarantee process towards a digital journey is one of the first initiatives to be launched in 2021. In providing a seamless experience for MSMEs and our partners, CGC also plans to provide an integrated portal for all parties to interact on one platform. In addition to that, we plan to enhance our partnerships with ecosystem players to broaden CGC's guarantee schemes.

We are keen to evolve and develop our direct financing activities by upgrading our direct financing operations towards a fully digitalised process. In terms of partnerships, we are expanding direct financing operations with partners involved in various sectors to reach to more MSMEs across Malaysia.

In CGC, our goal is to assist MSMEs to strive to be the best in their respective businesses. Our dedication is focused not only on financial assistance, but also on providing non-financial assistance. Transitioning a business towards digitalisation requires good understanding; hence we are prepared to equip MSMEs with knowledge that enables them to digitalise their businesses.

**We aspire to be the 'Partner for MSME Growth Across Life Stages'. From a traditional guarantee institution, we aim to offer end-to-end holistic support, which includes the full ecosystem of financial and non-financial assistance.**



Besides that, a number of programmes for non-tech startups will also guide and support new MSMEs across different stages from seeding, acceleration and growth. Together with our strategic partners, CGC is prepared to introduce an online platform for non-financial assistance that will facilitate MSMEs pertaining to their business through SME Academy. This Academy will provide information necessary for MSMEs, while establishing new networking and collaboration via the platform.

In 2018, CGC launched its first online platform called imSME, Malaysia's 1<sup>st</sup> MSME financing/loan referral platform. This platform will undergo a transformation in becoming a one-stop-centre for MSME financing and non-financing needs across life stages.

Another initiative is aimed at developing an AI-based engine that can help serve the customer better by providing suitable products within a short time. We will also leverage on messaging service tools to offer tailored customer service and self-service. These will enhance our operational effectiveness and efficiency as well as achieve higher customer satisfaction.

Most of these initiatives are planned to be completed by the end of 2024. While we believe that the plan has been well developed, we are aware of today's rapidly changing environment and therefore will review the plan periodically.



*"Small companies like ours don't have enough sustainable funds to survive a pandemic or any downturn in business. CGC helped in keeping our dreams alive."*

At the beginning of the pandemic, Tamilchelvan Mallilah faced many problems. As clients' businesses were badly impacted, the knock-on effects on his own company were evident. Time and resources had been invested, but they were unable to monetise their projects, even at 70% completion, because they were either cancelled or put on hold until now. In software development in Malaysia, payment milestones are only achieved after an initial version of the end result is revealed. Even at that stage, clients can accept or decline the proposal.

"If we are on 10 jobs simultaneously, our development costs are high, and these include resources, certification and licensing." It was only after about three months into the global crisis that awareness and urgency of e-commerce were raised. So, by July 2020, Techauric Technologies' order book had filled up and they couldn't take on any more projects.

In 2019, after attending a CGC sharing session on starting funds for companies, Tamilchelvan applied for BizMula-i. Cash flow was extremely tight, they were on a project-to-project basis and

constantly chasing for payments. When he received the BizMula-i financing in February 2020, it reduced a lot of pressure. The ensuing peace of mind allowed them to focus on the actual work. For someone immersed in technology, Tamilchelvan found the CGC online systems and processes very receptive and fast. "Small companies like ours don't have enough sustainable funds to survive a pandemic or any downturn in business. CGC helped in keeping our dreams alive."

Tamilchelvan, a mechanical engineer, got into this business by accident when mobile apps were gaining traction. With research on how applications were being developed, he discovered many new assistive technologies in mobile app development.

Today, with more than 100 companies on his client list, the founder has extended company services to include web applications, data analysis and digital marketing. Now viewing his business as a one-stop centre for digitalisation, in the near future he plans to boost the e-commerce market with customised platforms for other small businesses to tap resources globally.

# INFORMATION TECHNOLOGY BLUEPRINT

Technology Strategy 2020-2021 will propel CGC further on its digitisation journey to ensure long-term business sustainability, increase efficiency and gain economies of scale.



### Customer Engagement

Improve customer experience by enabling access through mobile devices with an intuitive interface.



### Straight-Through Processing/Automation

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



### Business Partnerships

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



### Agility, Speed, Efficiency

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



### New Types of Services

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









### Data and Decisions

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



## PERFORMANCE SCORECARD

Headline Targets	Target 2020	Actual 2020		Achievement
Guarantee & Financing Base (RM billion)	17.2	17.2		100%
Guarantee Reserve Ratio (times)	3.1	3.1		100%
Net Profit (RM million)	95.5	110.8		116%
Graduation Rate (%)	40.7	38.4		94%
Cost-to-Income Ratio (%)	36.3	32.7		110%
Brand Awareness Level (%)	80.0	84.0		105%

100%

### MSME Outreach and Efficiency Charter

	Target 2020	Actual 2020		Achievement
<b>MSME Outreach</b>				
Number of Guarantee & Financing Approvals	12,200	13,472		110%
Value of Guarantee & Financing Approvals (RM million)	5,500	5,922		108%
Number of Bumiputera Guarantee & Financing Approvals	4,000	4,025		101%
Value of Bumiputera Guarantee & Financing Approvals (RM million)	1,000	894		89%
<b>Efficiency Charter</b>				
Financing/Loans Processing for PG	95% within 2 days	99% within 2 days		104%
Claim Payment	95% within 5 days	92% within 5 days		97%

100%

## PERFORMANCE SCORECARD

## 2021 HEADLINE TARGETS



**46,000**  
—  
Number of MSMEs Assisted



**17.4**  
—  
Guarantee & Financing Base (RM billion)



**50%**  
—  
Digitally Active Customers



**2.3**  
—  
Guarantee Reserve Ratio (times)



**36.5%**  
—  
Cost-to-Income Ratio

## MSME OUTREACH AND EFFICIENCY CHARTER



Number of Guarantee &amp; Financing Approvals

24,147



Value of Guarantee &amp; Financing Approvals (RM million)

7,150



Number of Bumiputera Guarantee &amp; Financing Approvals

5,569



Value of Bumiputera Guarantee &amp; Financing Approvals (RM million)

1,472



Financing/Loans Processing for PG

95% within 2 days



Claim Payment

95% within 5 days

# RISKS AND MITIGATIONS

## KEY RISKS

### BUSINESS RISK

The risk of inability to meet the target or achieve the set financial goals.

#### KEY MITIGATIONS

- ✦ 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.
- ✦ Annual material risk assessment is carried out to determine relevance and materiality of each risk type to CGC's business.
- ✦ Capital stress testing is performed in line with CGC's Capital Adequacy Framework. This ensures that the operation is within an appropriate capital level.
- ✦ 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
- ✦ Risk-based pricing is adopted to ensure the rate is reasonable and not excessive according to the estimate of the expected value of all future costs associated with the risk profile.

## KEY RISKS

### 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 credit risk management is to monitor and maintain credit risk exposure within acceptable parameters. Inherent credit risk is managed at both portfolio and individual credit level.

#### KEY MITIGATIONS

- ✦ Credit risk related policies are put in place ensuring that best practices in credit risk management are upheld with customisation to the developmental role of the Corporation. This covers end-to-end credit processes, including credit assessment, approval, monitoring, review, concentration risk, exceptional and problem credit.
- ✦ Establishment of Group Exposure & Single Counterparty Exposure Limit to enhance monitoring and tracking of total exposure granted to a particular group or single customer.
- ✦ Review of Internal Risk Rating Model to ensure improvement in overall on-boarding and behaviour monitoring of viable business.
- ✦ Setting the threshold limit for larger MSMEs under the Single Counterparty Exposure Limit, as a monitoring tool and control measure for larger MSMEs.
- ✦ Monitoring and managing Capital Adequacy Ratio (CAR) within the acceptable level.
- ✦ Monitoring and managing Concentration Risks within the acceptable level.
- ✦ Use of Data Analytics on internal historical performance, as well as external forecast (Moody's) for a more data-driven Portfolio Management approach.

## RISKS AND MITIGATIONS

### KEY RISKS

#### 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.

### KEY MITIGATIONS

- Monitoring and independent review of prescribed risk limits and risk levels within the agreed risk tolerance.
- Advisory to Board and Management on market risk management strategies, risk control, asset liability management strategies and limiting exposure levels.
- Input to Board and Management regarding market risk impacts on investment exposure (by product) for the purpose of providing direction to Management.
- Mark-to-market analysis of exposure, market risk measurement analysis, sensitivity forecasting and stress test.

### KEY RISKS

#### LIQUIDITY RISK

Liquidity risk arises from the difference in timing between cash inflows and outflows.

### KEY MITIGATIONS

- 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.
- Regularly analyse liquidity gap and assets-liabilities mismatches.

### KEY RISKS

#### OPERATIONAL RISK

The risk of direct or indirect loss from inadequate or failed internal processes, people and systems, or from external events.

### KEY MITIGATIONS

- Continuous strengthening of operational risk management approach through development of Operational Risk Management Policy, defining a minimum standard and processes for managing operational risks and internal controls.
- Identification and assessment of inherent operational risk within all business lines, leveraging risk management tools to assess materiality of inherent risks.
- Assessment of capital stress testing in line with CGC's Capital Adequacy Framework. This ensures the operation is within an appropriate capital level.
- Appropriate mitigation controls relative to the inherent operational risks and assessing the design and effectiveness of these controls.
- Assessment of risk and control self-assessment to form a comprehensive business lines operational risk profile. Integration into an overall process.
- Development of key risk indicators at multiple levels throughout the Corporation to monitor key risk areas and escalate triggers at relevant committee for breaches of thresholds.
- Collecting and analysing information relating to all internal operational risk events, including losses.
- Continuous operational risk awareness and educational programmes made available at all levels.

## RISKS AND MITIGATIONS

### KEY RISKS

#### 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.

### KEY MITIGATIONS

- ✔ Establishment of Business Continuity and Crisis Management Programme through:
  - Identification and categorisation of criticality of business functions, vulnerabilities and disruptive impact
  - Guiding principles and good practice for crisis management to plan, implement, establish, operate, monitor, review, maintain and continually improve a crisis management capability to ensure the least possible impact on the Corporation's services and public image during and after emergency/incident/crisis situations
  - Threshold setting for activation of disaster recovery and business continuity plans
  - Customised business continuity and crisis management training for all employees, in accordance with specific roles, as well as regular reviews of training needs in order to ensure its applicability
  - Periodic testing of incident response and business recovery plans
- ✔ Enhancement of existing business continuity plans to respond to Covid-19 pandemic:
  - Reassessment of business impact analysis for impacted operations and revision of existing business continuity plan.
  - Activation of split workforce operations and Work From Home arrangements
  - Activation of Emergency Contact Centre
  - Activation of Crisis Command Centre
  - Changes to existing processes and operations to suit remote working environment
- ✔ Developing a Crisis Management and Communication Plan to coordinate, implement and manage the communication process and overall coordination of the Corporation's response to a crisis, in an effective, timely manner, with the goal of avoiding or minimising damage to the Corporation's profitability, reputation, or ability to operate.
- ✔ Documenting escalation process of incidents and procedures for disaster declaration while addressing the immediate reaction and response to an emergency or incident situation and its focus to protect human life and the key assets of the Corporation.

## RISKS AND MITIGATIONS

### KEY RISKS

#### 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.

### KEY MITIGATIONS

- 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.
- Due diligence review on the third-party cloud service provider's capabilities, system infrastructure and expertise to make an informed selection of service providers in relation to the risks associated with the confidentiality, integrity, authentication, authorisation and non-repudiation of information.

### KEY RISKS

#### 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.

### KEY MITIGATIONS

- Development of compliance risk appetite that articulates the nature, types and levels of compliance risk that CGC is willing to assume.
- 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.
- 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.
- Annual risk assessment of money laundering and terrorism financing.
- 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
- Continuous raising of compliance awareness for all employee levels through compliance alerts.

# B'TANGAN STORE | RETAIL

Tapah, Sarawak

LOUIS RANGAS



*"CGC helped me to expand my business, and I not only earned more sales but gained more profit."*

▶ The B'Tangan grocery store is located in Kampung Mundai, in one of the Bidayuh community's settlements in the Padawan area. It is two kilometres away from a small town, Tapah, and only about 25 kilometres away from the Kuching market.

Louis Rangas says that he was not adversely impacted by the Covid-19 pandemic, as he trades in essential goods. When people could not travel far to the shops and markets during lockdowns, his business thrived. "Even when I had to close my shop by 8.00 pm every night." Strategically located on the main road, his grocery store also caters to at least 20 other surrounding villages. As his business grew, he became aware of this advantage and saw the opportunity to expand. Nevertheless, he needed capital.

In 2019, he used his BizMula-i financing to upgrade his shop that he had officially registered just the year before after operating for two years. Initially it was only a small kampung shop, with goods stacked in a small corner of his house. His wife managed it, while he worked as a general worker in Kuching. On his days off he would help her, staying open till very late at night as it was the only shop in his village.

With the financing, he refurbished his grocery shop, purchased more racks to display his products and increased the variety of his stock according to demand. "CGC helped me to expand my business, and I not only earned more sales but gained more profit." B'Tangan Store, a one-stop centre, offers dry sundry products as well as fresh vegetables, chicken, fish and meat. Louis has learned to ensure that his stock is constantly replenished, and now has three workers on shifts running the shop.






Louis is also diversifying his business interests, recently starting a construction arm and currently working on an onsite project.

# UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

As a development financial institution, our businesses and operations are aligned with the Sustainable Development Goals (SDGs) adopted by all United Nations member states in 2015. With financial inclusion being at the top of our agenda, we remain committed to contributing directly and indirectly towards achieving many of the goals, particularly ending poverty, reducing inequalities, and spurring economic growth.

In doing so, CGC makes efficient use of its resources in order to create value in a sustainable and responsible manner. Not only do we add value to our external stakeholders such as MSMEs, shareholders, and ecosystem partners, we also appreciate our most valuable resources – our people – and support their development and growth.

In developing our 5-Year Strategic Plan 2021-2025, we ensured that the prioritised initiatives will contribute towards achieving the SDGs. The broad alignment of our businesses and operations with the SDGs is mapped based on the sustainability areas as reported in the Sustainability Section of this Annual Report.

OUR PEOPLE	BUSINESSES AND OPERATIONS	STAKEHOLDERS
    	<p>Under Human Capital, CGC provides ample opportunities for employee development efforts, as well as ensuring competitive compensation-and-benefits practices.</p> <p>CGC also promotes lifelong learning opportunities so that our people can build their competency and capability to meet prevailing and future demands and expectations. We encourage employees to take up professional certification, participate in cross-functional action learning programmes and attend in-class and virtual training.</p> <p>Strategic talent acquisition is one of the multi-pronged approaches that we take to ensure our continuous growth as an organisation, whereby new talents bring with them different perspectives, diversified experience and varied skill-sets. We also support the nation-building agenda via internship programmes and the Financial Sector Talent Enrichment Programme (FSTEP), where young talents are given exposure and working experience opportunities.</p> <p>In responding to Covid-19, the Corporation prioritised the safety of our people and their families. Our people adapted to the new ways of working, with the Corporation facilitating and providing the necessary enablers.</p>	<p><b>EMPLOYEES</b></p> <p><b>COMMUNITY</b></p>

ACHIEVEMENTS				
<p><b>e-Learning</b></p> <p><b>80</b> e-Learning modules made available to staff</p> <p><b>100%</b> participation rate</p>	<p><b>MyKNP Programme</b></p> <p><b>1,003</b> enquiries received related to MSMEs</p> <p><i>As of 31 March 2021</i></p>	<p><b>CGC Developmental Programme™</b></p> <p><b>6,180</b> MSMEs benefited since 2016</p> <p><b>28,000</b> MSMEs obtained financing through CGC Financial Advisory Team since 2018</p> <p><b>163</b> MSMEs gained access to new markets</p> <p><b>93%</b> sales growth</p> <p><i>* Based on voluntary response from the MSMEs participation in the CGC Developmental Programme™</i></p> <p><i>As of 31 March 2021</i></p>	<p><b>CGC SME Apprenticeship Scheme (SAS)</b></p> <p><b>3</b> cohorts launched</p>	<p><b>Corporate Responsibility Programme (CR)</b></p> <p><b>16</b> initiatives in 2020</p> <p>Over <b>2,000</b> beneficiaries including children</p>



# UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



## ECONOMIC PRACTICES

### BUSINESSES AND OPERATIONS



### STAKEHOLDERS



In 2020, we strived hard to keep MSMEs' dreams alive by providing various financial and non-financial assistance to support their survival and recovery from the health and economic crises. At the same time, we continued to assist marginal but potentially viable MSMEs to obtain financing from the formal financial system.

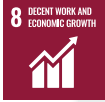
Apart from our bread-and-butter guarantee schemes, the direct financing schemes aim to assist targeted MSME groups such as start-ups, Bumiputera MSMEs and women entrepreneurs. We made significant progress in our financial inclusion journey with the launch of BizMikro-i scheme, which provides another avenue for micro entrepreneurs to obtain financing by using psychometric assessment as an alternative credit assessment tool.

At CGC, we recognise that MSMEs' needs go beyond financial assistance. Thus, we introduced a number of 'beyond guarantee' initiatives. Total visitors, number of registered MSMEs and total approvals for imSME, Malaysia's 1<sup>st</sup> SME Financing/Loan Referral Platform, continued to show strong results. We also made significant progress with the CGC Developmental Programme™, where non-financial assistance is offered with the aim of improving MSMEs' market access, as well as helping them upskill and gain insights from business experts. Financial advisory is also made available, especially to imSME applicants and MSMEs that need assistance post-rejection of financing/loan from FIs/DFIs.

MSMEs

SHAREHOLDERS

GOVERNMENT & REGULATORS



## ACHIEVEMENTS

### Guarantee Schemes



#### Portfolio Guarantee (PG) and Wholesale Guarantee (WG)

RM **2,655** million  
**6,271** accounts

#### BNM SRF (BizJamin and BizJamin-i)

RM **2,473** million  
**4,370** accounts

#### BNM TRRF (PG and PG-i)

RM **360** million  
**439** accounts

#### BizJamin and BizJamin-i

RM **199** million  
**423** accounts

### Direct Financing Schemes



#### BizMula-i

RM **56.6** million approved

**805** accounts

#### TPUB-i

RM **37.5** million approved

**37** accounts

#### BizBina-i

RM **22.8** million approved

**344** accounts

#### BizWanita-i

RM **14.2** million approved

**243** accounts

#### BizMikro-i

RM **1.7** million approved

**309** accounts

### imSME



Visitors **2.07** million

Registered MSMEs **37,990**

Approved financing **3,640** applications

Approved financing RM **369** million

MSMEs referred to capacity-building agencies **41**

As of 31 March 2021


## UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

**CORPORATE PARTNERSHIPS**

**BUSINESSES AND OPERATIONS**

**STAKEHOLDERS**





Apart from maintaining strong relationships with existing strategic partners, CGC consistently looks to foster new collaborations to enhance the financial inclusion effort, improve its services to customers and increase outreach to MSMEs. In 2020, these synergised partnerships included SME Corp, MATRADE, Malaysia Automotive Robotics and IoT Institute (MARii), and amaxMALL.

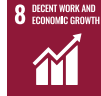
**ECOSYSTEM PARTNERS**


**GOVERNMENT & REGULATORY AUTHORITIES**

**COMMUNITY & STAKEHOLDER ENGAGEMENTS**

**BUSINESSES AND OPERATIONS**

**STAKEHOLDERS**






CGC continues to work together with ecosystem partners to create greater benefits for MSMEs and the community, which can be achieved through:

- i. Strong relationship with the media to create greater awareness of our value proposition.
- ii. Engagement with dignitaries, bankers and government officials from abroad to exchange knowledge and best practices.
- iii. Close relationships with stakeholders through various corporate engagements.
- iv. Collaboration with industry partners in recognising MSME contributions to the country, community, and overall economic growth.
- v. Corporate Responsibility Programmes as a continuous effort to integrate social and environmental goals into business operations.

**ECOSYSTEM PARTNERS**

**GOVERNMENT & REGULATORY AUTHORITIES**

**NGOs**

**COMMUNITY**

# UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS



## ENVIRONMENT

### BUSINESSES AND OPERATIONS



### STAKEHOLDERS



CGC is the administrator for the Green Technology Financing Scheme 2.0 (GTFS/i 2.0), which is a special financing scheme to support development of the Green Technology sector in Malaysia. GTFS approvals grew considerably in 2020, recording a growth of 22% by value of RM345 million. The number of accounts increased from 8 accounts in 2019 to 50 accounts in 2020.

The digital transformation that started in 2018 resulted in less reliance on physical copies of various documents in our operations. Making processes more efficient through initiatives such as Guarantee Schemes Straight-through Processing, Green Lane Approval for BizMula-i and BizWanita-i and TPUB-i Fast Track Processing also contributed to better resource allocation and faster turnaround time.

Covid-19 has also accelerated our digitalisation journey, with reduced paper dependency as we became more digitalised. Paper usage significantly reduced in 2020 as electronic versions of board papers, approval memos and forms were preferred. In some instances, site visits were conducted virtually.

MSMEs

EMPLOYEES

SUPPLIERS AND SERVICE PROVIDERS

## ACHIEVEMENTS

### Green Technology Financing Scheme (GTFS)

RM **345** million approved      **50** accounts

More details on actions and achievements are disclosed in the Sustainability Section of this Annual Report.

# PERFORMANCE BY DIVISIONS



## 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.
- › To maintain and enhance the full set of Investment Policies & Guidelines that govern both investment risk management and portfolio management.

### Accomplishments

- › Made timely assessment of various risks impacting the investment portfolios during the pandemic crisis and made appropriate changes to investment strategies.
- › Exceeded investment returns and income targets for FY2020.
- › Effectively maintained a portfolio with strong credit quality and appropriate duration in a low interest rate environment.

## 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 the financial services industry.
- › To develop reporting systems, data automation and performance dashboard for business users.

### Accomplishments

- › Coordinated the development of the 5-Year Strategic Plan 2021-2025, which was conducted mostly virtually during the pandemic.
- › Closed all strategic initiatives under the previous 5-Year Strategic Plan (2016-2020).
- › Recalibrated the short-term business plan during the mid-year review to mitigate the impact of Covid-19 on MSMEs and CGC.
- › Provided timely, quality data, reporting and information support for the Corporation.
- › Established an enterprise data management platform strategy to better handle the complexity of the Corporation's data and reporting, data automation, analysis and analytics.
- › Enhanced the processes involved in direct financing schemes to suit micro financing, which includes approval flow, revision of approving authority matrix, new legal documents, new collection arrangement and system stamping of legal documents.
- › Collaborated with internal stakeholders to develop a new financing management system in-house, known as BizMikro System (BiMS).
- › Launched BizMikro-i, a pilot scheme to test the viability of alternative credit scoring and enhance CGC's readiness in offering micro financing to Malaysian MSMEs.

## PERFORMANCE BY DIVISIONS



## 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 interventions via diverse Human Capital functions; manpower planning, talent acquisition, performance management, compensation and benefits, learning and development (including succession planning), employee relations and industrial relations.
- › To plan, organise, direct and control activities pertaining to Facilities & Administration Services management, providing support to internal and external stakeholders.

## Accomplishments

- › Established the Human Capital 5-Year Strategic Plan to drive the people agenda and supported the development of CGC 5-Year Strategic Plan with Manpower Planning simulations.
- › Enhanced the Human Capital Policy to ensure complete coverage of the Employee Life Cycle. Further to that, obtained the approval to implement new strategic Human Capital frameworks i.e. Leadership Development Journey, Succession Planning Framework and revision of the Performance Management Framework.
- › Continued effort to refine and reshape divisional structures in order to support the execution of effective business strategies and initiatives.
- › Organisational re-alignment was completed in 2020 to prepare CGC for the next journey on workforce segmentation aligned to the CGC People Transformation Agenda.
- › In support of CGC's Digital Transformation, Human Capital embarked to migrate to the SAP SuccessFactors to drive process efficiency and manpower optimisation Corporation-wide.
- › Improved TAT for recruitment by about 15% via business process re-engineering and simplification.
- › Rolled out learning opportunities through CGC iThink e-Learning platform that promotes 'anywhere any time' learning.
  - Continued to cultivate a company culture of integrity and embrace Corporate Governance best practices through training via iTHiNK by rolling out Four (4) Regulatory and Compliance e-Learning courses: Personal Data Protection Act (PDPA), Anti Bribery and Corruption Awareness (ABC), Operational Risk Management (ORM) and IT Risk and Cybersecurity Awareness.
  - Launched Leadership e-Learning to address CGC Core Competencies featuring courses that cover critical leadership skills, including coaching, delegation, and motivation across the Corporation, in ensuring widespread adoption of key leadership skills and driving permanent behaviour change.
- › Collaborated with more professional bodies and reputable organisations, further enhancing CGC's network and adding to the current list, which comprises ICAEW, ACCA, CIMA, AICB, ABS, ASB and MIM.
- › Enrolled members of senior management in online courses offered by prestigious top universities i.e., Massachusetts Institute of Technology and University of Cambridge.
- › Developed employee Digital Readiness via a combination of assessment and structured learning pathway, resulting in improved Digital Readiness above the set target.
- › Continued Professional Certification enrolment of targeted Job Families to enhance professional credibility.
- › In responding to Covid-19 pandemic, CGC aligned its working culture with the execution of Work From Home (WFH) in support of the new norm. This is to ensure sustainability, productivity and business continuity.

## PERFORMANCE BY DIVISIONS

CORPORATE	CORPORATE COMMUNICATIONS
	<p><b>Function(s)</b></p> <ul style="list-style-type: none"> <li>› To continuously elevate the CGC brand to be the Household Name for SMEs by 2020.</li> <li>› To build and strengthen relationships with media institutions, creating a credible reputation for CGC through constant engagement and collaboration.</li> <li>› To support CGC businesses by way of effective branding and advertising campaigns, defining our product, services, and overall commitment to MSMEs.</li> <li>› To ensure internal and external stakeholders are well informed of CGC strategies, initiatives, and developments.</li> <li>› To organise business and corporate events, fostering favourable association and positive reputation of CGC internally and externally.</li> <li>› To increase CGC presence on social media platforms by encouraging MSMEs to participate and engage online.</li> <li>› To reach out to the underserved and underprivileged communities through our Corporate Responsibility initiative.</li> </ul>
	<p><b>Accomplishments</b></p> <ul style="list-style-type: none"> <li>› Increased CGC brand awareness among Malaysian MSMEs to 84% in 2020.</li> <li>› Organised CGC 25<sup>th</sup> FI &amp; SME Awards 2019, graced by Minister of Finance YB Senator Tengku Dato' Sri Zafrul Tengku Abdul Aziz and Governor of Bank Negara Malaysia, Datuk Nor Shamsiah Mohd Yunus, attended by representatives from the financial industry and winning MSMEs.</li> <li>› CGC 2019 Annual Report won Silver for Non-listed Organisation category (NACRA).</li> <li>› Awarded Bronze for Best Design by the Australasian Reporting Awards, Australia (CGC Annual Report 2018).</li> <li>› Garnered 700 news items of coverage via television, radio channels, newspapers and online publications highlighting CGC's support to MSMEs during the Covid-19 pandemic.</li> <li>› Organised CGC's first hybrid Annual General Meeting (47<sup>th</sup> AGM).</li> <li>› Strengthened CGC brand presence through corporate sponsorship with The Star Outstanding Business Award (SOBA).</li> <li>› Successfully ran the 'Realise Your Potential' social media campaign and shared over 20 CGC customer testimonials, which garnered good reach and response among MSMEs.</li> <li>› Refreshed visuals on the external facade of CGC – Glenmarie LRT station.</li> <li>› Embarked on a train-wrap campaign for coaches plying the Kelana Jaya and Ampang-Sri Petaling lines.</li> <li>› Engaged with top management of established media institutions, collaborating on branding initiatives for MSMEs, which included a one-year contract with BERNAMA.</li> <li>› Conducted virtual quarterly Town Halls for CGC staff nationwide.</li> <li>› Completed 12 Corporate Responsibility initiatives and increased CGC's contribution to underprivileged communities.</li> <li>› Successfully facilitated contributions to the National Disaster Management Agency's (NADMA) Covid-19 Fund, Yayasan Kebajikan Negara-Jabatan Kebajikan Masyarakat (YKN-JKM) Food Basket programme, Tun Hussein Onn National Eye Hospital (THONEH), PERTIWI Soup Kitchen and Medical Relief Society (MERCY).</li> </ul>

## PERFORMANCE BY DIVISIONS



## FINANCE

## Function(s)

- › To prepare audited financial statements in accordance to the financial reporting standards and other financial related regulatory requirements such as tax filings.
- › To perform timely disbursements to customers for financing/loans and claims to ensure good customer experience.
- › To coordinate with key stakeholders for budget preparations and monitoring to ensure effective utilisation and alignment to target set.
- › To enforce cost control by inculcating strong financial discipline and cost-conscious culture.
- › To plan, manage and monitor day-to-day cash inflows and outflows to ensure effective cash management.
- › To safeguard CGC's interests by providing advisory to management and the Board on strategic matters.
- › To plan and monitor timely receipts of receivables by reconciliation of accounts and effective cash flow management.
- › To act as the final checker/reviewer for payments and income received from customers.
- › To ensure maximisation of returns on Cash Operational and other surplus funds.
- › To collaborate with key stakeholders to ensure seamless processes, implementation and successful launch of new products and various financing schemes.

## Accomplishments

- › Successfully migrated to a new Financial Accounting system, SAP Hana (Go-Live on 2 January 2020).
- › Successfully transformed Finance's function from being predominantly 'Operations' to be more balanced between 'Strategy & Reporting' and 'Operations'.
- › Improved operational finance process for critical payment which leads to 100% Turn-Around-Time compliance.
- › Cultivated cost conscious culture through adoption of proactive cost analysis and challenge exercise.
- › Drove the financial forecast for 5-Year Strategic Plan (2021-2025) and High Level Budget Strategy.
- › Anchored revision of Guarantee Reserve Ratio (GRR), Capital Adequacy Ratio (CAR) and payment schedules for Government loans.
- › Anchored the financial modelling of Special Relief Scheme launched by Bank Negara Malaysia during Covid-19 relief measures (SRF, TRRF, HTF and MEF).
- › Collaborated with Business and IT departments in operationalising new product launches and IT Blueprint projects.
- › Teamed up with Organisational Learning unit for CGC to be recognised as an Approved Training Employer for ACCA and Accredited Partner for CIMA.
- › Achieved Cost to Income Ratio of 32.7% against 5SP+ target of 35%.

## 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 goods and services, in accordance with the right processes and procedures.
- › To safeguard the interests of CGC by ensuring that processes align with best practices and sound governance.

## Accomplishments

- › Achieved cost savings and cost avoidances of approximately RM17.1 million in 2020 compared to RM4.8 million in 2019.
- › Successfully launched Go-Live for SAP Hana with the procurement module on 2 January 2020.
- › Strengthened procurement governance and efficiencies through the introduction of declaration of interest and enhanced procurement templates.
- › Accomplished above 95% Turnaround Time for PO Creation.

## PERFORMANCE BY DIVISIONS

## BUSINESS



The Business Division enacts the Corporation's mandate to assist Micro, Small and Medium-Sized Enterprises (MSMEs) with inadequate or without collateral and limited track records to obtain credit facilities from financial institutions by providing guarantee cover on financing facilities.

Providing guarantees to partner financial institutions and developmental financial institutions forms the core of the Corporation's business, realising 98 percent of all approval value in 2020.

The Division, via its Branch channel, reached out to MSMEs that were not well served by the commercial financial system and provided an alternative direct financing through BizMula-i and BizWanita-i, for MSMEs in operation for less than 4 years.

Additionally, the Branch channel provided a contract financing facility via Tabung Projek Usahawan Bumiputera-i (TPUB-i) to fully Bumiputera-owned enterprises. The Branch channel was also responsible for marketing and testing BizMikro-i, a Syariah-compliant microfinancing product that was launched for market testing in November 2020.

The Business Division administers the imSME portal – Malaysia's 1<sup>st</sup> SME Financing/Loan Referral Platform – and CGC Developmental Programme™ that support MSMEs in Financial Advisory and Market Access Advisory. It also operates Khidmat Nasihat Pembiayaan (Financing Advisory Services), a service formalised by Bank Negara Malaysia (BNM) in collaboration with CGC and Agensi Kaunseling dan Pengurusan Kredit (AKPK).

## Function(s)

**To Drive Guarantee Business**

These are guarantee schemes that reduce the credit risk of Financial Institutions (FIs) and Development Financial Institutions (DFIs) in providing financing to MSMEs. CGC guarantees coverage ranges between 50% and 90%.

## Accomplishments

Three types of guarantees formed the majority of CGC's guarantee business in 2020.

- a) The Portfolio Guarantee (PG) and the Wholesale Guarantee (WG) schemes maintained the largest share of business contribution, with a total of RM2.66 billion or 44.8% of total approvals.

During the year CGC, together with partner Financial Institutions (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 SME Online with Malayan Banking Berhad (Maybank) and Maybank Islamic Berhad
  - This new-concept PG allows submission via online platform with real-time approval from the participating FI. The loan request is accessible online to MSMEs, including startups.
- PG-i Revival with CIMB Islamic Bank Berhad, AmBank (M) Berhad and AmBank Islamic Berhad
  - The PG-i Revival tranches are intended to provide immediate and targeted cash flow support to MSMEs, especially those adversely impacted by the Covid-19 outbreak, by providing working capital to sustain their business operations.
- PG-i Export Financing with RHB Islamic Bank Berhad
  - This is CGC's first Export Financing PG collaboration with the Bank to assist MSMEs to expand their business globally, through offering attractive financing options to MSMEs' necessary collateral.
- PG i-PINTAS with RHB Bank Berhad
  - CGC's first Term Loan PG collaboration with RHB Bank, the main features for the PG tranche include minimal documentation, fast 1-to-2-day approval and complete online application.
- WG-i (Micro) with Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat)
  - This WG-i is Bank Rakyat's first collaboration with CGC, guaranteeing Bank Rakyat's existing financing portfolio for micro businesses with a financing tenure of up to five years.



## PERFORMANCE BY DIVISIONS

## BUSINESS



- > WG/-i with Bank Simpanan Nasional
    - This WG/-i is the third collaboration with Bank Simpanan Nasional (BSN) and the first WG collaboration with CGC for micro businesses. The WG aims to guarantee BSN's existing financing/loan portfolio with a financing maturity period of up to 5 years.
    - The WG/-i signifies continuity of CGC's support for BSN's micro businesses.
  - > PG-i Startups with Affin Islamic Bank Berhad
    - This PG-i will be Affin Islamic Bank's first collaboration with CGC for startup businesses, for at least six months to not more than three years business in operation.
- b) CGC's participation in BNM's RM2.5 billion Special Relief Facility (SRF) assisted MSMEs adversely affected by Covid-19 by alleviating their financial burden and helping them resume business operations. Assistance was provided via BizJamin and BizJamin-i platforms from 6 March until 31 December 2020. Subsequently, CGC participated in BNM's RM1 billion Targeted Relief and Recovery Facility (TRRF), made available from 1 December 2020 via the PG platform. Together, these relief facilities accounted for 48% of CGC's total approvals for the year. This underlined the importance of CGC's nation-building initiative to support MSMEs during this difficult time. A total of 4,809 MSMEs were assisted with total financing of RM2.83 billion. Average financing size was RM589,000.
- SRF participation included Maybank Islamic Berhad, Malayan Banking Berhad, Hong Leong Bank Berhad, Alliance Bank Malaysia Berhad, AmBank (M) Berhad, OCBC Bank (Malaysia) Berhad, Public Bank Berhad, United Overseas Bank (Malaysia) Berhad, RHB Bank Berhad, CIMB Bank Berhad, RHB Islamic Bank Berhad, Bank Pertanian Malaysia Berhad (Agrobank), AmBank Islamic Berhad, Bank Simpanan Nasional, Small Medium Enterprise Development Bank Malaysia Berhad and Alliance Islamic Bank Berhad.
- The first tranche of PG/PG-i TRRF was made available in December 2020 by Malayan Banking Berhad, Maybank Islamic Berhad, AmBank (M) Berhad, AmBank Islamic Berhad, OCBC Bank (Malaysia) Berhad and Alliance Islamic Bank Berhad. This was also the first PG-i collaboration with Alliance Islamic Bank Berhad.
- c) Doubling of BizJamin and BizJamin-i scheme approvals from RM95 million in 2019 to RM199 million in 2020 with partner banks was mainly the result of slower PG and WG launches due to the pandemic.

Key Guarantee Products with FIs/DFIs	2019		2020	
	Outreach	RM million	Outreach	RM million
PG and WG	8,439	3,325	6,271	2,655
BNM SRF (BizJamin and BizJamin-i)	n/ap	n/ap	4,370	2,473
BNM TRRF (PG and PG-i)	n/ap	n/ap	439	360
BizJamin and BizJamin-i	298	95	423	199

## Function(s)

**To Drive Direct Financing Products**

Direct financing products focus on MSME segments that are now well served by other commercial FIs and/or agencies. The financing products BizMula-i and BizWanita-i focus on business establishments less than 4 years old, whilst Tabung Projek Usahawan Bumiputera-i (TPUB-i) caters to 100% Bumiputera enterprises that have secured contracts with Government/GLCs and selected Private Sectors.

Meanwhile, BizBina-i caters for CGC's own clients who face hardship from natural disasters, as well as those affected by Covid-19. The BizMikro-i pilot was launched in November 2020 to assess the viability of making inroads into the microfinancing segment.

## PERFORMANCE BY DIVISIONS

## BUSINESS



## Accomplishments

BizMula-i and BizWanita-i combined declined Y-o-Y by 23% and 25% respectively in terms of outreach and approval value. However, the Branch channel was able to attain the outreach numbers from BizBina and BizMikro-i. TPUB-i did not fare well and registered low approval value of RM37.5 million for the year.

Key Financing Products	2019		2020	
	Outreach	RM million	Outreach	RM million
BizMula-i	1,074	77.6	805	56.6
BizWanita-i	283	17.6	243	14.2
TPUB-i	66	63.5	37	37.5
BizBina-i	-	-	344	22.8
BizMikro-i	-	-	309	1.7
	1,423	158.7	1,738	132.7

## Function(s)

**To Enhance the Participation of Bumiputera MSMEs**

In fulfilling its mandate, CGC places great emphasis on supporting Bumiputera MSMEs, which form the largest number of MSMEs in the small and micro business segments. Apart from the Branch channel that helped reach the Bumiputera targets, dedicated teams at CGC's Head Office helped in targeted outreach programmes. During the year, Branches and Head Office both organised and participated in 178 events/seminars/webinars/Taklimat Usahawan with an outreach of approximately 26,138 MSMEs throughout the country. Out of the 178 events, 56 or 31% were conducted virtually and more than half of the participants were Bumiputera MSMEs.

## Accomplishments

Two key headline Bumiputera targets were the outreach number and approval value targets. In 2020, the Bumiputera outreach target was met at 101%, reaching out to 4,025 Bumiputera MSMEs. However, the approval value missed the target at 89% achievement or RM893.9 million, due to several factors. Foremost of these was the drastic slowdown in the construction sector during the year, resulting in the lower acquisition of the TPUB-i scheme. Secondly, applications from partner banks in the Green Technology Financing Scheme were slow, due to subdued overall market sentiment.

## 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 their growth/progress. Since 2016, CGC's Developmental Programme™ has progressively made its mark, with outreach of 30,102 MSMEs nationwide as at December 2020.

## ADVISORY SERVICES

## FINANCIAL ACCESS

**Financial Advisory**

- Review unsuccessful applications
- Capacity building
- Business coaching

## MARKET ACCESS

**Mentoring Workshops**

- Digital marketing
- Digital sales
- Product certification
- Branding/Trademark

**Market Access Initiatives**

- Expand product distribution channels
- Local and international market

## PERFORMANCE BY DIVISIONS



## Financial Access Advisory

**Financial Advisory Team (FA Team)**

- › The FA Team assists MSMEs that come through the imSME and MyKNP portals, who are 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 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 MSMEs who are unsuccessful in obtaining business financing from banks. MyKNP@CGC aims to assist MSMEs to improve their eligibility to secure financing and their awareness of the availability of alternative financing.

**Roles of the FA Team**

- › Conduct comprehensive review and diagnosis of unsuccessful MSME applications, which includes 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.

## Accomplishments

**Performance of FA Team (November 2017 - 31 December 2020)**

	MSMEs
Advisory provided	24,106
MSMEs successfully referred to FIs/DFIs/P2P/CBA	12,411
MSMEs successfully obtained financing	799

**Performance of MyKNP@CGC (22 August 2019 - 31 December 2020)**

	MSMEs
Total enquiries received related to MSMEs	847
Number of Financial Advisory Provided (for enquiry on "secured" & unsecured financing)	762
Number of MSMEs successfully obtaining financing post-Advisory provided	25

## PERFORMANCE BY DIVISIONS



## Market Access Advisory

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

## Accomplishment(s)

## Mentoring Workshops (2016-2020)

1	Number of Mentoring Workshops	50
2	Number of MSMEs	5,833
3	Number of Partners	60
4	Location	15 locations where CGC has branch presence
5	Frequency	Average once a month
6	Positive Feedback	<ul style="list-style-type: none"> <li>➤ 95% MSMEs found event helpful</li> <li>➤ 49% MSMEs know CGC after attending event</li> </ul>

## Market Access Initiatives (2016-2020)

## Local Market Access

1	Number of MSMEs	82
2	Number of Exhibitions/Business Matching	2

## International Market Access

1	Number of MSMEs	81
2	Number of International Market Access	10

As of 31 December 2020, 163 MSMEs participated in the Market Access Initiatives:

- 93% of MSMEs experienced an increase in sales.
- 48% of MSMEs increased their number of employees.
- 53 MSMEs completed 24 months of programme tracking.

PERFORMANCE BY DIVISIONS



Function(s) >

**To Drive CGC Fintech Initiative via imSME**

In 2020, amidst the Covid-19 pandemic, greater digitalisation adaptation among MSMEs was observed. Leveraging digitalisation awareness, imSME continued to make notable progress in driving financial inclusion for MSMEs. During the year, imSME was entrusted with being one of the channels for MSMEs to apply for BNM's Special Relief Facility. Besides this, imSME continued to collaborate with financing provider partners to offer more financing options to suit MSMEs' varied needs, including support of BNM's initiatives such as the Special Relief Facility and Micro Credit Prihatin via imSME, before being referred to the participating FIs. Technology has been at the centre of driving imSME, ensuring that the platform is effective in catering to evolving MSME needs.

**New Financing/Funding Partners on Board in 2020**

**Financial Institutions (FIs)**

- > MBSB Bank Berhad

**Peer-to-Peer (P2P)**

- > Moneysave (M) Sdn Bhd
- > Capsphere Services Sdn Bhd
- > Crowd Sense Sdn Bhd

**Technology**

- > Proof of Concept (POC) for Electronic Know Your Customer (e-KYC)
  - Digital on-boarding of customers for a seamless journey.
- > Automation for Enhanced Self-service Experience
  - Enhancements to minimise human intervention with self-guided instructions in the customer's journey and improved experience to minimise input for returning customers.

Accomplishments >

**Total Visitors**  
**2.07** million

**Total Approved Financing**  
**RM369** million

**Total Registered MSMEs**  
**37,990**

**Total MSMEs Referred to Capacity Building Agencies**  
**41**

**Total Approved Financing**  
**3,640** applications

**Products Offered**  
over **60**

Performance as of 31 March 2021

## PERFORMANCE BY DIVISIONS

## BUSINESS



## Function(s)

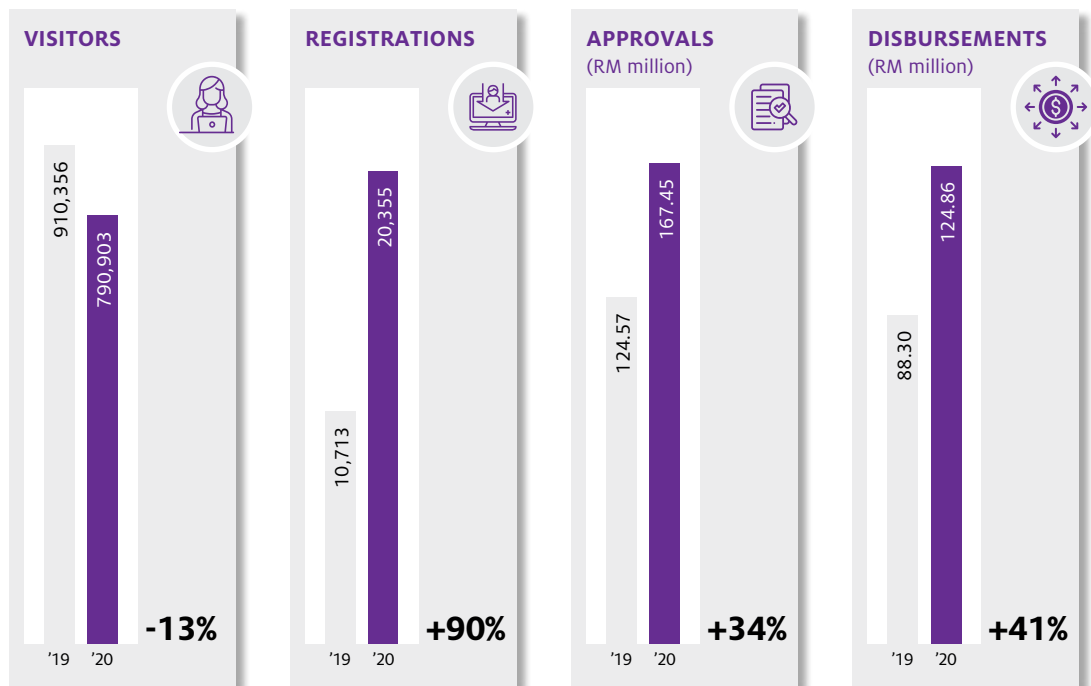
**To Deliver Superior Customer Experience**

The Client Service Centre (CSC) assists CGC in providing excellent customer service experience through timely and accurate response to received inquiries. Alternatives and solutions to customer issues are also made available.

