FINANCIALS

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2021.

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 bin Haji Che Hussein (Chairman)
Datuk David Chua Kok Tee - retired on 14 February 2022
Dato' Haji Syed Moheeb bin Syed Kamarulzaman
Encik Teoh Kok Lin
Encik Suresh Kumar A/L T.A.S Menon
Dato' Ong Eng Bin
Encik Choong Tuck Oon
Encik Adnan Zaylani bin Mohamad Zahid
Encik Faisal bin Ismail
Puan Saleha binti M. Ramly
Encik Lim Choon Eng - appointed on 1 April 2022

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

	Economic Entity RM'000	Company RM'000
Net profit for the financial year	140,713	542,306

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 17 to the financial statements.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or by a related Company with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

DIVIDENDS

No dividends were paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividends to be paid for the financial year ended 31 December 2021.

DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 37 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 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 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 Company misleading; or

(iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the 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 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 Company which has arisen since the end of the financial year.

(d) No contingent or other liability of the Company 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 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 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 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 Company for the financial year in which this report is made.

AUDITOR'S REMUNERATION

Details of the auditor's remuneration are set out in Note 34 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 42 to the financial statements.

BUSINESS REVIEW

The year 2021 marked another challenging period as the global COVID-19 pandemic continued to affect national economies and businesses. Nonetheless, despite challenges such as Movement Control Orders (MCOs) and business closures, Bank Negara Malaysia (BNM) reported the domestic economy had expanded by 3.1% in 2021. The growth trajectory was supported by the increase in economic activities as containment measures were progressively relaxed, amid continued policy support.

CGC, in delivering its mandate to assist MSMEs, continued to launch new Portfolio Guarantee/Wholesale Guarantee Schemes (PG/WG) and provided guarantees for BNM's Fund for SMEs, mainly the Targeted Relief and Recovery Facility (TRRF), so as to support MSMEs to recover from the health and economic crisis.

(a) Overall Performance

CGC continued to record higher total revenue with RM205.1 million earned in 2021, mainly contributed by the guarantee fees on PG/WG schemes. The guarantee and financing base grew by RM2.0 billion during the year. Other than the core businesses, RM440.1 million of one-off gain from the Danajamin transaction was also recognised during the year.

During the year, CGC approved more than 21,700 new guarantee and financing accounts valued at RM6.1 billion. Guarantee scheme approvals grew by 69 percent year-on-year, to 19,882 accounts in 2021, worth RM5.9 billion. As CGC continued the focus to assist MSMEs to recover in 2021, guarantees provided for TRRF contributed to 49 percent of the total guarantee scheme approval value. Nonetheless, PG/WG schemes continued to be significant contributors with 41 percent of the year's total guarantee approval value.

In enhancing financial inclusion through CGC's direct financing schemes, over 1,800 accounts worth more than RM210.1 million were approved. TPUB-i contributed to over half of the direct financing approval value, while financing schemes such as startup financing including BizMula-i and BizWanita-i contributed to 68% of the total number of accounts.

The CGC Beyond Guarantee pillar which provides targeted developmental support to MSMEs has recorded a significant increase in the number of MSMEs assisted, in line with CGC's focus to support MSME recovery. By working together with strategic partners, about 50,000 MSMEs have been assisted through the CGC Developmental Programme™. Apart from that, more than 4,700 accounts or RM488 million have been approved through the imSME platform, which enables MSMEs to secure financing products conveniently online, anywhere, at any time. It won an international award from The Global Economic Awards 2021 for the Most Innovative SME Financing Platform. Significant improvement was also seen with the Khidmat Nasihat Pembiayaan (MyKNP@CGC), which has received more than 1,700 enquiries from MSMEs since it was established in August 2019.

(b) Key Performance Indicators ("KPIs")

The 5-Year Strategic Plan 2021-2025 (5SP) started with the effort to build the digital foundations for the implementation of the identified initiatives in 2021. Due to the challenges arising from the COVID-19 pandemic and the war for talent, only two of the four initiatives planned for 2021 were on track, although a component of a strategic initiative was completed ahead of time. As of 31 December 2021, CGC had managed to record more than 90% achievements in all of the Headline Targets set in the 5SP, namely outstanding guarantee & financing base, number of SMEs assisted, guarantee reserve ratio, cost-to-income ratio and digitally active customers.