## Accomplishments

- › CSC launched a new Chatbot Avatar look to attract more customers to engage with the Chatbot in imSME. Overall, the Chatbot attended to 28,265 users with 105,279 interactions.
- › Changed the Call Centre System to increase productivity and efficiency, to focus on improving customer experience and satisfaction.
- › Served 17,522 in-bound calls, with 97% of inquiries resolved within Charter.
- › Continued to serve MSMEs by providing advisory for unsecured financing inquiries under MyKNP@CGC.
- › Continued to serve imSME clients through outbound calls to help them complete their journey on the platform.

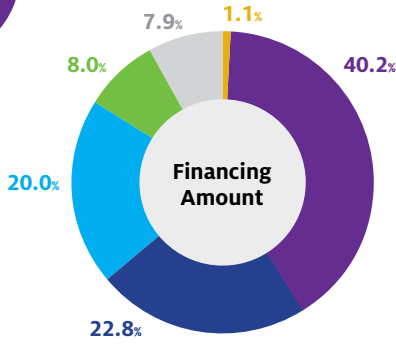
## (a) imSME Performance (Y-O-Y 2019 vs 2020)



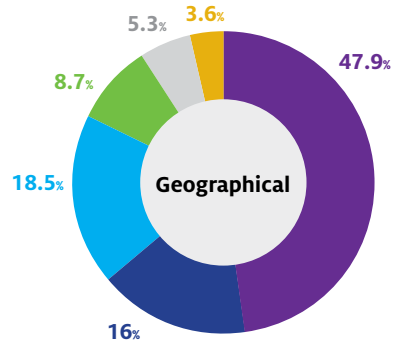
PERFORMANCE BY DIVISIONS



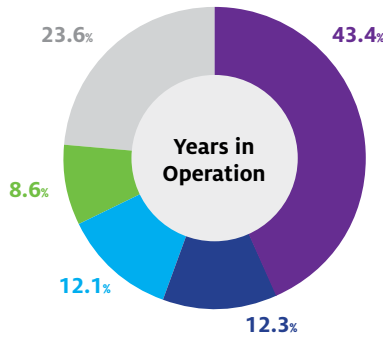
(b) imSME Customer Profile



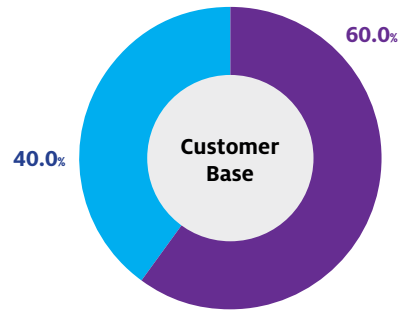
- ≤ RM50K
- > RM50K - 100K
- > RM100K - 300K
- > RM300K - 500K
- > RM500K - 1mil
- > RM1mil



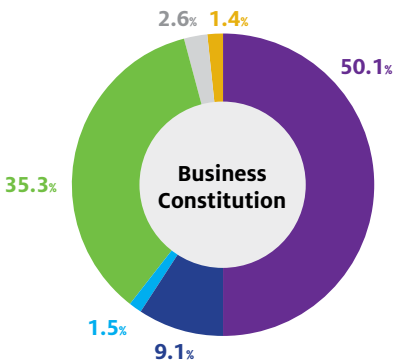
- Central Region (Selangor, Kuala Lumpur & Putrajaya)
- Northern Region (Perlis, Perak, Pulau Pinang & Kedah)
- Southern Region (Negeri Sembilan, Melaka & Johor)
- East Coast Region (Kelantan, Terengganu & Pahang)
- Sabah
- Sarawak



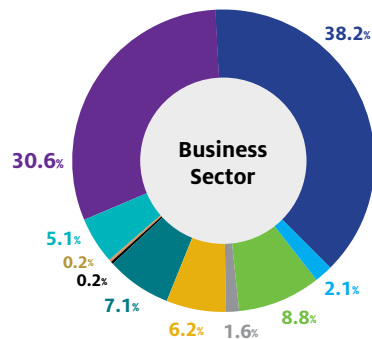
- < 1yr
- ≥ 1yr - < 2yrs
- ≥ 2yrs - < 3yrs
- ≥ 3yrs - < 4yrs
- ≥ 4yrs



- Non-Bumiputera
- Bumiputera



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



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

As of 31 December 2020

## PERFORMANCE BY DIVISIONS

## OPERATIONS



## Loan Monitoring &amp; 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

- › Improved efficiency with the implementation of Robotic Process Automation (RPA) for payment capturing process for Direct Financing customers, which won the Operating Master Model award from International Data Corporation (IDC) Digital Transformation Awards – Malaysia.
- › Intensified Rescheduling & Restructuring efforts with simplified bulk submission for Financial Institutions and provided simplified appraisal template for Direct Financing customers to assist MSMEs due to the Covid-19 situation.
- › Extended moratorium for targeted Direct Financing customers impacted by Covid-19 and flood.

## Billing Management

## Function(s)

- › To manage overall billing and collection for both Portfolio Guarantee (PG) and Non-Portfolio Guarantee (Non-PG) schemes, as well as Refund of Guarantee Fee (Non-PG only).
- › To issue Post-Approval Letter, Letter of Guarantee (LG), Cancellation/Reinstatement of LG and Interest/Profit Reimbursement.

## Accomplishments

- › Improved efficiency with the implementation of Robotic Process Automation (RPA) for processes within Green Technology Financing, Green Technology Financing Schemes (GTFS) and Portfolio Guarantee Billing (PGB). This includes automated interest/profit reimbursement from Financial Institutions (FI) and preparation of billing and collection processes.
- › Provided deferment of all guarantee fees in line with the moratorium period from April until September 2020.
- › Implemented the integration of CCRIS and Front Office system (KASTLE), which automated the reporting submission of termination status to BNM.

## Subrogation &amp; Recovery

## Function(s)



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

## Accomplishments

- › Exceeded recovery targets set for Shared Risk and Full Risk schemes, due to intensified recovery efforts by expediting legal action, regular meetings with Financial Institutions and follow-ups with solicitors.
- › Ensured continuous improvement under ISO 9001:2015 Quality Management Framework, of which threshold turnaround time was improved from 90 to 95% for all Quality Objectives.



## PERFORMANCE BY DIVISIONS

 <p>OPERATIONS</p>	<b>Quality &amp; Process Excellence</b>
	<b>Function(s)</b>
	<ul style="list-style-type: none"> <li>› To drive CGC's process excellence, quality, and improvement culture.</li> </ul>
	<b>Accomplishments</b>
	<ul style="list-style-type: none"> <li>› Provided advice and feedback in terms of process improvements for key digital projects within the Corporation such as Robotic Process Automation (RPA) and GFOS.</li> <li>› Was identified as champion for the propagation of RPA across the Corporation.</li> </ul>
	<b>Claims</b>
	<b>Function(s)</b>
	<ul style="list-style-type: none"> <li>› To process and honour claim payments on defaulted loans submitted by FIs within five (5) working days.</li> <li>› To submit Central Credit Reference Information System (CCRIS) report according to BNM specifications.</li> </ul>
	<b>Accomplishments</b>
	<ul style="list-style-type: none"> <li>› Ensured continuous improvement Under ISO 9001:2015 Quality Management System framework with the following:             <ul style="list-style-type: none"> <li>• Improving target achievement for claims processing turnaround time from 90% to 95%.</li> <li>• Improving Financial Institutions' (FI) customer satisfaction from 83% to 87%, exceeding targeted 70% threshold.</li> </ul> </li> <li>› Improved efficiency with process automation with the implementation of RPA in claims payment update.</li> <li>› Deployed CCRIS B2B to further improve turnaround time (TAT) and data accuracy of CCRIS submissions.</li> </ul>
 <p>Information Technology (IT)</p>	<b>Function(s)</b>
	<ul style="list-style-type: none"> <li>› To manage overall IT environment by maintaining robustness and security, as well as digitalising the Corporation to meet business requirements and outcomes.</li> </ul>
	<b>Accomplishments</b>
	<ul style="list-style-type: none"> <li>› Enabled all staff to work remotely in an effective manner during the MCO by rapidly providing notebooks and secured connections.</li> <li>› Supported the Government's economic stimulus plan to address the Covid-19 pandemic, providing Special Relief Facility and Moratorium by deploying required technology solutions.</li> <li>› Enabled video conferencing capability to all staff via Microsoft Teams, supporting CGC's first fully virtual Board and Annual General meetings.</li> <li>› Migrated to a new origination system for Direct Financing application processing.</li> <li>› Developed a digital system in-house to support microfinancing business.</li> <li>› Defined the Technology Strategy 2021-2023 to digitalise every aspect of CGC's business.</li> </ul>

## PERFORMANCE BY DIVISIONS



## 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, guidelines, and systems with the aim of improving approval rate, process efficiency and turnaround time for MSMEs' applications.
- › To provide continuous credit coaching, training, and advice to all in the Credit Eco-system to improve credit underwriting skills and the asset quality of the Corporation.

## Accomplishments

- › Improved CGC's asset quality via comprehensive credit assessment and credit advisory across credit Eco-system from Business to Disbursement to Monitoring functions.
- › Sponsored and managed CGC's new Financing Origination System – GFOS2. Conducted requirement study, solution mapping, integration, design development, conversion data mapping and development, test strategy and system integration testing for launch and implementation in January 2021 to enhance CGC's approval process.
- › Strategised the Division to become CGC's one-stop centre of excellence for credit family via enhancement of Credit Evaluation Department and newly formed Credit Innovation Department, with the latter focusing on digital process and systems enhancements to enhance CGC customers' experience.
- › Successfully managed approval of high-volume Scheme Relief Facility (SRF) and Targeted Relief & Recovery Facility (TRRF) initiated by the Government with fast turnaround time to assist MSME businesses affected by the Covid-19 pandemic.
- › Established CGC's new and comprehensive Credit Guidelines in mid-2020 and revised it in the final quarter 2020 to cover expansion of Shariah Governance/Policy/Procedures.
- › Initiated several process enhancements for Contract Financing, among others TPUB-i Scorecards for faster evaluation and approval.
- › Improved credit assessment via higher staff competency from continuous credit training/professional credit certification and staff remobilisation within the credit Eco-system of CGC.
- › Provided continuous training to branches to improve credit competency and efficiency. Training provided in 2020 included real case studies, briefing and demonstration on the new Cash Flow template for TPUB-i, Working Capital requirement calculation.

# UMMIE MESRA ENTERPRISE | RETAIL

Kota Bharu, Kelantan

RAFIA'AH YUSOF



*"It's good that CGC is helping small businesses like me. The funds help accommodate my needs for a while."*

▶ Puan Rafia'ah Yusof has been in the retail industry for more than 20 years, although she only formalised her business in 2006. Her shop is located on the second floor of Pasar Siti Khadijah, Kota Bharu's most iconic wet market. She sells batik, textiles, materials and clothes sourced from Kelantan, Kuala Lumpur and around the country.

Before Covid-19 struck its devastating blow, business was bustling. She did not only have to depend on local sales as sales would be brisk when citizens of the state returned during school holidays. Other visitors to the city, both foreign and local, would drop in to purchase her wares, too.

During the first MCO, Puan Rafia'ah had to close her shop for three months. The closure has continued intermittently, and opening hours reduced. She declares: "My income is almost 50% less than before." Seeing herself as not adept at Live or online sales, she now relies on her regulars calling her for orders. She puts together the customers' packages and posts them.

Last December she applied for BizMikro-i financing. "It's good that CGC is helping small businesses like me. The funds help accommodate my needs for a while." She used the funds as capital to buy more stock. Business has improved slightly, admits Rafia'ah, while her regular customers help sustain her business. "I call them when I receive new stock, my service is the best and I offer better prices. That's why we are called Ummie Mesra."

With two workers helping her to manage, she keeps her costs low. She doesn't have plans to venture into anything else. "This is the only thing I know how to do." In any case, she points out, businesses larger than hers are suffering, too.

She doesn't know what else to say about the pandemic any more. "The cases go up, then down, and up again. So many rules and lockdowns in the end, people like us are still suffering."

# OUR PEOPLE



## HUMAN CAPITAL

Our human capital is the Corporation’s strongest asset in driving our transformation and propelling our way forward. The role of Human Capital (HC) in fulfilling the aspiration of becoming a broader development institution is undergoing a unique transformation. The workforce needs continuous upskilling and enhancement of competencies to apply process digitalisation in CGC’s evolution.

We are actively reassessing the operating model of each division to ensure that every Head of Division puts their ideas into action and challenges existing ways of working. Thus, HC encourages changing processes to accelerate sprint-style delivery, embrace agility and digitalisation in addition to taking a ‘short-midterm’ approach to drive real change quickly.

HC has begun to firmly focus its efforts on three (3) areas with regard to embracing a more agile approach to organisational development. They are:



### Organisation Design

to shape the way the Corporation will be structured, aligned and run in future.



### Productivity and Performance

to provide a systemic and scientific view of how organisations really work and understand points of acceleration.



### Digitalisation of HC

to optimise effectiveness and efficiency of HC functions.

## Human Capital Transformation

We are mobilising our HC transformation programme by improving end-to-end processes and sustaining reward competitiveness. These include:

Continuous deployment of a full suite of integrated Employee and Manager Self-Service solutions via SAP Success Factor.	Enhanced Employee Experience via straight-through HC processes.	Automation of Workforce Reporting.	On-time hiring of required talent to support Corporation objectives.	Focus on policy and process improvements, documentation and compliance.
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## OUR PEOPLE

### ORGANISATIONAL LEARNING

Organisational Learning continued to keep the doors of learning open, even during the pandemic. It can never be emphasised enough that CGC employees are the Corporation's biggest asset. Hence, we are committed to helping our employees stay in tune with the changing times and be ready for the future.

With the Covid-19 pandemic, more organisations are investing in digital and remote learning programmes. CGC is also in this league, thriving in the 'new normal' learning and development landscape, prospering with a good mix of formal and informal learning approaches.

Since March 2020, social distancing rules, physical face-to-face-training SOPs, travel limitations and Working From Home (WFH) have caused a surge in the need for online trainings. Thus, 2020 saw growing numbers of digital programmes, from webinars and short courses to full-blown training programmes. Nonetheless, CGC still maintains some essential and Professional Certification programmes in classroom mode, when permitted, strictly adhering to SOPs and guidelines.

### Webinars and Short Courses

More than 70 series of webinars were organised Corporation-wide, encompassing various topics such as Self-Management, Wellness, Stress Management, Tips to WFH, Online Marketing, Presentation Skills, Career Growth, English Communication, Technology and Innovation, as well as Strategic Management. These synchronous online courses have enabled simultaneous and direct interaction between speakers and participants and effectively help employees acquire new knowledge and skills that can supplement or complement their main field of work instantly.



### Digital Readiness

To remain competitive and future-ready, transformational change needs to happen in technology and processes, and in people's mentality. Hence, the journey began with development and implementation of the Digital Readiness Structured Learning Pathway, followed by a Digital Readiness Assessment (DRA). Having conducted two (2) DRAs, CGC is on the right track to enhance digital awareness among its staff.

### Compliance e-Learning

Four (4) Regulatory and Compliance e-Learning courses were successfully launched and completed in 2020. The e-Learning contents include Personal Data Protection Act (PDPA), Anti Bribery and Corruption Awareness (ABC), Operational Risk Management (ORM) and IT Risk and Cybersecurity Awareness. CGC aspires to create higher awareness and understanding, as well as show organisational commitment in strengthening Corporate Governance.

### Leadership (Mandatory and Elective) e-Learning



CGC is proud to collaborate with two renowned e-Learning providers namely Video-Arts (UK) and Skilla (Italy). Demand for strong leadership skills in the new technology landscape has led CGC to launch the online Leadership Development Pathway on iTHiNK, our e-Learning platform, which incorporates the eight (8) CGC Core Competencies. A total of ten Mandatory Leadership e-Learning programmes were carefully chosen and

mapped to suit all positions and levels, with 43 e-Learning programmes set as elective. The programmes are well received by CGC employees.

### Professional Certification Programme for Designated Job Families

CGC has been a strong advocate of professional standards vis-à-vis applied practices, development of competencies and adherence to ethics.

The Professional Credit Certification Programme, which was launched in 2019, continues to form the solid foundation for employees in the Credit Job Family. In 2020, 50 employees across multiple divisions enrolled in the programme, with approximately 15% sat for the examination in the same year.

### Knowledge Spill-over

In building a learning organisation, knowledge sharing is essential in stimulating cultural change and innovation. More than 25 Knowledge Sharing sessions were organised by CGC employees for internal stakeholders across departments. This initiative has improved CGC's business processes, supported employee growth and development, improved organisational agility and, in turn, enhanced employee presentation skills and public speaking.

### Collaboration and Learning Partners

In 2020, Organisational Learning collaborated with Massachusetts Institute of Technology and the University of Cambridge to provide quality online programmes to CGC Senior Management.

CGC continues with its collaboration with Institute of Chartered Accountants in England and Wales (ICAEW), Association of Chartered Certified Accountants (ACCA), Chartered Institute of Management Accountants (CIMA), Malaysian Institute of Management (MIM), Asian Institute of Chartered Bankers (AICB), Asian Banking School (ABS) and Amanah Saham Bumiputera (ASB).

## OUR PEOPLE

## Staff Engagement



22 April 2020

**Body, Mind Connection**

The webinar presented inspirational stories and ideas on how to be productive employees in the pandemic while working from home. Jamuna Karmehen is the creator of P.O.W.E.R Pack Presentation workshop, which was designed to bring out the great presenter in each individual.



15 September 2020

**Cyber Security Day**

The risk and severity of cyber-attacks have grown significantly in recent years. With technology advancing at such a pace, these criminal acts are harder to defend against and to prevent. CGC held its Cyber Security Day to highlight the importance of cybersecurity, share common cybersecurity threats and highlight necessary measures to take to increase staff awareness, as well as to avoid security breaches. Alan Yau, Chief Technical Officer, and Azri Hafiz Abd Rahman, Head of CyberSecurity Monitoring Services from SysArmy, headed up the event.



14-22 October 2020

**Branding and Digital Marketing 4.0**

CGC branding and marketing has always been an important element in reflecting our customers' perceptions of our product offerings, image and reputation. Trainer Roberto Cumaraswamy, a marketing specialist with broad practical expertise in both traditional brand marketing and digital marketing strategies, customised the webinar for CGC. The programme focussed on guidance, strategy and best practices for implementing the most effective branding and digital marketing strategies.



*"When I found out that CGC helps entrepreneurs begin the journey of their businesses, I applied for a BizMula-i in 2020 to invest in raw material for R&D on new products."*

▶ In medical school, Dr Nurul A'in Sa'ari loved studying physiology and the anatomy of skin. She was keen to pursue a Master's in Dermatology but unable to do so while working in the public sector. So, she quit and decided to launch a skincare range in 2019. After six months, the Alluskin CEO enrolled on a part-time MBA to manage her business better. "I was not schooled in running a skincare business, but I did a lot of reading on how to start a skincare business."

Without being certified in dermatology, initially the medical doctor found it hard to gain trust. Nevertheless, she proved her mettle through in-depth knowledge of how skin works and her ability to choose the right ingredients. "Now our customers trust the product for its efficacy and can't wait for our next product launch."

"When I found out that CGC helps entrepreneurs begin the journey of their businesses, I applied for a BizMula-i in 2020 to invest in raw material for R&D on new products." This is the value Alluskin provides for customers, meeting their high expectations with unstinting research and development in products that deliver,

even if prices are slightly higher than the competition. "They really listened to us and informed us of all the benefits we could gain from the financing."

Each product release is based on surveys of customer wants. In early April 2021, when Alluskin Barrier Cream was launched, sales exceeded its 3-day target and the moisturiser sold out in 12 hours. Refined after feedback from 500 sample testers, the fluffy ceramide cream melts into gel upon application, repairing and healing at the same time. The brand concept is clean and simple: all Malaysian, very #sapatlokal, and mindful of modern-day concerns.

Pre-pandemic, business was blooming according to Dr A'in. But, with their factory shut down and packaging stuck in customs for months, the company could not meet escalating demand. Sales quadrupled during the MCO, emptying their warehouse. New customers looked elsewhere. Dr A'in is reassured that they are returning now.

# ECONOMIC PRACTICES



## imSME 2020 ACHIEVEMENTS

Malaysia's 1<sup>st</sup> SME Financing/Loan Referral Platform – was launched in February 2018. Now in its third 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)** 26

**P2P Partners** 10

**ECF Partners** 3

**Grant Provider Partner** 1

**Capacity Building Agencies** 3

**Other Financiers** 2

In 2020, imSME has been recognised as the **Best Digital Banking Solution** under the Islamic Finance Awards 2020 by **The Asset Triple A.**

**Total Visitors**  
2.07 million

**Total Registered MSMEs**  
37,990

**Total MSMEs Referred to Capacity Building Agencies**  
41

**Total Approvals**  
Applications  
3,640

**Value**  
RM369 million

Performance as of 31 March 2021



## ECONOMIC PRACTICES

### CGC Developmental Programme™

#### Market Access Initiatives

An integral component of the CGC Developmental Programme™, Market Access Initiatives help facilitate MSME business expansion into new markets and channels, both locally and internationally. In 2020, despite strict restrictions and with meetings and negotiations limited to online engagements, 55 MSMEs were assisted. Also, in keeping with the new norm, physical events were converted to online proceedings.

#### BRIEFINGS

Briefings with strategic partners were an introduction to potential onboarding platforms.

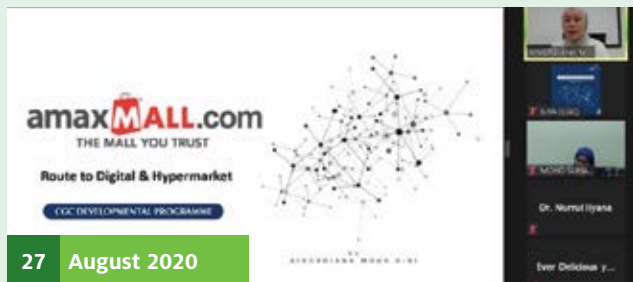
#### DOMESTIC



*Jom Digital Edisi Pelancongan (East Coast edition)* by Mohammad Elmy Lee, Business Development Executive, Exabytes.



*Jom Digital Sama-Sama Lokal* by Muhammad Mohedin, QRPay Team Lead, Maybank.



*Menembusi Pasaran Runcit* by Ainordiana Mohd Aini, Head of Business Development, amaxMALL.



*Jom Digital Edisi Pelancongan (Sabah and Sarawak edition)* by Faez Fadhillah, CEO, Tripfez; Mohammad Elmy Lee, Business Development Executive, Exabytes, and Imelda Shubari, Manager Alternative Delivery Channel, Bank Islam.



*Jom Digital Sama-Sama Lokal* by Muhammad Mohedin, QRPay Team Lead, Maybank.



*Mulakan Bisnes e-Dagang Anda Bersama Shopee* by Fazidin Zainal, Business Development Associate, Shopee Uni Trainer, Shopee.

## ECONOMIC PRACTICES

### International Market Access

The CGC Market Access Advisory team in 2020 had a favourable year of online activities and product placements in Singapore and Indonesia, with the pandemic limiting personal interaction. A total of 21 MSMEs were initiated into the CGC Developmental Programme™ under its four pillars:

- **Level 1:** REVIEW includes Pre-Market Access Briefing for international markets and Business Matching with buyers for product selection and validation
- **Level 2:** IMPROVE offers selected MSMEs an International Market Access Preparatory Course and On-boarding Training to equip them with the necessary knowledge and guidance, plus marketing plans
- **Level 3:** SCALE enables product placements on platforms and in markets, along with Digital Marketing Training to further enhance brand visibility and boost sales
- **Level 4:** EXCEL tracks MSMEs’ performance continuously over 24 months before they are awarded a Certificate of Completion under the CGC Developmental Programme™

In 2020 CGC partnered with appointed anchor amaxMALL in Singapore, featuring 10 MSME products in their retail outlet Hao Mart. Meanwhile, in Indonesia 11 of CGC’s MSMEs are on blibli.com with our anchor partner Global Shoppers Malaysia (GSM).

A few of the International Market Access success stories feature in our MSME testimonials here. At CGC we are as passionate about our MSMEs’ international growth, as we are proud of their stellar achievements.

**INTERNATIONAL**
➤

**21 July 2020**

Briefing for International Market Access – Singapore by Ainordiana Mohd Aini, Head of Business Development, amaxMALL.

**3 September 2020**

Briefing for International Market Access – Indonesia (Group 2) by Alan Toh, Co-founder & Executive Director, Global Shoppers Malaysia (GSM).

**23 September 2020**

China Construction Bank (CCB) Match Plus Virtual in collaboration with MATRADE by Alan Chang, China Construction Bank & MATRADE.

**25 September 2020**

Leveraging Social Media by Yienyee Soh, Chief Operating Officer, Avana.

## ECONOMIC PRACTICES

### BUSINESS MATCHING SESSION

Selectively organised events between MSMEs and buyers enable both parties to select products and partners.



22-30 July 2020

Singapore Market Access hosted by Airnordiana Mohd Aini, Head of Business Development.



10-25 September 2020

Indonesia Market Access hosted by Alan Toh, co-founder & Executive Director, Global Shoppers Malaysia.

### INTERNATIONAL PREPARATORY COURSE

Prior to entering new markets, MSMEs are equipped with necessary knowledge by industry experts.

#### Singapore Market Access



28 September 2020

Singapore Market Insights: Intellectual Property for Export Market by Zuaziezie Zulkefli, Director of Southern Regional Office, MATRADE, and Ryzul Osman, IP Officer, Intellectual Property for Export Market (MyIPO).



30 September 2020

Halal Best Practice for F&B Industries and Payment Risk in International Trade by Romzi Sulaiman, Senior Manager International Corp, Halal Development Corporation (HDC), and Alan Tang, Director of Trade Product Management, Standard Chartered Saddiq.



13 October 2020

Indonesia Market Insights: Intellectual Property for Export Market by Har Man, Indonesia Trade Commissioner, MATRADE, and Ryzul Osman, IP Officer, Intellectual Property for Export Market (MyIPO).



14 October 2020

Trade Presentation – Exporters’ View and National eCommerce Agenda by Wendy Ang, Country Head of Transaction, Standard Chartered Bank, and Irma Izaidi Idrus, Manager of Seller Adoption & Development, MDEC.

## ECONOMIC PRACTICES

### MENTORING WORKSHOPS

As part of Market Access Advisory, Mentoring Workshops are knowledge-sharing sessions by industry experts on latest trends and information for the benefit of MSMEs. The webinars conducted in 2020 assisted MSMEs by keeping them abreast of new strategies and effective ways to do business.

- Go Digital Talk: on digitalisation such as e-commerce, onboarding and digital marketing.
- Gaining Market Access Talk: on importing and exporting, and product certification such as Halal certification, trademark and market penetration.
- IR 4.0 Talk: on Industrial Revolution 4.0 such as automation in MSME processes, smart manufacturing, and government digital initiatives such as Industry4WRD and digital solutions.

### GO DIGITAL TALK WEBINAR



19 May 2020

Digital Transformation for Your Business: How to Apply for a Grant presented by Mohd Sofian Zubir, BSN, and Muhundhan Kamarapullai, MDEC.



9-11 June 2020

Over three days, the Let's Go Online sessions included Sama-Sama Lokal and QRPay for Business, Razalli Jurjani, Maybank MBB; Transform Traditional Business to Digital by Vickson Tan, Exabyte Network, and Accelerate your Exports (eTRADE), Adhwa Azmi, MATRADE.



23 July 2020

New Norm: Time to Put Your Store Online by Melissa Poh, EasyStore, and Khalid Johan, SushiVid.



24 September 2020

Grow Your Business Online and Follow Today's Trend by Lau Mun Yee, Carousell, and Mark Javed, Redpanda Network.

ECONOMIC PRACTICES

GAINING MARKET ACCESS TALK WEBINAR



9 July 2020

New Norm: How to Expand Your Market? by Raja Badrulnizam Raja Kamalzaman, MATRADE; Alia Alsagoff, Dropee, and Nazrin Saadon (MBR-BM).



6 August 2020

Innovative Product Packaging and Wholesale Groceries for Your Business! by Tham Keng Yew, SupplyBunny.Com, and Abdul Razak Jahury, SIRIM Berhad.



10 September 2020

Peroleh Sijil Halal dan Cap Dagangan untuk Produk Anda Sekarang! by Romzi Sulaiman, HDC, and Syahzal Ezhan Manja, MyIPO.



8 October 2020

Patuhi Akta Persaingan Untuk Perniagaan Anda dan Ketahui Langkah Memperolehi Sijil MeSTI! by Fiona Zila, Jabatan Kesihatan Negeri Selangor (JKNS), and Iskandar Ismail, MyCC.

ECONOMIC PRACTICES

IR 4.0 TALK



16 January 2020

Introduction and Preparation for Malaysian MSMEs towards IR4.0 by Dr Shahrul Azmi Yusoff, SIRIM Berhad; Azrai Shuib, Technology Park Malaysia, and Shah Mohammad Ali, Privasia.



23-25 June 2020

Embrace Change, Invent the Future. Topics explored were: Logistics Automation, Supply Chain for Business Continuity and Embracing IR.4.0 for MSMEs by Najwa Nazriri, EasyParcel; Shah Mohammad Ali, Privasia, and Sivasuriyamorthy Sundara Raja, MITI.



25 August 2020

Moving Industry4WRD and Improve Efficiency for Your HR Processes by Joshua Tan, MITI, and Effon Khoo, Kakitangan.com



22 October 2020

Boost Efficiency with Digital Solutions and Let's Go Cashless for Your Business Now! by David Yong, Maxis Business, and Kaylie Tan, iPay88.



*"The TPUB-i facility helped with the capital I needed to ensure that I am able to meet all my clients equipment and specs requirements."*

▶ In 2013 Alim Majid opted for the Voluntary Separation Scheme (VSS) offered by the manufacturing factory he worked for and decided to start his own business. Without any previous understanding of contracting services, he thought his background and experience would make his idea work.

In the early days, Alim found his work cabin parked next to his house cramped and uncomfortable. So, a year later he turned to CGC for the first time. "I was able to set up my management office and service workshop with my BizMula-i financing."

Eight years later AM Tech Resources now specialises mostly in the maintenance and service of electrical and mechanical parts in water plants' irrigation and drainage areas. The company's services include troubleshooting and repairing, as well as project management and consulting. Among its clients are Odit Enterprise, Agensi Nuklear Bangi Malaysia and Jabatan Parit dan Saliran Negeri Melaka.

In 2020 when the global health crisis hit, his business slowed down a little. "Our work is mostly in servicing and maintenance, and these services need to continue even in a pandemic. So, we were not so badly affected." Alim increased his manpower and strictly followed all health SOPs for safety.

Since collecting payments and cash flow was clearly an issue last year, Alim applied for the TPUB-i scheme. The recently updated scheme is specifically created for 100 percent-owned Bumiputera contractors to finance government-awarded projects. As part of the BNM fund, the scheme helped AM Tech Resources invest in equipment to be delivered and installed at Syarikat Air Melaka Berhad. "The TPUB-i facility helped with the capital I needed to ensure that I am able to meet all my clients equipment and specs requirements."

In the future, Alim hopes that CGC, like banks, could extend an overdraft facility to help small businesses with capital.

## CORPORATE PARTNERSHIP

Realising that strategic partnerships and collaboration are fundamental to improving business outcomes, CGC combines forces with other corporations to expand opportunities for MSMEs. In harnessing strengths, extending reach and building trust, businesses are able to jointly broaden their relevance and increase access to target audiences.



### Syarikat Perumahan Negara Berhad

CGC and Syarikat Perumahan Negara Berhad (SPNB) via TPUB-i scheme collaborated to avail financing facilities to Bumiputera vendors for Project Rumah Mampu Milik in five states. Puan Siti Hajar Salleh, Senior Manager SPNB was at the event with CGC's Mohamed Azman Mohamed Taufik, Senior Vice President, Bumiputera Developments & Products.



### CIDB Wilayah Persekutuan Kuala Lumpur

CGC cooperated with CIDB Wilayah Persekutuan Kuala Lumpur to facilitate financing provisions as well as workshops on CGC's Business Financing and Developmental Program for the CIDB-registered contractors. To formalise the alliance CGC visited Zainora Zainal, Director of CIDB Wilayah Persekutuan Kuala Lumpur.



### Majlis OKU Kebangsaan

CGC's partnership with Majlis OKU Kebangsaan, led by Dr Ruziah Ghazali, Member of Majlis OKU Kebangsaan, was to explore financial facilitations as well as to establish developmental programmes for OKU MSMEs. Mohamed Azman Mohamed Taufik, Senior Vice President, Bumiputera Developments & Products, represented CGC.



## CORPORATE PARTNERSHIP

## Branch Events

## Kuantan



21 January 2020

**Taklimat Usahawan**

At the Kuantan Branch office, a Taklimat Usahawan or Entrepreneur Briefing Session was organised for the members of Majlis Belia Negeri Pahang.

## Kuching



30 January 2020

**MyKNP Briefing**

CGC Kuching was invited by BNM to brief and share MyKNP information with FIs. Around 30 participants, consisting of FI personnel attended the event at the BNM's Kuching office.

## Alor Setar



6 February 2020

**2020 CNY Open House**

To welcome Chinese New Year, CGC Alor Setar Branch organised a 2020 CNY Open House for their customers, FIs, trade associations and other affiliates at the Grand Alora Hotel.

## Kota Kinabalu



17 February 2020

**Persatuan Usahawan Maju Malaysia (PUMM)**

PUMM Sabah invited a representative from CGC Kota Kinabalu Branch for a session with their members at the G&A Building.

CORPORATE PARTNERSHIP

Branch Events ➤

Johor Bahru



17 February 2020

**Women Entrepreneurs**  
 Women entrepreneurs of the Johor Empowerment of Intellectual Women Association (JEIWA) gathered at Jeiwa Power House for a rundown on CGC products and services.

Ipoh



20 February 2020

**Bandar Baru Lojing Sdn Bhd**  
 At the launch of a new development project in Pusat Perdagangan Corina, Kg Raja, Cameron Highlands, the developer invited CGC to present at the event attended by businessmen.

Miri



1-2 July 2020

**CGC Chit Chat**  
 Flowtech Asia Pacific, based in Sarawak and specialising in oil rigs and platform spray painting, invited CGC Miri to conduct an orientation session with their peers. The session also included a demonstration of Flowtech Asia Pacific's new products.

Batu Pahat



23 July 2020

**Biz Talk on Perbadanan Usahawan Johor (PUJB) Facebook Live**  
 The Batu Pahat Branch Manager was invited by Perbadanan Usahawan Johor (PUJB) to speak about CGC on PUJB's Facebook Live.

Kota Kinabalu, Sandakan, Kuching & Miri



28 July 2020

**East Malaysia CGC Branches Engagement with MSMEs**  
 CGC Kota Kinabalu, Sandakan, Kuching and Miri Branches jointly organised an engaging briefing session to potential customers via Zoom.

Prai



28 July 2020

**Taklimat Usahawan**  
 CGC Prai organised an Entrepreneur Briefing Session for 11 members of Dewan Perniagaan Melayu Malaysia Pulau Pinang (DPMMP) members at the CGC branch meeting room, with adherence to strict Covid-19 SOPs.

## CORPORATE PARTNERSHIP

### Branch Events

#### Kuala Lumpur



15 August 2020

#### Program Rakan Mikro 2020

The event was organised by the Malaysian Associated Indian Chamber of Commerce & Industry with participation from 1,000 members. A CGC representative was invited as a speaker and CGC was allocated with an Information Counter.

#### Kuala Terengganu



15-16 August 2020

#### Repayment Assistance Campaign

CGC Kuala Terengganu Branch participated in the Repayment Assistance Campaign (RAC) which was organised by BNM to assist MSMEs in Terengganu who were severely impacted by Covid-19.

#### Kota Bharu



3 & 5 November 2020

#### Collaboration with Persatuan Penjaja Kecil Bumiputera Pasar Siti Khadijah

CGC Kota Bharu Branch collaborated with Persatuan Penjaja Kecil Bumiputera Pasar Siti Khadijah to promote CGC's products and services.

#### Prai



7, 9, 15, 16 & 23 December 2020

#### Pocket Talk BizMikro-i

A BizMikro-i Pocket Talk was organised over five days for the Persatuan Peniaga Pasar Awam Seberang Perai, attended by 100 members of the entrepreneurs association. They were briefed on CGC products and services in a series of pocket talks.

# BRAND INSIGHTS | COMMERCIAL KITCHENS

Subang Jaya, Selangor

TEE GUAT HONG



*"CGC's decisions and responses were fast enough to help me decide on my next steps with BizWanita-i."*

Government initiatives such as relief funds and fast loan approvals from financial institutions offer small businesses much needed respite, especially to rethink their businesses and manage cash flow. This breathing space, says Brand Insights founder Tee Guat Hong, is welcomed: "Assuming that the pandemic will end soon, we don't want to be overly stressed. Instead, we can plan what we need to do."

As a startup, Brand Insights has been in business for less than three years. Before the pandemic, notes Tee, her business had exceeded her expectations. With a background in home kitchen appliances, she took the opportunity to move into the commercial kitchen industry, providing customised kitchen build-and-design for restaurants, cafes and hotels.

As soon as the country went into lockdown, however, projects were called off and enquiries ceased. Yet the crisis presented Tee with time to step back and think about how to expand and diversify.

To future-proof against upcoming financial emergencies, in April 2020 she applied for the SRF from Public Bank. She chanced upon promotional material on imSME. "CGC's decisions and responses

were fast enough to help me decide on my next steps with BizWanita-i."

Upon receiving the funding, Tee moved out of co-working space and into a shophouse. The company needed its own space, as they were office-bound and the rent was lower. She was also able to convert some extra space into a takeaway cafe. Over the Chinese New Year festivities, the cafe's cakes proved very popular as gifts, supplementing their income as well as keeping staff gainfully employed.

A year after the pandemic, kitchen build enquiries have increased. Once she catches up with this side of the business, Tee hopes to employ a full-time staff member to take charge of the cafe and expand it further.

"We are our own competitors," she asserts. "We judge how a customer feels, whether they are satisfied, by the number of complaints we receive." After many kitchen deliveries, Tee's team are yet to be inundated with complaints.

# SHENG FA ENTERPRISE | BIRD'S NEST SUPPLIER

Gemencheh, Negeri Sembilan

CHAN CHEE CHONG



*"CGC staff also contacted me regarding my payment plan, helpfully asking if I needed to extend my term to lower my monthly instalments."*

As a telecommunications engineer, Chan Chee Chong worked in Thailand, Australia and China before returning home almost a decade ago. In 2013, when the bird's nest business was generating a lot of interest, Chan spent four months learning about the industry from one of his classmates who was in the business.

Eight years later, Chan has his own bird houses, harvests the nests, and manually sorts and removes impurities before processing the nests. He exports 95% of his products to Hong Kong, Macau and Taiwan. His sales in China, the largest market for bird's nest, are currently redirected through Hong Kong.

With the first lockdown, Chan had to cease operations. For almost three months he paid salaries, even when his employees could not work. Through iMSME he obtained Public Bank's BizJamin SRF to overcome the challenge. He found the iMSME portal very convenient and user-friendly, together with its quick responses and approvals from bank representatives. "CGC staff also contacted me regarding my payment plan, helpfully asking if I needed to extend my term to lower my monthly instalments."

With the bird's nest market so huge in China, demand is very high. Says Chan, who consumes bird's nest himself two to three times a week, "Indonesia and Malaysia are the main global suppliers for only maybe two to three percent of Chinese consumers."

The key to his success lies in the bird's nest quality. "If your customer believes in your product, they will keep returning."

From four staff in the beginning, the number has grown to 25. With the availability of vaccines, Chan expects Covid-19 to dissipate soon. He plans to upgrade his factory in order to qualify for the stringent Certification and Accreditation Administration of the People's Republic of China (CNCA) to export directly to China.

He is convinced that the worst time for his business is over.

# COMMUNITY & STAKEHOLDER ENGAGEMENT

## MEDIA

Despite the adverse impact of Covid-19, CGC garnered coverage of more than 700 news items via television, radio channels, newspapers and online publications. These mainly highlighted CGC's response to MSMEs during the Covid-19 pandemic and reiterated the availability of CGC's varied products and services.

Widely reported events included CGC's participation in BNM's RM2.0 billion Special Relief Facility (SRF) for Small and Medium Enterprises (SMEs) as part of the Government's 2020 Economic Stimulus Package. Another item of note is CGC's RM500,000 contribution to the nation's Covid-19 fund, supporting the Government in its effort to assist Malaysians affected by the outbreak.

CGC also engaged with the top management of established media institutions, collaborating on branding initiatives for MSMEs. These included a one-year contract with BERNAMA. CGC's 'Realise Your Potential' social media campaign and the sharing of over 20 CGC customer testimonials accumulated great reach and response among MSMEs. CGC's brand presence was strengthened further through corporate sponsorship with The Star Outstanding Business Award (SOBA).

Also, the CGC 2019 Annual Report was awarded Silver for Non-listed Organisation (NACRA) and Bronze for Best Design by the Australasian Reporting Awards, Australia (2018 Annual Report). In total, the increase in CGC brand awareness among Malaysian MSMEs rose from 75% in 2019 to 84% in 2020.

## Media Engagements

### 29 MARCH 2020

#### Sin Chew Jit Poh

Teoh Kok Lin, CGC Board Member, appeared on Pocket Time by Sin Chew Jit Poh, speaking about the many CGC initiatives offered to MSMEs during the pandemic, especially the Special Relief Facility (SRF).



### 1 APRIL 2020

#### Melody

Teoh Kok Lin, CGC Board Member, appeared on MELODY's live stream to inform the public about SRF, under the Government's Economic Stimulus Package.



### 2 APRIL 2020

#### Vanakkam Malaysia

'Bank Loan Deferment: How it Works', a topic of interest for many MSMEs during the Covid-19 pandemic, was presented by K. Perbagaran, CGC Chief Risk Officer.



### 16 APRIL 2020

#### RTM

In an in-depth discussion, Datuk Mohd Zamree Mohd Ishak, CGC President/CEO, spoke about CGC and its role in Malaysia's Economic Stimulus Package.



## COMMUNITY & STAKEHOLDER ENGAGEMENT

**27 APRIL 2020**

### SOBA 2020 Webinar

In this webinar Leong Weng Choong, CGC Chief Business Officer examined the relief options for MSMEs to overcome the challenging business conditions during MCO. Among the points covered were SRF, subsidy programmes and customising financial deferment options.



**27 APRIL 2020**

### Endeavour Webinar Series

On Endeavour's Webinar Series, Leong Weng Choong, CGC Business Chief Officer, presented Financing Options Available for MSMEs, addressing critical MSME concerns during the MCO.



**17 JULY 2020**

### Astro

Rahim Raduan, CGC Chief Corporate Officer, and his team met ASTRO's Zaiful Ariffin, Senior AVP, Editorial Services, and Cherish Leow, AVP, Editorial Services to discuss collaborations and build relationships.

**22 JULY 2020**

### The Star Media Group

The Star Media Group led by Lydia Wang, Chief Business Officer, and B.K. Sidhu, Senior Business Editor, visited the CGC team led by Rahim Raduan, Chief Corporate Officer, and Mohana Arumugam, Vice President, Corporate Communications, at Bangunan CGC to discuss potential collaboration.



**12 AUGUST 2020**

### Nanyang Siang Pau

Rahim Raduan, Chief Corporate Officer, and Leong Weng Choong, Chief Business Officer, of CGC, met Leow Hoong Hui, Nanyang Siang Pau Editor-in-Chief and CEO, Eric Foo and Rachel Lee to foster stronger partnership.



COMMUNITY & STAKEHOLDER ENGAGEMENT

28 SEPTEMBER 2020

CGC 25<sup>th</sup> FI & SME Awards Press Conference

At CGC’s 25<sup>th</sup> FI & SME Awards at Royale Chulan, graced by YB Senator Tengku Dato’ Sri Zafrul Tengku Abdul Aziz, Minister of Finance, Datuk Mohd Zamree Mohd Ishak, President/Chief Executive Officer; Rahim Raduan, Chief Corporate Officer, and Leong Weng Choong, Chief Business Officer, participated in a press conference.



4 NOVEMBER 2020

NAMMA SME Series, Astro Awani

K. Perbagaran appeared on Astro Awani’s NAMMA SME Series to share information on securing financing/loans for MSMEs in the session, ‘Cash Up! Financing Your Big Ideas’.





## COMMUNITY & STAKEHOLDER ENGAGEMENT

### COLLABORATION WITH INDUSTRY PARTNERS

Acutely aware that collaboration is an influential business tool, CGC cooperates with industry partners in events that support and recognise MSMEs' contributions that spur Malaysian economic growth. When we work together with industry partners to overcome challenges and achieve goals, our combined efforts and expertise ensure innovation and growth. Moreover, merged access to resources, including scale and expertise, mean complementary businesses engage with stakeholders to create and spread awareness and information about available brands and products.

#### 8 JANUARY 2020

##### 2019 SOBA Dinner

CGC sponsored, for the sixth time, the 10<sup>th</sup> edition of the SOBA Awards. These awards continue to recognise the important contribution of local businesses towards the national economy

and nation-building. More than 950 guests from various companies and organisations gathered to witness the event with special guest, Datuk Abdul Majid Ahmad Khan, Malaysian Investment Development Authority (MIDA) Chairman.



#### 26 JUNE 2020

##### ADB Webinar

Rahim Raduan, CGC Chief Corporate Officer, presented Malaysia's Case on SME Credit Guarantee at the webinar hosted by Asian Development Bank. Among the points raised in the webinar were

a general understanding of the different credit guarantee schemes, and government institutions, regulations and success factors related to the efficient establishment and operation of such schemes.



#### 26 JUNE 2020

##### SOBA 2020 Digital Launch

SOBA 2020, co-sponsored by CGC, was launched virtually with a new online submission feature and several additions to the line-up of prestigious business awards. Among them, two new categories – Best in Customer Service and Best in Retail – were included to better

reflect the diversity of Malaysian MSMEs. SOBA 2020 also introduced a free capacity-building webinar series, SOBA Learn Aspire Build (LAB).