(c) Key Risks and Mitigations

CGC practises management of credit risk and portfolio risk through consistent monitoring, data analytics and insightful reporting. The standards to mitigate risk adhere to the Malaysian Financial Reporting Standards (MFRS) and Bank Negara Malaysia's (BNM) Internal Capital Adequacy Assessment Process (ICAAP).

BUSINESS REVIEW (CONTINUED)

(c) Key Risks and Mitigations (continued)

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 initiated a business continuity plan, which enabled the continued provision of critical business functions while protecting the health and wellbeing of staff and customers. Nevertheless, there was increased exposure to cyber-attack risks arising from the 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 profiles 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.

CGC Compliance Risk is managed with the involvement of the Board of Directors, Senior Management, and the Compliance Department based on the roles and responsibilities as defined in the CGC Compliance Charter. Compliance risk in CGC includes the risk of legal or regulatory sanctions, material financial loss or reputation damage as a result of failure to comply with laws, regulations, rules and ethical standards in observing the fair treatment of customers and staff in managing the operations of CGC including the distribution of CGC's products. Managing compliance risk is a business imperative, not only to avoid regulatory sanctions, but more importantly to enhance business quality, corporate performance, and service level for customers.

(d) Human Capital Development

Attracting, nurturing 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 people'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 the rapidly evolving development of automation and fintech in our business.

CGC's Human Capital Strategy has been focusing on five (5) areas: Improving Organisational Effectiveness; Building, Strengthening & Sustaining Leadership Capabilities; Fostering a High 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 remained, with new initiatives planned to accelerate the CGC Transformation Journey and more focus on accelerating the alignment of new capabilities with digital transformation.

(e) Corporate Social Responsibility ("CSR")

In 2021 a prolonged pandemic and floods further impacted the underserved, underprivileged communities' health, social and economic circumstances. In continuing to assist these communities, CGC strove tirelessly to give back through our Corporate Social Responsibility (CSR) initiatives. These are aligned with 11 of the 17 United Nations Sustainable Development Goals (SDGs). Among the goals are No Poverty, Zero Hunger and Good Health and Wellbeing. Climate Action, Quality Education and Reduced Inequalities are also factored in.

BUSINESS REVIEW (CONTINUED)

(e) Corporate Social Responsibility ("CSR") (continued)

CGC leveraged and enhanced its collaboration with NGOs like Malaysian Medical Relief Society (MERCY), Malaysian Relief Agency (MRA) and UNICEF Malaysia. These initiatives were linked to our CSR objectives. One of the more meaningful CSR programmes was our contribution to the Full Movement Control Order (FMCO) Preparedness and Response Plan Fund. Relief funds for both COVID-19 Emergency and Flood, and sponsorship of B40 senior citizens' cataract surgery at Tun Hussein Onn National Eye Hospital were further examples. Other relief efforts included food basket programmes, laptops to aid affected B40 communities, orphanages and adoption of a Taman Tugu tree promoting reforestation and sustaining nature.

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 18 April 2022. Signed on behalf of the Board of Directors:

DATO' MOHAMMED BIN HAJI CHE HUSSEIN
Chairman

FAISAL BIN ISMAIL
Director

Kuala Lumpur

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

		Economic Entity		Company	
	Note	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
ASSETS					
Property, plant and equipment	4	**12,070**	19,615	**12,070**	19,615
Intangible assets	5	**18,902**	17,685	**18,902**	17,685
Right-of-Use assets ("ROU")	6	**3,580**	2,306	**3,580**	2,306
Investments in associates	7	**7,978**	8,421	**7,341**	7,341
Assets held for sale	8	**-**	901,150	**-**	500,000
Investment securities: Fair value through profit or loss ("FVTPL")	9	**1,076,439**	1,065,727	**1,076,439**	1,065,727
Investment securities: Fair value through other comprehensive income ("FVOCI")	10	**2,100,065**	2,305,593	**2,100,065**	2,305,593
Investment securities: Amortised cost	11	**262,868**	262,702	**262,868**	262,702
Derivative financial assets	12	**7,249**	11,131	**7,249**	11,131
Term deposits	13	**1,324,279**	553,564	**1,324,279**	553,564
Financing, loans and advances	14	**230,530**	193,449	**230,530**	193,449
Amount due from an associate		**157**	31	**157**	31
Other receivables	16	**22,436**	31,804	**22,436**	31,804
Deferred tax assets	39	**-**	-	**-**	-
Cash and cash equivalents		**127,771**	239,374	**127,771**	239,374
TOTAL ASSETS		**5,194,324**	5,612,552	**5,193,687**	5,210,322

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

		Economic Entity		Company	
	Note	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
EQUITY AND LIABILITIES					
Equity attributable to the Shareholders of the Company					
Share capital	17	**1,785,600**	1,785,600	**1,785,600**	1,785,600
Reserves	18	**1,010,745**	1,079,754	**1,010,745**	1,079,754
Retained earnings		**1,364,868**	1,138,847	**1,364,231**	752,916
FVOCI reserve	19	**39,755**	141,539	**39,755**	125,240
		4,200,968	4,145,740	**4,200,331**	3,743,510
Non-controlling interest		**-**	-	**-**	-
TOTAL EQUITY		**4,200,968**	4,145,740	**4,200,331**	3,743,510
Amount due to Bank Negara Malaysia ("BNM")	15	**11,672**	1,648	**11,672**	1,648
Funds from BNM	20	**499,122**	958,136	**499,122**	958,136
Small Entrepreneurs Guarantee Scheme ("SEGS")	21	**3,873**	13,411	**3,873**	13,411
Tabung Usahawan Kecil ("TUK")	22	**45,046**	43,263	**45,046**	43,263
Government funds	23	**22,930**	26,121	**22,930**	26,121
Small Entrepreneurs Financing Fund ("SEFF")	24	**6**	25	**6**	25
Derivative financial liabilities	25	**5,116**	2,917	**5,116**	2,917
Expected credit losses for guarantee schemes	26	**242,163**	275,540	**242,163**	275,540
Claims payable		**8,682**	1,684	**8,682**	1,684
Other payables	27	**151,007**	141,715	**151,007**	141,715
Lease liability	6	**3,739**	2,352	**3,739**	2,352
Deferred tax liabilities	39	**-**	-	**-**	-
TOTAL LIABILITIES		**993,356**	1,466,812	**993,356**	1,466,812
TOTAL EQUITY AND LIABILITIES		**5,194,324**	5,612,552	**5,193,687**	5,210,322

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

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STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

		Economic Entity		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	30	**205,147**	193,030	**205,147**	193,030
Investment income	31	**139,681**	210,149	**139,681**	210,149
		344,828	403,179	**344,828**	403,179
Other operating income	32	**87,509**	48,117	**488,659**	51,927
Total income		**432,337**	451,296	**833,487**	455,106
Staff costs	33	**79,648**	82,293	**79,648**	82,293
Depreciation on property, plant and equipment		**6,203**	6,451	**6,203**	6,451
Amortisation of intangible assets		**7,353**	6,176	**7,353**	6,176
Expected credit losses for guarantee schemes		**44,762**	151,955	**44,762**	151,955
Expected credit losses of financing, loans and advances		**4,376**	14,087	**4,376**	14,087
Expected credit losses for investment securities and others		**100,775**	29,327	**100,775**	29,327
Interest expense for Government loans		**3,032**	3,092	**3,032**	3,092
Other operating expenses		**45,032**	50,964	**45,032**	50,964
Total operating expenses		**291,181**	344,345	**291,181**	344,345
Share of (loss)/profit after tax of an associate		**(443)**	1,065	**-**	-
Profit from continuing operations		**140,713**	108,016	**542,306**	110,761
Profit from discontinuing operations	8	**-**	525	**-**	-
Taxation	39	**-**	-	**-**	-
Net profit for the financial year		**140,713**	108,541	**542,306**	110,761

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Economic Entity		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss				
- Net fair value (loss)/gain on FVOCI investments	**(186,556)**	14,677	**(186,556)**	14,677
- Changes in expected credit losses for FVOCI investments	**101,071**	28,562	**101,071**	28,562
- Share of other comprehensive income from discontinued operation	**-**	-	**-**	-
Other comprehensive (loss)/income for the financial year	**(85,485)**	43,239	**(85,485)**	43,239
Total comprehensive income for the financial year	**55,228**	151,780	**456,821**	154,000
Net profit for the financial year attributable to:				
Shareholders of the Company	**140,713**	108,541	**542,306**	110,761
Non-controlling interest	**-**	-	**-**	-
	140,713	108,541	**542,306**	110,761
Total comprehensive income for the financial year attributable to:				
Shareholders of the Company	**55,228**	151,780	**456,821**	154,000
Non-controlling interest	**-**	-	**-**	-
	55,228	151,780	**456,821**	154,000
Total comprehensive income for the year attributable to Shareholders of the Company arises from:				
Continuing operations	**140,713**	108,016	**542,306**	110,761
Discontinued operations	**-**	525	**-**	-
	140,713	108,541	**542,306**	110,761