## COMMUNITY &amp; STAKEHOLDER ENGAGEMENT

## CORPORATE RESPONSIBILITY (CR) PROGRAMMES

In the time of Covid-19, strict SOPs and social distancing, CGC ensured that meaningful relationships and commitments were maintained with its many Corporate Responsibility programmes.

The pandemic has not only disrupted the socio-economic circumstances of the whole world, but particularly impacted the underprivileged sector. In supporting, and extending help to communities that are especially battered, in a continuous effort to give back to a struggling society CGC Board members, management and staff reached out by actively participating in the planned activities.

## 18 JANUARY 2020

**Gong Xi Fa Cai with children from Ti-Ratana Home**

CGC celebrated Chinese New Year with over 80 residents of Persatuan Kebajikan Ti-Ratana at the The Discovery Centre, Petrosains. Daniel K. K. Tan, Committee Member of Ti-Ratana, Datuk Mohd Zamree Mohd Ishak, President/Chief Executive Officer, and Wai Ko-Chi, Senior Vice President, Information Technology, were present.



## 15 APRIL 2020

**Contribution to Covid-19 Fund**

CGC contributed to the National Disaster Management Agency Covid-19 fund, supporting the Government's effort in assisting Malaysians affected by the outbreak. Dato' Agil Natt, former Chairman and Datuk Mohd Zamree Mohd Ishak, President/CEO presented a contribution to Dato' Ismail Sabri Yaakob, Senior Defence Minister.



## 30 APRIL 2020

**Contribution to Yayasan Kebajikan Negara Covid-19 Fund**

Rahim Raduan, CGC Chief Corporate Officer presented a donation to Yayasan Kebajikan Negara Covid-19 fund in support of YKN's striving to assist the B40 group, who were adversely affected during the Covid-19 pandemic. YB Datuk Seri Rina Binti Mohd Harun, Minister of Women, Family and Community Development, was in attendance.



## 16 SEPTEMBER 2020

**Program Jasamu Dikenang**

CGC participated in the Program Jasamu Dikenang & Kesejahteraan Kewangan KWSP to promote financial awareness among residents and community of Persatuan Penduduk Perumahan Awam Sri Sabah 3A. Mohamed Azman Mohamed Taufik, CGC Senior Vice President, Bumiputera Developments & Products, presented a cheque to YB Dato' Hj Kamaruddin Jaafar, Deputy Minister of Foreign Affairs.



## COMMUNITY & STAKEHOLDER ENGAGEMENT

### 24-25 SEPTEMBER 2020

#### Blood Donation Drive

This is the sixth consecutive year that CGC has collaborated with Pusat Darah Negara (PDN) to organise a blood donation drive at Bangunan CGC. The CR activity was a response to the Health Ministry's call for the public to continue donating blood, ensuring sufficient blood supply, especially now as the nation manages the Covid-19 pandemic. A total of 74 CGC staff qualified to donate their blood. On hand were CGC senior management team members comprising Datuk Mohd Zamree Mohd Ishak, President/Chief Executive Officer; Rahim Raduan, Chief Corporate Officer; Shazmeer Mokhtar, Chief Financial Officer; Wai Ko-Chi, Senior Vice President, Information Technology and Mohamed Azman Mohamed Taufik, Senior Vice President, Bumiputera Developments & Products.



### 18 DECEMBER 2020

#### Contribution to Tun Hussein Onn National Eye Hospital (THONEH)

CGC presented a contribution to THONEH in support of its Remove Cloudy Vision Project. The project provides eye screening and remedial treatment for senior citizens, especially for those in the B40 group suffering from deteriorating eyesight due to cataracts. T Jayakrishna, the Foundation Head; Normazila Mahalud-din, Head of Operations, and Amritpal Kaur, Head of Human Resources, received the aid from Rahim Raduan, Chief Corporate Officer.



### 18 DECEMBER 2020

#### Contribution to Pertubuhan Tindakan Wanita Islam (PERTIWI)

CGC contributed to PERTIWI's Food Distribution Programme to support people without basic necessities. During the Covid-19 pandemic, the number of unemployed or those with health issues lacking necessities such as food increased, especially in the Klang Valley. PERTIWI has now increased its food distribution to about 1,000 meals each session. Elinor binti Dato' Kamalul Azmi, PERTIWI Honorary Treasurer, and Laili binti Ismail, PERTIWI Exco Member, received the contribution from Rahim Raduan, Chief Corporate Officer.



### 22 DECEMBER 2020

#### Christmas CR (Contribution to Agathians Shelter)

CGC contributed to Agathians Shelter to refurbish their home in conjunction with Christmas. The contribution was to help provide a safe and comfortable environment for the children to live and receive education.



### 23 DECEMBER 2020

#### Back To School with SK Bukit Tampoi

CGC contributed to SK Bukit Tampoi (Asli), Dengkil, Selangor, in conjunction with our Back To School CR. The contribution was used to purchase a digital smartboard for the school and for the school's Persatuan Ibu Bapa dan Guru (PIBG) fund. The smartboard is meant to cultivate interest in science and technology among the underserved and underprivileged members of the Orang Asli community.



## COMMUNITY & STAKEHOLDER ENGAGEMENT

### STUDY VISITS

In sharing knowledge and learning from experience, CGC continues to nurture a community learning culture in which to collaborate on building collective knowledge. In finding new ways of doing things, study visits nurture a financially inclusive platform that builds community through knowledge.

#### 13 JANUARY 2020

##### Saudi Arabia

CGC hosted delegates from Kafalah and Monshaat, led by Chief Financial Officer Abdulwahhab Al Dahlawi and Chief Information Officer Abdullah Saleh Dabil. Delegates examined the practical application of MSME banking theories, along with financing policy experiences and procedures. Various MSME credit scoring and risk management techniques were also under discussion.



#### 27 FEBRUARY 2020

##### Pakistan

CGC hosted delegates from Pakistan Credit Guarantee Company (PCGC), State Bank of Pakistan (SBP) and Government of Pakistan Ministry of Finance (MoF). Datuk Mohd Zamree Mohd Ishak, President/Chief Executive Officer and Abdul Rahim Raduan, Chief Corporate Officer, welcomed the engaging dialogue with Suhbat Ali Talpur, Deputy Secretary, MoF; Dr Muhammad Saleem, CEO, Pakistan Credit Guarantee Company, and Akhtiar Ahmed, Senior Joint Director, State Bank of Pakistan.



## COMMUNITY & STAKEHOLDER ENGAGEMENT

### CORPORATE ENGAGEMENT

To build long-lasting, constructive complementary relationships, CGC's key corporate events with stakeholders and business partners boost mutual understanding and collaboration opportunities to stimulate Malaysian MSMEs' growth. In a broader, more inclusive and continuous process, these events play a significant role in connecting entrepreneurs to ideas, dialogue and prospects. Communicating our customers' needs shows that they are supported in achieving their goals through interaction to build their capabilities, along with promoting trust and mutual respect in facilitating collective action. In addition, CGC extends its brand awareness, while its products remain relevant to survival in challenging business environments.

#### 2 FEBRUARY 2020

##### Engagement with Pejabat Setiausaha Kerajaan Negeri Perlis

CGC Bumi Team paid a courtesy visit to YB Setiausaha Kerajaan Perlis, YB Azman Yusof, in Kangar, Perlis. The team was led by the Chairman of Bumi Board, YB Dato Syed Moheeb Syed Kamarulzaman, a Perlis native, joined by Norella Shaik Haroon, Alor Setar Branch Manager.



#### 20 FEBRUARY 2020

##### CEO Engagement with Air Selangor

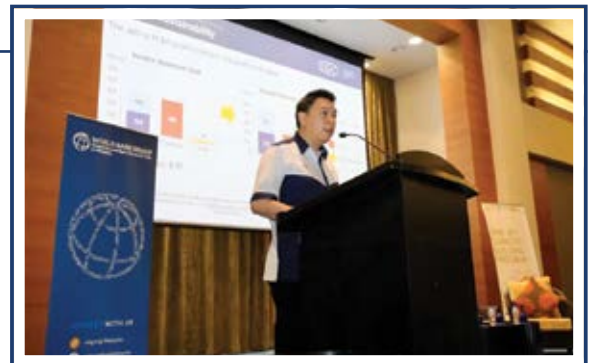
CGC was given the opportunity to participate in Air Selangor's event with a booth and a talk about our products and services. Suhaimi Kamaralzaman, Air Selangor CEO was present at the event.



#### 24-27 FEBRUARY 2020

##### Building Sustainable SMEs Finance Ecosystem in a Digital Age

CGC participated in the peer learning seminar hosted by BNM, World Bank Group and the Alliance for Financial Inclusion (AFI). The seminar was a platform for regulators and practitioners to share best practices and key lessons learned. It strived to formulate comprehensive proposals on major building blocks for a sustainable credit guarantee scheme for MSMEs, highlighting an action plan for implementation.



#### 11 MARCH 2020

##### Collaboration with TERAJU

Dato' Haji Syed Moheeb Syed Kamarulzaman, Board Director and Chairman of Board Bumiputera Development Committee (BBDC), led the CGC team on a visit to the recently appointed TERAJU CEO, Tuan Md Silmi Abd Rahman to discuss collaboration between CGC and TERAJU in order to strengthen the Bumiputera Agenda.

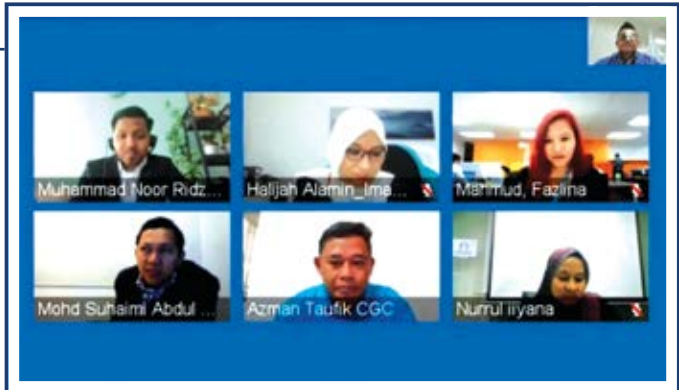


## COMMUNITY &amp; STAKEHOLDER ENGAGEMENT

## 18 MAY 2020

**TPUB-i Handholding Programme via Bluejeans Platform**

Bumiputera Private Sector (BPS) conducted a Live Webinar, TPUB-i Handholding Programme via Bluejeans Platform, in the first session arranged by SAM for Standard Chartered Bank's Education 4 Entrepreneurs module. Nineteen companies, CGC's existing TPUB-i borrowing customers, participated in the event. Enabling them with skillsets and exposure from FIs to develop the companies' creditworthiness provides opportunities for these companies to gain future access to financing.



## 23 JUNE 2020

**Shopee Training Event**

Bumiputera Private Sector (BPS) was invited as a speaker for this training event with Shopee University, attended by 86 online sellers who were provided with exposure to financial management.



## 22 JULY 2020

**Discussion with Jabatan Pembangunan OKU (JPOKU)**

CGC had a dialogue with Pathmanathan R. Nalasamy, Senior Assistant Director of Jabatan Pembangunan OKU (JPOKU), to discuss JPOKU's 2-Year Exit Plan (2YEP) and to offer financing assistance and developmental support for 2YEP graduates.



## 27 AUGUST 2020

**Engaging with Solar Gas Dealers**

CGC was invited to present its products and services to 28 solar gas dealers within Central and Eastern Regions. The event secured 12 referrals to our Main Branch, of which 3 applications were approved.



## COMMUNITY & STAKEHOLDER ENGAGEMENT

### 3 SEPTEMBER 2020

#### CGC OKU Developmental Programme

GGD organised an OKU developmental programme, CGC OKU Entrepreneur Program 2020 (COP2020), to provide a hand-holding initiative to train 42 OKU MSMEs. Being equipped with better management and financial skills will enable them to apply for financing to grow their businesses.



### 28 SEPTEMBER 2020

#### Panellist in Business Plan Programme

Bumiputera Private Sector (BPS) was a panellist on the SME Corp Business Plan Program, a collaboration with outsourced trainers. The Program's module involved training selected entrepreneurs in various aspects of business planning. In our session, we spoke to the entrepreneurs about access to financing and CGC's available developmental support. All 14 entrepreneurs had to present their business plans and received feedback from CGC and their respective mentors.



### 29-30 SEPTEMBER 2020

#### World Development Finance Forum

CGC attended the first World Development Finance Forum organised by the European Organisation for Sustainable Development (E OSD). The Forum aimed to set the foundation to mobilise funds for post-Covid-19 economic revival and close the Sustainable Development Goals (SDGs) financing gap. Datuk Mohd Zamree Mohd Ishak, President/Chief Executive Officer; Rahim Raduan, Chief Corporate Officer, and Yushida Husin, Chief Technology and Operations Officer, attended the event.



### 19-23 OCTOBER 2020

#### International Greentech & Eco Products Exhibition & Conference Malaysia (IGEM) 2020

Held as a virtual event, IGEM is the ideal platform for solution providers and green energy companies to tap into the quickly expanding ASEAN market. It showcased the latest innovations to policy-makers, government organisations, investors and the mass market. Organised by Kementerian Alam Sekitar dan Air (KASA) and co-organiser Malaysian Green Technology and Climate Change Centre (MGTCCC), Malaysian Prime Minister YAB Tan Sri Dato' Haji Muhyiddin Haji Mohd Yassin officiated at the Exhibition & Conference.



# TUSIDHI'S SPICE MARKETING | FOOD

Pulau Pinang

## THOYAVEN ARUNASALAM



*"The Prai Branch Manager assured me that if I was prompt with my BizMula-i payment for six months, they'd be able to recommend me for additional funds. I really appreciate the intention to help me."*

Thooyaven Arunasalam's father worked in Alagappas, the spice giant, for 10 years before deciding to set up on his own in 1982. Ever since he left school, Thooyaven worked with his father, progressing through several set-ups. When his father retired, Thooyaven and his brother took over. Four years ago, they established Tusidhi's Spice Marketing with two brands, Arun and Tusidhi's. Of the products, Arun Premium is for export while Arun and Tusidhi's target local, industry and restaurant markets. They have four factories in Penang, 70 employees and branch offices in Ipoh, Johor Bharu and Kuala Lumpur.

In 2019 they needed funds to expand, but could not meet any banks' criteria. They turned to CGC and applied for the maximum limit on BizMula-i. They were rejected initially because of previous payment issues due to a financial crisis when their father was a CGC customer in 2012. "The Prai Branch Manager assured me that if I was prompt with my BizMula-i payment for six months, they'd be able to recommend me for additional funds. I really appreciate the intention to help me." He received his BizBina-i funding in 2020, under moratorium until March 2021.

With the first financing, they focused spending on 25-gram packaging in response to household preferences expressed in a market survey. To be competitive in pricing, they used the second funding instalment to buy raw ingredients with cash, saving 10-12% on costs. Thooyaven asserts they never compromise on quality and, as relative newcomers in the industry, he keeps his pricing RM1 lower to compete with the two giant brands that dominate the market.

Today Tusidhi's already exports to Australia, Sri Lanka, Canada, the US and Europe, and are in talks to confirm their presence in the Giant Group and Mydin Hypermarket.

The initial months of the pandemic were a little fraught, Thooyaven admits, as people spent less and restaurants – who make up 60% of their business – shut. That's when they pivoted to targeting the household market, offering generous credit terms to their retail customers. "It sounds selfish," concedes Thooyaven, "but during the pandemic my business has been growing."



# CAPTURE VIDEO PRODUCTION | VIDEO PRODUCTION

Seremban, Negeri Sembilan

AHNUSHA YOGARAJA



*"The Bank Rakyat officers came to our house, took some photos and filled up all the forms, approving the loan within a week."*

During the pandemic, weddings, events and corporate functions were either postponed or cancelled. As a result, Ahnusha Yogaraja faced a barrage of refund requests. She tried her level best to negotiate the terms but, instead, had to resort to monthly instalment repayments.

Together with her husband, an Indian national who studied film editing and worked in the television industry in India, Ahnusha formally set up her company Capture Video Production more than four years ago. With a client list from all over the country, they run their micro-business from home and work with freelancers on project basis. "Our passion is in the quality and creativity of our videos, rather than just earning money."

When the Government announced its Special Relief Package, Ahnusha decided to apply to Bank Simpanan Nasional. It was her first attempt at applying for a loan. First, she was informed that

she had been blacklisted by the credit agency, CTOS. Apparently, after she had lost her identification card a few years before, it was misused. Then the bank rejected her application but recommended that she try out iMSME.

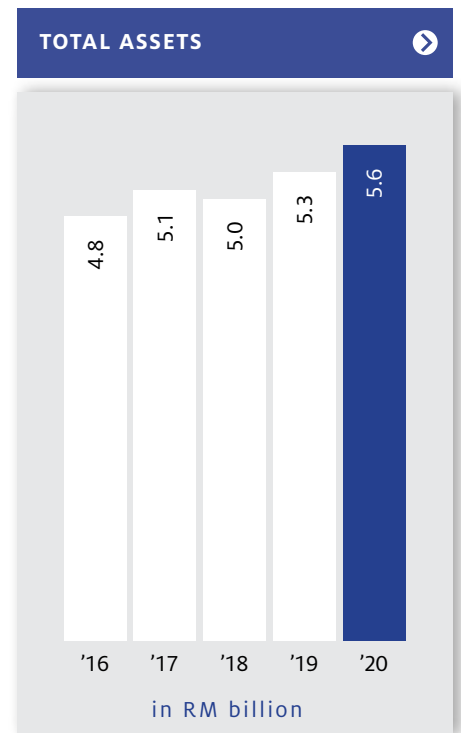
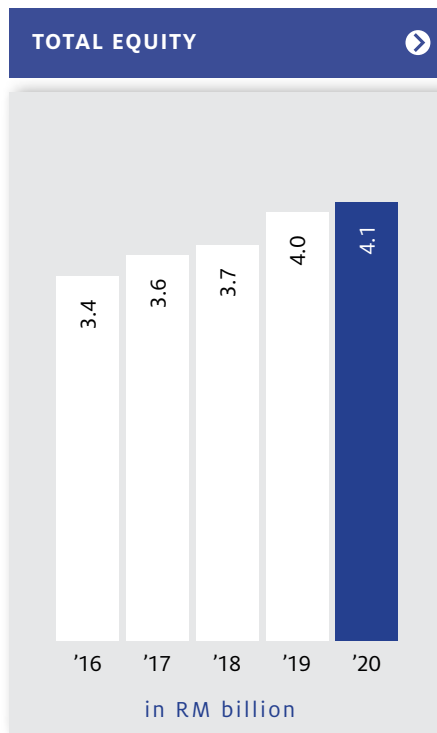
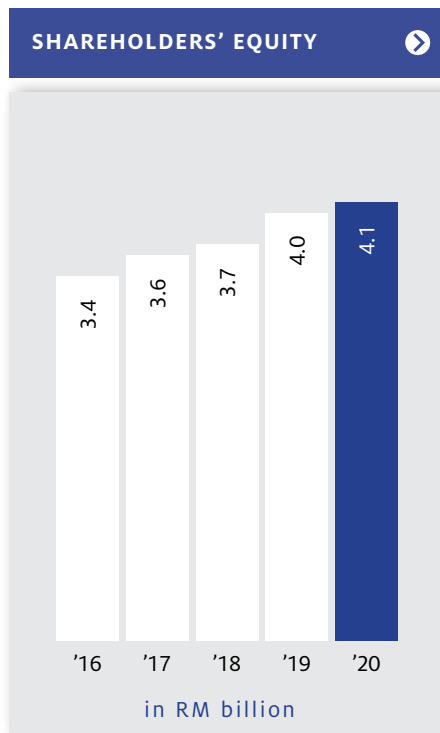
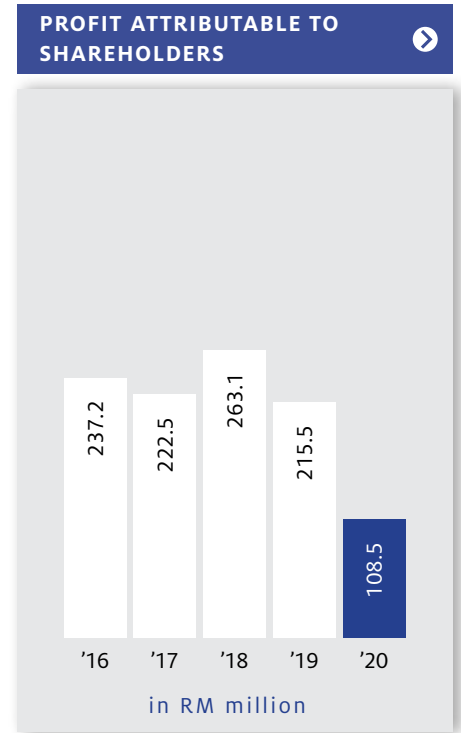
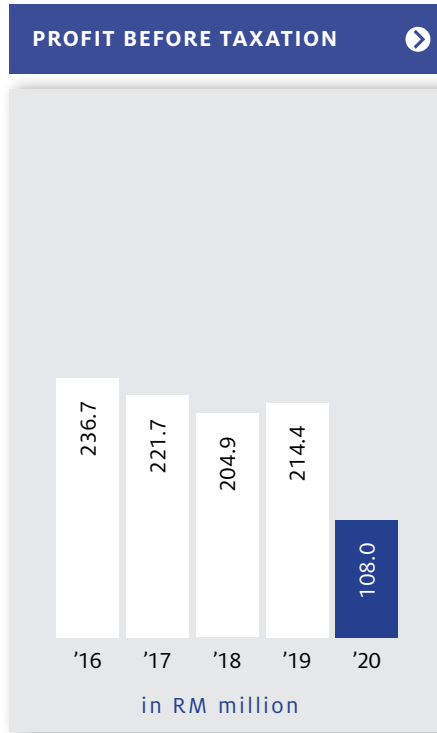
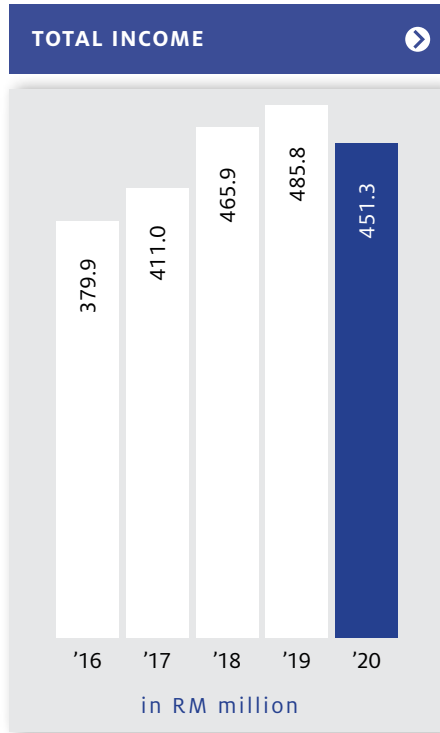
Her loan request was swiftly matched to a few banks. "The Bank Rakyat officers came to our house, took some photos and filled up all the forms, approving the loan within a week." Ahnusha is still unable to comprehend why commercial banks won't loan to those who do not have previous loans or credit cards.

Two years ago, they enjoyed a luxurious life. Now it's a matter of survival, not profit. They have since repackaged their services, offering lower prices, extra teaser videos and reduced delivery duration. Unlike before, she has to actively seek clients and spend time convincing them. "Maybe after six months or a year, business will pick up again."

## 5-YEAR FINANCIAL SUMMARY AND HIGHLIGHTS

	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
<b>GROUP</b>					
Total Income	<b>451,296</b>	485,806	465,872	411,018	379,913
Profit Before Taxation	<b>108,016</b>	214,399	204,926	221,658	236,664
Net Profit for the Financial Year	<b>108,541</b>	215,339	262,540	222,008	236,284
Profit Attributable to Shareholders	<b>108,541</b>	215,451	263,095	222,497	237,191
Shareholders' Equity	<b>4,145,740</b>	3,993,960	3,711,288	3,611,818	3,377,484
Total Equity	<b>4,145,740</b>	3,995,264	3,712,704	3,613,789	3,379,944
Total Assets	<b>5,612,552</b>	5,344,053	5,023,319	5,091,909	4,841,083

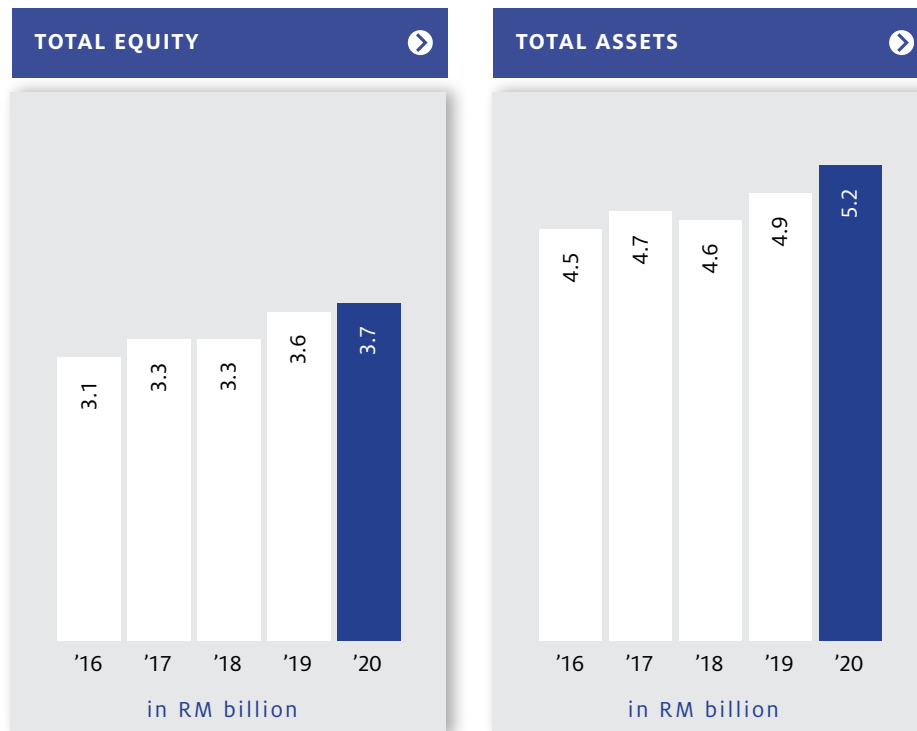
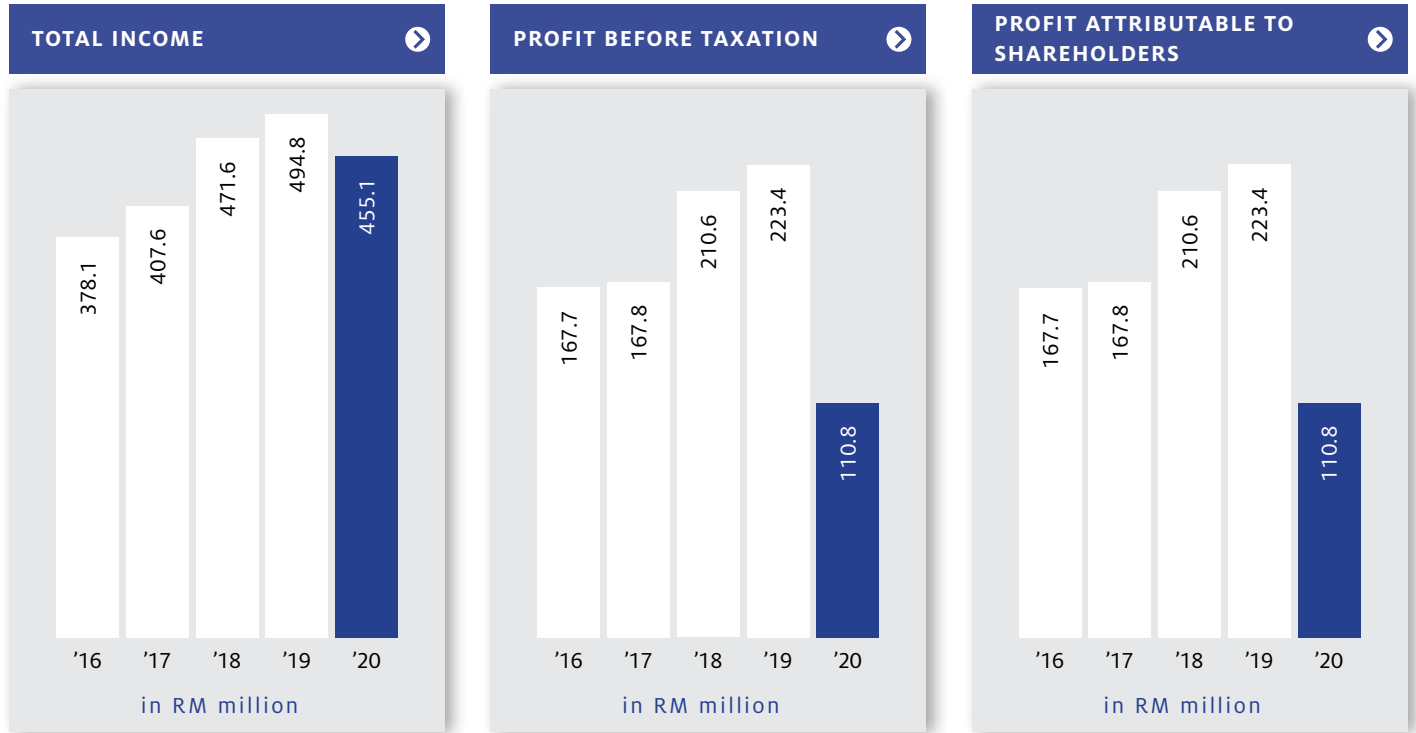
## 5-YEAR FINANCIAL SUMMARY AND HIGHLIGHTS



## 5-YEAR FINANCIAL SUMMARY AND HIGHLIGHTS

	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
<b>COMPANY</b>					
Total Income	<b>455,106</b>	494,756	471,572	407,626	378,147
Profit Before Taxation	<b>110,761</b>	223,358	210,636	167,849	167,730
Net Profit for the Financial Year	<b>110,761</b>	223,358	210,636	167,849	167,730
Profit Attributable to Shareholders	<b>110,761</b>	223,358	210,636	167,849	167,730
Total Equity	<b>3,743,510</b>	3,589,510	3,311,293	3,266,715	3,088,604
Total Assets	<b>5,210,322</b>	4,935,604	4,620,019	4,742,429	4,546,819

## 5-YEAR FINANCIAL SUMMARY AND HIGHLIGHTS



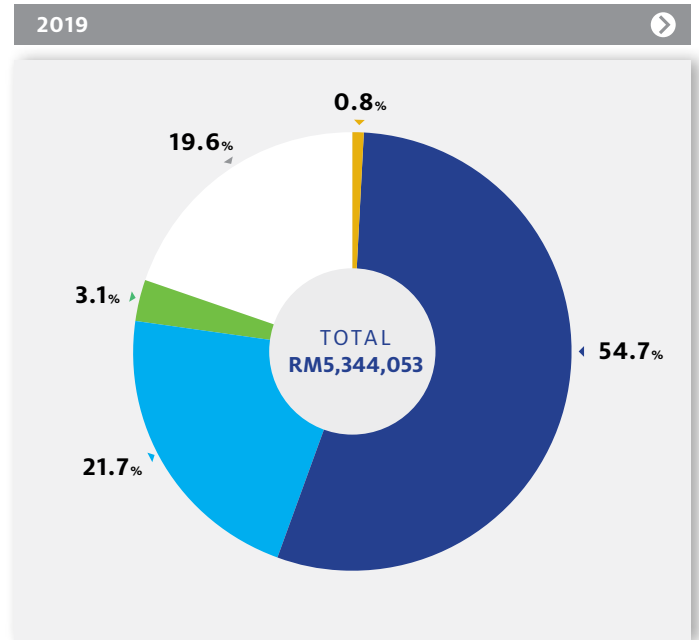
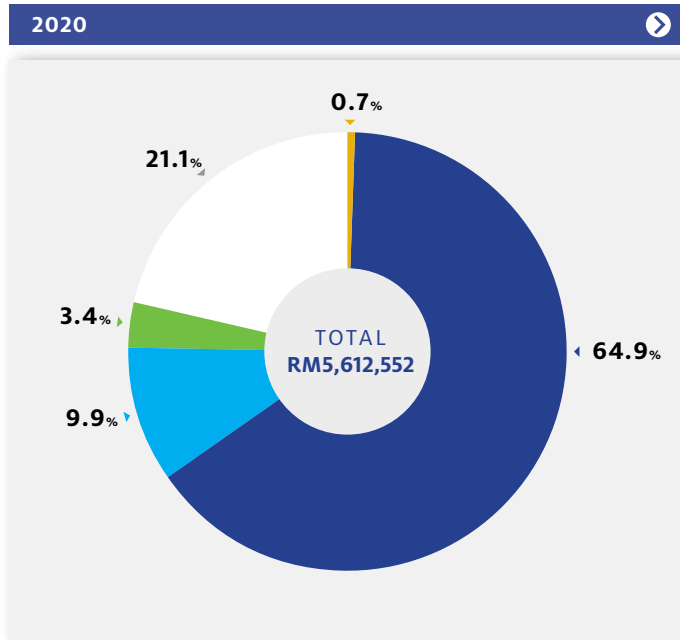
## SIMPLIFIED STATEMENTS OF FINANCIAL POSITION

	2020		2019	
	RM'000	%	RM'000	%
<b>GROUP</b>				
Property, Plant & Equipment and Intangible Assets	37,300	0.7%	44,398	0.8%
Financial Investments	3,645,153	64.9%	2,924,820	54.7%
Term Deposit	553,564	9.9%	1,161,329	21.7%
Financing, Loans and Advances	193,449	3.4%	163,582	3.1%
Others	1,183,086	21.1%	1,049,924	19.6%
<b>Total</b>	<b>5,612,552</b>	<b>100%</b>	<b>5,344,053</b>	<b>100%</b>

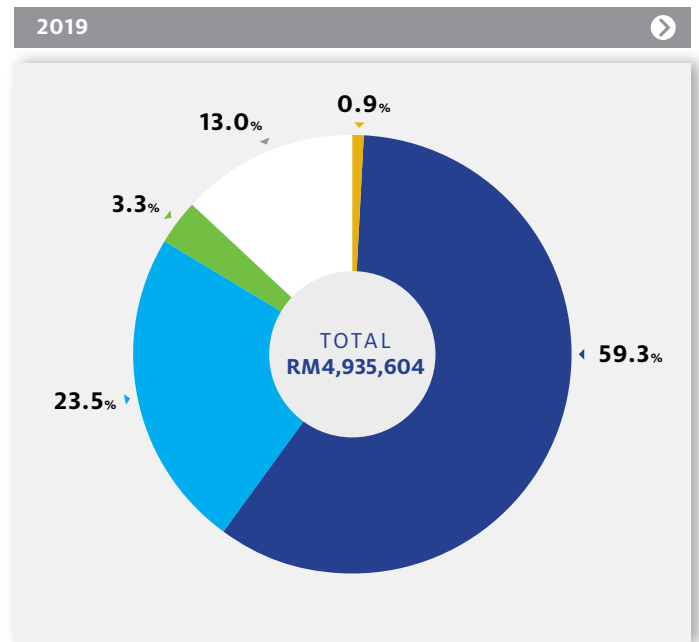
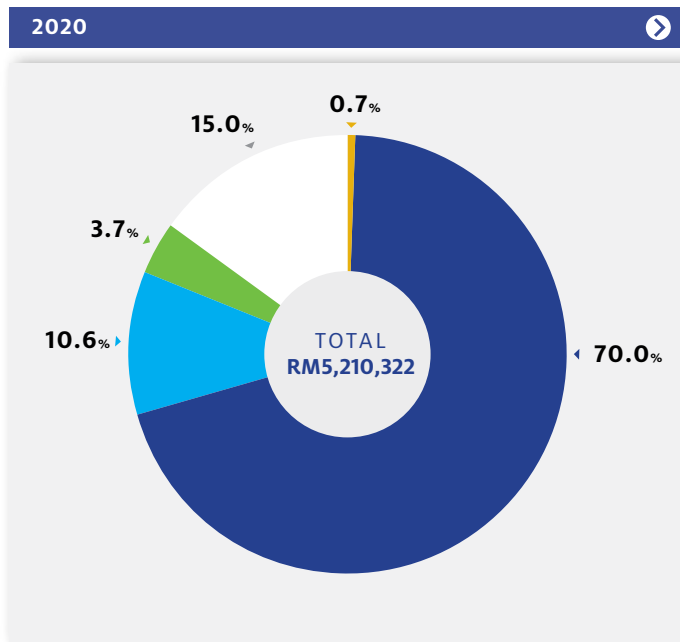
	2020		2019	
	RM'000	%	RM'000	%
<b>COMPANY</b>				
Property, Plant & Equipment and Intangible Assets	37,300	0.7%	44,398	0.9%
Financial Investments	3,645,153	70.0%	2,924,820	59.3%
Term Deposit	553,564	10.6%	1,161,329	23.5%
Financing, Loans and Advances	193,449	3.7%	163,582	3.3%
Others	780,856	15.0%	641,475	13.0%
<b>Total</b>	<b>5,210,322</b>	<b>100%</b>	<b>4,935,604</b>	<b>100%</b>

## SIMPLIFIED STATEMENTS OF FINANCIAL POSITION

### GROUP (RM'000)



### COMPANY (RM'000)



● Property, Plant & Equipment and Intangible Assets   ● Financial Investments   ● Term Deposits   ● Financing, Loans and Advances   ○ Others

# OVERVIEW OF GUARANTEE AND FINANCING SCHEMES

## GUARANTEE/FINANCING SCHEMES

In 2020, CGC managed a total of 22 guarantee/financing schemes; fourteen (14) of which fall under the Guarantee Schemes category, five (5) 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)

#### GOVERNMENT-BACKED SCHEMES

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



### DIRECT FINANCING SCHEMES



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



### BEYOND GUARANTEE



#### imSME

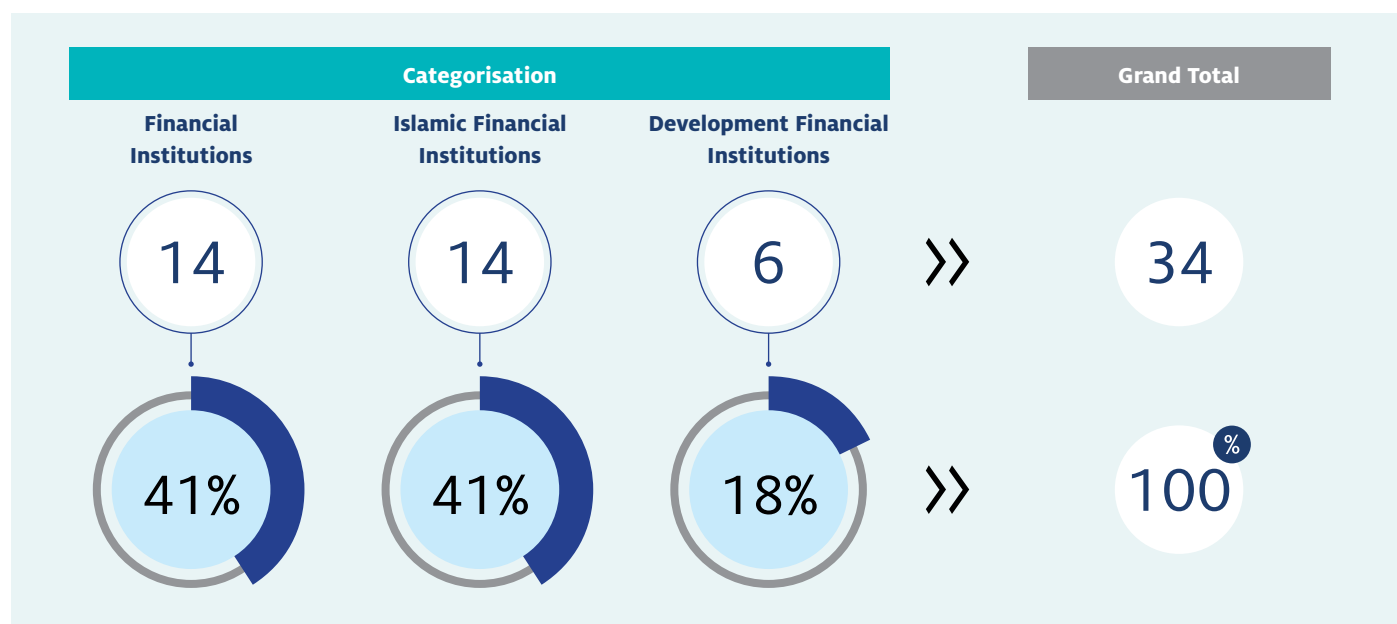
#### CGC DEVELOPMENTAL PROGRAMME™

- > Advisory for Financial Access
- > Advisory for Market Access

#### MyKNP@CGC



## OVERVIEW OF GUARANTEE AND FINANCING SCHEMES



<b>Distribution of Guarantees &amp; Financing</b>			
<b>Sector</b>	<b>MSMEs (No.)</b>	<b>RM million</b>	<b>% MSMEs</b>
Agriculture, Hunting, Forestry & Fishing	687	267.70	2%
Mining & Quarrying	53	38.36	0%
Community, Social & Personal Services	3,180	809.41	8%
Construction	2,048	977.47	5%
Electricity, Gas & Water	356	1,606.98	1%
Financing, Insurance, Real Estate & Business Services	6,115	2,232.77	15%
Manufacturing	4,527	2,329.83	11%
Transport, Storage & Communication	2,340	917.59	6%
Wholesale & Retail Trade & Restaurants & Hotels	22,689	8,011.56	54%
<b>Grand Total</b>	<b>41,998</b>	<b>17,191.76</b>	<b>100%</b>

<b>Top 3 States</b>	<b>MSMEs (No.)</b>	<b>RM million</b>	<b>% MSMEs</b>
Selangor	9,390	4,558.72	22%
W.P Kuala Lumpur	6,277	4,265.86	15%
Johor	5,106	1,973.80	12%
Others	21,225	6,393.38	51%
<b>Grand Total</b>	<b>41,998</b>	<b>17,191.76</b>	<b>100%</b>

<b>Financing/Loan Range</b>	<b>MSMEs (No.)</b>	<b>RM million</b>	<b>% MSMEs</b>
100,000 & below	12,001	723.92	29%
100,001 - 500,000	21,357	6,854.92	51%
500,001 - 1,000,000	7,600	6,423.82	18%
1,000,000 - 2,000,000	800	1,202.64	2%
2,000,001 & above	240	1,986.47	1%
<b>Grand Total</b>	<b>41,998</b>	<b>17,191.76</b>	<b>100%</b>



*"I learned about CGC during their campaigns in Labuan, and their service is excellent. I hope they can help us more."*

▶ "I think all human beings were asleep before Covid-19. We were moving too slowly and were too comfortable in our zones," muses Peter Teo Yun Choi on the world's wake-up call. Its impact on businesses and personal lives, he asserts, has been without parallel.

With a Diploma in Civil Engineering from Politeknik Mukah, Sarawak, and armed with experience from his family's businesses since young, Teo set up his construction company three years ago. Before the global crisis hit, it was business as usual at Jurubina TYC. Until, in early 2020, he was unable to execute a contract secured in late 2019. With overheads at about RM100,000 to RM200,000 a month, Teo had to look for alternative solutions.

"I learned about CGC during their campaigns in Labuan, and their service is excellent. I only hope they can help us more." Once Teo had received CGC's BizMula-i financing, he tried to keep his company afloat, covering costs for a short while, as he only received about one tenth of his 2019 turnover figure.

Although borders opened by 16 May 2020 and projects are ongoing, worker numbers are not at full strength. The intermittent movement restriction orders do not help, either. He is responsible for a total of 110 staff and general workers, so "... there is hardly anything left for savings."

Considerations in running a business have altered. He has to think about his workers, who are supporting their families. "We have to work very hard to *bertahan*, to hold on and ask for help from wherever we can." SOPs are strictly adhered to at sites, yet the monthly costs of swab tests are a strain.

When the pandemic ends, Teo declares he will be ready for Covid-19 2.0. "We'll work even harder to collect as much money as we possibly can, to be ready for the next crisis – whenever that may be."

# JMART FRESH & FROZEN TRADING | FOOD

Kangar, Perlis

KHOR CHEN YAN & TAN YU ZUAN



*"When I received the financing in 2020, I upgraded my mart and expanded our premises from two shop lots to three."*

▶ Tan Yu Zuan's family is in the wholesale food business. Two years ago, in an effort to diversify, Tan and his partner, Khor Chen Yan (featured on the left of the photo above) decided to open JMart in Kangar. The Perlis capital is the country's smallest, yet he saw the demand for fresh quality produce. He reveals that his regulars return for the quality, service and price.

"Even when our prices are slightly higher than the other marts, customers who value service and quality appreciate JMart." Through its Facebook page, JMart announces promotions, special offers and rebates for customers. He is heartened by the active responses and engagement on their page. "Social media is important for us to reach out to many people at the same time, instead of just interacting with customers one by one."

Tan has implemented very strict quality control checks, with selected staff assigned to the task. For the supplier of imported frozen beef and mutton, chicken, seafood, vegetables and fruit, among other dry goods, quality matters. His vegetables are from Cameron Highlands and Thailand, as well as local sources. When produce does not meet the required standards, he does not hesitate to reject the supply.

In 2019 he was approached by a CGC salesperson, who dropped by JMart and persuaded him to apply for BizMula-i. "When I received the financing in 2020, I upgraded my mart and expanded our premises from two shop lots to three." It turned out to be an excellent decision as, during the ensuing MCO, his sales doubled – as in other convenience stores categorised under 'essential goods'.

"There was no impact at all. We stayed open throughout and people kept coming in to stock up." However, his biggest lesson in this crisis is to save cash. "There also must be some planning, in case something like this happens again. Capital is important."

JMart started out with only two staff members, but has now grown to 30. Once all restrictions are lifted, Tan hopes to open other branches in Perlis, and perhaps in Kedah, too.