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

Economic Entity	Note	Share capital RM'000	Special Programme reserve RM'000	Skim Perbankan Islam ("SPI") reserve RM'000	Special reserve RM'000	Special Purpose reserve RM'000	FVOCI reserve RM'000	Retained earnings RM'000	Non-controlling interest RM'000	Total equity RM'000
		← Attributable to Shareholders of the Company						→		
Balance as at 1 January 2021		**1,785,600**	**348,216**	**17,405**	**714,133**	**-**	**141,539**	**1,138,847**	**-**	**4,145,740**
Total comprehensive (loss)/income for the financial year		**-**	**-**	**-**	**-**	**-**	**(85,485)**	**140,713**	**-**	**55,228**
Transfer between reserves	18	**-**	**15,605**	**66**	**(525,956)**	**441,276**	**-**	**69,009**	**-**	**-**
Deemed disposal of associates	19	**-**	**-**	**-**	**-**	**-**	**(16,299)**	**16,299**	**-**	**-**
Balance as at 31 December 2021		**1,785,600**	**363,821**	**17,471**	**188,177**	**441,276**	**39,755**	**1,364,868**	**-**	**4,200,968**
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	18	-	19,016	-	43,820	-	-	(62,836)	-	-
Deemed disposal of associates		-	-	-	-	-	-	-	(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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

Company	Note	Share capital RM'000	Special Programme reserve RM'000	Skim Perbankan Islam ("SPI") reserve RM'000	Special reserve RM'000	Special Purpose reserve RM'000	FVOCI reserve RM'000	Retained earnings RM'000	Total equity RM'000
		Non-Distributable						Distributable	
Balance as at 1 January 2021		**1,785,600**	**348,216**	**17,405**	**714,133**	**-**	**125,240**	**752,916**	**3,743,510**
Total comprehensive (loss)/ income for the financial year		**-**	**-**	**-**	**-**	**-**	**(85,485)**	**542,306**	**456,821**
Transfer between reserves	18	**-**	**15,605**	**66**	**(525,956)**	**441,276**	**-**	**69,009**	**-**
Balance as at 31 December 2021		**1,785,600**	**363,821**	**17,471**	**188,177**	**441,276**	**39,755**	**1,364,231**	**4,200,331**
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	18	-	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

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

CGC

CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2021

	Economic Entity		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	**140,713**	108,541	**542,306**	110,761
Adjustments for:				
Depreciation on property, plant and equipment	**6,203**	6,451	**6,203**	6,451
Depreciation on ROU assets	**1,755**	1,688	**1,755**	1,688
Amortisation of intangible assets	**7,353**	6,176	**7,353**	6,176
Gain on disposal of property, plant and equipment	**(126)**	-	**(126)**	-
Write-off of property, plant and equipment	**182**	3,809	**182**	3,809
Write-off of intangible assets	**116**	-	**116**	-
Interest expense for lease liability	**113**	136	**113**	136
Realised (gain)/loss on FVOCI investments	**(2,910)**	480	**(2,910)**	480
Realised gain on FVTPL investments	**(7,863)**	(16,672)	**(7,863)**	(16,672)
Realised gain on disposal of Danajamin	**(38,906)**	-	**(440,056)**	-
Unrealised fair value loss/(gain) on FVTPL investments	**44,903**	(10,532)	**44,903**	(10,532)
Amortisation of premium on FVTPL investments	**960**	1,422	**960**	1,422
Amortisation of premium on FVOCI investments	**2,008**	1,798	**2,008**	1,798
Realised gain on derivatives	**(1,479)**	(99)	**(1,479)**	(99)
Unrealised loss/(gain) on derivatives	**6,341**	(2,425)	**6,341**	(2,425)
Expected credit losses for guarantee schemes	**44,762**	151,955	**44,762**	151,955
Expected credit losses of financing, loans and advances	**4,376**	14,087	**4,376**	14,087
Expected credit losses for investment securities	**100,775**	29,327	**100,775**	29,327
Amortisation of deferred income	**-**	(2,491)	**-**	(2,491)
Accretion of Government loans	**2,245**	2,491	**2,245**	2,491
Interest expense on Government loans	**3,032**	3,092	**3,032**	3,092
Share of loss/(profit) after tax of associates	**443**	(1,065)	**-**	-
Gain on deemed disposal of a subsidiary	**-**	(3,331)	**-**	-
Gain of fair value remeasurement of retained interest in associate company	**-**	-	**-**	(7,141)
	314,996	294,838	**314,996**	294,313