# BOARD OF DIRECTORS



●●● Adnan Zaylani Mohamad Zahid



●●● Dato' Mohammed Hussein



●●● Datuk David Chua Kok Tee



●●● Dato' Haji Syed Moheeb Syed  
Kamarulzaman



●●● Teoh Kok Lin



●●● Suresh Menon

Board of Directors ^



## BOARD OF DIRECTORS

The image displays a video conference interface. On the left, a grid of six video thumbnails shows participants: Saleha M. Ramly, Faisal Ismail, Dato' Ong Eng Bin, and Choong Tuck Oon. On the right, a sidebar lists participants under the heading 'IN CALL'. At the bottom, there are controls for 'Turn on captions' and 'Present now'.

**IN CALL**

- Dato' Mohammed Hussein
- Adnan Zaylani Mohamad Zahid
- Datuk David Chua Kok Tee
- Dato' Haji Syed Moheeb Syed Kamarulzaman
- Teoh Kok Lin
- Suresh Menon
- Dato' Ong Eng Bin
- Choong Tuck Oon
- Faisal Ismail
- Saleha M. Ramly

●●● Saleha M. Ramly

●●● Faisal Ismail

●●● Dato' Ong Eng Bin

●●● Choong Tuck Oon

CC Turn on captions

↑ Present now

## BOARD OF DIRECTORS' PROFILE

### DATO' MOHAMMED HUSSEIN

FCB  
Independent Non-Executive Director  
(Chairman)



#### ➤ Date Appointed to the Board

1 May 2020

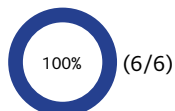
#### ➤ Tenure of Directorship

1 year 1 month  
(as at 48<sup>th</sup> AGM – 17 June 2021)

#### ➤ Membership of Board Committee(s)

- Chairman of Board Nomination and Remuneration Committee (BNRC)

#### ➤ Meeting Attendance



#### ➤ Qualification(s)

- Fellow Chartered Banker of the Chartered Banker Institute and Asian Institute of Chartered Bankers
- Advanced Management Programme (AMP 163) – Harvard Business School – Boston, USA
- Bachelor of Commerce (Accounting) – University of Newcastle, Australia



Dato' Mohammed Hussein was with the Malayan Banking Berhad (Maybank) Group for 31 years, where he held various senior management positions including Head of Corporate Banking, Head of Commercial Banking, Head of Malaysian Operations, Managing Director of Aseambankers Malaysia Berhad (now known as Maybank Investment Bank Berhad) and Executive Director (Business Group). Prior to his retirement on 30 January 2008, he was the Deputy President/Executive Director/Chief Financial Officer of Maybank Group. He was also appointed as an Advisor of Maybank from April 2008 to September 2008.

Dato' Mohammed Hussein is currently the Independent Non-Executive Chairman of Gamuda Berhad, Hap Seng Plantations Holdings Berhad and Syarikat Takaful Malaysia Keluarga Berhad. He is also an Independent Non-Executive Director in Bank of America Malaysia Berhad. In addition, he is the Chairman of Corporate Debt Restructuring Committee (CDRC), sponsored by Bank Negara Malaysia (BNM) to facilitate the resolution and restructuring of major corporate debts.

He was previously the Chairman of Danajamin Nasional Berhad from 2013 to 2018 and Quill Capita Management Sdn Bhd from 2008 to 2015. He had also served as a Director on the Board of Tasek Corporation Berhad, CapitaLand Malls Malaysia Berhad, Hap Seng Consolidated Berhad, PNB Commercial Sdn Bhd and B2B Finpal Sdn Bhd.

#### Declaration:

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

## BOARD OF DIRECTORS' PROFILE

# ADNAN ZAYLANI MOHAMAD ZAHID

Non-Independent Non-Executive Director



## ➤ Date Appointed to the Board

18 October 2018

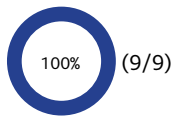
## ➤ Tenure of Directorship

2 years 8 months  
(as at 48<sup>th</sup> AGM – 17 June 2021)

## ➤ Membership of Board Committee(s)

- Member of Board Nomination and Remuneration Committee (BNRC)
- Member of Board Audit Committee (BAC)
- Member of Board Risk Management Committee (BRMC)

## ➤ Meeting Attendance



## ➤ Qualification(s)

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



Adnan Zaylani is the Assistant Governor of BNM, who is responsible for Islamic Banking and Takaful, Financial Development and Innovation, Insurance Development and Development Finance and Inclusion. He is a Member of BNM's Management Committee, Financial Stability Committee and Reserve Management Committee.

Aside from his position in BNM, he also serves as a Board Member of Kumpulan Wang Persaraan (KWAP) and International Centre for Education in Islamic Finance (INCEIF) as well as the Chairman of the Executive Committee of INCEIF. He is also a Member of Labuan Financial Services Authority (LFSA) and a Member of the Board Executive Committee of International Islamic Liquidity Management Corporation (IILM).

### Declaration:

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

## BOARD OF DIRECTORS' PROFILE

## DATUK DAVID CHUA KOK TEE

Independent Non-Executive Director



### ➤ Date Appointed to the Board

15 February 2013

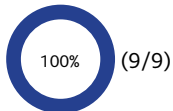
### ➤ Tenure of Directorship

8 years 4 months  
(as at 48<sup>th</sup> AGM – 17 June 2021)

### ➤ Membership of Board Committee(s)

- Chairman of Board Risk Management Committee (BRMC)
- Member of Board Investment Committee (BIC)
- Member of Board Bumiputera Development Committee (BBDC)
- Member of Board IT Committee (BITC)

### ➤ Meeting Attendance



### ➤ Qualification(s)

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



Datuk David Chua is the Managing Director of DC&A Group of Companies, which was established in 1989. This company is involved in housing and property development, with the current key focus on a popular beach resort destination on Pangkor Island, Malaysia. He has vast experience in both commercial and industrial sectors as he has devoted his entire career to the business sector.

He is an Advisor of the Chinese Chamber of Commerce & Industry of Kuala Lumpur and Selangor (KLSCCCI) and had served the Malaysia-China Business Council (MCBC) since its inception. He is also a Member of the Small Debt Restructuring Committee (SDRC) of BNM.

Datuk David Chua was appointed as Trustee of Administrative and Diplomatic Alumni Association, Malaysia (Alumni PTD) in April 2018 and Council Member for Entrepreneurship for National Higher Education, Ministry of Higher Education Malaysia (MOHE). Currently, he is also a Member of Anti-Corruption Advisory Board of Malaysian Anti-Corruption Commission (MACC).

Over the decades, Datuk David Chua had served actively in numerous key and senior positions in trade associations, chambers of commerce and industry, as well as government-appointed positions. Some of his key positions were Director on the Board of University of Malaya from 2007 to 2015, Chairman of UM Holdings Sdn Bhd (commercial and investment wing, wholly owned by University of Malaya) from September 2009 to April 2015, and Board Member of UM Specialist Centre Sdn Bhd (UMSC) from 2009 to 2015.

Datuk David Chua was also a Member of the Consultation and Prevention Panel of the MACC and Member of the Advisory Board of Dewan Bandaraya Kuala Lumpur (DBKL). In 1990, he was appointed to the National Economic Consultative Council (MAPEN) I and in 1999, he was reappointed as Deputy Chairman for MAPEN II.

#### Declaration:

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



## BOARD OF DIRECTORS' PROFILE

## DATO' HAJI SYED MOHEEB SYED KAMARULZAMAN

FCII, FCIIFP, Senior Associate CIP  
Independent Non-Executive Director



### ➤ Date Appointed to the Board

15 January 2014

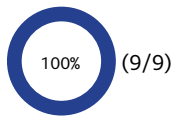
### ➤ Tenure of Directorship

7 years 5 months  
(as at 48<sup>th</sup> AGM – 17 June 2021)

### ➤ Membership of Board Committee(s)

- Chairman of Board Bumiputera Development Committee (BBDC)
- Member of Board Nomination and Remuneration Committee (BNRC)
- Member of Board Risk Management Committee (BRMC)
- Member of Board IT Committee (BITC)

### ➤ Meeting Attendance



### ➤ Qualification(s)

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



••• DATO' HAJI SYED MOHEEB SYED KAMARULZAMAN

Dato' Haji Syed Moheeb is a Certified Insurance Professional (CIP) with over 43 years of experience in conventional insurance, reinsurance and takaful industry, having served in several local and multinational direct insurance, reinsurance and takaful companies.

Dato' Haji Syed Moheeb currently sits on the Board of Standard Chartered Saadiq Berhad. He was the past Chairman of the Malaysian Takaful Association, Management Committee Member of the General Insurance Association of Malaysia and Chief Executive Officer (CEO) of Malaysian Insurance Institute (MII).

#### Declaration:

- Dato' Haji Syed Moheeb does not have any conflict of interest or any family relationship with any Director and/or major shareholder of CGC.
- Dato' Haji Syed Moheeb has not been charged and/or convicted for any offence.

## BOARD OF DIRECTORS' PROFILE

## TEOH KOK LIN

CFA  
Independent Non-Executive Director



➤ Date Appointed to the Board

27 June 2014

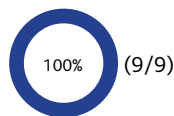
➤ Tenure of Directorship

7 years  
(as at 48<sup>th</sup> AGM – 17 June 2021)

➤ Membership of Board Committee(s)

- Chairman of Board Investment Committee (BIC)
- Member of Board Risk Management Committee (BRMC)
- Member of Board IT Committee (BITC)

➤ Meeting Attendance



➤ Qualification(s)

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



Teoh Kok Lin has over 33 years of experience in Banking, Credit and Investment with financial institutions such as Citicorp Citibank Malaysia, Barings Malaysia, HSBC Research Malaysia and UOB Kay Hian Singapore. He is one of the earliest Chartered Financial Analysts (CFA) in Malaysia and is a former president of the CFA Society Malaysia.

He is the founder and Chief Investment Officer of Singular Asset Management Sdn Bhd, a fund management company established in 2002, and is licensed by the Securities Commission of Malaysia. He is also the founder and Chief Investment Officer of Singular Asset Management (Singapore) Ltd, a registered fund manager with Monetary Authority of Singapore (MAS). He was appointed as Secretary of the Malaysian Association of Asset Managers (MAAM) effective 2 September 2020.

Teoh Kok Lin sits on the Board of Credit Bureau Malaysia Sdn Bhd (CBM), an associate company of CGC. He also serves as an Alternate Member of the General Council of the National Chamber of Commerce and Industry of Malaysia, 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.

He constantly travels across ASEAN and North Asia for research and company visits while managing funds for institutions and high net-worth clients.

*Declaration:*

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

## BOARD OF DIRECTORS' PROFILE

## SURESH MENON

Independent Non-Executive Director



➤ Date Appointed to the Board

17 July 2014

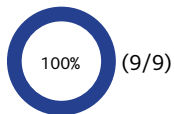
➤ Tenure of Directorship

6 years 11 months  
(as at 48<sup>th</sup> AGM – 17 June 2021)

➤ Membership of Board Committee(s)

- Member of Board Investment Committee (BIC)
- Member of Board Risk Management Committee (BRMC)
- Member of Board Audit Committee (BAC)

➤ Meeting Attendance



➤ Qualification(s)

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



Suresh Menon has been an Independent Capital Market Consultant since 2010. He provides consultancy and training to financial agencies, the World Bank and regulatory authorities in several countries. He was also involved in development projects with international bodies, namely Asian Development Bank (ADB) and APEC Business Advisory Council. He has over 40 years of experience, mainly in international financial and debt markets, with his expertise extending to credit analysis and best practices in corporate governance.

Suresh Menon 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 as an Executive Director. He was also a Member of RAM's Rating Committee.

Suresh Menon is the Non-Executive Director of Danajamin Nasional Berhad, an associate company of CGC. He was Chairman of Association of Credit Rating Agencies in Asia (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).

*Declaration:*

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

## BOARD OF DIRECTORS' PROFILE

## DATO' ONG ENG BIN

Independent Non-Executive Director



### ➤ Date Appointed to the Board

14 October 2014

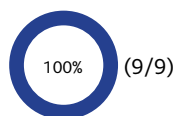
### ➤ Tenure of Directorship

6 years 8 months  
(as at 48<sup>th</sup> AGM – 17 June 2021)

### ➤ Membership of Board Committee(s)

- Member of Board Audit Committee (BAC)
- Member of Board Nomination and Remuneration Committee (BNRC)
- Member of Board Bumiputera Development Committee (BBDC)

### ➤ Meeting Attendance



### ➤ Qualification(s)

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



Dato' Ong Eng Bin is the Chief Executive Officer (CEO) of OCBC Bank Malaysia Berhad (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 brings vast experience in corporate banking, covering corporate and commercial, emerging business and transaction banking. His career started at OCBC in 1988 and was appointed as Head of Corporate Banking in 2004 before being promoted to Head of Business Banking in 2012.

#### Declaration:

- Dato' Ong Eng Bin does not have any conflict of interest or any family relationship with any Director and/or major shareholder of CGC.
- Dato' Ong Eng Bin has not been charged and/or convicted for any offence.

## BOARD OF DIRECTORS' PROFILE

## CHOONG TUCK OON

Independent Non-Executive Director



### ➤ Date Appointed to the Board

20 January 2017

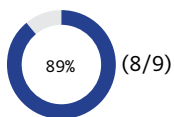
### ➤ Tenure of Directorship

4 years 5 months  
(as at 48<sup>th</sup> AGM – 17 June 2021)

### ➤ Membership of Board Committee(s)

- Chairman of Board IT Committee (BITC)
- Member of Board Audit Committee (BAC)

### ➤ Meeting Attendance



### ➤ Qualification(s)

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



Choong Tuck Oon was with Accenture for 25 years and retired as Senior Partner in Asia-Pacific Financial Services practice. He specialises in technology, strategy and transformation for banking and insurance. He led many strategic initiatives involving more than 20 large domestic and global banks, and insurers in Asia such as Malaysia, Singapore, Indonesia, Thailand, China, Hong Kong and Taiwan, including national payment projects in Malaysia and Singapore. He is also active in the ASEAN digital start-up ecosystem where his advice on digital and Fintech programmes is much in demand.

Choong Tuck Oon is currently an Independent Non-Executive Director on Boards of FIDE Forum Malaysia, Star Media Group Berhad and NTUC Income Insurance Cooperative Ltd Singapore. He was an Independent Non-Executive Director of RHB Bank, RHB Islamic Bank, RHB Indochina Bank, RHB Indochina Securities and RHB Private Equity.

He has also 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 advised a global wildlife/nature agency on a new growth strategy for 11 countries in Asia.

#### Declaration:

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

## BOARD OF DIRECTORS' PROFILE

## FAISAL ISMAIL

FCA  
Independent Non-Executive Director



➤ Date Appointed to the Board

1 December 2019

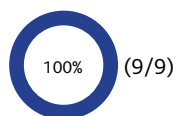
➤ Tenure of Directorship

1 year 6 months  
(as at 48<sup>th</sup> AGM – 17 June 2021)

➤ Membership of Board Committee(s)

- Chairman of Board Audit Committee (BAC)
- Member of Board Investment Committee (BIC)
- Member of Board Bumiputera Development Committee (BBDC)

➤ Meeting Attendance



➤ Qualification(s)

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



Faisal Ismail has vast experience in different industries including hotels, property investment and development, healthcare, shipbuilding and repairs, banking, power and education. He has more than 30 years' experience in various responsibilities/ areas including at board level, top management, M&A, corporate, finance, tax planning, consulting, transformation and human resources.

Faisal Ismail was appointed as an Independent Non-Executive Director of BNP Paribas Malaysia Berhad in October 2020. His previous positions included being an Independent Non-Executive Director of J.P. Morgan Chase Bank Berhad, Executive Director of Landmarks Berhad, Executive Director of BinaFikir Sdn Bhd, Director of the Investment division of Khazanah Nasional Berhad and Group Managing Director of Pantai Holdings Berhad.

*Declaration:*

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

## BOARD OF DIRECTORS' PROFILE

## SALEHA M. RAMLY

Independent Non-Executive Director



### ➤ Date Appointed to the Board

1 December 2019

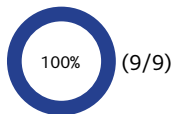
### ➤ Tenure of Directorship

1 year 6 months  
(as at 48<sup>th</sup> AGM – 17 June 2021)

### ➤ Membership of Board Committee(s)

- Member of Board Nomination and Remuneration Committee (BNRC)
- Member of Board Bumiputera Development Committee (BBDC)
- Member of Board IT Committee (BITC)

### ➤ Meeting Attendance



### ➤ Qualification(s)

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



Saleha M. Ramly has over 30 years of vast experience in corporate legal and secretarial operations, which includes in-depth experience in crafting corporate governance policies and legal documents for companies and providing staff training on governance and legal matters. She was also involved in various corporate transactions and exercises, including acquisitions and disposals of assets, both domestic and cross-border, due diligence exercises and raising of capital, and advised on human resource-based legal matters such as retrenchments, grievance procedures and industrial relations.

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

Upon her retirement in 2007, Saleha M. Ramly continued to serve in similar positions in the University of Malaya, Perbadanan Insurans Deposit Malaysia, Scomi Group Berhad and ACR Capital Holdings Pte Ltd group of companies in Malaysia and Singapore until 2018. Currently, she is a Member of Institute of Corporate Directors Malaysia (ICDM).

#### Declaration:

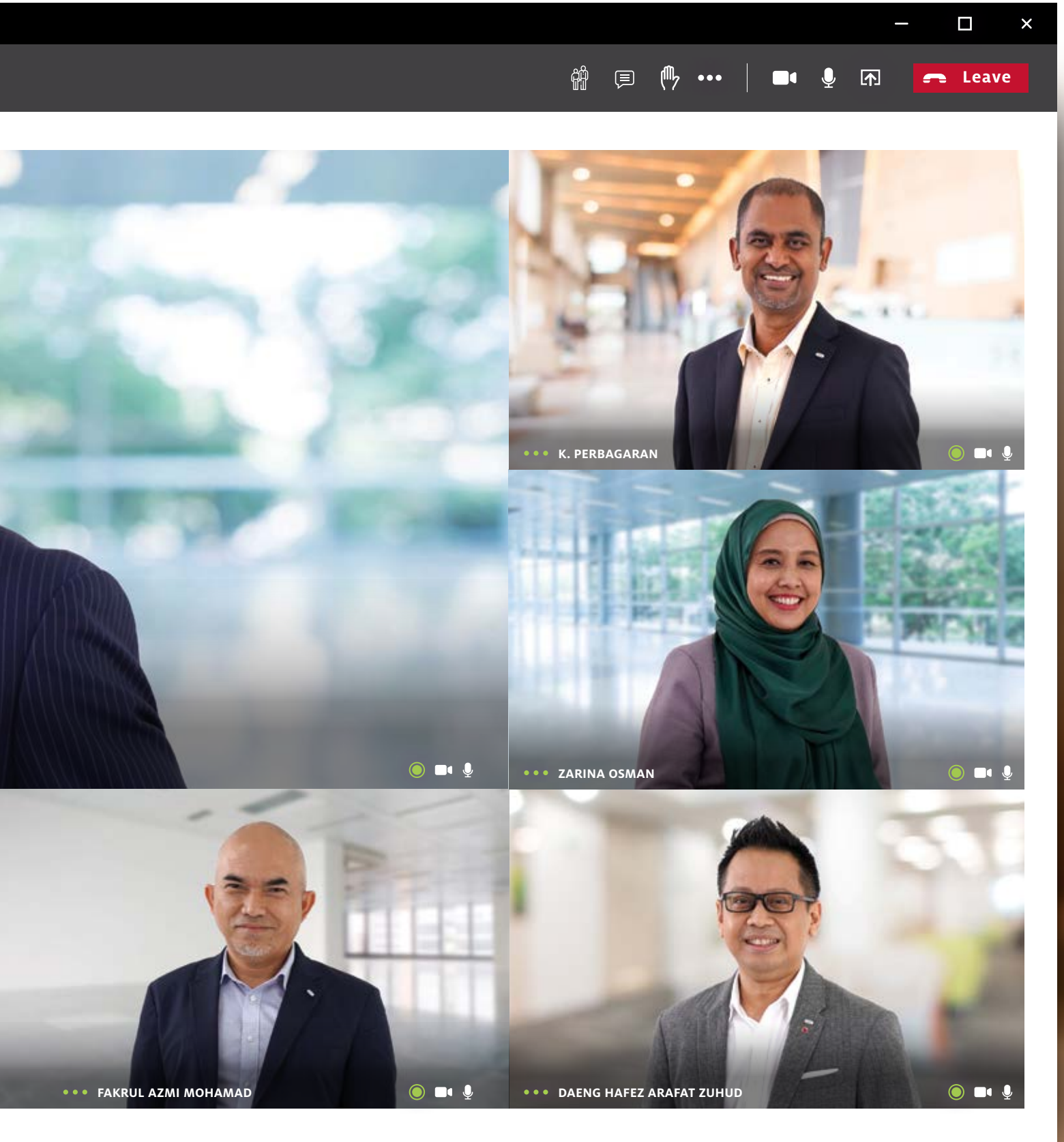
- Saleha M. Ramly does not have any conflict of interest or any family relationship with any Director and/or major shareholder of CGC.
- Saleha M. Ramly has not been charged and/or convicted for any offence.

# MANAGEMENT TEAM





## MANAGEMENT TEAM



# MANAGEMENT TEAM

## DATUK MOHD ZAMREE MOHD ISHAK

President/Chief Executive Officer



••• DATUK MOHD ZAMREE MOHD ISHAK

### ➤ 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 31 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 Arts (Hons.) 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 21 years of experience in many 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 (now known as 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
- Edward S. Mason Fellow, Harvard Kennedy School, USA
- Master in Public Administration, Harvard University, USA
- 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
- Negotiation & Influencing Skills Programme, London Business School, UK
- Digital Disruption: Digital Transformation Strategies, Cambridge Judge Business School

#### ► Experience

Over 18 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 has held the following key positions:

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

#### ► Award

Academic Excellence Award, 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 22 years of experience in credit and marketing, collections and recoveries, operations, cash management, product development and SME Bancassurance. He has 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 &amp; Operations Officer

Date Joined: 1 April 2016

➤ Qualification(s)

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

➤ Experience

More than 24 years of experience in Project Management, Corporate Planning, Process Improvement, Organisation and Methods, Corporate Services and Support Functions. She held the following key positions:

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

## 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)
- Chartered Banker, AICB/(CB), Chartered Banker Institute UK & Asian Institute of Chartered Bankers

#### Experience

Over 22 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 26 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:

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

## 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 22 years of internal audit experience in the financial services sector. 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 &amp; 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 26 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:

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

## MANAGEMENT TEAM



### SUM LENG KUANG

Advisor, Investment

Date Joined: 1 September 2015

#### Qualification(s)

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

#### Experience

Over 37 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



### 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 31 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

## 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 24 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
- Assistant Manager, Guarantee, CGC
- Manager, Credit Evaluation, CGC
- Senior Manager, Operations, CGC
- Senior Manager, Credit, CGC
- Assistant General Manager, Credit, CGC

**NOR HAMIZWA MOHD NOR**

Senior Vice President, Human Capital &amp; Administration

Date Joined: 18 November 2019

➤ Qualification(s)

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

➤ Experience

Over 24 years of experience in general human capital and specialised human capital functions including talent management, learning & development, organisational design and manpower planning. She has held the following key positions:

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



## MANAGEMENT TEAM

**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 23 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

**MOHD FAZLI BAHARUDDIN**

Head, Digital & Transformation

Date Joined: 18 January 2021

➤ Qualification(s)

- Bachelor of Science in Business Administration, Ohio State University Columbus, USA

➤ Experience

Over 23 years of experience spearheading wide spectrum IT and business transformation, project management and information management within the financial and Insurance sector. Well versed in product owner role, agile methodology, project management, business process reengineering and streamlining, data warehouse management, reporting and analytics as well as regulatory reporting coupled with an eye on rolling out productivity enhancement and cost saving initiatives. He held the following position:

- Director, Regional Strategy Execution & Transformation, Group Commercial Banking, CIMB Bank Malaysia



*"CGC's Developmental Programme™ was organised very well, from the Singapore market briefing, business matching and selection stages until the listing of our products."*

When electrical engineer Mohd Zaki Hj Zakaria was in the contracting business, a coffee maker next to his office asked him to help install a packing machine. Captivated by the aroma, processes and the possibility of expanding his horizons, he ventured into the pre-mixed beverage business 14 years ago.

In the beginning he strived to get a foothold in the relatively untapped goat's milk coffee market. "Although there are lots of coffee products in the market, we wanted to position our brand with something unique." His loyal customers still keep coming back for the goat's milk coffee, now with its new goji berry variant. It is very well received in Brunei.

Another interesting product is the White Coffee Durian made from the highest-quality roasted beans and the highest grade of durians. When Zaki noticed Chinese tourists rushing to get their durian fixes in Penang, he had a lightbulb moment. "Why don't we put it in coffee? We use the best Musang King durians that are squeezed dry and ground before being added to the coffee."

Although China is not an easy market to penetrate, he hopes this product will gain him entry. Currently, Bertambest is available in Malaysia, Brunei and Singapore. Zaki has travelled to China, Qatar, Turkey and New Zealand to market his brand and initial responses have been very encouraging. In the Philippines, meanwhile, Zaki is in the final stages of negotiations with a customer.

In 2019, after finding out about CGC at a pre-Market Access Briefing, Zaki applied for BizMaju. He finds the CGC officers very proactive in providing him information about their various programmes. "CGC's Developmental Programme™ was very well organised, from the Singapore market briefing, business matching and selection stages until the listing of our products."

Since October 2020, Bertambest has been available at Eccellente Hao Mart in Singapore, a top product range among the 10 MSMEs placed there. It is garnering high sales. Zaki already has repeat orders, he is proud to report. "If it wasn't for Covid, we could be there ourselves promoting our products aggressively."

# TRUELIFESCIENCES SDN BHD | PHARMACEUTICAL

Kuala Lumpur, Wilayah Persekutuan

JOE PRAMESH GANESAGURU



*"CGC looks at how viable the business is and how they can guide you, not only with funds but with relevant programmes, and links us to other entrepreneurs with similar challenges."*

Joe Pramesh Ganesaguru spent 20 years honing his skills in the pharma industry as a sales representative. In the course of his work, he realised that independent pharmacies could not survive price wars with pharmacy chains. So, he decided to set up truelifesciences in 2012, selling natural health supplements supported by clinical studies. "Our business model focusses on independent pharmacies, ensuring that they have competitive products, as well as the right knowledge."

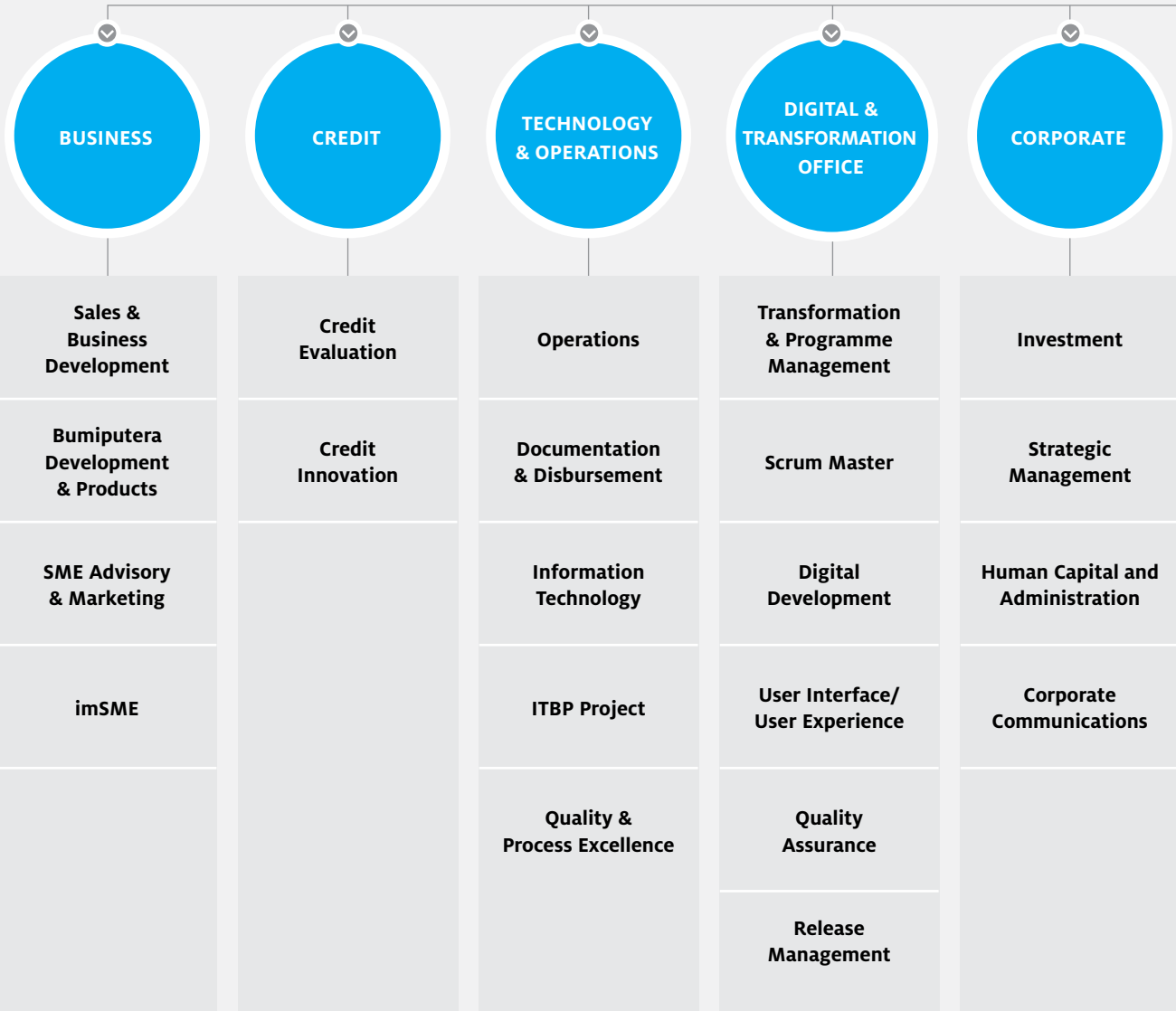
With 2,800 independent pharmacies in Malaysia, based on statistics from the Malaysian Pharmaceutical Society, he works with researchers from around the world. Analysing and studying the efficacies of new discoveries or molecules, with imported active products Joe Pramesh manufactures the supplements locally.

When enquiries for his products increased, he knew he needed funds to expand. For small business, he states, when they approach banks, the focus is on their ability to pay back. "CGC looks at how viable the business is and how they can guide you, not only with funds but with relevant programmes, and links us to other entrepreneurs with similar challenges."

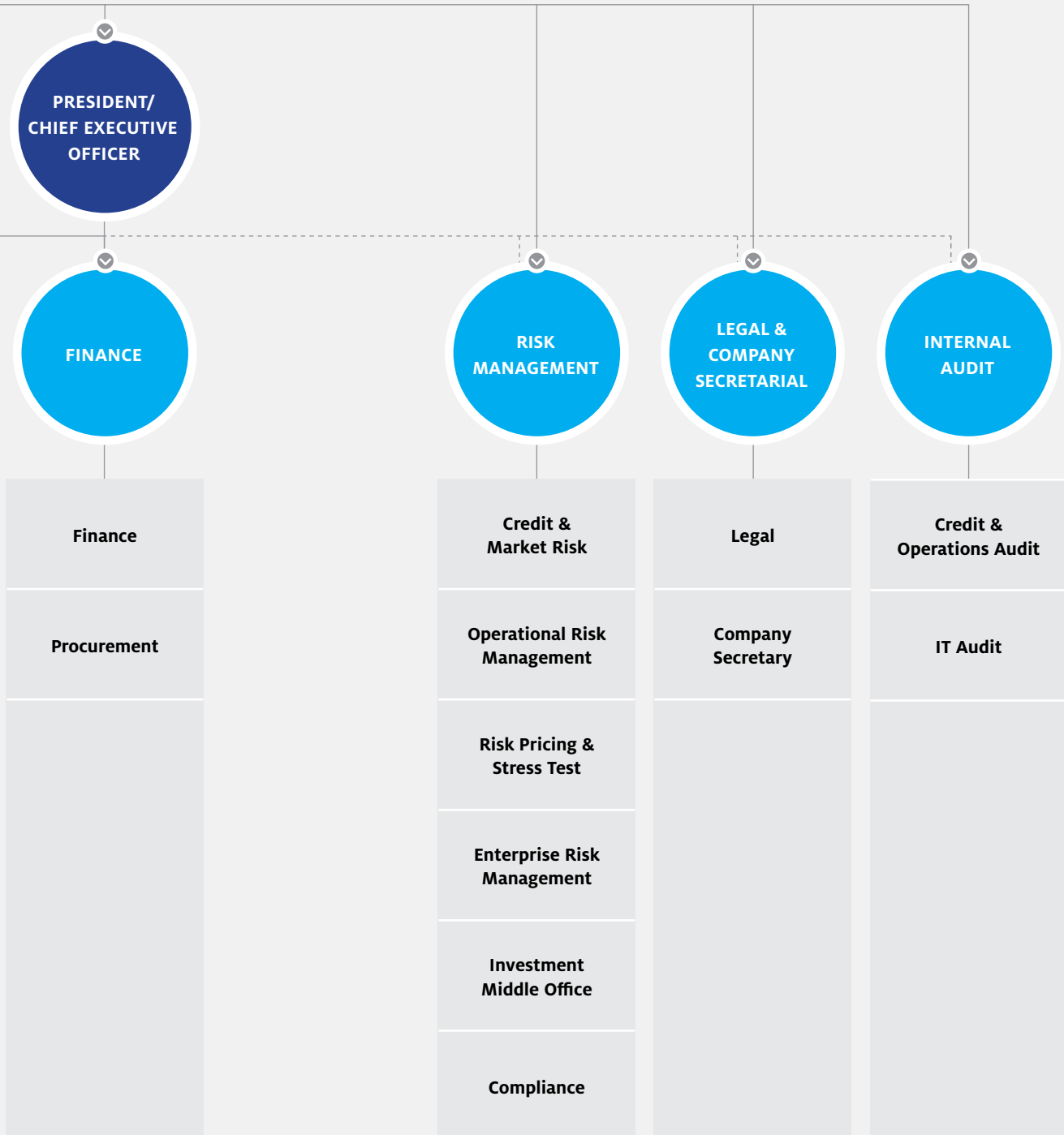
In 2018 truelifesciences obtained Flexi Guarantee Scheme (FGS) financing granted under BNM's Funds for SME-All Economic Sectors Facility. "We upgraded all our multimedia equipment and ensured we are able to go live and produce in-house videos to communicate with our consumers quickly." This turned out to be fortuitous as, in the last year, the main way to communicate during the lockdown was through mobile phones. They uploaded a lot of presentations and videos online, sharing them with their appreciative pharmacies who, in turn, shared them with their customers. Truelifesciences is already available in Thailand and Vietnam, and it has undergone three out of four levels of CGC's Market Access Advisory programme. During the pandemic they penetrated the Indonesian market, too, with their products on online mall Blibli.

"After six months of the pandemic last year, in our minds it was over. We have to live with it, like another flu that will come but not go away." In learning to understand the demands of the time, Joe Pramesh and his team grew confident and are now 110% ready to move forward.

# ORGANISATIONAL STRUCTURE



## ORGANISATIONAL STRUCTURE



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

In the wake of a global health and economic crisis,

## Keeping Dreams Alive, Bouncing Back

describes CGC's efforts to reinvent dreams. In a challenging year filled with uncertainties, the way forward was in realigning strategies for MSMEs to bounce back, better. Following through on themes from previous years, 2018's *Changing Lives* and 2019's *Fulfilling Ambitions*, CGC in 2020 strived to serve its customers, to efficiently and effectively coordinate initiatives with all stakeholders. At the same time, it sought to embody corporate governance principles across the board without stifling entrepreneurship to respond to the current, fast-evolving business environment.

The Board of CGC is pleased to present this statement with an overview of the Corporate Governance (CG) practices of the Company. The Board views CG as an essential contribution towards achieving the long-term interests of our valued stakeholders. The Board and Management of CGC are committed to applying best practices and principles, which are vital in maintaining integrity and professionalism across the Company.

As governance requirements continually evolve and present new challenges, the Board is committed to ensuring that CGC complies with the Companies Act, 2016 and CGC's Constitution (the Constitution), whilst adopting the best CG practices as outlined in the following policy and guideline:

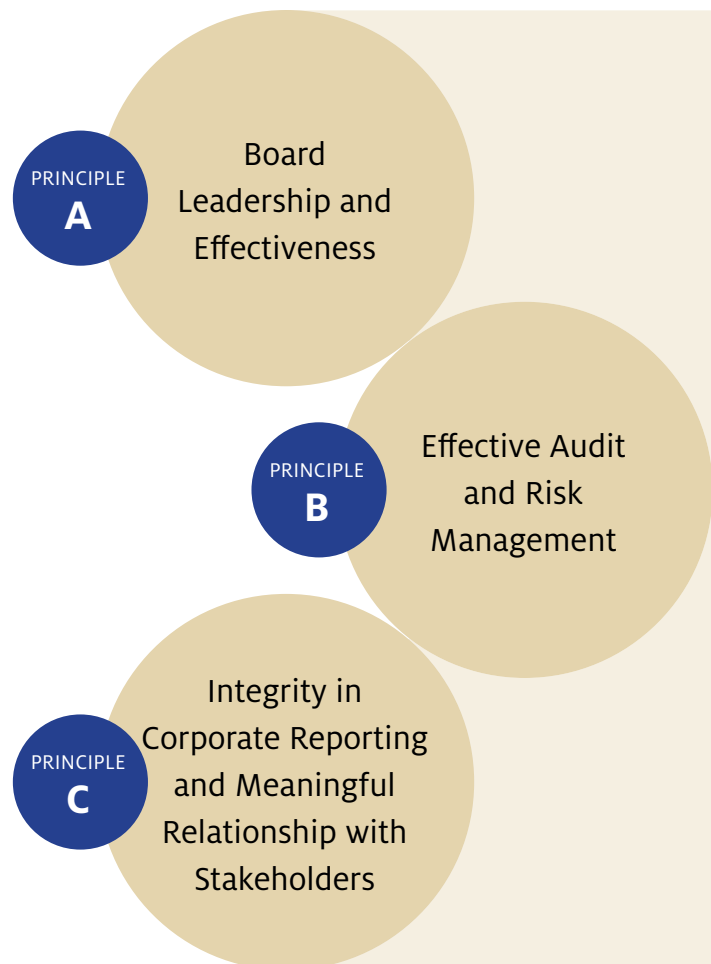
- Policy on Corporate Governance issued by Bank Negara Malaysia (BNM CG Policy)
- Malaysian Code on Corporate Governance 2017 issued by Securities Commission Malaysia (the Code)

### MALAYSIAN CODE ON CORPORATE GOVERNANCE 2017

In strongly advocating and supporting good CG principles, the Board ensures that the Code's principles and best practices are well understood, adopted and reported, further enhancing and strengthening CGC's governance system and processes.

The following pages of this CG Overview Statement set out CGC's approach in applying CG best practices, including the Board and Board Oversight Committees' (BOCs) administration, together with their conduct based on the Code.

This Statement on CG emphasises three (3) key principles, as set out in the Code:



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

#### I. ROLES AND 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 with regard to their fiduciary duties and responsibilities.

As the principal decision-making body for all significant matters affecting CGC, the Board 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 CG.
- 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.

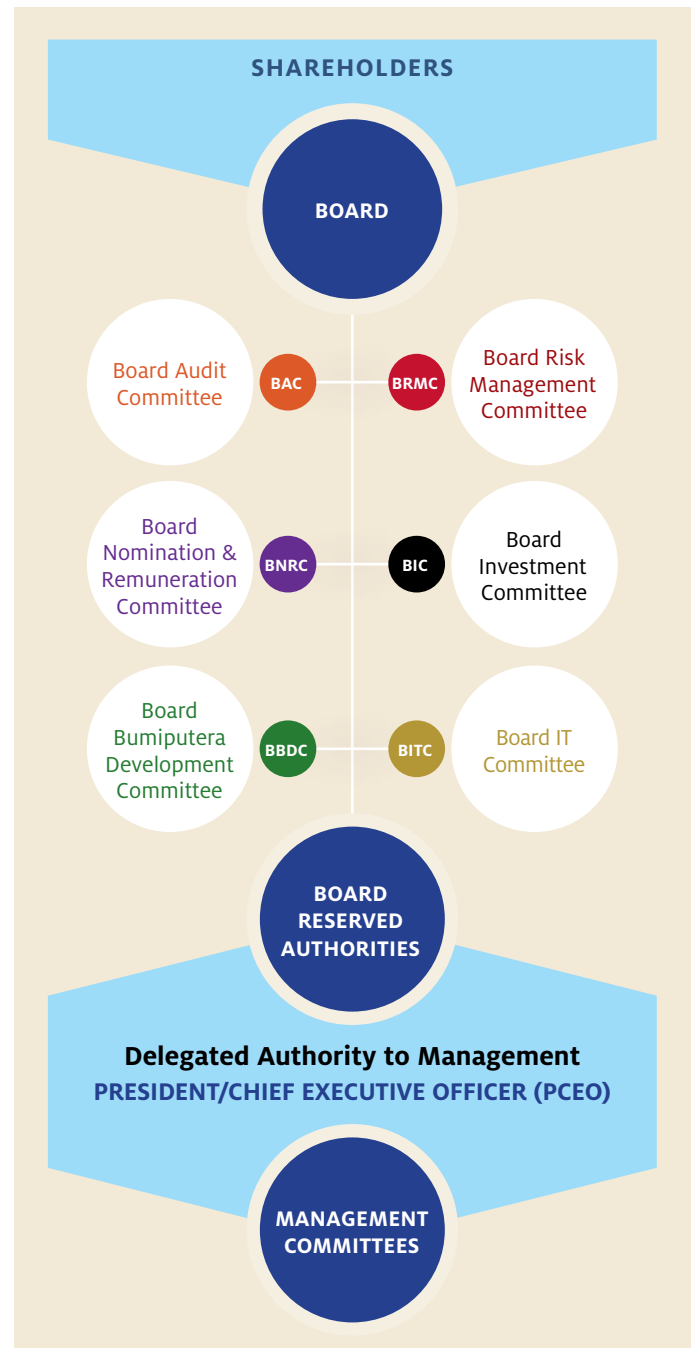
The Board also has a formal schedule of matters specifically reserved for its decision, details of which can be found in the Board Charter.

The Board acknowledges the importance of a clear division of responsibility between the Chairman and the President/Chief Executive Officer (PCEO). The roles of Chairman and PCEO are exercised by separate individuals to ensure optimal balance, resulting in increased accountability and enhanced decision-making. The Chairman is responsible for leading and managing the work of the Board while the responsibility for CGC's executive leadership and day-to-day business management is delegated to the PCEO. The Management Committees provide continuous support to the PCEO in this role.

#### II. BOARD GOVERNANCE FRAMEWORK

To ensure orderly and effective discharge of its functions and responsibilities, the Board has in place a Board Governance Framework (the Framework) where the Board delegates specific roles and responsibilities to its six (6) BOCs:

#### BOARD GOVERNANCE FRAMEWORK



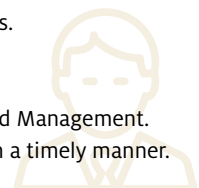
The Framework aims to allow strategic alignment and efficient decision-making in CGC. The Framework is supported by the Board Charter and Terms of Reference (TOR), which are agreed by the Board and available for viewing on CGC's website at [www.cgc.com.my](http://www.cgc.com.my).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

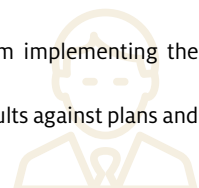
## III. KEY RESPONSIBILITIES

## Chairman

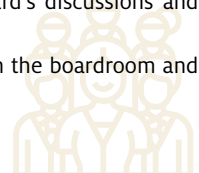
- Responsible for the leadership and management of the Board and ensuring its overall effectiveness.
- Encourages all Directors to maximise their contributions to the Board by drawing on their skills, experience, knowledge and, where appropriate, independence.
- Promotes a culture of openness, challenge 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 CG practices in CGC.
- Promotes constructive and respectful relationships among Directors and between the Board and Management.
- Sets the Board agenda and ensures that Directors receive complete and accurate information in a timely manner.

President/  
Chief Executive  
Officer

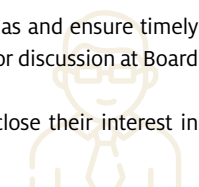
- Responsible for CGC's executive leadership and day-to-day management of its business, within the authority delegated by the Board.
- Executes strategic direction of CGC as set out by the Board.
- Ensures that CGC's businesses are properly and efficiently managed with the executive team implementing the policies and strategies adopted by the Board and BOCs.
- 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 provides constructive challenge to the Board's 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, policies and procedures, rules and regulations as well as advocating the adoption of CG best practices.
- The GC&CS works closely with the Chairman, Chairs of the BOC and PCEO to set meeting agendas and ensure timely presentation of high-quality information to the Board. All Directors have 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

## IV. ATTENDANCE AT BOARD MEETINGS

During the year, nine (9) Board meetings were held to deliberate and consider a variety of significant matters that required the Board's guidance and approval. The dates of these meetings were determined in advance to enable the Directors to plan their schedule. Senior Management members were also invited to attend these meetings to provide updates on specific developments or proposals. Their attendance also provided an additional opportunity for Non-Executive Directors to discuss directly with the Management. Furthermore, they spurred Management thinking on matters under discussion, particularly strategic investment reviews, product development, risk management and new technologies. The Board also had separate sessions with the Management to discuss CGC's strategies.

Board members have discharged their roles and responsibilities through their attendance at the Board meetings held during FY2020, as set out in the table below:

NAME OF DIRECTORS		ATTENDANCE	NAME OF DIRECTORS		ATTENDANCE
1	<b>Dato' Mohammed Hussein<sup>1</sup></b> Independent Non-Executive Director (Chairman)	6/6	7	<b>Dato' Ong Eng Bin</b> Independent Non-Executive Director	9/9
2	<b>Dato' Agil Natt<sup>2</sup></b> Independent Non-Executive Director (Chairman)	4/4	8	<b>Choong Tuck Oon</b> Independent Non-Executive Director	8/9
3	<b>Datuk David Chua Kok Tee</b> Independent Non-Executive Director	9/9	9	<b>Adnan Zaylani Mohamad Zahid</b> Non-Independent Non-Executive Director	9/9
4	<b>Dato' Haji Syed Moheeb Syed Kamarulzaman</b> Independent Non-Executive Director	9/9	10	<b>Faisal Ismail</b> Independent Non-Executive Director	9/9
5	<b>Teoh Kok Lin</b> Independent Non-Executive Director	9/9	11	<b>Saleha M. Ramly</b> Independent Non-Executive Director	9/9
6	<b>Suresh Menon</b> Independent Non-Executive Director	9/9	12	<b>Nadzirah Abd. Rashid<sup>3</sup></b> Independent Non-Executive Director	1/1

<sup>1</sup> Appointed as Director w.e.f. 1 May 2020 and re-designated as Chairman w.e.f. 1 July 2020.

<sup>2</sup> Resigned as Director and Chairman w.e.f. 1 July 2020.

<sup>3</sup> Resigned as Director w.e.f. 1 February 2020.

All Directors met the minimum attendance requirement of at least 75% of Board Meetings held during the financial period, complying with the TOR for Board meetings. The Board also agreed to the 75% minimum attendance requirement for the BOC. Due to the Covid-19 pandemic outbreak, Board meetings in 2020 were held via hybrid and virtual meetings. CGC has fully observed relevant Standard Operating Procedures (SOPs) issued by the Malaysian National Security Council (MKN) whenever hybrid meetings were conducted, e.g., temperature check before entering Bangunan CGC, arrangement of meeting venue with social distancing and hand sanitiser placed at the meeting room entrance.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## ATTENDANCE AT BOC MEETINGS

The table below summarises the Directors' attendance at BOC meetings during FY2020:

	Date of Appointment	Date of Resignation	BAC (quarterly)	BIC (quarterly)	BRMC (quarterly)	BBDC (quarterly)	BNRC (quarterly)	BITC (quarterly)
Name of Directors	Attendance							
Dato' Mohammed Hussein <sup>1</sup>	01.05.2020	-	-	-	-	-	3/3	-
Dato' Agil Natt <sup>2</sup>	18.06.2013	01.07.2020	-	-	-	-	2/2	-
Datuk David Chua Kok Tee	15.02.2013	-	-	4/4	10/10	4/4	-	5/5
Dato' Haji Syed Moheeb Syed Kamarulzaman	15.01.2014	-	-	-	10/10	4/4	5/5	5/5
Teoh Kok Lin	27.06.2014	-	-	4/4	10/10	-	-	5/5
Suresh Menon	17.07.2014	-	6/6	4/4	10/10	-	-	-
Dato' Ong Eng Bin	14.10.2014	-	6/6	-	-	4/4	5/5	-
Choong Tuck Oon	20.01.2017	-	6/6	-	-	-	-	5/5
Adnan Zaylani Mohamad Zahid	18.10.2018	-	5/6	-	10/10	-	5/5	-
Faisal Ismail	01.12.2019	-	6/6	4/4	-	4/4	-	-
Saleha M. Ramly	01.12.2019	-	-	-	-	4/4	5/5	5/5
Nadzirah Abd. Rashid <sup>3</sup>	22.10.2015	01.02.2020	1/1	-	-	-	-	-
<b>Number of Meetings held in FY2020</b>			<b>6</b>	<b>4</b>	<b>10</b>	<b>4</b>	<b>5</b>	<b>5</b>

<sup>1</sup> Appointed as Member of BNRC w.e.f. 1 May 2020 and redesignated as Chairman of BNRC w.e.f. 1 July 2020.

<sup>2</sup> Resigned as Chairman of BNRC w.e.f. 1 July 2020.

<sup>3</sup> Resigned as Chairman of BAC, Member of BIC, BBDC and BNRC w.e.f. 1 February 2020.

● Member ● Chairman

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### V. BOARD ACTIVITIES AND DISCUSSIONS

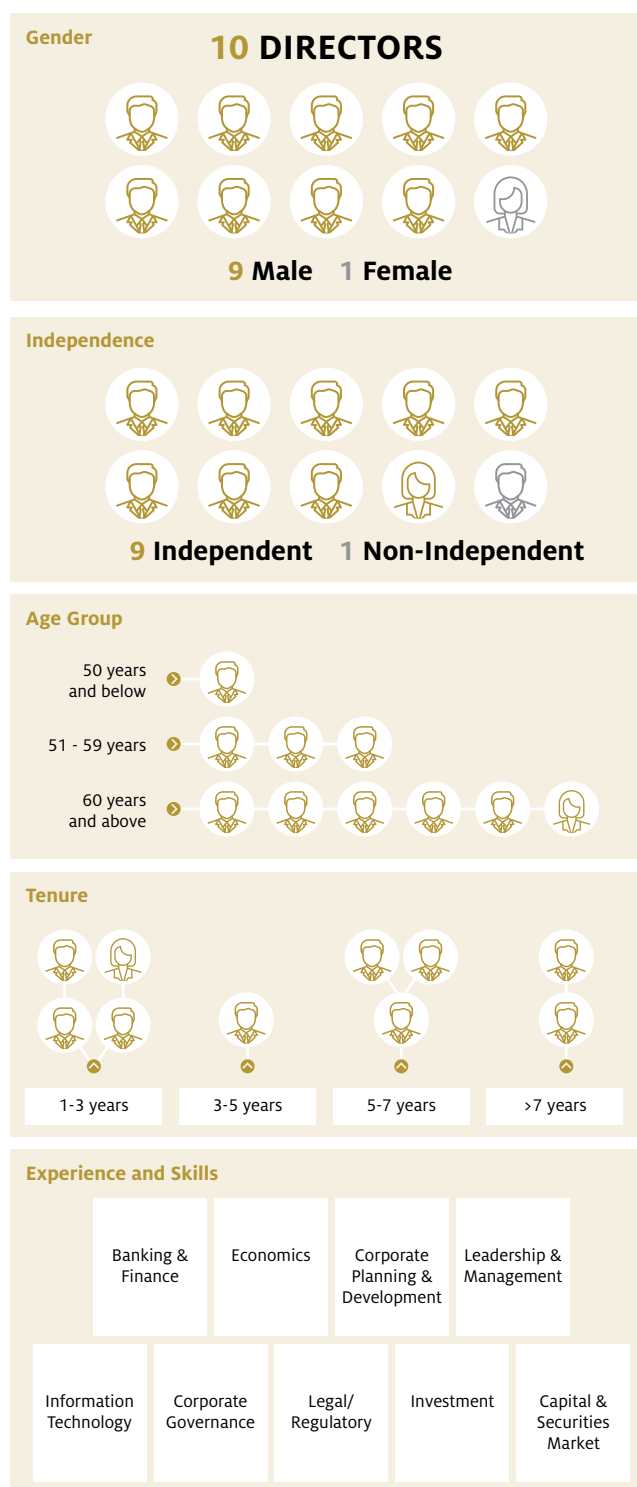
During FY2020, the Board deliberated on the following topics:

<p><b>Strategy</b> </p> <ul style="list-style-type: none"> <li>5-Year Strategic Plan (2021-2025)</li> <li>Participation in BNM's Special Relief Facility (SRF)</li> <li>SME Revival Guarantee Scheme Launch</li> <li>Participation in PENJANA Tourism Guarantee Scheme</li> <li>Participation in BNM's Targeted Relief &amp; Recovery Facility (TRRF), High Tech Facility (HTF) and Micro Enterprise Facility (MEF)</li> <li>BizMikro-i Progress Update</li> </ul>	<p><b>Governance</b> </p> <ul style="list-style-type: none"> <li>Corporate Governance Disclosures prior to Publication of Annual Report 2019</li> <li>Board Evaluation Exercise for Year 2019</li> <li>Appointment of New Director</li> <li>Revision on Appointment of Board of Directors Guideline and Board Evaluation Form</li> <li>Appointment of External Auditor for FY2020</li> </ul>	<p><b>Risk Management/ Compliance</b> </p> <ul style="list-style-type: none"> <li>CGC Readiness towards Anti-bribery and Corruption Compliance</li> <li>Credit Risk Management Framework</li> <li>Revision of Guarantee Reserve Ratio (GRR) and Capital Adequacy Ratio (CAR)</li> <li>Market Risk Policy</li> <li>Revision of Credit Risk Policy</li> <li>Revision of Write-Off Policy for Guarantee and Financing</li> <li>Revision of Approving Authority Matrix</li> <li>Rescheduling and Restructuring (R&amp;R) of Staging Treatment under Assistance Programme</li> <li>Risk Management Dashboard</li> </ul>
<p><b>Technology</b> </p> <ul style="list-style-type: none"> <li>Technology Strategy 2020-2021</li> <li>Digital CGC Strategy 2021</li> <li>IT Strategic Initiatives &amp; Budget 2021</li> <li>Digital Strategy, Governance and Operating Model</li> <li>imSME Performance Update</li> <li>Update of CGC Technology Experimental Framework</li> </ul>	<p><b>Finance</b> </p> <ul style="list-style-type: none"> <li>Audited Financial Statements FY2019</li> <li>High-level Budget Strategy</li> <li>Review of Micro-economic Variables (MEV) and Expected Credit Loss (ECL) Impact</li> <li>Financial Performance Update</li> </ul>	<p><b>People &amp; Culture</b> </p> <ul style="list-style-type: none"> <li>2019 Employee Engagement Survey</li> <li>Revision of Performance Management Framework for Implementation in FY2020</li> <li>Talent Management and Succession Planning</li> <li>SME Apprentice Scheme Enhancement</li> <li>Revision of Reprimanding Guideline</li> <li>Work From Home Guideline</li> </ul>

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### VI. BOARD COMPOSITION

The Board currently comprises ten (10) Directors, nine (9) male and one (1) female, of whom nine (9) are Independent and one (1) is Non-Independent. The Non-Independent Director represents Bank Negara Malaysia, which is the major shareholder of CGC.



#### (a) Board Diversity

The composition of the Board and BOCs is based on 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 as well as asset management. The Directors are experts in their respective fields and have contributed significantly to the Board's decision-making process.

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 skillsets, 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 aspires to increase the number of its female directors on the Board, based on pre-determined skillsets and competencies.

#### (b) Board Independence

During the financial year 2020, 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.

### VII. TERMS OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

CGC is committed to a high level of CG 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.

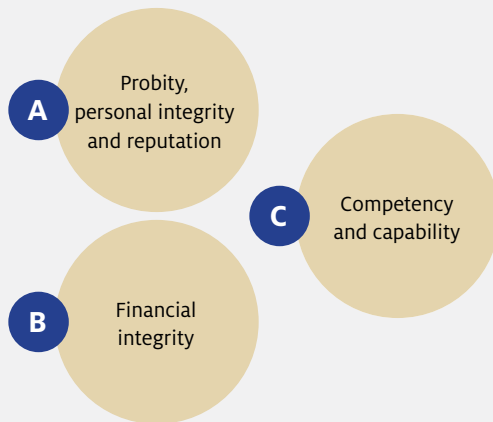
## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Qualification criteria for appointment of a Director are governed by:

- The Companies Act, 2016
- The Constitution
- Criteria set under CGC's Guideline on Appointment of the Board of Directors

The current sourcing method for a new Director is via professional network or referrals from existing Directors. For future director recruitment, CGC will consider a wider talent pool by using independent resources to identify suitably qualified candidates.

BNRC is responsible for first assessing candidates for directorship and BOC 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:



### VIII. RETIREMENT AND 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 to their re-election. In assessing the retiring candidates, the BNRC considers their fitness and propriety based on BNM's Fit & Proper criteria, contribution, competencies, commitment, personality and performance. 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 the Constitution, one-third (1/3) of the Directors or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), 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.

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 had recommended their re-election and all three (3) Directors have given their consent to be re-elected:



### IX. TIME COMMITMENT

In order to effectively discharge their responsibilities, Non-Executive Directors must commit sufficient time to their role. The Chairman viewed that the Non-Executive Directors had sufficiently demonstrated commitment to their role during year 2020.

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.

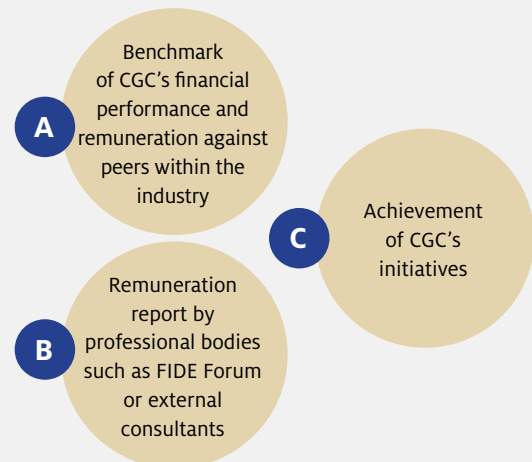
In addition to time spent preparing for and attending Board and BOC meetings, the Chairman and Non-Executive Directors allocated sufficient time during the year to further their understanding of CGC. This included briefing meetings with Senior Management, as well as virtual training sessions to ensure ongoing business awareness.

### X. DIRECTORS' REMUNERATION

Fees and benefits payable to the Non-Executive Directors will be approved by shareholders at CGC's AGM. Any revision to Directors' remuneration will be assessed by CGC Board based on benchmarking among peers in the industry prior to obtaining shareholders' approval.

#### DIRECTORS' REMUNERATION FRAMEWORK

CGC has in place a Remuneration Framework which considers the following factors before proposing a revision:



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Details of the remuneration received by the Directors from CGC during FY2020 are as follows:

	Directors' Fees (RM'000)	Meeting Allowance (RM'000)	Benefit-in-kind (RM'000)	Total (RM'000)
<b>Non-Executive Directors</b>				
Dato' Mohammed Hussein <sup>1</sup>	102	67	56	<b>225</b>
Dato' Agil Natt <sup>2</sup>	90	35	55	<b>180</b>
Datuk David Chua Kok Tee	72	145	6	<b>223</b>
Dato' Haji Syed Moheeb Syed Kamarulzaman	72	139	6	<b>217</b>
Teoh Kok Lin	72	122	6	<b>200</b>
Suresh Menon	72	119	6	<b>197</b>
Dato' Ong Eng Bin	72	105	6	<b>183</b>
Choong Tuck Oon	72	88	6	<b>166</b>
Adnan Zaylani Mohamad Zahid	60	64	-	<b>124</b>
Faisal Ismail	72	111	6	<b>189</b>
Saleha M. Ramly	72	98	6	<b>176</b>
Nadzirah Abd. Rashid <sup>3</sup>	6	9	1	<b>16</b>
<b>Total</b>	<b>834</b>	<b>1,102</b>	<b>160</b>	<b>2,096</b>

<sup>1</sup> Appointed as Director w.e.f. 1 May 2020 and re-designated as Chairman w.e.f. 1 July 2020.

<sup>2</sup> Resigned as Director and Chairman w.e.f. 1 July 2020.

<sup>3</sup> Resigned as Director w.e.f. 1 February 2020.

## XI. PERFORMANCE EVALUATION

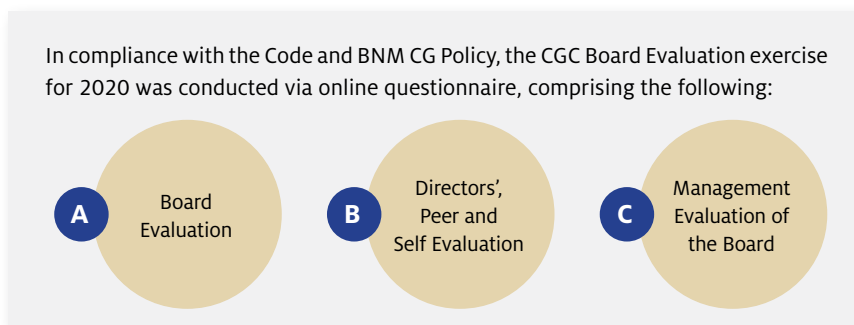
An annual evaluation of the Board, BOCs and individual Directors is required to be conducted in accordance with Practice 5.1 of the Code and Paragraph 13.1 of BNM CG Policy.

The Board, through the BNRC, conducts an annual performance evaluation of the Board, BOC and individual Directors, facilitated by the GC&CS.

Periodic evaluation by professional, experienced and independent party will provide greater objectivity to the assessment exercise. CGC's last Board Evaluation Exercise was conducted by Malaysian Directors' Academy (MINDA) [now known as Institute of Corporate Directors Malaysia (ICDM)] in 2016.

In view of the Covid-19 pandemic, the Board Evaluation exercise for 2020 was conducted internally without engaging an independent party. This was to observe and exercise all necessary precautions to protect the well-being of all stakeholders, whilst complying with Government's regulatory obligations.

CGC is considering to engage an independent party in performing future Board evaluation exercise.



The overall assessment results of the Board, BOCs and individual Directors for year 2020 has achieved 'Exceeds Expectation' level. The Directors have been effectively discharging their roles and responsibilities.

## XII. 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 via virtual programmes despite the Covid-19 pandemic which had restricted physical training/development programmes. Some of them are panel speakers on several programmes and also provide lecture series at public universities.

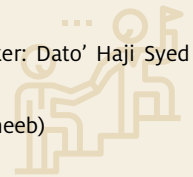
## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Directors attended the following training during FY2020 to further enhance their skills and knowledge:

### TRAINING COURSES ATTENDED

#### A. LEADERSHIP

- ICDM – Building War Time Leaders
- Cornell University – Psychology of Leadership
- FIDE FORUM – 4<sup>th</sup> Distinguished Board Leadership Series – Risks: A Fresh Look from the Board’s Perspective
- FIDE FORUM – Post-Covid-19: Challenging Times: What Role Must the Board Play?
- FIDE FORUM – Focus Group Discussion: Board Effectiveness Evaluation
- FIDE FORUM – Climate Action: The Board’s Leadership in Greening the Financial Sector
- Malaysian Global Innovation & Creativity Centre (MaGIC) – Resilient Leadership in the Face of Crisis (Speaker: Dato’ Haji Syed Moheeb)
- 47<sup>th</sup> ARTDO International World Conference on Leadership & Talent Development (Speaker: Dato’ Haji Syed Moheeb)
- How can I lead myself & others through uncertainty and crisis



#### B. TECHNOLOGY

- Tech Node – Tech Insights: A bigger playground for digital entertainment and education
- Tech Node – Fast Changing Face of Fintech
- Tech Node – Scaling in South-East Asia
- Plug & Play – Asia – Pacific (APAC) Cross Border Showcase Fintech and Insurtech
- Plug & Play – Covid-19 Digital Banking Response from Asia & Europe
- 2020 Hong Kong Fintech Week
- 2020 Singapore Fintech Festival
- FIDE FORUM – Digital FI Series: A European Perspective – Fidor Bank’s Digital Banking Experience
- FIDE FORUM – Digital Banking: Why Does it Matter?
- PricewaterhouseCoopers (PwC) – Covid-19 Recovery and Resilience – Cyber and Economic Crime: Fraudsters and Cyber Criminals, Too, Can Work From Home
- RHB Asset Management – Technology and Artificial Intelligence – Investing in the New Norm or into the Future?
- Lee Hishammuddin Allen & Gledhill (LHAG) – Data Privacy in the Time of a Pandemic
- Securities Commission Malaysia – SC x SC Fintech Week 2020
- Draper Groen Holm – LA Blockchain Summit
- MY – Blockchain for Business Professionals
- Bank of America Malaysia Berhad (BAMB) – Global Information Security (GIS)



#### C. RISK MANAGEMENT

- RHB Asset Management – Investing in REITs - Risk or Opportunity?
- MY – Cybersecurity Training and Crisis Simulation Exercise Cyber and Information Risk Awareness
- BAMB – Management of Climate-Related Risk
- Danajamin Nasional Berhad – Unexpired Risk Reserve (URR)/Unearned Premium Reserve (UPR) Briefing
- PwC – Covid-19 – Recovery and Resilience. Governance and Risk: An Uncertain World, a Riskier Landscape
- RHB Asset Management – Investing in REITs – Risk or Opportunity?



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## TRAINING COURSES ATTENDED

D. LEGAL/COMPLIANCE 

- MY – Combined module of Anti-Bribery/Slavery/Tax Evasion
- BDO Malaysia Webinar – Restructuring Options & Legal Updates
- Anti-Money Laundering and Anti-Terrorism Financing
- Section 17A of Malaysian Anti-Corruption Commission Act AML/CFT 2018
- LHAG – Corporate Liability for Corruption Offences: The Time Has Come: Are You Ready?
- Skrine and Allen & Overy – Dispute Resolution: Inception to Enforcement (Practical Issues)
- BDO – Restructuring and Corporate Rescue: Flattening the Insolvency Curve

E. STRATEGY/ECONOMIC OUTLOOK 

- ICDM – Post-budget Power talk
- Economic Outlook for End 2020-2021
- FIDE FORUM – Covid-19 & Current Economic Reality: Implications for Financial Stability
- RHB Asset Management – Investing in Volatile Times: Stocks, Fixed Income or Multi Assets
- World Chinese Economic Summit – Property Development, Smart Cities & Tourism Development: What Is Next? (Panellist Speaker: Datuk David Chua)
- LHAG Looking Ahead – Trends and Policies in the 4<sup>th</sup> Industrial Revolution
- BNPP/The Economist Corporate Network, Dr Simon Baptist: 2021 APAC Economic Outlook and What to Expect from the US Elections
- Ernst & Young – Malaysia Budget 2021
- AECOM – Future of Infrastructure: The Role of Infrastructure in Economic Recovery
- Institute of Strategic & International Studies (ISIS) – Southeast Asia in the Shadow of a Rising China

F. FINANCIAL INDUSTRY 

- Engagement session for a financial industry engagement (Commercial Banks) in preparation for the upcoming Financial Sector Blueprint
- INTI Leadership Series talk – The Impact of Global Pandemic on Futures of Banking
- BAMB – Lines of Business [Fixed Income, Currencies, Commodities (FICC)]
- FIDE FORUM – Asia School of Business – FIDE Core Bank Programme (Modules A & B)
- FIDE FORUM – Annual Dialogue with the Governor of Bank Negara Malaysia
- FIDE FORUM – 3<sup>rd</sup> PIDM Annual Dialogue with the CEO of PIDM
- BNM Webinar – R & R: Plan & Act Early, for SMEs and Individuals
- Asia School of Business/ICLIF Executive Education Center – Banking on Governance, Insuring Sustainability
- MY – Virtual Banking: A Perfect Shariah Banking
- MIT Sloan – Conversations on Central Banking: Bloated Central Bank Balance Sheets
- SMEs Survival Kit – Finance & You (Panelist: Dato' Ong Eng Bin)
- MY – BNM's Recovery Planning Exposure Draft
- ICDM – Shareholder Capitalism: A Vital Pandemic Agenda?
- Maybank Invest Malaysia
- Nomura Investment Forum 2020





## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## TRAINING COURSES ATTENDED

G. SUSTAINABILITY 

- > FIDE Webinar – Banking on Governance, Insuring Sustainability
- > Tony Schwartz – Managing Your Energy for Sustainable High Performance
- > MIA – Corporate Leadership Symposium 2020 Board case: How do Companies Drive and Implement Sustainability? (Speaker: Dato' Mohammed Hussein)
- > FIDE FORUM – Green Fintech: Webinar – Ping An's Use of Technology to Support Green Finance Objectives
- > MICPA – ICAEW – Driving a Sustainable Business Future
- > RHB Asset Management – ESG & Sustainable Investing – The Way Forward

H. OTHERS 

- > ICDM – In times of Crisis, Stakeholders take Centre Stage
- > SG Tech Go International – Entering China Series #2
- > KPMG/Income – Conduct and Culture
- > Help University Symposium – The Construct of a Nation as I See It
- > MY – APEX Performance Conversations for Managers
- > FMM – OCBC Power Talk 2020 (Moderator: Dato' Ong Eng Bin)
- > Duke – UK Inheritance Tax Planning & How to Protect Your Assets as a UK Property Investor
- > Bursa M&A virtual program
- > Asia School of Business – Board and Executive Pay During and Post Covid-19
- > US Foreign Policy and the Next Administration: What Does it Mean for Malaysia and the South East Asia Region?
- > PwC – Covid-19 Recovery and Resilience. Resource Planning: Taking Care of Your People amid Challenging Business Conditions
- > Institute of Chartered Accountants in England & Wales (ICAEW) – Stories on Succession Planning by Johari Low (Chairman of Rockwills International Berhad)
- > Bank of China International (BOCI) Conference



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### XIII. BOARD OVERSIGHT COMMITTEES

Under the Board Charter, the Board delegates certain responsibilities to its respective 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 BOC. The Board currently has six (6) 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:

#### Board Audit Committee (BAC)

- Establish cost-effective controls
- Assess risks
- Review CGC's financial condition, its internal controls, information systems, performance and findings of internal and external auditors
- Recommend appropriate remedial action

#### Board Risk Management Committee (BRMC)

- Assist the Board to deliberate on CGC's risk management practices
- Ensure effectiveness of identification, measurement, monitoring and control of risks
- Ensure compliance with applicable laws, regulations and guidelines for good CG

#### Board IT Committee (BITC)

- Provide direction in overall IT strategy and governance
- Monitor progress of strategic IT project implementation, future technology, IT industry trends and developments, as well as progress of digital competency

#### Board Nomination & Remuneration Committee (BNRC)

Assist the Board on the following:

- Appointment and remuneration of Directors and Chief Executive Officer and/or Executive Director (if any)
- Assessment of effectiveness of the Board, BOCs and individual Directors
- Assessment of performance of Chief Executive Officers and/or Executive Directors (if any) and Senior Management Officers
- CGC's human resources strategies, policies, performance and reward systems
- Ethical business conduct of employees

#### Board Investment Committee (BIC)

- Review investment policies, strategies, policies and guidelines
- Provide strategic direction governing CGC investment activities

#### Board Bumiputera Development Committee (BBDC)

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

### XIV. 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 to ensure the Directors are able to make independent and informed decisions.

### XV. DIRECTORS' CONFLICT OF INTEREST

The Board has procedures in place for 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 conflicts with CGC, in accordance with the Companies Act, 2016 and Board Charter.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### XVI. 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 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.

### PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. AUDIT COMMITTEE

The Board has in place a BAC, which comprises five (5) 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 (1) 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 entity within CGC or any matters within its TOR.

*Further information on the BAC, including internal audit functions, can be found under the BAC report on pages 150 to 151 of this Annual Report.*

#### II. RISK MANAGEMENT & INTERNAL CONTROL FRAMEWORK

The Board takes heed of the importance of CG. It strives to instil an effective structure through risk management processes with the establishment of the Enterprise Risk Management (ERM) Framework to meet its obligations towards customers, shareholders and other stakeholders. As risk is evolving and present in all our activities owing to the changing dynamic business landscape, the Board continuously reviews CGC's policies, procedures and processes to enable it to function effectively such as by:

- i. Identifying, assessing, evaluating and managing material risks that CGC faces
- ii. Determining the nature and extent of material risks it is willing to take in achieving its strategic objectives
- iii. Determining 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

To further enhance the CG and risk management structure at CGC, the Board has approved the updated ERM Framework, which aligns with best practice standard namely the Code, BNM CG Policy and the ISO 31000:2018. The four (4) key policies in the ERM Framework which will further strengthen the risk management controls of CGC are the adoption of the 3 lines-of-defence model, the integration of risk management processes into the key activities of CGC, the escalation of risk and compliance issues to the governing authorities, and providing supporting resources to facilitate the management of risks at CGC.

The Board is also responsible to regularly review the effectiveness of CGC's risk management and internal control system. Such systems are 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's monitoring scope covers all areas of controls including financial, operational, compliance and risk management. It is based principally on reviewing reports from Management to consider whether significant risks are identified, managed and controlled properly. The Board also ensures that significant weaknesses are promptly remedied and indicate a need for more extensive monitoring. The BAC assists the Board in discharging its review responsibilities.

In addition, with a comprehensive financial reporting system in place, the Board receives a number of reports to enable it to carry out its functions in the most efficient manner. These procedures include the 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.

Throughout the reporting period, a formal material risk assessment exercise had been carried out and resulted in the formulation of CGC's risk profile. This summarises its key material risks, their potential impact and mitigation plans.

*More on our Risk Management and Internal Control Framework can be found in our Risk Management and Internal Control Statement on pages 154 to 159.*

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the course of reviewing its 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.

### PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### I. RELATIONSHIP WITH EMPLOYEES

2020 marked a unique year where social distancing disrupt the conventionality of employee engagement. In a time of crisis, CGC quickly established a Work From Home (WFH) policy and set up a formal communication channel by expanding laptop distribution, even including interns. Human Capital & Administration (HCA) also set up secure access to shared folders and rolled out Microsoft Teams® as a secure communication channel. This ensured that management decisions, important information-sharing and critical employee feedback flow smoothly in all directions.

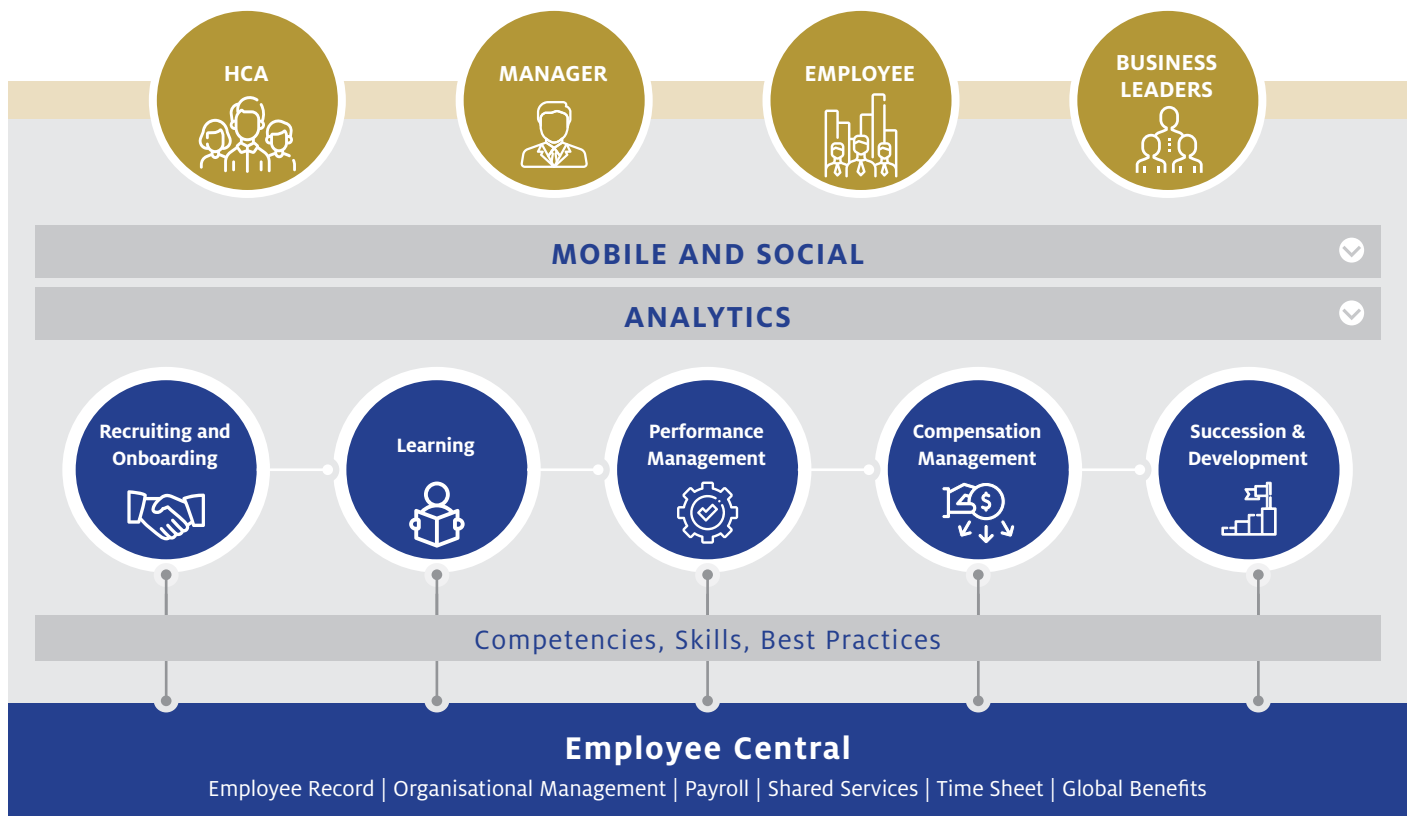
Having equipped employees with the necessary WFH infrastructure, CGC leveraged Microsoft Team Town Hall sessions to provide employees with two-way communication channels to interact and obtain latest information on CGC’s performance, important announcements and initiatives. The Quarterly Town Halls have been organised on the same platform. Besides this, Heads of Divisions

and other managers were encouraged to constantly engage their team members. This was intended to keep motivation levels high, especially for those directly involved with government initiatives such as the Special Relief Fund to aid MSMEs.

At the time of writing, the Board has endorsed a revision to the Human Capital (HC) Policy with 67 new sub-policies added to the previous Policy document. This brings the total of approved sub-policies to 118. In addition, to ensure consistency across the employee life-cycle, HC Policy revision and realignment were initiated to achieve the following:

- Align with CGC 5-Year Strategic Plan (5SP), its digital and operational transformation
- Align with the new way of working (e.g., addressing current pandemic situation)
- Address the culture change that drives employee motivation and performance, and rewards transformation
- Complement the new HRMS (SAP Success Factor) as the platform for employee management

Getting itself on board the transformation train, HCA is experiencing the Agile concept first-hand, as it began embarking on HRMS in the latter part of 2H2020. Besides enabling enhancement of employee experience through technology, this project promises better input for future decision-making as it unlocks employee analytics.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Foreseeing that training in its traditional sense will be interrupted, HCA introduced e-Learning to leverage ready-to-go learning stills and videos. The content was selected, based on the mapping of the approved Core Competencies. With this launch, CGC truly facilitated and promoted continuous learning anywhere, any time, nationwide.

### II. RELATIONSHIP WITH CUSTOMERS

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

- As the owner of the Chatbot, CSC launched the new look of Chatbot Avatar to attract more customers to chat with the Chatbot in imSME. Overall, the Chatbot attended to 28,265 users, with 105,279 interactions.
- Served 17,522 in-bound calls, where 97% of enquiries were resolved within Charter.
- Continued to serve MSMEs by providing advisory 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.

In addition, CGC branches organised networking activities such as workshops and briefings, both to consistently engage with our existing customers and to attain potential leads. Branches also participated in external conferences, expos, carnivals, pocket talks and seminars as part of their involvement in building networks with various stakeholders via setting up booths and dealing with potential customers' queries with regard to CGC's products and services. Their initiatives include maintaining good rapport with customers and stakeholders, by organising events such as Chinese New Year Open House.

Interested customers can reach out to CSC officers via Hotline 03-7880 0088, email [csc@cgc.com.my](mailto: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



### III. RELATIONSHIP WITH SUPPLIERS

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

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

### IV. RELATIONSHIP WITH SHAREHOLDERS

The AGM is a primary platform of interaction between shareholders and the Board with the support of its Senior Management. The Board regards the AGM as an opportunity to communicate directly with shareholders and encourages attendance and participation. At each AGM, the Board takes pleasure in presenting the progress and performance of CGC's business. The Board values dialogue with shareholders and appreciates the keen interest of shareholders in CGC's performance. Shareholders are encouraged to participate in the Question and Answer (Q&A) session 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 on CGC's website 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.

### V. ANNUAL GENERAL MEETING

In light of the Covid-19 pandemic and subsequent government directive to refrain from holding large gatherings, CGC conducted its first (1<sup>st</sup>) virtual AGM in 2020. The 47<sup>th</sup> AGM was held by leveraging technology in accordance with Section 327(1) of the Companies Act, 2016. This is also aligned with the Securities Commission Malaysia's directives (adopted by CGC based on best practice) for Companies to consider the use of relevant technology to provide ease for shareholder participation and improve the conduct of general meetings.

Shareholders are notified of the AGM and provided with a copy of CGC's Annual Report before the meeting. In line with CG's best practice, the Notice of the 47<sup>th</sup> AGM was circulated twenty-eight (28) days before the date of the meeting to ensure shareholders had 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 save for unforeseeable reasons that are beyond their control.



*"Before CGC gave us the BizMula-i financing, we could only produce less than 500 pieces and didn't have the capacity to increase our production."*

Jimmy Goh Tiong Lun says his company did not suffer from the impact of Covid-19, "We had to double our production because the Muslim prayer clocks were in high demand." During the movement restriction orders, because people were not allowed to go to the surau or mosque to pray, they were buying the clocks for their homes. For Promas Technology, which produces the Electronic Prayer Time Display Watch, sales increased. They used to retail mainly through distributors, so Goh saw this as an opportunity to go online, which they had planned earlier. His biggest lesson from the pandemic is to always be ready for any eventuality. "We must always prepare for alternative points of sales."

Goh, who had previous experience in running other businesses, set up Promas Technology in 2015. Four years later he approached CGC about expanding his manufacturing capacity. "Before CGC gave us the BizMula-i financing, we could only produce less than 500 pieces and didn't have the capacity to increase our production." CGC's direct financing enabled him to assemble the clocks using Promas' own machinery, instead of outsourcing the task to other manufacturers. This reduced manufacturing cost, as well as boosting turnover.

Although he is ready to export his clocks, prices internationally are too competitive to make this viable right now. Since they first began, Promas had always wanted to make Malaysian products, manufactured locally. "We have the best manpower and technology here, except for material source which we have to import at a high cost."

Post-pandemic, he'd like to focus on making new clock models with lower costs so that everyone will be able to afford them, as they are currently priced above RM300. Goh is also about to launch Promas ATV, an All-Terrain Vehicle for estates and farms. With the BizBina-i financing he acquired in 2020, he has diversified into manufacturing auxiliary farming equipment, apart from becoming sole distributor for the renowned CFmoto ATV in Malaysia.

# YEMENI HONEY GMART | FOOD

Kuala Terengganu, Terengganu

MOHAMAD FUAD MAT SIDIK



*"With CGC's help in 2020, I used my second financing, BizBina-i, to pay a large deposit to import five tonnes of honey, instead of the usual 500 kg to 1 tonne, to sell in 2021."*



When Mohamad Fuad Mat Sidik was a student in Yemen for seven years, he was already dabbling in business. He used to send honey and *jubah* back home to sell. "Even then, the response was very good because of Yemen's high-quality products." The handmade *jubah* are of very high standard, and food items like honey, nuts, dates and raisins are organic.

In 2016, after returning home, he formally set up shop. In Yemen, he had established relationships with local honey and other food item traders. Most significantly, he spoke Arabic, a definite advantage when dealing with Middle Eastern merchants.

When he first started, he could only afford to import about five to 10 kgs of Yemeni Sidr, monofloral honey made solely from the nectar of Yemeni Sidr trees and known for its nutritious and curative qualities. Over the course of five years, he opened three shops. In 2018 he found out about CGC and applied for BizMula-i. He used the financing to pay a large deposit to the honey and date

suppliers, allowing him to import large amounts as the items are expensive. "With CGC's help in 2020, I used my second financing, BizBina-i, to pay a large deposit to import five tonnes of honey, instead of the usual 500 kg to 1 tonne, to sell in 2021."

Regrettably, after the pandemic he had to shut two of his shops to save more than RM20,000 on monthly operating costs. "It took me about six months to decide to do that and to let some of my staff go. But in the end our regular customers are still here with us." During the difficult times he learned there is always a way, as when his shops remained shut and he pivoted to cash-on-delivery (COD) and online sales. "People could not go out to shop, but the response was very good for us and my sales went up."

# BOARD AUDIT COMMITTEE REPORT

## COMMITTEE MEMBERSHIP

The following table shows the committee members during the year:

### ➤ Faisal Ismail

Independent Non-Executive Director  
(Chairperson)

### ➤ Nadzirah Abd Rashid

Independent Non-Executive Director  
(Chairperson)  
*Resigned w.e.f. 1 February 2020*

### ➤ 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

The Board Audit Committee (BAC) mostly consists of Independent Non-Executive Directors and is chaired by En. Faisal Ismail. En. Faisal was appointed 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 the 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 page 136 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 Function to conduct audits and investigations on any entities within CGC or on any matters within its Terms of Reference.

## ROLES AND RESPONSIBILITIES

The BAC assists the Board by providing an oversight role on 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.

## PRINCIPAL ACTIVITIES

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

## INTERNAL AUDIT

- Approved the Internal Audit Plan and the Internal Audit Function's budget on 12 November 2019. In approving the Internal Audit Plan, the BAC reviewed the risk-based methodology used by the Internal Audit Function when 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 21 July 2020.
- Approved the Key Performance Indicators (KPIs) of the Chief Internal Auditor (CIA) on 12 November 2019 and evaluated the CIA's 2020 performance on 18 February 2021 and 1 April 2021.
- Deliberated on the audit reports and their recommendations, as well as Management's responses. The BAC met six (6) times in 2020 to deliberate on the audit reports.
- The Audit Compliance Committee (ACC) is a BAC-delegated committee. It was established to ensure that Management takes 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 eleven times in 2020. The BAC reviewed the ACC meeting minutes and deliberated on the status of actions taken by Management during each BAC meeting.



## BOARD AUDIT COMMITTEE REPORT

### EXTERNAL AUDIT

- Reviewed and approved External Auditor's Audit Plan and scope of work on 6 November 2020.
- Completed the annual assessment of the External Auditor, which encompasses the Auditor's performance, independence and objectivity, prior to recommending to the Board to re-appoint the Auditor.
- Held a meeting on 1 April 2021 with the External Auditor to review the 2020 audit results and the identified areas of concern.
- Met the External Auditor without the presence of Management on 6 November 2020 and 1 April 2021, 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 and provision for audit- and non-audit-based services provided by the External Auditor, in accordance with established procedures. The review of non-audit-based services is to ensure that the provision of such services does not impair the External Auditor's judgment or objectivity.

### 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. Also taken into account were the presence of significant and unusual activities or transactions.

### INTERNAL AUDIT DEPARTMENT

The Internal Audit Department (IAD) helps CGC accomplish its goals by bringing an objective and disciplined approach to 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 of Management and is thus able to perform its activities in an 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. This includes financial, operational, technology and compliance risks. The Audit Plan was approved by the BAC. The Annual Audit Plan is aligned with CGC's strategies, objectives and risks.

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

The 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 an 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 Treadway Commission (COSO) Integrated Internal Control Framework and the Control Objectives for Information and Related Technologies (COBIT) Framework. COSO and COBIT are internationally recognised frameworks, 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 issued 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 required to complete the audits.

In 2020, IAD presented the internal audit reports to the BAC six (6) times. The reports highlighted gaps found in the governance, risk management and controls practices and provided recommendations for improvement.

### SUMMARY OF AUDIT ACTIVITIES DURING THE YEAR

- Carried out planned audit reviews. A total of 50 planned audit reports were completed during the year.
- Monitored and followed up on implementation of corrective measures by Management and reported the status of outstanding audit findings at all ACC and BAC meetings.
- Participated in 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 tender opening process for procurement of services or assets to ensure that the process was conducted in an objective, fair, transparent and consistent manner in accordance with the SOPs.

# X-TREME PADDLERS BORNEO | TOURISM

Kota Belud, Sabah

NUR'AIN OSMAN



*"The Market Access Advisory webinars were very timely, as I was able to gather all the resources I needed to optimise the potential of my new venture."*

For Nur'ain Osman (Ann Osman), Malaysia's first female Muslim Mixed Martial Arts athlete, 2020 was supposed to be breakout year for X-Treme Paddlers Borneo, established in 2016. She and her husband, who share the business, had just signed their biggest deal with an oil and gas company to run team-building events. They had received financing to upgrade and develop their whitewater-rafting site with camping ground and team-building centre.

"We were delighted. New businesses and new segments were opening up," enthuses Ann. "Then Covid-19 happened and all hopes crushed in front of our eyes." When the first MCO was announced, everything was cancelled. Without time to think, the couple decided to pivot. "We dove headfirst into farming organic chickens in Kudat without any experience in farming." All they had was land, a good mentor and willingness to learn.

Ann is grateful for the disruption, however. They started farming with 1,000 to 2,000 chickens and are now going to begin manufacturing chicken and animal feed. "That's our whole concept: farm, process and retail – from farm to fork." The farm, almost a year old, is currently more of a B2C (business-to-consumer) market

on e-platforms. The emphasis is on creating and marketing their brand BAUI and organic, fresh, halal meat. The response has been great, with high demand expected in Sabah. Soon they'll be looking at retail and export.

Which is why Ann found CGC's Market Access Advisory webinars, led by industry experts, very enlightening. She was invited to attend as a previous CGC customer, X-Treme Paddlers having received BizMula-i financing in 2018 for additional equipment. "The Market Access Advisory webinars were very timely, as I was able to gather all the resources I needed to optimise the potential of my new venture." Useful for their outdoor adventure and water sport specialist business, too – they restarted it, with the first rafting trip in early April 2021 for local tourists.

What has the pandemic taught Ann? "Stay calm and look at what I have right now in terms of resources that I can control. And plan from there."

# COOL FLORIST & GIFTS | FLORIST

Petaling Jaya, Selangor

REGINA SELVARAJ



*"With MyKNP funding, I was able to pay larger deposits to my suppliers in Cameron Highlands to purchase flowers at a cheaper rate."*

▶ Three years ago, when accountant Regina Selvaraj became a florist, she stood fast by her notion of having neither creditors nor owings. Instead, she prefers loans, government agency financing or business development initiatives.

She wanted to create something herself. Having been raised on a family-owned jasmine flower farm, she started Cool Florist & Gifts with her certified craft-making sisters in 2017. "But I needed funding," She laments: "Even my cold room... cost me RM115,000." In 2018 and 2019 she received CGC's BizWanita-i financing to help her cashflow and expansion.