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STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2021

	Economic Entity		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Adjustments for: (continued)				
(Increase)/decrease in interest receivable for investments	**(7,965)**	10,361	**(7,965)**	10,361
(Increase)/decrease in amount due from a subsidiary	**-**	(5,113)	**-**	3,970
Increase in ROU	**(3,029)**	-	**(3,029)**	-
Increase in lease liability	**3,051**	-	**3,051**	-
Decrease in other receivables	**9,367**	3,387	**9,367**	3,387
Increase in financing, loans and advances	**(41,457)**	(43,954)	**(41,457)**	(43,954)
Decrease in claims payable	**(71,141)**	(75,867)	**(71,141)**	(75,867)
Increase in amount due from an associate	**(126)**	(31)	**(126)**	(31)
Decrease in lease held for sale	**-**	(2,695)	**-**	-
Decrease in asset held for sale	**-**	11,253	**-**	-
Increase in other payables	**9,292**	16,539	**9,292**	16,539
Cash generated from operations	**212,988**	208,718	**212,988**	208,718
Net cash inflows from operating activities	**212,988**	208,718	**212,988**	208,718
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(1,807)**	(4,239)	**(1,807)**	(4,239)
Purchase of intangible assets	**(5,719)**	(5,099)	**(5,719)**	(5,099)
Purchase of lease liability	**(1,777)**	(1,827)	**(1,777)**	(1,827)
Purchase of FVTPL investments	**(495,027)**	(688,566)	**(495,027)**	(688,566)
Purchase of FVOCI investments	**(290,783)**	(659,107)	**(290,783)**	(659,107)
Purchase of amortised cost investments	**-**	(80,000)	**-**	(80,000)
Proceeds from disposal of Danajamin	**940,057**	-	**940,057**	-
Proceeds from disposal of PPE	**126**	-	**126**	-
Proceeds from disposal of FVOCI investments	**316,357**	156,583	**316,357**	156,583
Proceeds from disposal of FVTPL investments	**448,710**	583,146	**448,710**	583,146
Proceeds from disposal of structured investments	**-**	-	**-**	-
Proceeds from disposal of amortised cost investments	**-**	-	**-**	-
Decrease/(increase) in derivative financial liabilities - net	**1,219**	(136)	**1,219**	(136)
(Increase)/decrease in term deposits - net	**(753,856)**	660,063	**(753,856)**	660,063
Net cash inflows/(outflows) from investing activities	**157,500**	(39,182)	**157,500**	(39,182)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2021

	Economic Entity		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of Small Entrepreneurs Guarantee Scheme	**(10,000)**	(9,000)	**(10,000)**	(9,000)
Repayment of Small Entrepreneurs Financing Fund	**(19)**	(8)	**(19)**	(8)
Repayment of Hawkers and Petty Traders & New Investment Fund	**(3,191)**	(6,038)	**(3,191)**	(6,038)
Payment of interest on Government funds	**(3,032)**	(3,092)	**(3,032)**	(3,092)
Increase in amount due to BNM	**10,024**	1,799	**10,024**	1,799
Increase in BizMula-i and BizWanita-i funds from BNM	**40,986**	38,815	**40,986**	38,815
Repayment of loan due to BNM	**(500,000)**	-	**(500,000)**	-
Net cash (outflows)/inflows from financing activities	**(465,232)**	22,476	**(465,232)**	22,476
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	**(94,744)**	192,012	**(94,744)**	192,012
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**471,084**	279,072	**471,084**	279,072
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**376,340**	471,084	**376,340**	471,084
Cash and cash equivalents comprise the following:				
Cash and bank balances	**127,771**	239,374	**127,771**	239,374
Term deposits	**1,324,279**	553,564	**1,324,279**	553,564
	1,452,050	792,938	**1,452,050**	792,938
Less:				
Term deposits with original maturity of more than three months	**1,075,710**	321,854	**1,075,710**	321,854
	376,340	471,084	**376,340**	471,084

Economic Entity	At 1 January 2021 RM'000	Cash flows RM'000	Non-cash changes Interest accretion RM'000	Interest accrual RM'000	At 31 December 2021 RM'000
Amount due to Bank Negara Malaysia ("BNM")	**1,648**	**10,024**	**-**	**-**	**11,672**
Funds from BNM	**958,136**	**(459,014)**	**-**	**-**	**499,122**
Small Entrepreneurs Guarantee Scheme ("SEGS")	**13,411**	**(10,000)**	**462**	**-**	**3,873**
Tabung Usahawan Kecil ("TUK")	**43,263**	**-**	**1,783**	**-**	**45,046**
Government funds	**26,121**	**(6,223)**	**-**	**3,032**	**22,930**
Small Entrepreneurs Financing Fund ("SEFF")	**25**	**(19)**	**-**	**-**	**6**
	1,042,604	**(465,232)**	**2,245**	**3,032**	**582,649**

	At 1 January 2020 RM'000	Cash flows RM'000	Non-cash changes Interest accretion RM'000	Interest accrual RM'000	At 31 December 2020 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
	1,014,545	22,476	2,491	3,092	1,042,604

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2021

Company	At 1 January 2021 RM'000	Cash flows RM'000	Non-cash changes Interest accretion RM'000	Non-cash changes Interest accrual RM'000	At 31 December 2021 RM'000
Amount due to Bank Negara Malaysia ("BNM")	**1,648**	**10,024**	**-**	**-**	**11,672**
Funds from BNM	**958,136**	**(459,014)**	**-**	**-**	**499,122**
Small Entrepreneurs Guarantee Scheme ("SEGS")	**13,411**	**(10,000)**	**462**	**-**	**3,873**
Tabung Usahawan Kecil ("TUK")	**43,263**	**-**	**1,783**	**-**	**45,046**
Government funds	**26,121**	**(6,223)**	**-**	**3,032**	**22,930**
Small Entrepreneurs Financing Fund ("SEFF")	**25**	**(19)**	**-**	**-**	**6**
	1,042,604	**(465,232)**	**2,245**	**3,032**	**582,649**

	At 1 January 2020 RM'000	Cash flows RM'000	Non-cash changes Interest accretion RM'000	Non-cash changes Interest accrual RM'000	At 31 December 2020 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
	1,014,545	22,476	2,491	3,092	1,042,604

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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 18 April 2022.

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 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 Economic Entity accounting policies. Although these estimates and judgements 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 Company has applied the following standards and amendments for the first time for the financial year beginning on 1 January 2021:

- Amendments to MFRS 16 'COVID-19-Related Rent Concessions'
- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark Reform-Phase 2

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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

<u>Amendments to MFRS 16 'COVID-19-Related Rent Concessions' (MFRS 16 amendment)</u>

In 2020, MFRS 16 Leases was amended to provide an optional practical expedient to the lessees on accounting for COVID-19 related rent concessions, such as rent holidays and temporary rent reductions for which payments are originally due on or before 30 June 2021.

The adoption of this standard did not have any significant impact on the Company.

<u>Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark Reform—Phase 2'</u>

The Phase 2 amendments require entities to update the hedge documentation to reflect the changes required by the interbank offered rate (IBOR) replacement. These amendments also provide reliefs that enable and require entities to continue hedge accounting in circumstances when changes in hedged items and hedging instruments are solely due to IBOR reform.

The adoption of this standard did not have any significant impact on the Company.

(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 2021. None of these are expected to have a significant effect on the financial statements of the Company, except for the following set out below:

- 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 '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 it falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.

  The amendments shall be applied prospectively.

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 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 profit or loss.

  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.

- 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. If the right to defer settlement of a liability is subject to the entity complying with specified conditions (for example, debt covenants), the right exists at the end of the reporting period only if the entity complies with those conditions at that date. The amendments further clarify that the entity must comply with the conditions at the end of the reporting period even if the lender does not test compliance until a later date.

  The assessment of whether an entity has the right to defer settlement of a liability at the reporting date is not affected by expectations of the entity or events after the reporting date.

  The amendments shall be applied retrospectively.