Other than wholesale and retail flowers, Regina extended her range to include accessories like balloons, wrappers and ribbons. She worked with third-party agents to decorate events and conduct workshops. She also set up an academy to introduce small-scale floristry to homemakers by providing the necessary supplies for them to grow home-based businesses.

Regina's many ideas about growing her own business and helping local people were pre-Covid-19. After it struck, her business suffered. Temples shut, and her supplies of garlands and flowers

halted. Events were postponed or cancelled. Even when the MCO was lifted, she had to pay more for her regular supply from Cameron Highlands due to worker shortage and increasingly frequent landslides.

It was difficult to meet rental and salary costs with her savings, not to mention agent commissions. The moratorium, especially for lorry instalments and rescheduled CGC payments, helped tide her over. But when a local bank rejected her loan application, she was referred to iMSME. "With MyKNP funding, other than meeting my costs, I was able to pay larger deposits to my suppliers in Cameron Highlands to purchase flowers at a cheaper rate."

Finding a post-MCO way forward, she used social media more for deliveries. She supplied customers with event packs, for families to decorate their events themselves. "I believe that if a business is not competitive, then it is not a business." Regina never turns away a customer, as she trusts that people will always need celebrations, happy or sad. "They'll be looking for me."

# 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 that 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

“In a dynamic, fast-changing and globalised environment in which the Corporation operates, it is crucial to ensure that risks are proactively managed in order to protect its shareholder value. To this end, the Corporation is continuously enhancing its Enterprise Risk Management framework by aligning with international best practice standards. As a result, this will strengthen the Corporation’s risk management capabilities so that it remains robust to cope with any emerging risks and external shocks in a volatile business landscape.”

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. Additionally, 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.

### ➤ 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.
- 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 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.

<b>Capital</b>	Guarantee Reserve Ratio	Capital Adequacy Ratio	Impairment Ratio
<b>Liquidity</b>	Liquidity Gap		
<b>Financial Risk</b>	Credit Risk		Market Risk
<b>Non-financial Risk</b>	Operational Risk		Internal Control and Compliance
<b>Business-related Risk</b>	Earnings	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 to 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 has been established to identify all risks material to CGC, including risk mitigation and controls. Using the MRA approach, CGC has a holistic view of potential threats or risks it may face and can assess if it is sufficiently capitalised to absorb financial losses from any unexpected events.

### Stress Testing

Stress Testing is a forward-looking 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.

### Business Continuity Management

CGC's Business Continuity Management (BCM) Framework aims to continue to deliver its products and services at acceptable pre-defined levels following a disruptive incident. This enables the Corporation to prepare for, respond to and recover from disruptive incidents.

BCM culture is embedded and integrated within CGC's strategic and day-to-day management, as well as its alignment with business priorities. The strategic objective of BCM is to ensure:

- Zero tolerance for disaster recovery failure.
- Timely recovery of all critical business operations, in accordance with CGC's Business Continuity Plan.

### Crisis Management

The aim of Crisis Management (CM) is to develop CGC's capability to prepare for, anticipate, respond to and recover from crisis. CGC is committed to safeguarding the interests of its key stakeholders, the environment, reputation, brand and value in the event of emergency, incident or crisis. The Corporation has established a comprehensive Crisis Management and Business Continuity Programme to protect staff, safeguard the Corporation's assets and ensure continuous availability of its products and services.

## RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

### Authority Limit

CGC's Approving Authority Limit (AAM) outlines accountability and responsibility. It serves as a reference tool to identify the appropriate approving authority at various levels of management, including matters that require Board 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.

### 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 management and the 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

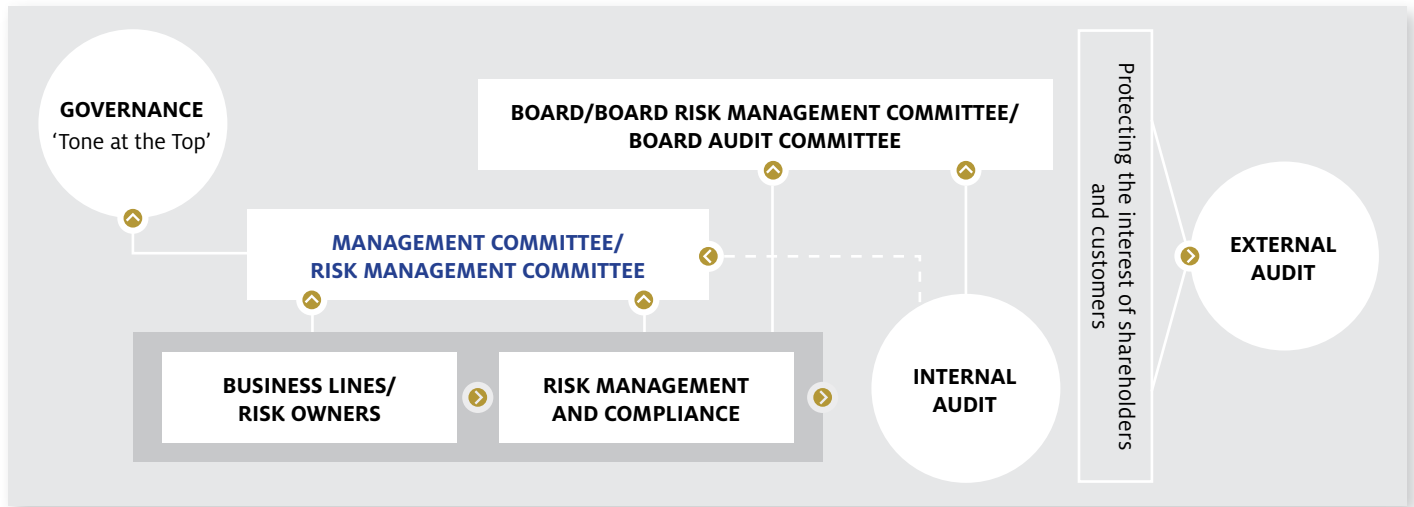
Enable ongoing sharing of 'lessons learned' across the Corporation's business area.



## 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:

#### 1<sup>st</sup> 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.

#### 2<sup>nd</sup> 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.

#### 3<sup>rd</sup> Line of Defence

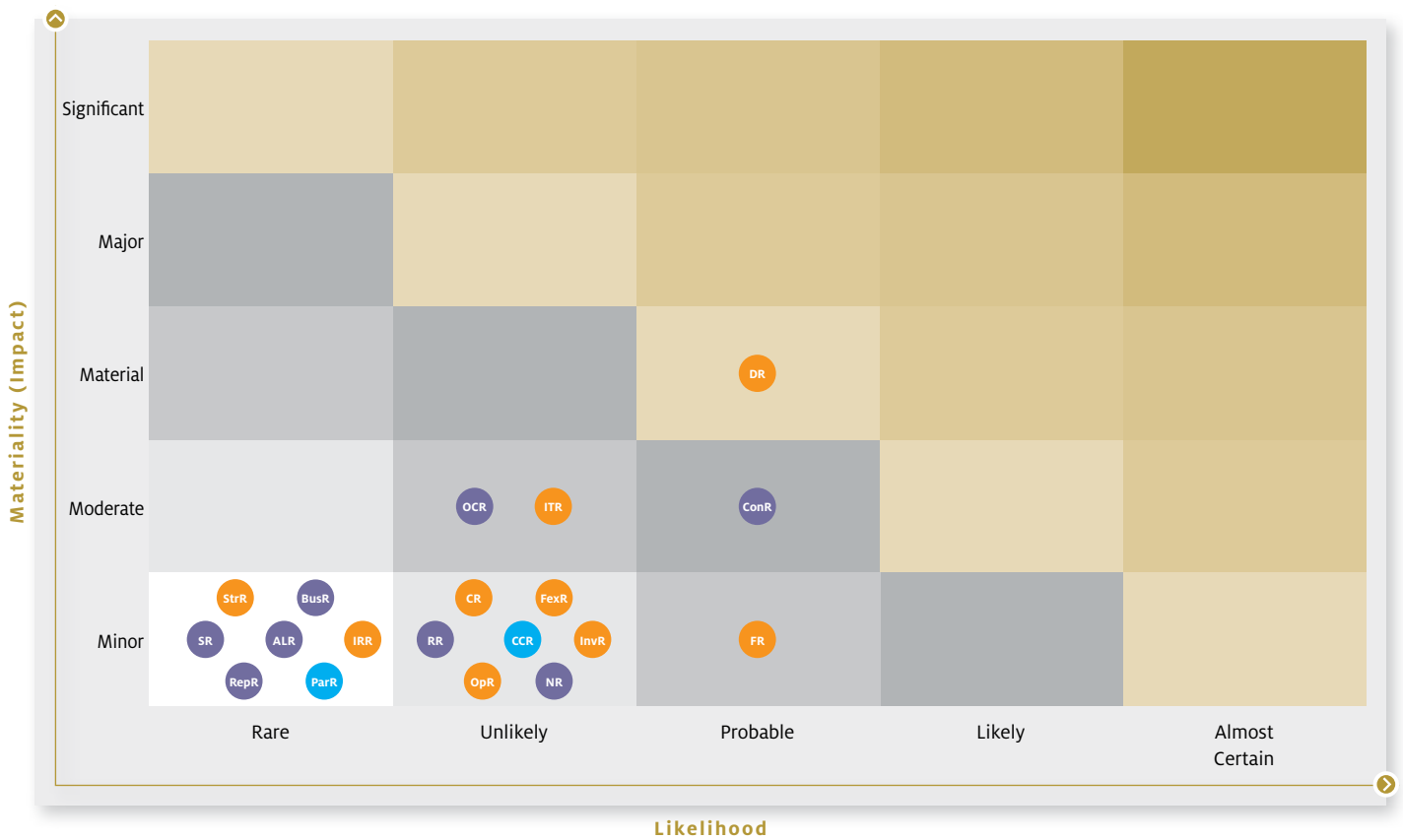
The Internal Audit function provides independent assurance on the design and operating effectiveness of the governance, risk management and internal control framework. It also facilitates enhancement, where appropriate.

## RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

### 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 the Corporation.

### SIGNIFICANT MATERIAL RISKS OF CGC



- Sufficient Capital Already Provided
- No Additional Capital Required
- Additional Capital Required

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 and financing. It is a material risk primarily due to the relatively riskier segment of MSMEs that the Corporation serves as part of its developmental and counter-cyclical role. In managing the default risk, risk appetite/threshold has been set according to the type of portfolio. Credit risk-related policies and procedures governing the end-to-end credit processes are established to facilitate the Corporation in operating within the risk appetite of the Corporation.

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### ➤ 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.

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### ➤ Operation Risk

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

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### ➤ Credit Concentration Risk

Due to the business environment of MSMEs, the Corporation is exposed to micro, small and medium-sized enterprises with high variability in performance. Therefore, the Corporation is exposed to credit concentration risks at the portfolio level in various segments, but these can be homogeneously grouped based on similar risk characteristics. Statistically derived thresholds by FI, Sectors, Constitutions and others are in place to guide business and manage concentration risks.

# TALENTCLOUD.AI | SOFTWARE DEVELOPER

Kuala Lumpur, Wilayah Persekutuan

ANSON WANG

*"Although our applications to several banks were initially rejected, I am very grateful to CGC's Financial Advisory Team that offered us alternatives."*

For Anson Wang, business improved during the Covid-19 pandemic. As an HR analytics solution provider, Talentcloud.ai intends to reshape the world of human capital management. The modern, customised, easy-to-use software automates HR processes, reduces errors, and offers real-time records.

Competing with international providers, this start-up company, with 80 staff and offices in Singapore and Sydney, focuses on the needs of mainly medium-sized and large enterprises. Wang says the market has been very receptive, it doesn't take much convincing to get clients to replace their decades-old current systems.

"We received more enquiries, closed more deals and had overseas companies offering to partner us in promoting our software in their markets." However, the key challenge of the various extended movement restriction orders was cash flow.

After the first Movement Control Order (MCO) in March 2020, Wang did not expect the second one in January 2021. It became increasingly difficult to collect payments, placing the two-year-old company in a difficult spot.

"Although our applications to several banks were initially rejected, I am very grateful to CGC's Financial Advisory Team that offered us alternatives." They committed to exploring options with Wang, and sorting through documentation efficiently.

Wang appreciates the BizMula-i support, as it allowed Talentcloud.ai and their clients a reprieve to plan long-term. Uncertain of the future, Wang feels the financing offers back-up. "My greatest pandemic lesson is to have more cash in the bank, because you'll never know what happens next month or next year!" The other revelation for him is accelerating digitalisation, a definite boost for his industry.

Despite diminishing teamwork dynamics, Talentcloud.ai staff now work from home and conduct online sales pitches and demonstrations. The company's priority, however, is to improve payment methods. Instead of large upfront payments, Wang is studying the viability of collecting customer payments yearly, depending on the length of contract. "This will help reduce our clients' cash flow burden, too."

# FARMASI AURORA | PHARMACEUTICAL

Sg Petani, Kedah

AHMAD DARWIS  
EZANI MD. MOHTAR

*"When I did not qualify for the SRF, the CGC FA Team advised me to apply for BizSME to serve as my working capital for expansion."*

"Always be prepared. Chances and opportunities can come at any time." This is the most important lesson for Ahmad Darwis Ezani Md. Mohtar during the pandemic, for trying times do not necessarily mean all doom and gloom.

Farmasi Aurora is one of four Sungai Petani pharmacies owned by Ahmad Darwis. Each has a different name to adhere to licensing regulations. After graduating with a Pharmacy degree, he worked in the government sector for four years before going private for another two. Interested in opening his own pharmacy, he set up his first one three years ago.

Ahmad Darwis found out about imSME through a social media advertisement. Unfortunately, in 2019 he failed to obtain a product match because he had neither a track record nor the necessary documentation. In addition, his turnover was deemed too small. That's when CGC's Beyond Guarantee Financial Advisory (FA) Team stepped in. He successfully obtained BizMula-i financing to set up

his business. Then, again, in April 2020, he did not succeed in his application for the SRF because his business had been operating for less than three years.

"When the MCO was first announced my sales doubled, then they dipped, and now they're back to pre-Covid levels." His customers, he notes, are now very willing to spend more on vitamins and supplements. "People are more health-conscious now, and it's easier to explain to them the role of each product in boosting their immune systems." Previously slow-moving products such as sanitisers and face masks have become fast-moving goods. During the pandemic he had to sustain his business, even if he had plans to expand. "When I did not qualify for the SRF, the CGC FA Team advised me to apply for BizSME to serve as my working capital for expansion."

However, that's all behind him now. Looking ahead, by the end of 2021 and in 2022, Ahmad Darwis plans to open more branches in other parts of Kedah.



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Proxy Form

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# 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 2020.

## 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' Mohammed Hussein (Chairman) – Appointed as Director on 1 May 2020 and re-designated as Chairman on 1 July 2020

Dato' Agil Natt (Chairman) – Resigned on 1 July 2020

Datuk David Chua Kok Tee

Dato' Haji Syed Moheeb Syed Kamarulzaman

Encik Teoh Kok Lin

Encik Suresh Menon

Dato' Ong Eng Bin

Encik Choong Tuck Oon

Encik Adnan Zaylani Mohamad Zahid

Encik Faisal Ismail

Puan Saleha M. Ramly

Puan Nadzirah Abdul Rashid – Resigned on 1 February 2020

## PRINCIPAL ACTIVITIES

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

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

## FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	108,541	110,761

## 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 21 to the financial statements.

## DIRECTORS' REPORT

### 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 2020.

### DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 41 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 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.
- (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 Company misleading or inappropriate.

## DIRECTORS' REPORT

### OTHER STATUTORY INFORMATION (CONTINUED)

- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and 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 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 38 to the financial statements.

### SIGNIFICANT EVENT AND EVENT OCCURRING AFTER BALANCE SHEET DATE

Details of significant event and event occurring after balance sheet date are set out in Note 45 to the financial statements.

## DIRECTORS' REPORT

### BUSINESS REVIEW

Following the global Covid-19 pandemic, 2020 will be marked as the most challenging year in recent history, leaving national economies and businesses incurring losses. Bank Negara Malaysia reported that the economy contracted by 5.6 percent in 2020, from 4.3 percent growth in 2019. The decline was attributed to commodity supply disruptions due to labour shortages and facility closures, mainly in the services, agriculture, mining and construction sectors. However, the introduction of national stimulus packages such as PRIHATIN, PRIHATIN PKS+ and PENJANA helped cushion the blow from the pandemic.

CGC continued to register a healthy financial performance in the face of the challenging economic environment. Our guarantee approvals recorded double-digit growth, on top of new scheme launches aimed at enhancing financial inclusion, and assisting MSMEs to survive and recover from the health and economic crises.

#### (a) Overall Performance

In 2020, CGC earned a total revenue of RM193.0 million, mainly derived from Portfolio Guarantee (PG) and Wholesale Guarantee (WG) products. The guarantee and financing base grew by RM2.7 billion. This growth reflects CGC's intensified outreach efforts in driving forward its core business functions. CGC approved more than 13,400 new guarantee and financing accounts, registering RM5.9 billion in total value.

Guarantee scheme approvals grew by 53 percent year-on-year, totalling RM5.8 billion in 2020. PG and WG schemes continued to be the major contributors with 46 percent share, while Bizjamin/-i SRF contributed 43 percent of the year's total approval value.

CGC launched BizMikro-i during the year, a micro-financing scheme using psychometric assessment instead of the conventional credit assessment tool. This is a significant step towards enhancing the financial inclusion agenda among micro entrepreneurs, who often lack credit records and collateral.

Various initiatives in the CGC Developmental Programme™, held in collaboration with strategic partners, have been progressively making their mark, with an outreach of 30,102 MSMEs nationwide as of December 2020. imSME, a CGC Beyond Guarantee initiative has over 3,400 accounts with more than RM350 million approved financing since its inception on 9 February 2018. It won an international award in 2020 from The Asset Triple 'A': Islamic Finance Awards 2020 for Best Digital Banking Solution. The Khidmat Nasihat Pembiayaan (MyKNP@CGC) offers MSMEs, whose financing applications were rejected by banks, an opportunity to seek advisory services to improve their eligibility. It has received more than 847 enquiries from MSMEs since it was established in August 2019.

#### (b) Key Performance Indicators ("KPIs")

As of 31 December 2020, all 25 initiatives under the five strategic objectives of the 5-Year Strategic Plan 2016-2020 have been achieved. CGC has exceeded most of its headline targets, and achieved the rest of its targets, except for Graduation Rate, realising 94 percent.

## DIRECTORS' REPORT

### BUSINESS REVIEW (CONTINUED)

#### (c) Key Risks and Mitigations

CGC practises credit risk and portfolio risk management through consistent monitoring, data analytics and insightful reporting. The standards to mitigate risk adhere with the Malaysian Financial Reporting Standards (MFRS) and Bank Negara Malaysia's (BNM) Internal Capital Adequacy Assessment Process (ICAAP).

CGC is continuously enhancing its Enterprise Risk Management (ERM) Framework to further strengthen the robustness of its risk management and compliance capabilities against any potential external shocks, while allowing it to capitalise on any potential upsides at the same time. Despite heightened operational risks during the pandemic, there were no business or operational disruptions, nor a spike in operational risk incidents.

CGC successfully activated a business continuity plan, which enabled continued provision of critical business functions while protecting the health and well being of staff and customers. Nevertheless, there was increased exposure to cyber-attack risks arising from implementation of teleworking arrangements and greater reliance on digital platforms, and risks of data and information leakage from operations conducted in home-based environments. Cybersecurity risk profile and IT strategies have been reassessed to manage the digital risks, and key risks are closely monitored. CGC continues to keep abreast of regulatory and legal requirements to ensure compliance with all applicable laws, regulations and 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.

CGC's Human Capital Strategy has been focusing on five (5) Focus Areas; Improving Organisational Effectiveness, Building, Strengthening & Sustaining Leadership Capabilities, Fostering Performance Culture, Intensifying Employee Engagement, and Building Competitive HR Practices. These themes have been reinforced through multiple deliverables since 2018. In the next 12 months, the Human Capital Focus Areas remain unchanged with new initiatives planned to accelerate the CGC Transformation Journey and much focus on accelerating alignment of new capabilities with digital transformation.



## DIRECTORS' REPORT

### BUSINESS REVIEW (CONTINUED)

#### (e) Community Building

At CGC, our Corporate Responsibility (CR) initiatives aim to enable the underserved and underprivileged communities to attain better quality of life through our four pillars of engagements, namely Community Building, Education, Health and Sport. In 2020, CGC collaborated with various authorities and agencies to help those adversely affected by the Covid-19 pandemic, especially the B40 sector. In support of the Malaysian Government's effort in combating the global health crisis, CGC contributed to Tabung Bantuan Covid-19, set up by the National Disaster Management Agency (NADMA). Other relief efforts included collaborations with PERTIWI Soup Kitchen to distribute meals to the homeless and urban poor; sponsoring eye operations for elderly Warga Emas members in the B40 group by the Tun Hussein Onn National Eye Hospital (THONEH), contributing to Medical Relief Society (MERCY) Malaysia, for its Third Wave Strategic Preparedness and Response Plan Fund, and supporting Yayasan Kebajikan Negara (YKN) in their efforts to assist the unserved and underserved communities impacted by these health and economic crises.

### 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 22 April 2021. Signed on behalf of the Board of Directors:



**DATO' MOHAMMED HUSSEIN**  
Chairman

Kuala Lumpur



**FAISAL ISMAIL**  
Director

## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group		Company	
		31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
<b>ASSETS</b>					
Property, plant and equipment	6	19,615	28,361	19,615	28,361
Intangible assets	7	17,685	16,037	17,685	16,037
Right-of-Use assets ("ROU")	8	2,306	2,303	2,306	2,303
Investment in a subsidiary	9	-	-	-	-
Investments in associates	10	8,421	216	7,341	200
Assets held for sale	11	901,150	912,403	500,000	500,000
Investment securities: Fair value through profit or loss ("FVTPL")	12	1,065,727	952,001	1,065,727	952,001
Investment securities: Fair value through other comprehensive income ("FVOCI")	13	2,305,593	1,784,688	2,305,593	1,784,688
Investment securities: Amortised cost	14	262,702	182,333	262,702	182,333
Derivative financial assets	15	11,131	5,798	11,131	5,798
Term deposits	16	553,564	1,161,329	553,564	1,161,329
Financing, loans and advances	17	193,449	163,582	193,449	163,582
Amount due from a subsidiary	18	-	-	-	3,970
Amount due from Bank Negara Malaysia ("BNM")	19	-	151	-	151
Amount due from an associate		31	-	31	-
Other receivables	20	31,804	35,191	31,804	35,191
Cash and cash equivalents		239,374	99,660	239,374	99,660
<b>TOTAL ASSETS</b>		<b>5,612,552</b>	<b>5,344,053</b>	<b>5,210,322</b>	<b>4,935,604</b>

## STATEMENTS OF FINANCIAL POSITION

As at 31 December 2020

	Note	Group		Company	
		31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to the shareholders of the company</b>					
Share capital	21	1,785,600	1,785,600	1,785,600	1,785,600
Reserves	22	1,079,754	1,016,918	1,079,754	1,016,918
Retained earnings		1,138,847	1,093,142	752,916	704,991
FVOCI reserve	23	141,539	98,300	125,240	82,001
		4,145,740	3,993,960	3,743,510	3,589,510
Non-controlling interest		-	1,304	-	-
<b>TOTAL EQUITY</b>		<b>4,145,740</b>	<b>3,995,264</b>	<b>3,743,510</b>	<b>3,589,510</b>
<b>LIABILITIES</b>					
Amount due to Bank Negara Malaysia ("BNM")	19	1,648	-	1,648	-
Funds from BNM	24	958,136	919,321	958,136	919,321
Small Entrepreneurs Guarantee Scheme ("SEGS")	25	13,411	21,633	13,411	21,633
Tabung Usahawan Kecil ("TUK")	26	43,263	41,550	43,263	41,550
Government funds	27	26,121	32,159	26,121	32,159
Small Entrepreneurs Financing Fund ("SEFF")	28	25	33	25	33
Derivative financial liabilities	29	2,917	244	2,917	244
Expected credit losses for guarantee schemes	30	275,540	199,656	275,540	199,656
Liabilities held for sale	11	-	2,695	-	-
Claims payable		1,684	1,480	1,684	1,480
Other payables	31	141,715	127,667	141,715	127,667
Lease liability	8	2,352	2,351	2,352	2,351
<b>TOTAL LIABILITIES</b>		<b>1,466,812</b>	<b>1,348,789</b>	<b>1,466,812</b>	<b>1,346,094</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,612,552</b>	<b>5,344,053</b>	<b>5,210,322</b>	<b>4,935,604</b>

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

## STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Continuing operations</b>					
Revenue	34	193,030	191,830	193,030	191,830
Investment income	35	210,149	234,134	210,149	234,134
		403,179	425,964	403,179	425,964
Other operating income	36	48,117	59,842	51,927	68,792
<b>Total income</b>		<b>451,296</b>	<b>485,806</b>	<b>455,106</b>	<b>494,756</b>
Staff costs	37	82,293	78,949	82,293	78,949
Depreciation on property, plant and equipment		6,451	6,099	6,451	6,099
Amortisation of intangible assets		6,176	5,968	6,176	5,968
Expected credit losses for guarantee schemes		151,955	103,906	151,955	103,906
Expected credit losses of financing, loans and advances		14,087	8,689	14,087	8,689
Expected credit losses for investment securities and others		29,327	11,388	29,327	11,388
Interest expense for Government loans		3,092	3,422	3,092	3,422
Other operating expenses		50,964	52,977	50,964	52,977
<b>Total operating expenses</b>		<b>344,345</b>	<b>271,398</b>	<b>344,345</b>	<b>271,398</b>
Share of profit/(loss) after tax of an associate		1,065	(9)	-	-
<b>Profit from continuing operations</b>		<b>108,016</b>	<b>214,399</b>	<b>110,761</b>	<b>223,358</b>
Profit from discontinuing operations	11	525	940	-	-
<b>Net profit for the financial year</b>		<b>108,541</b>	<b>215,339</b>	<b>110,761</b>	<b>223,358</b>

## STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Other comprehensive income:</b>					
<b>Items that may be subsequently reclassified to profit or loss</b>					
- Net fair value gain on FVOCI investments		14,677	43,873	14,677	43,873
- Changes in expected credit losses for FVOCI investments		28,562	10,986	28,562	10,986
- Share of other comprehensive income from discontinued operation	11	-	12,362	-	-
<b>Other comprehensive income for the financial year</b>		<b>43,239</b>	<b>67,221</b>	<b>43,239</b>	<b>54,859</b>
<b>Total comprehensive income for the financial year</b>		<b>151,780</b>	<b>282,560</b>	<b>154,000</b>	<b>278,217</b>
Net profit/(loss) for the financial year attributable to:					
Shareholders of the Company		108,541	215,451	110,761	223,358
Non-controlling interest		-	(112)	-	-
		<b>108,541</b>	<b>215,339</b>	<b>110,761</b>	<b>223,358</b>
Total comprehensive income/(loss) for the financial year attributable to:					
Shareholders of the Company		151,780	282,672	154,000	278,217
Non-controlling interest		-	(112)	-	-
		<b>151,780</b>	<b>282,560</b>	<b>154,000</b>	<b>278,217</b>
Total comprehensive income for the year attributable to Shareholders of the Company arises from:					
Continuing operations		108,016	214,399	110,761	223,358
Discontinued operations		525	1,052	-	-
		<b>108,541</b>	<b>215,451</b>	<b>110,761</b>	<b>223,358</b>

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

## STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

		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 2020		1,785,600	329,200	17,405	670,313	98,300	1,093,142	1,304	3,995,264
Total comprehensive income for the financial year		-	-	-	-	43,239	108,541	-	151,780
Transfer between reserves	22	-	19,016	-	43,820	-	(62,836)	-	-
Deemed disposal of a subsidiary		-	-	-	-	-	-	(1,304)	(1,304)
Balance as at 31 December 2020		1,785,600	348,216	17,405	714,133	141,539	1,138,847	-	4,145,740
Balance as at 1 January 2019		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	22	-	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

## STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

Company	Note	Non-Distributable				Distributable		Total equity RM'000
		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	
Balance as at 1 January 2020		1,785,600	329,200	17,405	670,313	82,001	704,991	3,589,510
Total comprehensive income for the financial year		-	-	-	-	43,239	110,761	154,000
Transfer between reserves	22	-	19,016	-	43,820	-	(62,836)	-
Balance as at 31 December 2020		1,785,600	348,216	17,405	714,133	125,240	752,916	3,743,510
Balance as at 1 January 2019		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	22	-	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

# STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Net profit for the financial year</b>	<b>108,541</b>	215,339	<b>110,761</b>	223,358
<u>Adjustments for:</u>				
Depreciation on property, plant and equipment	6,451	6,099	6,451	6,099
Depreciation on ROU assets	1,688	1,574	1,688	1,574
Amortisation of intangible assets	6,176	5,968	6,176	5,968
Write-off of property, plant and equipment	3,809	2,526	3,809	2,526
Write-off of intangible assets	-	114	-	114
Interest expense for lease liability	136	140	136	140
Realised loss/(gain) on FVOCI investments	480	(760)	480	(760)
Realised gain on FVTPL investments	(16,672)	(11,271)	(16,672)	(11,271)
Realised gain on structured investments	-	(1,454)	-	(1,454)
Unrealised fair value gain on FVTPL investments	(10,532)	(35,050)	(10,532)	(35,050)
Amortisation of premiums on FVTPL investments	1,422	2,463	1,422	2,463
Amortisation of premium on FVOCI investments	1,798	1,511	1,798	1,511
Realised (gain)/loss on derivatives	(99)	455	(99)	455
Unrealised gain on derivatives	(2,425)	(4,523)	(2,425)	(4,523)
Expected credit losses for guarantee schemes	151,955	103,906	151,955	103,906
Expected credit losses of financing, loans and advances (net)	14,087	8,689	14,087	8,689
Expected credit losses charge for investment securities	29,219	11,388	29,219	11,388
Expected credit losses for P2P	-	(1)	-	(1)
Amortisation of deferred income	(2,491)	(2,728)	(2,491)	(2,728)
Accretion of Government loans	2,491	2,728	2,491	2,728
Interest expense on Government loans	3,092	3,422	3,092	3,422
Share of profit after tax of associates	(1,065)	(4,112)	-	-
Gain on deemed disposal of a subsidiary	(3,331)	-	-	-
Gain of fair value remeasurement of retained interest in associate company	-	-	(7,141)	-
	<b>294,730</b>	306,423	<b>294,205</b>	318,554
(Increase)/decrease in interest receivable for investments	10,469	10,762	10,469	10,762
(Decrease)/increase in amount due from a subsidiary	(5,113)	-	3,970	535
Decrease/(increase) in other receivables	3,387	(17,073)	3,387	(17,073)
(Decrease)/increase in financing, loans and advances	(43,954)	9,512	(43,954)	9,512
Decrease in claims payable	(75,867)	(113,778)	(75,867)	(113,778)
Increase in amount due from an associate	(31)	-	(31)	-
Decrease in Lease held for sale	(2,695)	-	-	-
Increase in Asset held for sale	11,253	-	-	-
Increase/(decrease) in other payables	16,539	(12,948)	16,539	(12,948)
<b>Cash generated from operations</b>	<b>208,718</b>	182,898	<b>208,718</b>	195,564
<b>Net cash inflows from operating activities</b>	<b>208,718</b>	182,898	<b>208,718</b>	195,564



## STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(4,239)	(12,481)	(4,239)	(12,481)
Purchase of intangible assets	(5,099)	(2,882)	(5,099)	(2,882)
Purchase of lease liability	(1,827)	(1,665)	(1,827)	(1,665)
Purchase of FVTPL investments	(688,566)	(791,869)	(688,566)	(791,869)
Purchase of FVOCI investments	(659,107)	(342,512)	(659,107)	(342,512)
Purchase of Amortised Cost investments	(80,000)	(100,000)	(80,000)	(100,000)
Proceeds from disposal of FVOCI investments	156,583	302,004	156,583	302,004
Proceeds from disposal of FVTPL investments	583,146	674,710	583,146	674,710
Proceeds from disposal of structured investments	-	150,000	-	150,000
Proceeds from disposal of amortised cost investments	-	90,000	-	90,000
Decrease in derivative financial liabilities – net	(136)	(557)	(136)	(557)
Decrease/(increase) in term deposits	660,063	(472,570)	660,063	(472,570)
Dividend received from associates	-	8,950	-	-
<b>Net cash outflows from investing activities</b>	<b>(39,182)</b>	<b>(498,872)</b>	<b>(39,182)</b>	<b>(507,822)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of Small Entrepreneurs Guarantee Scheme	(9,000)	(9,000)	(9,000)	(9,000)
Repayment of Small Entrepreneurs Financing Fund	(8)	1	(8)	1
Repayment of HPT & New Investment Fund	(6,038)	(10,397)	(6,038)	(10,397)
Payment of interest on Government funds	(3,092)	(3,422)	(3,092)	(3,422)
Decrease/(increase) in amount due to BNM	1,799	(378)	1,799	(378)
Increase in BizMula-i and BizWanita-i funds from BNM	38,815	78,232	38,815	78,232
<b>Net cash inflows from financing activities</b>	<b>22,476</b>	<b>55,036</b>	<b>22,476</b>	<b>55,036</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR</b>	<b>192,012</b>	<b>(260,938)</b>	<b>192,012</b>	<b>(257,222)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<b>279,072</b>	<b>540,010</b>	<b>279,072</b>	<b>536,294</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>471,084</b>	<b>279,072</b>	<b>471,084</b>	<b>279,072</b>
<b>Cash and cash equivalents comprise the following:</b>				
Cash and bank balances	239,374	99,660	239,374	99,660
Term deposits	553,564	1,161,329	553,564	1,161,329
	<b>792,938</b>	<b>1,260,989</b>	<b>792,938</b>	<b>1,260,989</b>
Less:				
Term deposits with original maturity more than three months	321,854	981,917	321,854	981,917
	<b>471,084</b>	<b>279,072</b>	<b>471,084</b>	<b>279,072</b>

**STATEMENTS OF CASH FLOWS**

For the financial year ended 31 December 2020

Group	At	Cash flows	Non-cash changes		At
	1 January 2020		Interest accretion	Interest accrual	31 December 2020
	RM'000	RM'000	RM'000	RM'000	RM'000
Amount due (from)/to Bank Negara Malaysia ("BNM")	(151)	1,799	-	-	1,648
Funds from BNM	919,321	38,815	-	-	958,136
Small Entrepreneurs Guarantee Scheme ("SEGS")	21,633	(9,000)	778	-	13,411
Tabung Usahawan Kecil ("TUK")	41,550	-	1,713	-	43,263
Government funds	32,159	(9,130)	-	3,092	26,121
Small Entrepreneurs Financing Fund ("SEFF")	33	(8)	-	-	25
	<b>1,014,545</b>	<b>22,476</b>	<b>2,491</b>	<b>3,092</b>	<b>1,042,604</b>

Group	At	Cash flows	Non-cash changes		At
	1 January 2019		Interest accretion	Interest accrual	31 December 2019
	RM'000	RM'000	RM'000	RM'000	RM'000
Amount due to/(from) 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
Small Entrepreneurs Financing Fund ("SEFF")	32	1	-	-	33
	<b>953,359</b>	<b>55,036</b>	<b>2,728</b>	<b>3,422</b>	<b>1,014,545</b>

**STATEMENTS OF CASH FLOWS**

For the financial year ended 31 December 2020

Company	At	Cash flows	Non-cash changes		At
	1 January 2020		Cash flows	Interest accretion	Interest accrual
	RM'000	RM'000	RM'000	RM'000	RM'000
Amount due (from)/to Bank Negara Malaysia ("BNM")	(151)	1,799	-	-	1,648
Funds from BNM	919,321	38,815	-	-	958,136
Small Entrepreneurs Guarantee Scheme ("SEGS")	21,633	(9,000)	778	-	13,411
Tabung Usahawan Kecil ("TUK")	41,550	-	1,713	-	43,263
Government funds	32,159	(9,130)	-	3,092	26,121
Small Entrepreneurs Financing Fund ("SEFF")	33	(8)	-	-	25
	<b>1,014,545</b>	<b>22,476</b>	<b>2,491</b>	<b>3,092</b>	<b>1,042,604</b>

Company	At	Cash flows	Non-cash changes		At
	1 January 2019		Cash flows	Interest accretion	Interest accrual
	RM'000	RM'000	RM'000	RM'000	RM'000
Amount due to/(from) 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
Small Entrepreneurs Financing Fund ("SEFF")	32	1	-	-	33
	<b>953,359</b>	<b>55,036</b>	<b>2,728</b>	<b>3,422</b>	<b>1,014,545</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 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. 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 22 April 2021.

## 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 judgement in the process of applying the Group's and Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement 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 2020:

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 101 and MFRS 108 'Definition of Material'
- Amendments to MFRS 3 'Definition of a Business'
- Amendments to MFRS 9, MFRS 139 and MFRS 7 'Interest Rate Benchmark Reform'

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.1 Basis of preparation (continued)

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

###### The Conceptual Framework for Financial Reporting (Revised 2018)

The International Accounting Standard Board (“IASB”) issued an update to the Conceptual Framework in April 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The Conceptual Framework includes some new concept, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. The main changes in the Conceptual Framework are as follows:

- Reintroduces the concept of stewardship and the information needed to assess management’s stewardship;
- Reintroduces the concept of prudence;
- Defines concept of measurement uncertainty;
- Reinstates an explicit reference to the need to “faithfully represent the substance of the phenomena that it purports to represent”; and
- Made changes to the definitions of an Asset and a Liability.

###### Amendments to MFRS 101 and MFRS 108 ‘Definition of Material’

The amendments clarify the definition of materiality and use a consistent definition throughout MFRSs and the Conceptual Framework for Financial Reporting.

The definition of ‘material’ has been revised as ‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.’

The amendments also:

- clarify that an entity assess materiality in the context of the financial statements as a whole.
- explain the concept of obscuring information in the new definition. Information is obscured if it has the effect similar as omitting or misstating of that information. For example, material transaction is scattered throughout the financial statements, dissimilar items are inappropriately aggregated, or material information is hidden by immaterial information.
- clarify the meaning of ‘primary users of general purpose financial statements’ to whom those financial statements are directed, by defining them as ‘existing and potential investors, lenders and other creditors’ that must rely on general purpose financial statements for much of the financial information they need.

###### Amendments to MFRS 3 ‘Definition of a Business’

Amendments to MFRS 3 ‘Definition of a Business’ 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.1 Basis of preparation (continued)

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

###### Amendments to MFRS 3 'Definition of a Business' (continued)

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 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.

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 Group and the Company has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020.

##### (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 2020. None of these is expected to have a significant effect on the consolidated financial statements of the Group and the Company, except the following set out below:

- Amendments to MFRS 16 'Covid-19-Related Rent Concessions' (effective 1 June 2020) grant an optional exemption for lessees to account for a rent concession related to Covid-19 in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment in the period(s) in which the event or condition that triggers the reduced payment occurs. The amendment, however, do not make any changes to lessor accounting.

The exemption only applies to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

The amendments shall be applied retrospectively.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.1 Basis of preparation (continued)

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

- Annual Improvements to MFRS 9 'Fees in the 10% test for derecognition of financial liabilities' (effective 1 January 2022) clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other's behalf, are included in the cash flow of the new loan when performing the 10% test.

An entity shall apply the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

- Amendments to MFRS 3 'Business Combinations: Reference to Conceptual Framework' (effective 1 January 2022) replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments did not change the current accounting for business combinations on acquisition date.

The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies' when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

The amendments shall be applied prospectively.

- Amendments to MFRS 116 'Proceeds before intended use' (effective 1 January 2022) prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in the statements of comprehensive income.

The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.

The amendments shall be applied retrospectively.

- Amendments to MFRS 137 'onerous contracts – cost of fulfilling a contract' (effective 1 January 2022) clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

The amendments shall be applied retrospectively.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.1 Basis of preparation (continued)

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

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' (effective 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date.

The amendments shall be applied retrospectively.

#### 2.2 Consolidation, subsidiaries and associates

##### (a) Subsidiaries

Subsidiaries are all entities over which the Group and the Company has control. The Group and the Company controls an entity when the Group and the Company 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 and the Company. They are deconsolidated from the date that control ceases.

The Group and the Company 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 and the Company. 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 and the Company 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 the statements of comprehensive income.

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 remeasurement are recognised in the statements of comprehensive income.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.2 Consolidation, subsidiaries and associates (continued)

##### (a) Subsidiaries (continued)

Any contingent consideration to be transferred by the Group and the Company 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 and the Company.

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.

##### (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 and the Company. 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 and the Company.

##### (c) Disposal of subsidiaries

When the Group and the Company 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 statements of comprehensive income. 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 and the Company 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.

**NOTES TO THE FINANCIAL STATEMENTS**

31 December 2020

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.2 Consolidation, subsidiaries and associates (continued)****(d) Associates**

Associates are all entities over which the Group and the Company 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 and the Company's share of the post-acquisition profits or losses of the associate in the statements of comprehensive income, and the Group and the Company'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 and the Company'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 and the Company's net investment in the associate, the Group and the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group and the Company's investment in associates includes goodwill identified on acquisition.

The Group and the Company 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 and the Company 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 the Company and its associates are recognised in the Group and the Company'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 and the Company.

When the Group and the Company 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 comprehensive income. 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 and the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the statements of comprehensive income.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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 statements of comprehensive income.

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. 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 statements of comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in 'other operating income' in the statements of comprehensive income.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.5 Intangible assets

Intangible assets consist of capitalised data cost acquired from Companies Commission of Malaysia and application software.

Intangible assets are stated at cost less any accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets which it relates. All other expenditure is recognised in the statements of comprehensive income as incurred.

Intangible assets with finite useful lives are amortised from the date they are available for use.

Amortisation is recognised in the statements of comprehensive income 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.

#### 2.6 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 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 profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.7 Financial assets

##### Classification

The Group and the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through profit or loss or through comprehensive income), and
- those to be measured at amortised cost.

##### Recognition of financial assets

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commits to purchase or sell the asset.

##### Measurement

At initial recognition, the Group and the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

##### Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Company reclassify debt investments when and only when the business model for managing those assets changes.

There are three measurement categories into which the Group and the Company classify the debt instruments:

(i) *Amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent 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 statements of comprehensive income and presented in investment income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

(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 profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statements of comprehensive income 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 statement of comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.7 Financial assets (continued)

##### Debt instruments (continued)

##### (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 statement of comprehensive income and presented net within investment income in the period which it arises.

##### Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group’s and the Company’s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the statements of comprehensive income following the derecognition of the investments. Dividends from such investments continue to be recognised in the statements of comprehensive income 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 statement of comprehensive income.

##### 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:

- Other 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.7 Financial assets (continued)

##### Impairment for debt instruments and financial guarantee contracts (continued)

(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 other 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 other receivables and contract assets. Note 44 sets out the measurement details of ECL.

##### 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 occurring 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.7 Financial assets (continued)

##### Significant increase in credit risk ("SICR") (continued)

- 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 occurring 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.

- Derecognition 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.

##### 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.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.7 Financial assets (continued)

##### Groupings of instruments for ECL measured on collective basis

(i) *Collective assessment*

To measure ECL, other receivables and contract assets 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 other receivables for the same types of contracts. The Group and the Company have therefore concluded that the expected loss rates for other receivables are a reasonable approximation of the loss rates for the contract assets.

(ii) *Individual assessment*

Other receivables and contract assets which are in default or credit-impaired are assessed individually.

##### Write-off

(i) *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.

##### Modification of loans and financing

The Group and the Company sometimes renegotiate or otherwise modify the contractual cash flows of loans and financing to customers. When this happens, the Group and the Company assess whether or not the new terms are substantially different to the original terms. The Group and the Company do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share or equity-based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in; and
- Insertion of collaterals, other securities or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the Group and the Company derecognise the original financial asset and recognise a 'new' asset at fair value and recalculate a new EIR for the asset. However, the Group and the Company also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying amount are also recognised in the income statements as a modification gain or loss on derecognition.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.7 Financial assets (continued)

##### Modification of loans and financing (continued)

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Group and the Company recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in the income statements. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR.

##### Reclassification of financial assets

The Group and the Company reclassify financial assets when and only when their business model for managing those assets changes.

##### Derecognition of financial assets

A financial asset is derecognised when there is substantial modification of terms and conditions or factors other than substantial modification.

(a) *Derecognition due to substantial modification of terms and conditions*

The Group and the Company derecognise a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss. The newly recognised financing are classified as Stage 1 for ECL measurement purposes.

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original effective interest rate ("EIR"), the Group and the Bank record a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(b) *Derecognition other than for substantial modification*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group and the Company transfer substantially all the risks and rewards of ownership, or (ii) the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and the Group and the Company have not retained control.

#### 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 statements of comprehensive income. Financial liabilities are derecognised when extinguished.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.8 Financial liabilities (continued)

##### (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 remeasured 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 'other payables'.

##### (b) Derecognition

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

#### 2.9 Offsetting financial instrument

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

#### 2.10 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair values are positive, and as liabilities when fair values are negative.

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

The Group's and the Company's derivatives do not qualify for hedge accounting. They are classified as FVTPL 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.11 Financial guarantee contracts (continued)

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 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 statements 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.

#### 2.14 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 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.16 Trade and claims payables

Trade and claims payables represent liabilities for goods or services provided to the Group and the Company prior to the end of financial year which are unpaid. Trade and claims payables are classified as current liabilities unless payment is not due within 12 months after the reporting period. If not, they are presented as non-current liabilities.

Trade and claims payables are recognised initially at fair value net of transaction costs incurred, which include transfer taxes and duties.

Trade and claims payables are subsequently measured at amortised cost using the effective interest method.

#### 2.17 Current and deferred income tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in the statements of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable comprehensive income. 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.18 Employee benefits

##### *Short-term employee benefits*

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as 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 statements of comprehensive income in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

#### 2.19 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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 statements of comprehensive income 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.

#### 2.22 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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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 engaged in provision of credit reference services, credit scoring and such other services related to a credit bureau. These services are provided as a fixed-price contract, with contract terms generally ranging from less than one year to three years.
- (vi) Other revenue is recognised when 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.

#### 2.24 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 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.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.24 Foreign currencies (continued)

##### (b) Transactions and balances (continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statements of comprehensive income 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 statements of comprehensive income, 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

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).

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.25 Leases in which the Group is a lessee (continued)

##### (b) ROU assets (continued)

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.

##### (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;
- 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 rate 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.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statements of comprehensive income 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 the statements of comprehensive income 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 statements of financial position. Interest expense on the lease liability is presented within the finance cost in the statements of comprehensive income.

##### (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 basis as an expense in the statements of comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 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 and the Company 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 and the Company 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 recognise lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statements of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

##### (c) Sublease classification

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 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 43(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 43(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.

#### Management Overlay

As the current MFRS 9 models are not expected to generate levels of expected credit loss with sufficient reliability in view of the unprecedented and on-going Covid-19 pandemic, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECLs for the year ended and as at 31 December 2020.

These overlays and post-model adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact to delinquencies and defaults when the various relief and support measures are expiring in 2021.

The overlays and post-model adjustments involved significant level of judgement and reflect the management's views of possible severities of the pandemic and paths of recovery in the forward looking assessment for ECL estimation purposes. The overlays were applied to Stage 1 high risk sectors inclusive of Real estate, Business services, Retail trade and Wholesale trade.

#### (c) Allowance for impairment on investment in an associate company

In the Company's separate financial statements, investments in associates are carried at cost less accumulated impairment losses. The Company assesses the impairment on investment in an associate company on an annual basis in accordance with its accounting policy in Note 2.6 to the financial statements. On disposal of investments in associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

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## 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.

	2020 RM'000	2019 RM'000
Carrying amounts of ROU asset by class of underlying assets:		
Properties	1,682	3,132
Machineries	620	744
	<b>2,302</b>	3,876
Additions to the ROU assets during the financial year:		
Properties	1,692	691
Machineries	-	567
	<b>1,692</b>	1,258
Depreciation charge of ROU assets by class of underlying assets:		
Properties	1,539	1,450
Machineries	149	124
	<b>1,688</b>	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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

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### 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:

	2020 RM'000	2019 RM'000
<b>Operating lease</b>		
Lease income (excluding contingent rents)	251	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:

- the nature of the lessor's leasing activities; and
- 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:

	2020 RM'000	2019 RM'000
Balance as at 1 January	21	21
Lease payments received during the financial year	(251)	(251)
Lease receivable during the financial year	251	251
Balance as at 31 December	21	21



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 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
<b>Cost</b>									
As at 1 January 2020	39,081	5,010	144	3,568	1,858	19,844	10,408	9,447	89,360
Additions	-	-	-	118	-	3	610	3,508	4,239
Write-off	-	-	-	-	-	-	(228)	(3,809)	(4,037)
Transfer from work in progress	-	-	-	-	-	2,408	-	(2,408)	-
Reclassification to intangible assets (Note 7)	-	-	-	-	-	-	-	(2,705)	(2,705)
As at 31 December 2020	39,081	5,010	144	3,686	1,858	22,255	10,790	4,033	86,857
<b>Less: Accumulated depreciation</b>									
As at 1 January 2020	35,957	2,919	143	2,189	1,018	10,743	8,030	-	60,999
Charge for the financial year	1,563	29	-	511	303	3,233	812	-	6,451
Write-off	-	-	-	-	-	-	(228)	-	(228)
Reclassification from intangible assets (Note 7)	-	-	-	-	-	-	20	-	20
As at 31 December 2020	37,520	2,948	143	2,700	1,321	13,976	8,634	-	67,242
<b>Net book value</b>									
As at 31 December 2020	1,561	2,062	1	986	537	8,279	2,156	4,033	19,615

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 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
<b>Cost</b>									
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
<b>Less: Accumulated depreciation</b>									
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
<b>Net book value</b>									
As at 31 December 2019	3,124	2,091	1	1,379	840	9,101	2,378	9,447	28,361

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 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
<b>Cost</b>									
As at 1 January 2020	39,081	5,010	144	3,568	1,858	19,844	10,408	9,447	89,360
Additions	-	-	-	118	-	3	610	3,508	4,239
Write-off	-	-	-	-	-	-	(228)	(3,809)	(4,037)
Transfer from work in progress	-	-	-	-	-	2,408	-	(2,408)	-
Reclassification to intangible assets (Note 7)	-	-	-	-	-	-	-	(2,705)	(2,705)
As at 31 December 2020	39,081	5,010	144	3,686	1,858	22,255	10,790	4,033	86,857
<b>Less: Accumulated depreciation</b>									
As at 1 January 2020	35,956	2,920	143	2,189	1,018	10,743	8,030	-	60,999
Charge for the financial year	1,563	29	-	511	303	3,233	812	-	6,451
Write-off	-	-	-	-	-	-	(228)	-	(228)
Reclassification from intangible assets (Note 7)	-	-	-	-	-	-	20	-	20
As at 31 December 2020	37,519	2,949	143	2,700	1,321	13,976	8,634	-	67,242
<b>Net book value</b>									
As at 31 December 2020	1,562	2,061	1	986	537	8,279	2,156	4,033	19,615

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 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
<b>Cost</b>									
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
<b>Less: Accumulated depreciation</b>									
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
<b>Net book value</b>									
As at 31 December 2019	3,125	2,090	1	1,379	840	9,101	2,378	9,447	28,361

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 7. INTANGIBLE ASSETS

Group	Software RM'000	Data costs RM'000	Capital work in progress RM'000	Total RM'000
<b>Cost</b>				
As at 1 January 2020	63,049	-	-	63,049
Additions	5,099	-	-	5,099
Write-off	(69)	-	-	(69)
Reclassification from property, plant and equipment (Note 6)	2,705	-	-	2,705
As at 31 December 2020	70,784	-	-	70,784
<b>Less: Accumulated amortisation</b>				
As at 1 January 2020	47,012	-	-	47,012
Amortisation charge during the financial year	6,176	-	-	6,176
Write-off	(69)	-	-	(69)
Reclassification to property, plant and equipment (Note 6)	(20)	-	-	(20)
As at 31 December 2020	53,099	-	-	53,099
<b>Net book value</b>				
As at 31 December 2020	17,685	-	-	17,685
<b>Cost</b>				
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
<b>Less: Accumulated amortisation</b>				
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
<b>Net book value</b>				
As at 31 December 2019	16,037	-	-	16,037

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 7. INTANGIBLE ASSETS (CONTINUED)

Company	Software RM'000	Total RM'000
<b>Cost</b>		
As at 1 January 2020	63,049	63,049
Additions	5,099	5,099
Write-off	(69)	(69)
Reclassification from property, plant and equipment (Note 6)	2,705	2,705
As at 31 December 2020	70,784	70,784
<b>Less: Accumulated amortisation</b>		
As at 1 January 2020	47,012	47,012
Amortisation charge during the financial year	6,176	6,176
Write-off	(69)	(69)
Reclassification to property, plant and equipment (Note 6)	(20)	(20)
As at 31 December 2020	53,099	53,099
<b>Net book value</b>		
As at 31 December 2020	17,685	17,685
<b>Cost</b>		
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
<b>Less: Accumulated amortisation</b>		
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
<b>Net book value</b>		
As at 31 December 2019	16,037	16,037

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The statement of financial position shows the following amounts relating to leases:

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
Right-of-Use assets:		
Properties	1,834	1,682
Machineries	472	621
	<b>2,306</b>	<b>2,303</b>
Lease liabilities:		
Properties	(1,828)	(1,709)
Machineries	(524)	(642)
	<b>(2,352)</b>	<b>(2,351)</b>

The statements of comprehensive income as at 31 December 2020 shows the following amounts relating to leases:

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
Depreciation charge on right-of-use assets		
Properties	1,539	1,450
Machineries	149	124
	<b>1,688</b>	<b>1,574</b>
Accumulated depreciation during the financial year		
Properties	2,989	1,450
Machineries	273	124
	<b>3,262</b>	<b>1,574</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Future minimum lease payments at 31 December are as follows:

Group/Company	Within 1 year RM'000	1-3 years RM'000	More than 3 years RM'000	Total RM'000
<b>31.12.2020</b>				
Lease payment	1,331	1,178	-	2,509
Finance cost	(97)	(60)	-	(157)
<b>Net present value</b>	<b>1,234</b>	<b>1,118</b>	<b>-</b>	<b>2,352</b>
<b>31.12.2019</b>				
Lease payment	1,439	1,069	30	2,538
Finance cost	(101)	(86)	-	(187)
<b>Net present value</b>	<b>1,338</b>	<b>983</b>	<b>30</b>	<b>2,351</b>

Included in property, plant and equipment, there is RM2,061,000 (2019: RM2,090,000) of right of use assets in relation to leasehold land.

## 9. INVESTMENT IN A SUBSIDIARY

	Company	
	31.12.2020 RM'000	31.12.2019 RM'000
Unquoted shares, at cost	-	23,650
Less: Allowance for impairment	-	(23,650)
	-	-

Details of the subsidiary which is incorporated in Malaysia are as follows:

Name of subsidiary	Percentage of equity held			
	Group		Non-controlling interest	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Credit Bureau Malaysia Sdn Bhd ("CBM")	-	71.67%	-	28.33%

The principal activity of CBM is provision of credit reference services, credit rating and such services related to a credit bureau.

CBM completed its restructuring exercise on 3 June 2020 which eventually changed the shareholding in CBM. With Dun & Bradstreet (D&B) Malaysia Sdn Bhd and ABM Investment Sdn Bhd exiting from CBM, CGC's shareholding diluted from 71.7% to 49% and Sunway Holdings Sdn Bhd ("SHSB") became the majority shareholder with 51% shareholding in CBM.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 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	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Unquoted shares, at cost	7,341	500,200	7,341	500,200
Group's share of post-acquisition reserves	1,080	16	-	-
Reclassification to assets held for sale (Note 11)	-	(500,000)	-	(500,000)
	<b>8,421</b>	216	<b>7,341</b>	200

Details of the associates are as follows:

Name of associates	Principal activities	Percentage of equity held	
		31.12.2020	31.12.2019
Aureos CGC Advisers Sdn Bhd ("Aureos CGC")	Advisory services	40%	40%
Credit Bureau Malaysia Sdn Bhd ("CBM")	Credit reference services, credit rating and such other services related to a credit bureau	49%	-
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 <sup>^</sup>		CBM	Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2020 RM'000	2019 RM'000
<b>Assets</b>							
Current assets	1,711,183	1,639,659	628	628	12,240	1,724,051	1,640,287
Non-current assets	1,002,140	1,152,420	-	-	7,159	1,009,299	1,152,420
Total assets	<b>2,713,323</b>	2,792,079	<b>628</b>	628	<b>19,399</b>	<b>2,733,350</b>	2,792,707
<b>Liabilities</b>							
Current liabilities	(10,841)	(10,403)	(86)	(86)	(2,255)	(13,182)	(10,489)
Non-current liabilities	(818,308)	(979,379)	-	-	(398)	(818,706)	(979,379)
Total liabilities	<b>(829,149)</b>	(989,782)	<b>(86)</b>	(86)	<b>(2,653)</b>	<b>(831,888)</b>	(989,868)
<b>Net assets</b>	<b>1,884,174</b>	1,802,297	<b>542</b>	542	<b>16,746</b>	<b>1,901,462</b>	1,802,839

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 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 <sup>^</sup>		CBM	Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2020 RM'000	2019 RM'000
Revenue	169,486	160,930	-	-	13,276	182,762	160,930
Net profit/(loss) for the financial year	76,484	2,684	-	(23)	2,905	79,389	2,661
Total comprehensive income/(loss) for the financial year	81,877	27,452	-	(23)	2,905	84,782	27,429

(b) Reconciliation of the summarised financial information to the carrying amount of the interest in the associates:

	Danajamin		Aureos CGC <sup>^</sup>		CBM	Total	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Net assets as at 1 January	1,802,297	1,792,793	542	565	5,321	1,808,160	1,793,358
New share subscription as at 3 June	-	-	-	-	9,252	9,252	-
Net profit/(loss) for the financial year	76,484	2,684	-	(23)	2,172	78,656	2,661
Dividend paid	-	(17,900)	-	-	-	-	(17,900)
Other comprehensive income for the financial year	5,393	24,720	-	-	-	5,393	24,720
Net assets as at 31 December	1,884,174	1,802,297	542	542	16,745	1,901,461	1,802,839
<b>Opening carrying value</b>	<b>901,150</b>	901,150	<b>216</b>	216	<b>8,205</b>	<b>909,571</b>	901,366
Reclassification to asset held for sale (Note 11)	(901,150)	(901,150)	-	-	-	(901,150)	(901,150)
<b>Closing carrying value</b>	<b>-</b>	-	<b>216</b>	216	<b>8,205</b>	<b>8,421</b>	216

<sup>^</sup> No financial information available for financial year ended 31 December 2020. The last financial information received from management was for financial year ended 31 December 2019.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 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, 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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	169,486	160,930	5,959	12,500
Expenses	(61,811)	(148,617)	(5,226)	(12,906)
Profit before income tax	107,675	12,313	733	(406)
Taxation	(31,191)	(9,629)	-	7
Profit/(loss) from discontinued operations	76,484	2,684	733	(399)
Other comprehensive income for the financial year	5,393	24,768	-	-
Total comprehensive income/(loss) for the financial year	81,877	27,452	733	(399)

#### (ii) Summarised statements of cash flow

	Danajamin		CBM	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net cash inflow/(outflow) from operating activities	25,982	45,756	2,230	2,771
Net cash outflow from investing activities	(422)	(1,649)	(2,889)	(2,033)
Net cash outflow from financing activities	(26,190)	(43,969)	8,973	(251)

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 11. DISPOSAL GROUPS HELD FOR SALE (CONTINUED)

## (iii) Summarised statements of financial position

	Danajamin		CBM	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Assets</b>				
Current assets	1,711,183	1,639,659	-	5,503
Non-current assets	1,002,140	1,152,420	-	5,750
<b>Total assets</b>	<b>2,713,323</b>	<b>2,792,079</b>	<b>-</b>	<b>11,253</b>
<b>Liabilities</b>				
Current liabilities	(10,841)	(10,403)	-	(6,665)
Non-current liabilities	(818,308)	(979,379)	-	-
<b>Total liabilities</b>	<b>(829,149)</b>	<b>(989,782)</b>	<b>-</b>	<b>(6,665)</b>
<b>Net assets</b>	<b>1,884,174</b>	<b>1,802,297</b>	<b>-</b>	<b>4,588</b>

Reconciliation to carrying value of assets held for sales:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Total assets from CBM	-	11,253	-	-
Transfer of investment in associates to asset held for sale (Note 10b)	901,150	901,150	500,000	500,000
<b>Total assets held for sale</b>	<b>901,150</b>	<b>912,403</b>	<b>500,000</b>	<b>500,000</b>
Total liabilities from CBM	-	(6,665)	-	-
Less:				
Amount due to immediate holding company	-	(3,970)	-	-
<b>Total liabilities held for sale</b>	<b>-</b>	<b>(2,695)</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 12. INVESTMENT SECURITIES: FVTPL

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
<b>At fair value</b>		
<b>Money market instruments:</b>		
<u>Unquoted in Malaysia</u>		
Malaysian Government Securities	54,919	28,241
Government Investment Issue ("GII")	27,627	-
	<b>82,546</b>	28,241
<b>Unquoted securities:</b>		
<u>In Malaysia</u>		
Private debt securities	586,659	613,931
<u>Outside Malaysia</u>		
Private debt securities	307,086	270,473
	<b>893,745</b>	884,404
<b>Quoted securities:</b>		
<u>In Malaysia</u>		
REITS	17,700	5,074
<u>Outside Malaysia</u>		
REITS	71,736	34,282
	<b>89,436</b>	39,356
	<b>1,065,727</b>	952,001

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 13. INVESTMENT SECURITIES: FVOCI

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
<b>At fair value</b>		
<b>Money market instruments:</b>		
<u>Unquoted in Malaysia</u>		
Cagamas bonds	59,905	73,289
Malaysian Government Securities	109,605	62,134
GII	101,087	-
	<b>270,597</b>	135,423
<b>Unquoted securities:</b>		
<u>In Malaysia</u>		
Private debt securities	2,034,996	1,649,265
	<b>2,305,593</b>	1,784,688

## Movements in allowance for impairment of FVOCI

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
(i) <b>Expected Credit Losses "ECL" Stage 2</b>		
Balance as at 1 January	9,786	4
Allowance made during the financial year	28,693	9,782
Balance as at 31 December	<b>38,479</b>	9,786

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
(ii) <b>Expected Credit Losses "ECL" Stage 1</b>		
Balance as at 1 January	1,828	677
Allowance made during the financial year	-	1,151
Amount written-back during the financial year	(131)	-
Balance as at 31 December	<b>1,697</b>	1,828

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 14. INVESTMENT SECURITIES: FINANCIAL ASSETS AT AMORTISED COST

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
<b>At amortised cost</b>		
<b>Unquoted securities:</b>		
<u>In Malaysia</u>		
Private debt securities	264,544	183,517
Peer-to-peer ("P2P")	6	7
	<b>264,550</b>	<b>183,524</b>
Less: Expected credit losses ("ECL")	<b>(1,848)</b>	<b>(1,191)</b>
	<b>262,702</b>	<b>182,333</b>

## Movements in allowance for Impairment of amortised cost

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
<b>(i) Expected Credit Losses "ECL" Stage 2</b>		
Balance as at 1 January	-	-
Allowance made during the financial year	241	-
Balance as at 31 December	<b>241</b>	-

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
<b>(ii) Expected Credit Losses "ECL" Stage 1</b>		
Balance as at 1 January	1,191	790
Allowance made during the financial year	416	401
Balance as at 31 December	<b>1,607</b>	<b>1,191</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 15. DERIVATIVE FINANCIAL ASSETS

	Group/Company			
	31.12.2020		31.12.2019	
	Contract/ notional amount RM'000	Assets RM'000	Contract/ notional amount RM'000	Assets RM'000
Derivative assets				
- Currency forward contracts	329,131	11,131	317,842	5,798

## 16. TERM DEPOSITS

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
<b>At amortised cost</b>		
Licensed banks	412,487	1,037,600
Other financial institutions	141,077	123,729
	553,564	1,161,329

## 17. FINANCING, LOANS AND ADVANCES

## (i) By schemes

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
Redemption of Direct Access Guarantee Scheme ("DAGS") loans	43,475	78,801
Tabung Pemulihan dan Pembangunan Usahawan ("TPPU")	2,052	2,052
Tabung Pemulihan Peniaga Kecil ("TPPK")	144	169
Tabung Projek Usahawan Bumiputra-i ("TPUB-i")	35,929	47,079
BizMula-i	151,635	123,322
BizWanita-i	41,282	31,994
BizBina-i	18,440	-
BizMikro-i	933	-
Staff loans	1,272	1,358
<b>Gross financing, loans and advances</b>	<b>295,162</b>	<b>284,775</b>
Less: Expected credit losses ("ECL")		
- Stage 3	(76,340)	(104,054)
- Stage 2	(20,793)	(12,176)
- Stage 1	(4,580)	(4,963)
<b>Total net financing, loans and advances</b>	<b>193,449</b>	<b>163,582</b>



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 17. FINANCING, LOANS AND ADVANCES (CONTINUED)

## (ii) By maturity structure

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
Maturity within one year	49,601	59,786
One year to three years	52,269	56,125
Three years to five years	158,590	136,773
Over five years	34,702	32,091
	<b>295,162</b>	<b>284,775</b>

## (iii) By interest rate/profit rate sensitivity

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
Fixed rate		
- Redemption of DAGS loans	43,475	78,801
- Tabung Pemulihan dan Pembangunan Usahawan	2,052	2,052
- Tabung Pemulihan Peniaga Kecil	143	169
- Tabung Projek Usahawan Bumiputra-i	35,929	47,079
- BizMula-i	151,636	123,322
- BizWanita-i	41,282	31,994
- BizBina-i	18,440	-
- BizMikro-i	933	-
- Staff loans	1,272	1,358
	<b>295,162</b>	<b>284,775</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 17. FINANCING, LOANS AND ADVANCES (CONTINUED)

## (iv) By economic sectors

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
Primary agriculture	3,388	2,340
Education, health and others	18,241	15,618
Construction	31,260	45,319
Electricity, gas & water supply	2,285	2,186
Financing, insurance, real estate & business services	46,896	39,126
Manufacturing	29,691	34,223
Mining & quarrying	206	185
Transport, storage & communication	10,581	6,596
Wholesale, retail trade, restaurants & hotels	149,146	135,603
Others	3,468	3,579
	<b>295,162</b>	<b>284,775</b>

## (v) By economic purpose

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
Working capital	293,890	283,417
Others	1,272	1,358
	<b>295,162</b>	<b>284,775</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 17. FINANCING, LOANS AND ADVANCES (CONTINUED)

## (vi) By geographical distribution

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
Johor	45,898	46,866
Kedah	11,258	13,932
Kelantan	15,394	13,414
Melaka	14,462	11,123
Negeri Sembilan	14,656	15,607
Pahang	14,931	12,599
Perak	20,222	15,567
Pulau Pinang	19,436	21,017
Sabah	21,500	21,932
Sarawak	27,227	22,858
Selangor	47,576	55,463
Terengganu	16,902	15,309
Wilayah Persekutuan – Kuala Lumpur	25,700	19,088
	<b>295,162</b>	<b>284,775</b>

## (vii) Movements in impaired gross financing, loans and advances

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
Balance as at 1 January	104,054	119,980
Add: Classified as impaired	46,988	22,567
Less: Reclassified as non-impaired	(571)	(225)
Less: Amount written-back	(40,565)	(10,413)
Less: Amount written-off/waived	(33,566)	(27,855)
Balance as at 31 December	<b>76,340</b>	<b>104,054</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 17. FINANCING, LOANS AND ADVANCES (CONTINUED)

## (viii) Impaired financing, loans and advances by economic purposes

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
Working capital	76,186	103,900
Others	154	154
	<b>76,340</b>	<b>104,054</b>

## (ix) Impaired financing, loans and advances by geographical distribution

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
Johor	13,909	14,416
Kedah	1,641	5,411
Kelantan	3,951	4,724
Melaka	1,463	1,934
Negeri Sembilan	7,019	8,850
Pahang	2,022	2,457
Perak	2,084	2,616
Pulau Pinang	4,475	6,713
Sabah	6,104	9,536
Sarawak	5,388	8,287
Selangor	17,170	27,369
Terengganu	5,747	4,873
Wilayah Persekutuan – Kuala Lumpur	5,367	6,868
	<b>76,340</b>	<b>104,054</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 17. FINANCING, LOANS AND ADVANCES (CONTINUED)

## (x) Movements in expected credit losses for impairment of financing, loans and advances

	Group/Company	
	2020 RM'000	2019 RM'000
<b>Expected Credit Losses "ECL" STAGE 3</b>		
Balance as at 1 January	104,054	119,980
Allowance made during the financial year	46,989	22,567
Amount written-back during the financial year	(41,137)	(10,638)
Amount written-off/waived during the financial year	(33,566)	(27,855)
Balance as at 31 December	76,340	104,054
<b>Expected Credit Losses "ECL" STAGE 2</b>		
Balance as at 1 January	12,176	10,060
Allowance made during the financial year	16,216	9,397
Amount written-back during the financial year	(7,599)	(7,281)
Balance as at 31 December	20,793	12,176
<b>Expected Credit Losses "ECL" STAGE 1</b>		
Balance as at 1 January	4,963	10,318
Allowance made during the financial year	3,022	2,553
Amount written-back during the financial year	(3,405)	(7,908)
Balance as at 31 December	4,580	4,963
<b>Total</b>	<b>101,713</b>	<b>121,193</b>

## 18. AMOUNT DUE FROM A SUBSIDIARY

	Company	
	31.12.2020 RM'000	31.12.2019 RM'000
Amount due from a subsidiary	-	3,970

The amount due from a subsidiary was unsecured, interest-free and is repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 19. AMOUNT DUE (TO)/FROM BNM

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
Amount due (to)/from BNM	(1,648)	151

The amount due (to)/from BNM comprises:

- 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;
- Management fees payable by BNM for services rendered by the Company in administering the SME Assistance Guarantee Scheme ("SME AGS"); and
- Recoveries from claims received from third parties payable to BNM which can be set-off against (a) and (b) above.
- Income generated from SRF which is to be utilised for claims payment.

The amount due (to)/from BNM is unsecured, interest-free and has a 14 days to 21 days repayment terms.

## 20. OTHER RECEIVABLES

	Group		Company	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Receivables due from financial institutions	14,538	19,307	14,538	19,307
Deposits	1,168	1,136	1,168	1,136
Prepayments	4,787	2,308	4,787	2,308
Other receivables	237	1,010	237	1,010
Invoice accrual for guarantee fees	11,074	11,430	11,074	11,430
	31,804	35,191	31,804	35,191

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.

## 21. SHARE CAPITAL

	Group/Company	
	2020 RM'000	2019 RM'000
<b>Issued and fully paid ordinary shares:</b>		
As at 1 January/31 December at no par value	1,785,600	1,785,600

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 22. RESERVES

	Group		Company	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Special Programme reserve (a)	348,216	329,200	348,216	329,200
SPI reserve (b)	17,405	17,405	17,405	17,405
Special reserve (c)	714,133	670,313	714,133	670,313
	<b>1,079,754</b>	1,016,918	<b>1,079,754</b>	1,016,918

## (a) Special Programme reserve

	Group/Company	
	2020 RM'000	2019 RM'000
As at 1 January	329,200	308,612
Transfer from retained earnings during the financial year	19,016	20,588
As at 31 December	<b>348,216</b>	329,200

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 32), and Projek Usahawan Bumiputra Dalam Bidang Peruncitan ("PROSPER") (Note 33) 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 28).

## (b) SPI reserve

	Group/Company	
	2020 RM'000	2019 RM'000
As at 1 January	17,405	16,509
Transfer from retained earnings during the financial year	-	896
As at 31 December	<b>17,405</b>	17,405

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.

## NOTES TO THE FINANCIAL STATEMENTS

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## 22. RESERVES (CONTINUED)

## (c) Special reserve

	Group/Company	
	2020 RM'000	2019 RM'000
As at 1 January	670,313	620,745
Transfer from retained earnings during the financial year	43,820	49,568
As at 31 December	714,133	670,313

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.

## 23. FVOCI RESERVE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
As at 1 January	98,300	31,079	82,001	27,142
Fair value gain during the financial year	14,677	43,873	14,677	43,873
Amount made during the financial year	28,562	10,986	28,562	10,986
Share of FVOCI of associates	-	12,362	-	-
As at 31 December	141,539	98,300	125,240	82,001



## NOTES TO THE FINANCIAL STATEMENTS

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### 24. FUNDS FROM BANK NEGARA MALAYSIA

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
TPUB-i	301,500	301,500
Shares of Danajamin	500,000	500,000
BizWanita-i	31,214	22,061
BizMula-i	125,422	95,760
	<b>958,136</b>	919,321
Repayable within 12 months	33,179	33,241
Repayable after 12 months	924,957	886,080
	<b>958,136</b>	919,321

Details of the balance outstanding as at 31 December 2020 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 5<sup>th</sup> 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.

**NOTES TO THE FINANCIAL STATEMENTS**

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**25. SMALL ENTREPRENEURS GUARANTEE SCHEME (“SEGS”)**

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
Repayable within 12 months	10,000	9,000
Repayable after 12 months	3,411	12,633
	<b>13,411</b>	21,633

The scheme’s purpose is to assist small entrepreneurs to obtain financing of between RM10,000 to RM50,000 for working capital and/or asset acquisition.

On 15 May 2002, the Company entered into an agreement with the Ministry of Finance (“MOF”) who contributed RM50 million to initiate a guarantee fund known as SEGS to meet possible loan losses.

This fund was to be repaid in one lump sum at the end of 6 years from the date of drawdown on 14 November 2002 and is subject to interest at 3% per annum. However, on 30 August 2005, MOF agreed to waive the interest which was previously charged to the Company.

On 30 August 2005, the Company entered into another agreement with MOF for an additional RM29 million contribution. It is an interest free fund and to be repaid in one lump sum at the end of 6 years.

On 15 June 2011, MOF agreed to reschedule the total repayment of RM79 million with interest free to 2025. The funds will be repaid in accordance with a repayment arrangement with fund providers.

**26. TABUNG USAHAWAN KECIL (“TUK”)**

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
Repayable after 12 months	43,263	41,550

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 27. GOVERNMENT FUNDS

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
As at 1 January	32,159	42,556
Repayment during the financial year	(6,130)	(10,739)
Interest payable	92	342
As at 31 December	26,121	32,159
Repayable within 12 months	10,697	10,842
Repayable after 12 months	15,424	21,317
	26,121	32,159

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").

### 28. SMALL ENTREPRENEURS FINANCING FUND ("SEFF")

	Group/Company	
	2020 RM'000	2019 RM'000
As at 1 January	33	32
Repayment during the financial year	(33)	(32)
Recovery during the financial year	25	33
As at 31 December	25	33
Repayable within 12 months	25	33

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.

**NOTES TO THE FINANCIAL STATEMENTS**

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**28. SMALL ENTREPRENEURS FINANCING FUND (“SEFF”) (CONTINUED)**

In 1996, the Company entered into an agreement with Permodalan Nasional Berhad (“PNB”) who agreed to contribute RM200 million to the fund of which RM50 million was received in 1996. The RM50 million was subject to repayment by way of 5 equal annual instalments commencing on the 5<sup>th</sup> 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.

In addition to the above, the Ministry of Cooperative & Entrepreneur Development (“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 22).

The remaining of the outstanding amount will be paid to PNB upon recovery of the defaulted loans.

**29. DERIVATIVE FINANCIAL LIABILITIES**

	Group/Company			
	31.12.2020		31.12.2019	
	Contract/ notional amount RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Liabilities RM'000
Derivative financial liabilities				
- currency forward contracts	84,734	2,917	50,644	244

## NOTES TO THE FINANCIAL STATEMENTS

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## 30. EXPECTED CREDIT LOSSES FOR GUARANTEE SCHEMES

	Group/Company	
	2020 RM'000	2019 RM'000
<b>(i) Expected Credit Losses "ECL" STAGE 3</b>		
Balance as at 1 January	36,939	21,366
Allowance made during the financial year	56,407	128,735
Transfer to claims payable during the financial year	(76,070)	(113,162)
Balance as at 31 December	17,276	36,939
<b>(ii) Expected Credit Losses "ECL" STAGE 2</b>		
Balance as at 1 January	93,639	112,845
Allowance made during the financial year	41,212	(19,206)
Balance as at 31 December	134,851	93,639
<b>(iii) Expected Credit Losses "ECL" STAGE 1</b>		
Balance as at 1 January	69,078	74,700
Allowance written back during the financial year	54,335	(5,622)
Balance as at 31 December	123,413	69,078
Total	275,540	199,656

## 31. OTHER PAYABLES

	Group		Company	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Guarantee fee due unearned	65,513	64,485	65,513	64,485
Refundable proceed TPUB and TPUB-i	576	1,031	576	1,031
Sinking fund – TPUB-i	459	435	459	435
Deferred income				
- ERF	39	39	39	39
- Government grant	7,326	9,817	7,326	9,817
Green Technology Financing Scheme	28,420	18,574	28,420	18,574
Accruals	29,009	27,446	29,009	27,446
Other payables	10,373	5,840	10,373	5,840
	141,715	127,667	141,715	127,667

## NOTES TO THE FINANCIAL STATEMENTS

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### 32. 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 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 subsidise 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

### 33. 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.

## NOTES TO THE FINANCIAL STATEMENTS

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## 34. REVENUE

	Group/Company	
	2020 RM'000	2019 RM'000
Guarantee fees – Portfolio Guarantee scheme	161,582	147,227
Guarantee fees – Wholesale Guarantee scheme	1,404	3,428
Guarantee fees – Other schemes	20,258	22,675
Interest income – Redemption schemes	3,581	7,318
Interest income – TPUB	12	24
Profit income – TPUB-i	1,188	3,257
Profit income – BizMula-i	3,948	6,174
Profit income – BizWanita-i	1,051	1,727
Profit income – BizMikro-i	6	-
	<b>193,030</b>	<b>191,830</b>

During the current financial year, the Company has granted an automatic payment moratoriums on certain loan/financing to individuals and SMEs for a period of six months from 1 April 2020. As a result of the payment moratorium, the Company has recognised a loss arising from the modification of cash flows of the loan/financing amount to RM5.81 million. The modification loss has been fully unwound during the financial year.

## 35. INVESTMENT INCOME

	Group/Company	
	2020 RM'000	2019 RM'000
Interest income		
- Term deposits	25,366	40,146
- Investment securities: FVTPL	48,288	45,297
- Structured investments: FVTPL	-	4,313
- Investment securities: FVOCI	110,467	84,051
- Investment securities: Amortised Cost	-	11,698
	<b>184,121</b>	<b>185,505</b>
Realised gain/(loss) on disposal		
- Investment securities: FVTPL	16,672	11,271
- Structured investments: FVTPL	-	1,454
- Derivatives	99	(455)
- Investment securities: FVOCI	(480)	760
	<b>16,291</b>	<b>13,030</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 35. INVESTMENT INCOME (CONTINUED)

	Group/Company	
	2020 RM'000	2019 RM'000
Unrealised fair value gain		
- Investment securities: FVTPL	10,532	35,050
- Derivatives	2,425	4,523
	12,957	39,573
Amortisation of premiums		
- Investment securities: FVTPL	(1,422)	(2,463)
- Investment securities: FVOCI	(1,798)	(1,511)
	(3,220)	(3,974)
	210,149	234,134

## 36. OTHER OPERATING INCOME

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Rental income	262	257	262	257
Management fees	2,479	2,634	2,479	2,634
Dividend income from an associate	-	-	-	8,950
Administrative fee – TPUB-i	313	54	313	54
Recovery income	37,281	46,634	37,281	46,634
Amortisation of deferred income – Government grant	2,486	2,728	2,486	2,728
Gain on fair value remeasurement of retained interest in associate company	-	-	7,141	-
Gain on deemed disposal of a subsidiary	3,331	-	-	-
Other income	1,965	7,535	1,965	7,535
	48,117	59,842	51,927	68,792



## NOTES TO THE FINANCIAL STATEMENTS

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## 37. STAFF COSTS

	Group/Company	
	2020 RM'000	2019 RM'000
Salaries	49,929	45,797
Bonus	16,270	14,973
Employees' Provident Fund	10,044	9,092
Others	6,050	9,087
	<b>82,293</b>	<b>78,949</b>

## 38. PROFIT BEFORE TAXATION

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before taxation is arrived at after charging/ (crediting):				
Computer maintenance	11,166	10,775	11,166	10,775
Recovery expenses	3,730	5,080	3,730	5,080
Accretion of Government loans	2,486	2,728	2,486	2,728
Fund managers expenses	2,869	3,575	2,869	3,575
Rental	192	244	192	244
Electricity	928	1,180	928	1,180
Directors remuneration excluding benefit-in-kind	886	856	834	756
Directors meeting allowance	1,130	903	1,102	833
Promotional expenses	562	1,243	562	1,243
Auditors remuneration:				
- statutory audit	383	451	383	451
- non-audit services	101	40	101	40
Write-off of property, plant and equipment	3,809	2,526	3,809	2,526
Depreciation on property, plant and equipment (Note 6)	6,451	6,099	6,451	6,099
Amortisation of intangible assets (Note 7)	6,176	5,968	6,176	5,968
Expected credit losses for guarantee schemes	151,955	103,906	151,955	103,906
Expected credit losses made/(written back) on:				
- financing, loans and advances	14,087	8,689	14,087	8,689
- investment securities	29,327	11,227	29,327	11,227
- P2P	-	(1)	-	(1)
Interest expense for Government loans	3,092	3,422	3,092	3,422
Gain on fair value remeasurement of retained interest in an associate company	-	-	7,141	-
Gain on deemed disposal of a subsidiary	3,331	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 39. 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	
	31.12.2020 RM'000	31.12.2019 RM'000
Financial guarantees	8,848,262	6,355,201
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	31,411	38,309
Foreign exchange related contracts:		
- maturity not exceeding one year	413,865	368,486
	<b>9,293,538</b>	<b>6,761,996</b>

Out of the total financial guarantees balances of RM8.848 billion (2019: RM6.355 billion) as at 31 December 2020, RM1.118 billion (2019: RM1.107 billion) is reimbursable under Government Back Scheme ("GBS") arrangement.

## (i) Commitments and Contingencies

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
<b>Full Risk</b>		
(a) Conventional		
DAGS	45,560	43,922
BizSME	18,683	19,062
(b) Islamic		
DAGS	101	183
<b>Shared Risk</b>		
(a) Conventional		
BizJamin	431,885	85,072
Flexi Guarantee Scheme	169,320	97,491
Franchise Financing Scheme	2,886	3,057
Small Biz Express	217	688
Portfolio Guarantee	3,299,611	2,877,442
Wholesale Guarantee	15,122	18,766

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 39. COMMITMENTS, CONTINGENCIES AND GOVERNMENT BACKED SCHEMES (CONTINUED)

## (i) Commitments and Contingencies (continued)

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
<b>Shared Risk (continued)</b>		
(b) Islamic		
BizJamin	131,419	58,151
Flexi Guarantee Scheme	89,616	210,841
Portfolio Guarantee	2,210,686	2,016,823
Wholesale Guarantee	9,654	16,469
<b>Gross Full/Shared Risk Financial guarantees</b>	<b>6,424,760</b>	<b>5,447,967</b>
Less: Expected Credit Losses		
- Stage 3	(17,276)	(36,940)
- Stage 2	(134,851)	(93,638)
- Stage 1	(123,413)	(69,078)
<b>Full/Shared Risk Financial guarantees</b>	<b>6,149,220</b>	<b>5,248,311</b>

## (ii) Government Initiated Schemes

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
<b>Government Initiated Schemes</b>		
(a) Conventional	1,123,230	-
(b) Islamic	457,470	-
<b>Government Initiated Schemes</b>	<b>1,580,700</b>	<b>-</b>

## (iii) Government Backed Schemes

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
<b>Other Shared Risk – Government Backed Schemes</b>		
(a) Conventional	476,111	439,710
(b) Islamic	642,231	667,180
<b>Others Shared Risk – Government Backed Schemes Guarantees</b>	<b>1,118,342</b>	<b>1,106,890</b>
<b>Total financial guarantees</b>	<b>8,848,262</b>	<b>6,355,201</b>

The disclosed amount above are inclusive of RM1.581 billion resulting from CGC's participation in government initiated scheme.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 40. CAPITAL COMMITMENTS

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
Capital expenditure not provided for in the financial statements:		
Authorised and contracted for	4,204	11,413
Authorised and not contracted for	10,409	-
	<b>14,613</b>	11,413

## 41. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Other significant related parties are as follows:

<u>Name of Company</u>	<u>Relationship</u>
Bank Negara Malaysia ("BNM")	Substantial shareholder of the Company
Credit Bureau Malaysia Sdn Bhd	Associate
Aureos CGC Advisers Sdn Bhd	Associate
Danajamin Nasional Berhad	Associate

(b) The key management personnel compensation is as follows:

	Group/Company	
	31.12.2020 RM'000	31.12.2019 RM'000
Non-Executive Directors' fees	2,176	1,911
Other key management personnel (including President/CEO):		
- Short-term employee benefits	6,013	5,346
- Contribution to Employees' Provident Fund	1,028	931
Total compensation	<b>9,217</b>	8,188

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 41. 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 2020	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	-	90	35	55	180
Dato' Mohammed Hussein <sup>1</sup>	-	102	67	56	225
Datuk David Chua Kok Tee	-	72	145	6	223
Dato' Haji Syed Moheeb Syed Kamarulzaman	-	80	141	6	227
Datuk Mohd Zamree Mohd Ishak	-	20	14	-	34
Datuk Hamirullah Boorhan <sup>***</sup>	-	8	4	-	12
Encik Teoh Kok Lin	-	72	122	6	200
Encik Suresh Menon	-	80	123	6	209
Dato' Ong Eng Bin <sup>*</sup>	-	72	105	6	183
Encik Kevin Koo Chiang <sup>**</sup>	-	8	4	-	12
Puan Nadzirah Abd. Rashid	-	6	9	1	16
Encik Choong Tuck Oon	-	72	88	6	166
Encik Adnan Zaylani Mohamad Zahid	-	60	64	-	124
Encik Faisal Ismail	-	72	111	6	189
Puan Saleha M. Ramly	-	72	98	6	176
<b>Total Directors' remuneration</b>	-	<b>886</b>	<b>1,130</b>	<b>160</b>	<b>2,176</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 41. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other significant related parties are as follows: (continued)

(i) Directors' fees and remuneration (continued)

Total remuneration (including benefit-in-kind) of the Directors of the Group are as follows: (continued)

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	-	6	3	-	9
Puan Saleha M. Ramly	-	6	7	-	13
<b>Total Directors' remuneration</b>	-	856	903	152	1,911

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 41. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other significant related parties are as follows: (continued)

(i) Directors' fees and remuneration (continued)

Total remuneration (including benefit-in-kind) of the Directors of the Group are as follows: (continued)

Company 2020	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	-	90	35	55	180
Dato' Mohammed Hussein <sup>1</sup>	-	102	67	56	225
Datuk David Chua Kok Tee	-	72	145	6	223
Dato' Haji Syed Moheeb Syed Kamarulzaman	-	72	139	6	217
Encik Teoh Kok Lin	-	72	122	6	200
Encik Suresh Menon	-	72	119	6	197
Dato' Ong Eng Bin <sup>*</sup>	-	72	105	6	183
Puan Nadzirah Abd. Rashid	-	6	9	1	16
Encik Choong Tuck Oon	-	72	88	6	166
Encik Adnan Zaylani Mohamad Zahid	-	60	64	-	124
Encik Faisal Ismail	-	72	111	6	189
Puan Saleha M. Ramly	-	72	98	6	176
<b>Total Directors' remuneration</b>	-	<b>834</b>	<b>1,102</b>	<b>160</b>	<b>2,096</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 41. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other significant related parties are as follows: (continued)

(i) Directors' fees and remuneration (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 <sup>*</sup>	-	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	-	6	3	-	9
Puan Saleha M. Ramly	-	6	7	-	13
<b>Total Directors' remuneration</b>	-	756	833	152	1,741

\* Director's fees payable to OCBC Bank (M) Berhad

\*\* Director's fees payable to D&amp;B Malaysia Sdn Bhd

\*\*\* Director's fees payable to Malayan Banking Berhad

<sup>1</sup> Appointed as a Director with effect from 1 May 2020

During the financial year, Directors and Officers are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers subject to the terms of the policy. The total amount of Directors' & Officers' Liability Insurance effected for the Directors & Officers was RM15.0 million. The total amount of contribution paid for the Directors' & Officers' Liability Insurance paid by the Company was RM0.05 million (2019: RM0.05 million).



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 41. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other significant related parties are as follows: (continued)

(ii) The significant related party balances included in the statements of financial position are as follows:

	Group	Company
	31.12.2019	31.12.2019
	RM'000	RM'000
Amount due from subsidiary (Note 18)	-	3,970

Amount due (to)/from BNM:

	Group/Company	
	31.12.2020	31.12.2019
	RM'000	RM'000
(i) SRGF, SRGF-2, SRF and SME AGS (Note 19)	(1,648)	151
(ii) Government funds (Note 27)	(26,121)	32,159
(iii) Danajamin Nasional Berhad (Note 24)	(500,000)	(500,000)
(iv) TPUB-i (Note 24)	(301,500)	(301,500)
(v) BizMula-i (Note 24)	(125,422)	(95,760)
(vi) BizWanita-i (Note 24)	(31,214)	(22,061)

(iii) Details of significant transactions between the Company and its related parties are as follows:

	Group/Company	
	2020	2019
	RM'000	RM'000
Subscription fee charged by an associate/subsidiary	5	5
Report fees charged by an associate/subsidiary	917	311
Office rental charged to an associate/subsidiary	(251)	(251)
Management/secretarial fee charged to an associate/subsidiary	(22)	(129)
Interest expense on loan charged by BNM	3,092	3,422

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 42. 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 2020 and 2019.

The Company monitors its capital and ability to guarantee by reference to its GRR, which stands at 3.1 times as at 31 December 2020 (2019: 2.7 times). The Company’s policy is to maintain a GRR of less than 6 times.

### 43. 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 other receivables, bond investments as well as financing, loans and advances.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 43. 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
<b>Stage 1</b> (Performing)	<p><u>Debt Securities</u> Debt securities with strong credit and financial support with minimum risk of debt service payment.</p> <p><u>Loans/Financing and Financial Guarantees</u> Newly purchased or issued loans/financing.</p>	12 month ECL
<b>Stage 2</b> (Underperforming)	<p><u>Debt Securities</u> 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.</p> <p><u>Loans/Financing and Financial Guarantees</u> - 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).</p>	Lifetime ECL

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. 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)	<p><u>Debt Securities</u> Determination of non-performing or credit-impaired assets:</p> <ul style="list-style-type: none"> <li>- Non-payment of coupon due by more than 14 days;</li> <li>- Non-payment of principal due by more than 7 days; or</li> <li>- Rating is downgraded to “D”</li> </ul> <p><u>Loans/Financing and Financial Guarantees</u></p> <p>(i) Obligatory triggers:</p> <ul style="list-style-type: none"> <li>- 90 days past due;</li> <li>- Leakage, cessation of contracts or cessation in business for TPUB-i product.</li> </ul> <p>(ii) Rating downgrade as follows:</p> <ul style="list-style-type: none"> <li>- Default in paying principal or interest/profit according to the repayment schedule;</li> <li>- Cease operation/filing of bankruptcy;</li> <li>- Winding up order (upon notice, includes borrowers and parties who provide source of repayment)/Receiver &amp; Manager appointed;</li> <li>- Company classified under PN17 (or the equivalent classification for foreign capital markets); or</li> <li>- Material fraud with publicised news or upon appointment of financial advisor.</li> </ul>	Lifetime ECL

Based on the above, loss allowance is measured on either 12 month ECL or lifetime ECL using the following methodology:

$$\text{Life time ECL} = \sum_{t=1}^{\text{Lifetime}} [PD_t \times LGD_t \times EAD_t \times (1 + EIR)^{-t}]$$

**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.

## NOTES TO THE FINANCIAL STATEMENTS

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### 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

In the normal course of business, the Group and the Company are subjected to four main areas of risk, namely credit risk, market risk, liquidity risk and operational risk. (continued)

#### (a) Credit Risk (continued)

##### Expected Credit Loss (“ECL”) (continued)

A summary of the assumptions underpinning the Group’s and the Company’s ECL model is as follows: (continued)

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	
	2020 Maximum credit exposure RM'000	2019 Maximum credit exposure RM'000	2020 Maximum credit exposure RM'000	2019 Maximum credit exposure RM'000
<b>Credit risk exposures of on-balance sheet assets:</b>				
Investment securities: FVTPL <sup>*</sup>	976,291	912,645	976,291	912,645
Other receivables <sup>#</sup>	27,017	32,883	27,017	32,883
Cash and cash equivalents <sup>^</sup>	239,354	99,642	239,354	99,642
<b>Credit risk exposure of off-balance sheet items:</b>				
Financial guarantees	8,848,262	6,355,201	8,848,262	6,355,201
Credit related commitments and contingencies	31,411	38,309	31,411	38,309
<b>Total maximum credit risk exposure</b>	<b>10,122,335</b>	<b>7,438,680</b>	<b>10,122,335</b>	<b>7,438,680</b>

The following have been excluded for the purpose of maximum credit risk exposure calculation:

- <sup>\*</sup> Investment in REITS
- <sup>#</sup> Prepayments
- <sup>^</sup> Cash in hand

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (a) Credit Risk (continued)

Credit risk concentration

The Group and the Company determine concentrations of credit risk by monitoring the industry sector profile. The following tables analyse the Group's and the Company's financial assets and commitments and contingencies by industry concentration as at the reporting date:

Group 2020	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
Investment securities: FVTPL*	6,157	58,715	48,284	387,540	130,097	-	39,382	-	124,782	178,558	2,776	976,291
Investment securities: FVOCI	56,628	-	72,465	429,849	78,579	51,409	438,179	-	690,076	377,152	111,256	2,305,593
Investment securities: Amortised cost	-	-	-	212,613	-	-	-	-	-	-	50,089	262,702
Derivative financial assets	-	-	-	11,131	-	-	-	-	-	-	-	11,131
Term deposits	-	-	-	553,564	-	-	-	-	-	-	-	553,564
Financing, loans and advances	2,880	13,459	5,613	31,690	18,615	52	8,117	111,356	-	549	1,118	193,449
Other receivables*	-	-	46	25,670	-	-	-	-	163	-	1,138	27,017
Cash and cash equivalents <sup>^</sup>	-	-	-	239,354	-	-	-	-	-	-	-	239,354
	65,665	72,174	126,408	1,891,411	227,291	51,461	485,678	111,356	815,021	556,259	166,377	4,569,101
Financial guarantees	135,600	446,916	487,391	1,060,985	1,222,046	17,681	473,494	4,045,880	-	958,269	-	8,848,262
Credit related commitments and contingencies	-	-	15,896	7,153	1,506	-	1,800	4,851	-	205	-	31,411
Total off balance sheet	135,600	446,916	503,287	1,068,138	1,223,552	17,681	475,294	4,050,731	-	958,474	-	8,879,673

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (a) Credit Risk (continued)

## Credit risk concentration (continued)

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
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
Financing, loans and advances	2,037	11,516	16,357	24,964	16,578	26	5,034	85,345	-	521	1,204	163,582
Other receivables <sup>#</sup>	-	-	49	31,424	-	-	-	1	193	-	1,216	32,883
Cash and cash equivalents <sup>^</sup>	-	-	-	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

\* Excludes prepayments of RM4,787,000 (2019 : RM2,308,000)

^ Excludes cash in hand of RM20,000 (2019 : RM18,000)

. Excludes investment in REITs of RM89,436,000 (2019: RM39,356,000)

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (a) Credit Risk (continued)

## Credit risk concentration (continued)

Company 2020	Primary agriculture		Education, health and others		Financing, insurance, real estate & business services		Mining and quarrying		Transport, storage & communication		Wholesale, retail trade, restaurants & hotels		Government		Electricity, gas & water supply		Other		Total RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Investment securities: FVTPL <sup>*</sup>	6,157	58,715	48,284	387,540	130,097	-	39,382	-	124,782	178,558	-	-	-	-	-	-	-	2,776	976,291
Investment securities: FVOCI	56,628	-	72,465	429,849	78,579	51,409	438,179	-	690,076	377,152	-	-	-	-	-	-	-	111,256	2,305,593
Investment securities: Amortised cost	-	-	-	212,613	-	-	-	-	-	-	-	-	-	-	-	-	-	50,089	262,702
Derivative financial assets	-	-	-	11,131	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,131
Term deposits	-	-	-	553,564	-	-	-	-	-	-	-	-	-	-	-	-	-	-	553,564
Financing, loans and advances	2,880	13,459	5,613	31,690	18,615	52	8,117	111,356	-	549	-	-	-	-	-	-	-	1,118	193,449
Amount due from a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables <sup>#</sup>	-	-	46	25,670	-	-	-	-	163	-	-	-	-	-	-	-	-	1,138	27,017
Cash and cash equivalents <sup>^</sup>	-	-	-	239,354	-	-	-	-	-	-	-	-	-	-	-	-	-	-	239,354
	65,665	72,174	126,408	1,891,411	227,291	51,461	485,678	111,356	815,021	556,259	166,377	4,569,101	-	-	-	-	-	-	-
Financial guarantees	135,600	446,916	487,391	1,060,985	1,222,046	17,681	473,494	4,045,880	-	958,269	-	-	-	-	-	-	-	-	8,848,262
Credit related commitments and contingencies	-	-	15,896	7,153	1,506	-	1,800	4,851	-	205	-	-	-	-	-	-	-	-	31,411
Total off balance sheet	135,600	446,916	503,287	1,068,138	1,223,552	17,681	475,294	4,050,731	-	958,474	-	-	-	-	-	-	-	-	8,879,673



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (a) Credit Risk (continued)

## Credit risk concentration (continued)

Company 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
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
Financing, loans and advances	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
Other receivables <sup>#</sup>	-	-	49	31,424	-	-	-	1	193	-	1,216	32,883
Cash and cash equivalents <sup>^</sup>	-	-	-	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

\* Excludes prepayments of RM4,787,000 (2019 : RM2,308,000)

<sup>^</sup> Excludes cash in hand of RM20,000 (2019 : RM18,000)

\* Excludes investment in REITs of RM89,436,000 (2019: RM39,356,000)

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (a) Credit Risk (continued)

Credit quality

## (i) Financing, loans and advances

All financing, loans and advances 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 financing, loans and advances by credit quality**

Group/Company	2020			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Carrying amount of financing, loans and advances by credit quality:				
Neither past due nor impaired (A)	172,722	2,022	-	174,744
Past due but not impaired (B)	-	44,078	-	44,078
Impaired (C)	-	-	76,340	76,340
<b>Gross financing, loans and advances</b>	<b>172,722</b>	<b>46,100</b>	<b>76,340</b>	<b>295,162</b>
Less: Allowances for impairment losses				
- Expected Credit losses 'ECL'	(4,580)	(20,793)	(76,340)	(101,713)
<b>Net financing, loans and advances</b>	<b>168,142</b>	<b>25,307</b>	<b>-</b>	<b>193,449</b>

Group/Company	2019			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Carrying amount of financing, loans and advances 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
<b>Gross financing, loans and advances</b>	<b>144,061</b>	<b>36,660</b>	<b>104,054</b>	<b>284,775</b>
Less: Allowances for impairment losses				
- Expected Credit losses 'ECL'	(4,963)	(12,176)	(104,054)	(121,193)
<b>Net financing, loans and advances</b>	<b>139,098</b>	<b>24,484</b>	<b>-</b>	<b>163,582</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (a) Credit Risk (continued)

Credit quality (continued)

## (i) Financing, loans and advances (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:

Group/Company	2020			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
<u>Quality classification</u>				
Satisfactory	172,722	2,022	-	174,744
Total	172,722	2,022	-	174,744

Group/Company	2019			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
<u>Quality classification</u>				
Satisfactory	144,061	1,821	-	145,882
Total	144,061	1,821	-	145,882

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (a) Credit Risk (continued)

Credit quality (continued)

## (i) Financing, loans and advances (continued)

## (B) Past due but not impaired

Group/Company	2020			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Past due up to 30 days	-	28,120	-	28,120
Past due 30-60 days	-	15,958	-	15,958
Total	-	44,078	-	44,078

Group/Company	2019			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 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

## (C) Impaired

Group/Company	2020			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Gross impaired loans	-	-	76,340	76,340
Individually impaired loans	-	-	76,340	76,340

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (a) Credit Risk (continued)

Credit quality (continued)

## (i) Financing, loans and advances (continued)

## (C) Impaired (continued)

	2019			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Gross impaired loans	-	-	104,054	104,054
Individually impaired loans	-	-	104,054	104,054

## (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:

**Investment securities: FVTPL**

Group/Company	2020			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Sovereign (no rating)	43,307	-	-	43,307
Investment grade (AAA to BBB-)	759,182	-	-	759,182
Unrated	173,802	-	-	173,802
Total	976,291	-	-	976,291

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (a) Credit Risk (continued)

Credit quality (continued)

## (ii) Investment securities, derivatives, term deposits and cash and cash equivalents (continued)

## Investment securities: FVTPL (continued)

Group/Company	2019			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Sovereign (no rating)	21,415	-	-	21,415
Investment grade (AAA to BBB-)	718,411	-	-	718,411
Unrated	172,819	-	-	172,819
<b>Total</b>	<b>912,645</b>	<b>-</b>	<b>-</b>	<b>912,645</b>

## Investment securities: FVOCI

Group/Company	2020			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Sovereign (no rating)	583,456	-	-	583,456
Investment grade (AAA to BBB-)	1,627,612	94,525	-	1,722,137
<b>Total</b>	<b>2,211,068</b>	<b>94,525</b>	<b>-</b>	<b>2,305,593</b>

Group/Company	2019			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Sovereign (no rating)	341,039	-	-	341,039
Investment grade (AAA to BBB-)	1,324,589	119,060	-	1,443,649
<b>Total</b>	<b>1,665,628</b>	<b>119,060</b>	<b>-</b>	<b>1,784,688</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. 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:

**Investment securities: Amortised cost**

Group/Company	2020			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Unrated	264,550	-	-	264,550
Expected credit losses ('ECL')	(1,848)	-	-	(1,848)
<b>Total</b>	<b>262,702</b>	<b>-</b>	<b>-</b>	<b>262,702</b>

Group/Company	2019			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Unrated	183,524	-	-	183,524
Expected credit losses ('ECL')	(1,191)	-	-	(1,191)
<b>Total</b>	<b>182,333</b>	<b>-</b>	<b>-</b>	<b>182,333</b>

**Derivative financial assets**

Group/Company	2020			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Investment grade (AAA to BBB-)	11,131	-	-	11,131
<b>Total</b>	<b>11,131</b>	<b>-</b>	<b>-</b>	<b>11,131</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. 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 (continued)**

Group/Company	2019			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Investment grade (AAA to BBB-)	5,798	-	-	5,798
Total	5,798	-	-	5,798

**Term deposits**

Group/Company	2020			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing" Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Investment grade (AAA to BBB-)	524,241	-	-	524,241
Unrated	29,323	-	-	29,323
Total	553,564	-	-	553,564

Group/Company	2019			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 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



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. 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**

Group	2020			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Investment grade (AAA to BBB-)	239,354	-	-	239,354
Total	239,354	-	-	239,354

Group	2019			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Investment grade (AAA to BBB-)	99,642	-	-	99,642
Total	99,642	-	-	99,642

The following have been excluded for the purpose of maximum credit risk exposure calculations:

^ Cash in hand of RM20,000 (2019: RM18,000)

Company	2020			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Investment grade (AAA to BBB-)	239,354	-	-	239,354
Total	239,354	-	-	239,354

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. 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)

Company	2019			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Investment grade (AAA to BBB-)	99,642	-	-	99,642
Total	99,642	-	-	99,642

The following have been excluded for the purpose of maximum credit risk exposure calculations:

^ Cash in hand of RM20,000 (2019: 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:

Group	2020			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
<u>Neither past due not impaired</u>				
Other receivables <sup>#</sup>	16,077	-	-	16,077
Total	16,077	-	-	16,077

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. 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)

Group	2019			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
<u>Neither past due not impaired</u>				
Other receivables <sup>#</sup>	30,856	-	-	30,856
Total	30,856	-	-	30,856

Group	2020			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
<u>Past due but not impaired</u>				
Other receivables <sup>#</sup>	10,940	-	-	10,940
Total	10,940	-	-	10,940

Group	2019			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
<u>Past due but not impaired</u>				
Other receivables <sup>#</sup>	2,027	-	-	2,027
Total	2,027	-	-	2,027

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. 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)

Company	2020			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
<u>Neither past due not impaired</u>				
Other receivables <sup>#</sup>	16,077	-	-	16,077
Total	16,077	-	-	16,077

Company	2019			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
<u>Neither past due not impaired</u>				
Amount due from a subsidiary	3,970	-	-	3,970
Other receivables <sup>#</sup>	30,856	-	-	30,856
Total	34,826	-	-	34,826

Company	2020			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
<u>Past due but not impaired</u>				
Other receivables <sup>#</sup>	10,940	-	-	10,940
Total	10,940	-	-	10,940

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. 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			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
<b><u>Past due but not impaired</u></b>				
Other receivables <sup>#</sup>	2,027	-	-	2,027
Total	2,027	-	-	2,027

The following have been excluded for the purpose of maximum credit risk exposure calculations:

<sup>#</sup> Prepayments for the Group and the Company amounting RM4,787,000 (2019: RM2,308,000) and RM4,787,000 (2019: RM2,308,000) respectively.

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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (a) Credit Risk (continued)

Credit quality (continued)

## (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:

**Financing, loans and advances**

Group/Company	2020			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Loss allowance as at 1 January 2020	4,963	12,176	104,054	121,193
<b>Movements with P&amp;L impact</b>				
Transfers				
<u>Change due to change in credit risk:</u>				
Transfer from Stage 1 to Stage 2	(733)	8,420	-	7,687
Transfer from Stage 1 to Stage 3	(265)	-	7,658	7,393
Transfer from Stage 2 to Stage 3	-	(1,928)	4,515	2,587
Transfer from Stage 3 to Stage 2	-	455	(1,308)	(853)
Transfer from Stage 3 to Stage 1	34	-	(4,565)	(4,531)
Transfer from Stage 2 to Stage 1	430	(5,093)	-	(4,663)
New financial assets originated or purchased	1,407	5,556	(448)	6,515
Financial assets derecognised during the financial year other than write-offs	(1,256)	1,207	-	(49)
Written-off/waived during the financial year	-	-	(33,566)	(33,566)
	4,580	20,793	76,340	101,713

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. 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)

**Financing, loans and advances (continued)**

Group/Company	2019			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Loss allowance as at 1 January 2019	10,318	10,061	119,980	140,359
<b>Movements with P&amp;L impact</b>				
Transfers				
<u>Change due to change in credit risk:</u>				
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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (a) Credit Risk (continued)

Credit quality (continued)

## (iv) Movement in expected credit losses (continued)

The expected credit losses recognised in the period is impacted by a variety of factors: (continued)

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period: (continued)

**Investment securities: FVOCI**

Group/Company	2020			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Loss allowance as at 1 January 2020	1,828	9,786	-	11,614
<b>Movements with P&amp;L impact</b>				
Change due to change in credit risk	(477)	28,693	-	28,216
New financial assets originated or purchased	347	-	-	347
	<b>1,698</b>	<b>38,479</b>	<b>-</b>	<b>40,177</b>
Group/Company	2019			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Loss allowance as at 1 January 2019	677	4	-	681
<b>Movements with P&amp;L impact</b>				
Change due to change in credit risk	543	9,786	-	10,329
New financial assets originated or purchased	934	-	-	934
Disposal	(326)	(4)	-	(330)
	<b>1,828</b>	<b>9,786</b>	<b>-</b>	<b>11,614</b>



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. 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: Amortised cost**

Group/Company	2020			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Loss allowance as at 1 January 2020	1,191	-	-	1,191
<b>Movements with P&amp;L impact</b>				
Change due to change in credit risk	416	241	-	657
	<b>1,607</b>	<b>241</b>	<b>-</b>	<b>1,848</b>

Group/Company	2019			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Loss allowance as at 1 January 2019	790	-	-	790
<b>Movements with P&amp;L impact</b>				
Change due to change in credit risk	415	-	-	415
Disposal	(14)	-	-	(14)
	<b>1,191</b>	<b>-</b>	<b>-</b>	<b>1,191</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. 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:

## Financing, loans and advances

Group/Company	2020			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Gross carrying amount as at 1 January 2020	144,059	36,662	104,054	284,775
<b>Movements with P&amp;L impact</b>				
Transfers				
<u>Change due to change in credit risk:</u>				
Transfer from Stage 1 to Stage 2	(21,788)	19,208	-	(2,580)
Transfer from Stage 1 to Stage 3	(8,741)	-	7,659	(1,082)
Transfer from Stage 2 to Stage 3	-	(4,828)	4,515	(313)
Transfer from Stage 3 to Stage 2	-	1,119	(1,308)	(189)
Transfer from Stage 3 to Stage 1	453	-	(4,566)	(4,113)
Transfer from Stage 2 to Stage 1	13,109	(15,950)	-	(2,841)
New financial assets originated or purchased	70,166	11,468	(448)	81,186
Financial assets derecognised during the financial year other than write-offs	(24,537)	(1,578)	-	(26,115)
Written-off/waived during the financial year	-	-	(33,566)	(33,566)
Gross carrying amount as at 31 December 2020	172,721	46,101	76,340	295,162

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. 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)

## Financing, loans and advances (continued)

Group/Company	2019			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Gross carrying amount as at 1 January 2019	170,474	31,687	119,980	322,141
<b>Movements with P&amp;L impact</b>				
Transfers				
<u>Change due to change in credit risk:</u>				
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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. 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:

	2020				
	Allowances as 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
Financing, loans and advances	104,054	46,989	(41,137)	(33,566)	76,340
	104,054	46,989	(41,137)	(33,566)	76,340

	2019				
	Allowances as 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
Financing, loans and advances	119,980	22,567	(10,638)	(27,855)	104,054
	119,980	22,567	(10,638)	(27,855)	104,054

## Investment securities: FVOCI

Group/Company	2020			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2020	1,649,551	135,137	-	1,784,688
<b>Movements with P&amp;L impact</b>				
Change due to change in credit risk	(112,120)	(57)	-	(112,177)
New financial assets originated or purchased	633,082	-	-	633,082
Gross carrying amount as at 31 December 2020	2,170,513	135,080	-	2,305,593

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (a) Credit Risk (continued)

Credit quality (continued)

## (v) Movement in gross carrying amount that contributed to changes in the expected credit losses: (continued)

## Investment securities: FVOCI (continued)

Group/Company	2019			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Gross carrying amount as at 1 January 2019	1,691,742	10,210	-	1,701,952
<b>Movements with P&amp;L impact</b>				
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

## Investment securities: Amortised cost

Group/Company	2020			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Gross carrying amount as at 1 January 2020	183,524	-	-	183,524
<b>Movements with P&amp;L impact</b>				
Change due to change in credit risk	(50,321)	-	-	(50,321)
New financial assets originated or purchased	131,347	-	-	131,347
Gross carrying amount as at 31 December 2020	264,550	-	-	264,550

Group/Company	2019			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Gross carrying amount as at 1 January 2019	172,590	-	-	172,590
<b>Movements with P&amp;L impact</b>				
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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. 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			
	31.12.2020		31.12.2019	
	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")	39,008	39,467	38,824	39,806
- 100 bps	(39,008)	(39,467)	(38,824)	(39,806)

	Company			
	31.12.2020		31.12.2019	
	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	39,008	39,440	38,824	39,643
- 100 bps	(39,008)	(39,440)	(38,824)	(39,643)

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (b) Market risk (continued)

## Interest/Profit rate risk

The table below summarise the Group's and the Company's exposure to interest/profit rate risks. Included in the table are the Group's and the Company's financial assets and liabilities at their carrying amounts, categorised by the earlier contractual repricing or maturity dates. The net interest sensitivity gap for items not recognised in the statements of financial position represents the net notional amounts of all interest/profit rate sensitivity derivative financial instruments. As interest rate yield curves change over time, the Group and Company may be exposed to loss in earnings due to the effects of interest rates on the structure of the statements of financial position. Sensitivity to interest/profit rates arises from mismatches in the repricing dates, cashflows and other characteristic of the financial assets and their corresponding financial liabilities funding.

Group/Company 2020	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
<b>Assets</b>					
Investment securities: FVTPL	37,530	153,332	865,431	9,434	1,065,727
Investment securities: FVOCI	205,005	750,820	1,349,768	-	2,305,593
Investment securities: Amortised cost	50,089	212,613	-	-	262,702
Derivative financial assets	11,131	-	-	-	11,131
Term deposits	550,620	-	-	2,944	553,564
Financing, loans and advances - not impaired*	6,719	183,508	28,595	(25,373)	193,449
Amount due from an associate	-	-	-	31	31
Other receivables^	-	-	-	27,017	27,017
Cash and cash equivalents	-	-	-	239,374	239,374
<b>Total financial assets</b>	<b>861,094</b>	<b>1,300,273</b>	<b>2,243,794</b>	<b>253,427</b>	<b>4,658,588</b>
<b>Liabilities</b>					
Funds from BNM	33,179	424,957	-	500,000	958,136
Small Entrepreneurs Guarantee Scheme	-	-	-	13,411	13,411
Tabung Usahawan Kecil	-	-	-	43,263	43,263
Government Funds	10,697	15,424	-	-	26,121
Small Entrepreneurs Financing Fund	-	-	-	25	25
Derivative financial liabilities	2,917	-	-	-	2,917
Other liabilities®	-	-	-	422,939	422,939
<b>Total financial liabilities</b>	<b>46,793</b>	<b>440,381</b>	<b>-</b>	<b>979,638</b>	<b>1,466,812</b>
<b>Net interest sensitivity gap</b>	<b>814,301</b>	<b>859,892</b>	<b>2,243,794</b>		

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (b) Market risk (continued)

## Interest/Profit rate risk (continued)

Group/Company 2019	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
<b>Assets</b>					
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
Financing, loans and advances - not impaired*	15,230	159,445	6,045	(17,138)	163,582
Amount due from a subsidiary	-	-	-	3,970	3,970
Other receivables^	-	-	-	32,883	32,883
Cash and cash equivalents	-	-	-	99,660	99,660
<b>Total financial assets</b>	<b>1,354,974</b>	<b>1,115,896</b>	<b>1,756,840</b>	<b>158,534</b>	<b>4,386,244</b>
<b>Liabilities</b>					
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
<b>Total financial liabilities</b>	<b>44,327</b>	<b>407,397</b>	<b>-</b>	<b>894,370</b>	<b>1,346,094</b>
<b>Net interest sensitivity gap</b>	<b>1,310,647</b>	<b>708,499</b>	<b>1,756,840</b>		

\* The negative balance represents collective allowance for financing, loans and advances.

^ Excludes prepayment amounting to RM4,787,000 (2019: RM2,308,000).

® Other liabilities includes amount due to BNM, expected credit losses, claims payable, other payables and lease liabilities.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (b) Market risk (continued)

## Foreign exchange risk

The Group and the Company are exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Limits are set on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table summarises the Group's and the Company's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's and the Company's financial instruments at carrying amounts, categorised by currency.

Group/Company 2020	United States Dollar RM'000	Singapore Dollar RM'000	Australian Dollar RM'000	Great Britain Pound RM'000	Euro RM'000	Total RM'000
<b>Assets</b>						
Investment securities: FVTPL	218,609	105,161	14,016	8,931	32,105	378,822
Derivatives	8,353	2,750	-	-	28	11,131
Cash and cash equivalents	5,777	320	10	278	291	6,676
Net on-balance sheet financial position	232,739	108,231	14,026	9,209	32,424	396,629
<b>Liability</b>						
Derivatives	228	2,186	210	134	159	2,917
Net on-balance sheet financial position	228	2,186	210	134	159	2,917
Off-balance sheet commitments	216,666	32,840	13,155	7,599	30,776	301,036

Group/Company 2019	United States Dollar RM'000	Singapore Dollar RM'000	Australian Dollar RM'000	Great Britain Pound RM'000	Euro RM'000	Total RM'000
<b>Assets</b>						
Investment securities: FVTPL	199,934	78,404	1,179	-	25,238	304,755
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	78,687	1,274	-	25,990	321,159
<b>Liability</b>						
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

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. 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	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
<b>+ 1%</b>				
United States Dollar	5,191	4,421	5,191	4,421
Singapore Dollar	1,795	877	1,795	877
Australian Dollar	270	24	270	24
Great Britain Pound	167	-	167	-
Euro	630	507	630	507
<b>- 1%</b>				
United States Dollar	(5,191)	(4,421)	(5,191)	(4,421)
Singapore Dollar	(1,795)	(877)	(1,795)	(877)
Australian Dollar	(270)	(24)	(270)	(24)
Great Britain Pound	(167)	-	(167)	-
Euro	(630)	(507)	(630)	(507)

## (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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (c) Liquidity risk (continued)

Liquidity risk disclosure table which is based on contractual undiscounted cash flows (continued)

Group 2020	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
<b>Liabilities</b>				
Amount due to BNM	1,648	-	-	1,648
Funds from BNM	33,179	424,957	500,000	958,136
Small Entrepreneurs Guarantee Scheme	10,000	4,000	-	14,000
Tabung Usahawan Kecil	-	50,000	-	50,000
Government Funds	15,507	10,819	-	26,326
Small Entrepreneurs Financing Fund	25	-	-	25
Expected credit losses for guarantee schemes	275,540	-	-	275,540
Claims payable	1,684	-	-	1,684
Other payables	141,715	-	-	141,715
	479,298	489,776	500,000	1,469,074

Group 2019	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
<b>Liabilities</b>				
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
Other payables	127,667	-	-	127,667
	374,046	463,555	515,000	1,352,601

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (c) Liquidity risk (continued)

Liquidity risk disclosure table which is based on contractual undiscounted cash flows (continued)

Company 2020	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
<b>Liabilities</b>				
Amount due to BNM	1,648	-	-	1,648
Funds from BNM	33,179	424,957	500,000	958,136
Small Entrepreneurs Guarantee Scheme	10,000	4,000	-	14,000
Tabung Usahawan Kecil	-	50,000	-	50,000
Government Funds	15,507	10,819	-	26,326
Small Entrepreneurs Financing Fund	25	-	-	25
Expected credit losses for guarantee schemes	275,540	-	-	275,540
Claims payable	1,684	-	-	1,684
Other payables	141,715	-	-	141,715
	479,298	489,776	500,000	1,469,074

Company 2019	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
<b>Liabilities</b>				
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
Other payables	127,667	-	-	127,667
	374,046	463,555	515,000	1,352,601

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) Liquidity risk (continued)

##### Liquidity risk disclosure table which is based on contractual undiscounted cash flows (continued)

Derivative financial liabilities based on contractual undiscounted cash flows:

Group/Company 2020	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
<u>Derivatives settled on a gross basis</u>				
Foreign exchange derivatives:				
- outflow	87,650	-	-	87,650
- inflow	(84,733)	-	-	(84,733)
	2,917	-	-	2,917

Group/Company 2019	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
<u>Derivatives settled on a gross basis</u>				
Foreign exchange derivatives:				
- outflow	50,888	-	-	50,888
- inflow	(50,644)	-	-	(50,644)
	244	-	-	244

#### (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.

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. 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 (2019: Nil).

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

## Recurring fair value measurements

Group/Company 31.12.2020	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Assets</b>				
Investment securities: FVTPL				
- Money market instruments	-	82,546	-	82,546
- Private debt securities	-	893,745	-	893,745
Investment securities: REITS				
- REITS	89,436	-	-	89,436
Investment securities: FVOCI				
- Private debt securities	-	2,034,996	-	2,034,996
- Money market instruments	-	270,597	-	270,597
Derivative financial assets	-	11,131	-	11,131
	89,436	3,293,015	-	3,382,451
<b>Liabilities</b>				
Small Entrepreneurs Guarantee Scheme	-	13,411	-	13,411
Tabung Usahawan Kecil	-	43,263	-	43,263
Derivative financial liabilities	-	2,917	-	2,917
	-	59,591	-	59,591

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (d) Fair value of financial instruments (continued)

## Recurring fair value measurements (continued)

Group/Company 31.12.2019	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Assets</b>				
Investment securities: FVTPL				
- Money market instruments	-	28,241	-	28,241
- Private debt securities	-	884,404	-	884,404
Investment securities: REITS				
- REITS	39,356	-	-	39,356
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
	39,356	2,703,131	-	2,742,487
<b>Liabilities</b>				
Small Entrepreneurs Guarantee Scheme	-	21,633	-	21,633
Tabung Usahawan Kecil	-	41,550	-	41,550
Derivative financial liabilities	-	244	-	244
	-	63,427	-	63,427

## Effect of changes in significant unobservable assumptions to reasonably possible alternatives

The following tables analyse within the fair value hierarchy the Group's and the Company's assets and liabilities not measured at fair value as at reporting date but for which fair value is disclosed:

Group/Company 31.12.2020	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Financial assets</u>					
Investment securities: amortised cost	262,702	-	257,937	-	257,937
Financing, loans and advances	193,449	-	193,756	-	193,756
<u>Financial liabilities</u>					
Funds from BNM	958,136	-	606,360	-	606,360
Government funds	26,121	-	4,220	-	4,220

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

## 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

## (d) Fair value of financial instruments (continued)

## Effect of changes in significant unobservable assumptions to reasonably possible alternatives (continued)

Group/Company 31.12.2019	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Financial assets</u>					
Investment securities: amortised cost	182,333	-	178,077	-	178,077
Financing, loans and advances	163,582	-	158,083	-	158,083
<u>Financial liabilities</u>					
Funds from BNM	919,321	-	553,812	-	553,812
Government funds	32,159	-	33,502	-	33,502

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.

**Financing, loans and advances**

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.

**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.



## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 43. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) Fair value of financial instruments (continued)

##### 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.

### 44. 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.

Group/Company 2020	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	-	-	-
Financial liabilities			
Amount due to BNM	-	1,648	1,648

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

### 45. SIGNIFICANT EVENT AND EVENT OCCURRING AFTER BALANCE SHEET DATE

#### Coronavirus Disease (Covid-19) Pandemic

The World Health Organisation declared the outbreak of Coronavirus disease (Covid-19) as a global pandemic in March 2020. The direct and indirect effects of the Covid-19 outbreak have impacted the global economy, markets and the Company's counterparties and clients.

The Covid-19 effects have a material negative impact on the Company's results of operations. In particular, the process to determine expected credit losses requires numerous estimates and assumptions, some of which require a high degree of judgement. Changes in the estimates and assumptions can result in significant changes in ECL. The Company is not able to predict the Covid-19's potential future direct or indirect effects.

On 13 January 2021, the Government of Malaysia reintroduced the movement control order to curb the soaring number of Covid-19 cases. The lockdown may have a negative impact on the Company results of operation. The Company is not able to predict the potential future direct or indirect effects resulted from the movement control order.

Overall, the Company is taking actions to mitigate the impacts, and will continue to closely monitor the impact and the related risks as they evolve.

#### Modification loss

During the current financial year, the Company has granted an automatic payment moratorium on certain financing, loans and advances to individuals and MSMEs for a period of six months from 1 April 2020 to 30 September 2020. As a result of the payment moratorium, the Company has recognised modification loss of RM5.8 million of which the impact was fully unwound during the financial year. Thus, giving a zero impact to the profit and loss statement for the year ended 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. The exercise is expected to be completed by 2021.

#### Company's position in Aureos CGC Advisers Sdn Bhd

As at 31 December 2020, Aureos CGC is currently undergoing member's voluntary liquidation, and the process is yet to be completed.

#### MEX II Sdn Bhd (MEX II) RM1.30 billion Sukuk Murabahah Programme

As at 31 December 2020, the Company held investment securities in MEX II which were measured using FVOCI method. The initial cost of investment was RM127.2 million and the value had been adjusted downward through recognition of RM38.5 million expected credit loss, bringing the net book value to RM88.7 million. On 9 February 2021, MEX II's sukuk rating was downgraded from BBB to BB position by Malaysian Rating Corporation Berhad ("MARC"). Subsequently, on 26 March 2021, MARC further downgraded MEX II's sukuk rating from BB to C. The sukuk downgrade was based on the increasing likelihood that MEX II might not be able to meet its obligation to repay the principal and profit due on 29 April 2021 nor securing any financing facility that it had originally planned by end of 2020. The fair value of investment securities as of 31 March 2021 based on Bond Pricing Agency Malaysia ("BPAM") for C rating was at RM50.4 million.

The Company also held investment securities measured using FVTPL method in MEX II via external fund manager amounting to RM11.3 million as at 31 Dec 2020. The fair value of investment securities as of 31 March 2021 based on BPAM for C rating was at RM6.3 million.

Meanwhile, the restructuring exercise is still ongoing and sukuk holders have agreed to grant a deferment to second half of 2021.

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **DATO' MOHAMMED HUSSEIN** 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 168 to 288 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 2020 and of the financial performance and the cash flows of the Group and of the Company for the financial year ended 31 December 2020 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 22 April 2021.



**DATO' MOHAMMED HUSSEIN**  
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 168 to 288 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 22 April 2021.

Before me,



**COMMISSIONER FOR OATHS**

No. 21A, 1st Floor,  
Jalan SS6/12,  
Kelana Jaya,  
47301 Petaling Jaya,  
Selangor Darul Ehsan.

# INDEPENDENT AUDITORS' REPORT

To the Members of Credit Guarantee Corporation Malaysia Berhad

## 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 2020, 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 2020 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 168 to 288.

### 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’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“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.

### 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.

## INDEPENDENT AUDITORS' REPORT

To the Members of Credit Guarantee Corporation Malaysia Berhad

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### 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.
- (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

Kuala Lumpur  
22 April 2021



**LEE TZE WOON KELVIN**  
03482/01/2022 J  
Chartered Accountant

# CORPORATE INFORMATION

## Board of Directors

1. **Dato' Mohammed Hussein**  
Independent Non-Executive Director (Chairman)  
*(Appointed as Director on 1 May 2020 & re-designated as Chairman on 1 July 2020)*
2. **Dato' Agil Natt**  
Independent Non-Executive Director (Chairman)  
*(Resigned on 1 July 2020)*
3. **Datuk David Chua Kok Tee**  
Independent Non-Executive Director
4. **Dato' Haji Syed Moheeb Syed Kamarulzaman**  
Independent Non-Executive Director
5. **Teoh Kok Lin**  
Independent Non-Executive Director
6. **Suresh Menon**  
Independent Non-Executive Director
7. **Dato' Ong Eng Bin**  
Independent Non-Executive Director
8. **Choong Tuck Oon**  
Independent Non-Executive Director
9. **Adnan Zaylani Mohamad Zahid**  
Non-Independent Non-Executive Director
10. **Faisal Ismail**  
Independent Non-Executive Director
11. **Saleha M. Ramly**  
Independent Non-Executive Director



## Board Audit Committee

1. **Faisal Ismail**  
Independent Non-Executive Director (Chairman)
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



## Board Risk Management Committee

1. **Datuk David Chua Kok Tee**  
Independent Non-Executive Director (Chairman)
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' Mohammed Hussein**  
Independent Non-Executive Director (Chairman)  
*(Appointed as Member on 1 May 2020 & re-designated as Chairman on 1 July 2020)*
2. **Dato' Agil Natt**  
Independent Non-Executive Director  
*(Resigned as Chairman on 1 July 2020)*
3. **Dato' Haji Syed Moheeb Syed Kamarulzaman**  
Independent Non-Executive Director
4. **Dato' Ong Eng Bin**  
Independent Non-Executive Director
5. **Adnan Zaylani Mohamad Zahid**  
Non-Independent Non-Executive Director
6. **Saleha M. Ramly**  
Independent Non-Executive Director



## CORPORATE INFORMATION

Board Bumiputera  
Development Committee

- Dato' Haji Syed Moheeb Syed Kamarulzaman**  
Independent Non-Executive Director  
(Chairman)
- Datuk David Chua Kok Tee**  
Independent Non-Executive Director
- Dato' Ong Eng Bin**  
Independent Non-Executive Director
- Faisal Ismail**  
Independent Non-Executive Director
- Saleha M. Ramly**  
Independent Non-Executive Director

Board  
Investment Committee

- Teoh Kok Lin**  
Independent Non-Executive Director  
(Chairman)
- Datuk David Chua Kok Tee**  
Independent Non-Executive Director
- Suresh Menon**  
Independent Non-Executive Director
- Faisal Ismail**  
Independent Non-Executive Director

Board  
IT Committee

- Choong Tuck Oon**  
Independent Non-Executive Director  
(Chairman)
- Datuk David Chua Kok Tee**  
Independent Non-Executive Director
- Dato' Haji Syed Moheeb Syed Kamarulzaman**  
Independent Non-Executive Director
- Teoh Kok Lin**  
Independent Non-Executive Director
- Saleha M. Ramly**  
Independent Non-Executive Director

President/  
Chief Executive Officer

**Datuk Mohd Zamree Mohd Ishak**

Company  
Secretary

**Daeng Hafez Arafat Zuhud**  
(LS0007002)  
(SSM Practising Certificate  
No.: 202008003092)  
General Counsel &  
Company Secretary

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](http://www.cgc.com.my)

## Auditor

**PricewaterhouseCoopers PLT**  
(LLP0014401-LCA & AF 1146)  
Chartered Accountants  
Level 10, 1 Sentral, Jalan Rakyat  
Kuala Lumpur Sentral  
P O Box 10192  
50706 Kuala Lumpur  
Malaysia  
**Tel** : (6)03-2173 1188  
**Fax** : (6)03-2173 1288



## Registered Office

Level 14, 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)03-7803 0458



## Social Media

**Facebook** : [www.facebook.com/CGCmy](http://www.facebook.com/CGCmy)  
**Instagram** : [cgcmalaysia](https://www.instagram.com/cgcmalaysia)



# NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 48<sup>th</sup> Annual General Meeting (“AGM”) of Credit Guarantee Corporation Malaysia Berhad (“CGC”) will be held at Bangunan CGC, Kelana Business Centre, 97, Jalan SS 7/2, 47301 Petaling Jaya, Selangor Darul Ehsan on Thursday, 17 June 2021, at 12.00 p.m. for the following purposes:

## AGENDA

### AS ORDINARY BUSINESSES:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire by rotation in accordance with Articles 76A and 76B of CGC’s Constitution and who being eligible offer themselves for re-election:
  - a) Dato’ Syed Moheeb Syed Kamarulzaman; **Resolution 1**
  - b) Encik Teoh Kok Lin; and **Resolution 2**
  - c) Encik Adnan Zaylani Mohamad Zahid. **Resolution 3**
3. 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 48<sup>th</sup> AGM to the 49<sup>th</sup> AGM of CGC, payable in a manner as the Board of Directors may determine. **Resolution 4**
4. To approve the Directors’ benefits up to an amount of RM1,290,200 payable to the Non-Executive Chairman and Non-Executive Directors from the 48<sup>th</sup> AGM to the 49<sup>th</sup> AGM of CGC, payable in a manner as the Board of Directors may determine. **Resolution 5**
5. To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of CGC for the financial year ending 31 December 2021 and to authorise the Board of Directors to fix their remuneration. **Resolution 6**

### AS SPECIAL BUSINESS:

6. To consider and if thought fit, to pass the following Special Resolution: **Resolution 7**

#### Proposed Amendments to the Constitution of CGC

“THAT CGC’s existing Constitution be altered, modified, added and/or deleted, as the case may be, in the form and manner as set out in Appendix A with immediate effect;

AND THAT the Board of Directors be and are hereby authorised to assent to any conditions, modifications and/or amendments as may be required by the relevant authorities, and to do all acts and things and take all such steps as may be considered necessary and/or expedient to give full effect to the Proposed Amendments to the Constitution of CGC.”

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016 and CGC’s Constitution.

### BY ORDER OF THE BOARD

**DAENG HAFEZ ARAFAT BIN ZUHUD**  
**(LS0007002) (SSM PC No.: 202008003092)**  
 Company Secretary

Petaling Jaya  
 19 May 2021



## NOTICE OF 48<sup>TH</sup> 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](mailto: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 2020

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 Resolutions 1, 2 and 3 - Re-election of Directors who retire in accordance with Articles 76A and 76B of CGC's Constitution

6. The Board had on 22 February 2021 endorsed the Board Nomination and Remuneration Committee Meeting ("BNRC")'s recommendation for re-election of Dato' Syed Moheeb Syed Kamarulzaman, Encik Teoh Kok Lin and Encik Adnan Zaylani Mohamad Zahid, who shall retire in accordance with Articles 76A and 76B of CGC's Constitution. The directors had abstained from deliberation and decision on their eligibility to stand for re-election at the Board Meeting.

The above three (3) directors have been the longest in office since their last election to retire and shall be eligible for re-election.

A brief profile of Dato' Syed Moheeb Syed Kamarulzaman, Encik Teoh Kok Lin and Encik Adnan Zaylani Mohamad Zahid is set out in pages 111, 112 and 109 respectively of CGC Annual Report 2020.

#### Ordinary Resolution 4 – Directors' Fees

7. Section 230(1) of CA 2016 states that amongst others "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 regard, the Board had agreed to seek shareholders' approval at the 48<sup>th</sup> AGM.

The proposed fees to be paid to Non-Executive Chairman and Non-Executive Directors from this AGM to the next AGM is the same as the fee structure which had been approved by the shareholders as follows:

	Chairman	Member	Date of Shareholders' Approval
Directors' Fees	RM180,000 per annum	RM72,000 per annum	Approved at the 45 <sup>th</sup> AGM held on 25 June 2018

## NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING

### Ordinary Resolution 5 – Directors’ Benefits

8. The proposed Directors’ Benefits payable to Non-Executive Chairman and Non-Executive Directors comprise allowances, benefits-in-kind and other emoluments payable to them. Details of the proposed benefits are as follows:

Type	Detail/Amount	Chairman	Members
Meeting Allowance	RM5,000 per meeting	√	
	RM3,500 per meeting		√
Mobile Phone Allowance	RM500.00 per month	√	√
Car Allowance	RM6,000 per month	√	
Entertainment Allowance	RM2,000 per month	√	
Company Driver	RM7,200 per annum (based on taxable rate)	√	
Other benefits	Medical coverage, travel & communication, working tool and other claimable benefits	√	√

The proposed Directors’ Benefit amounting to RM1,290,200 will be paid to Non-Executive Chairman and Non-Executive Directors from the 48<sup>th</sup> AGM until the 49<sup>th</sup> AGM. Payment of Directors’ Benefit will be made by CGC on monthly basis and/or as and when incurred.

The estimated amount of the Directors’ Benefit is calculated based on an estimated number of scheduled Board and Board Oversight Committees Meetings, training organised for the Board, and also number of Non-Executive Directors involved in these meetings/trainings.

### Ordinary Resolution 6 – Re-appointment of Auditors

9. The Board Audit Committee (“BAC”) had at its meeting on 1 April 2021 assessed the suitability and independence of the external auditors, Messrs. PricewaterhouseCoopers PLT (“PwC”) in accordance with CGC’s External Auditor Policy.

The BAC was satisfied with PwC’s performance in 2020 based on the quality of audit, efficiency, independence and sufficiency of resources provided to complete their assignment. Subsequently, the BAC had recommended to the Board on the re-appointment of PwC as CGC’s external auditors for the financial year ending 31 December 2021.

The Board at its meeting held on 22 April 2021 endorsed the BAC’s recommendation for the shareholders’ approval to be sought at the 48<sup>th</sup> AGM on the re-appointment of PwC as CGC’s external auditors for the financial year ending 31 December 2021.

### Special Resolution 7 – Proposed Amendments to the Constitution of CGC

10. The proposed amendments to the Constitution of CGC is made mainly for the following purposes:

- To introduce specific articles to conduct hybrid and virtual general meetings;
- To amend and/or enhance relevant existing articles to vote electronically at virtual/hybrid general meetings; and
- To reduce quorum to ease the number of compulsory attendees for general meetings.

This proposed Special Resolution, if passed, shall give full effect to the proposed amendments as set out in Appendix A of the AGM Notice circulated to the shareholders.

The Appendix A on the proposed amendments shall take effect once the proposed Special Resolution 7 has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote in person or by proxy at the 48<sup>th</sup> AGM of CGC.

# 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 48<sup>th</sup> 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 Thursday, 17 June 2021 at 12.00 p.m. and at any adjournment thereof for the following resolutions as set out in the Notice of the 48<sup>th</sup> AGM:

Resolution No.	Resolution	For	Against
	<b>Ordinary Resolutions:</b>		
	To re-elect the following Directors who retire by rotation in accordance with Articles 76A and 76B of CGC's Constitution:		
1	Dato' Syed Moheeb Syed Kamarulzaman		
2	Encik Teoh Kok Lin		
3	Encik Adnan Zaylani Mohamad Zahid		
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 48 <sup>th</sup> AGM to the 49 <sup>th</sup> AGM of CGC, payable in a manner as the Board of Directors may determine.		
5	To approve the Directors' benefits up to an amount of RM1,290,200 payable to the Non-Executive Chairman and Non-Executive Directors from the 48 <sup>th</sup> AGM to the 49 <sup>th</sup> AGM of CGC, payable in a manner as the Board of Directors may determine.		
6	To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of CGC for the financial year ending 31 December 2021 and to authorise the Board of Directors to fix their remuneration.		
	<b>Special Resolution:</b>		
7	Proposed amendments to the Constitution of CGC.		

(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 \_\_\_\_\_ 2021.

\_\_\_\_\_  
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](mailto: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](http://www.cgc.com.my)

**CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD**

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