- Amendments to MFRS 112 'Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction' (effective 1 January 2023) clarify that the initial exemption rule does not apply to transactions where both an asset and a liability are recognised at the same time such as leases and decommissioning obligations. Accordingly, entities are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

2.2 Consolidation, subsidiaries and associates

(a) Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when 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 Company. They are deconsolidated from the date that control ceases.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation, subsidiaries and associates (continued)

(a) Subsidiaries (continued)

The Company applies the acquisition method to account for business combinations when the acquired sets of activities and assets meet the definition of a business. The Company determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by 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 value at the acquisition date. 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.

Any contingent consideration to be transferred by 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 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 Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation, subsidiaries and associates (continued)

(a) Subsidiaries (continued)

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 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 Company.

(c) Disposal of subsidiaries

When 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 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.

(d) Associates

Associates are all entities over which 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 Company's share of the post-acquisition profits or losses of the associate in the statements of comprehensive income, 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 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 Company's net investment in the associate, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's investment in associates includes goodwill identified on acquisition.

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 Company presents the impairment loss in share of profit after tax of associates in statements of comprehensive income.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation, subsidiaries and associates (continued)

(d) Associates (continued)

Profits and losses resulting from upstream and downstream transactions between the Company and its associates are recognised in 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 Company.

When the Economic Entity and the Company cease to equity account their 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 Economic Entity 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.

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 from which the Company does not expect repayment in the foreseeable future is 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Property, plant and equipment (continued)

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 Economic Entity and the Company and that 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 Economic Entity 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 write-down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2.6 on impairment of non-financial assets.

2.5 Intangible assets

Intangible assets consist of capitalised data cost acquired from Companies Commission of Malaysia and application software.

Intangible assets are stated at cost less any accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Intangible assets (continued)

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 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 Economic Entity 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.

2.7 Financial assets

Classification

The Economic Entity and the Company classify their 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

Recognition of financial assets

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Economic Entity and the Company commit to purchase or sell the asset.

Measurement

At initial recognition, the Economic Entity and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

Debt instruments

Subsequent measurement of debt instruments depends on the Economic Entity's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The Economic Entity 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 Economic Entity 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 a separate line item in the statement of comprehensive income.

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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 Economic Entity 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 are recognised in the statement of comprehensive income and presented net within investment income in the period in which they arise.

Equity instruments

The Economic Entity and the Company subsequently measure all equity investments at fair value. Where the Economic Entity's and the Company's management have 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 Economic Entity'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 Economic Entity and the Company assess on a forward-looking basis the expected credit loss ("ECL") associated with their 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 Economic Entity 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 is immaterial.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Economic Entity 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 Economic Entity and the Company expect to receive from the holder, the debtor or any other party.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

Impairment for debt instruments and financial guarantee contracts (continued)

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) *General 3-stage approach for other receivables and financial guarantee contracts issued*

At each reporting date, the Economic Entity 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 Economic Entity 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 40 sets out the measurement details of ECL.

Significant increase in credit risk ("SICR")

The Economic Entity 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 Economic Entity 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 Economic Entity 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. This is 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

Significant increase in credit risk ("SICR") (continued)

- Past-due information

  When information that is more forward-looking than past-due status is not available, the Economic Entity and the Company may use past due information to determine SICR.

- Collective assessment

  Some factors or indicators may not be identifiable on an individual financial instrument level. In such a case, the factors or indicators should be assessed for appropriate portfolios, groups of portfolios or portions of a portfolio of financial instruments to determine SICR.

- Low credit risk at reporting date

  Financial instruments 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 ECL 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 Economic Entity 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:

<u>Quantitative criteria:</u>

The Economic Entity and the Company define a financial instrument as default, when the counterparty fails to make contractual payment within 90 days of when it falls due.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

Definition of default and credit-impaired financial assets (continued)

Qualitative criteria:

The debtor meets unlikeliness-to-pay criteria, which indicates the debtor is in significant financial difficulty. The Economic Entity 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; and
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on an individual basis.

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 Economic Entity 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 Economic Entity and the Company write off financial assets, in whole or in part, when they have exhausted all practical recovery efforts and have 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 Economic Entity and the Company may write off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written-off will result in impairment gains.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

Modification of loans and financing

The Economic Entity and the Company sometimes renegotiate or otherwise modify the contractual cash flows of loans and financing to customers. When this happens, the Economic Entity and the Company assess whether or not the new terms are substantially different to the original terms. The Economic Entity 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 Economic Entity 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 Economic Entity 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 amounts are also recognised in the income statements as a modification gain or loss on derecognition.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the Economic Entity and the Company recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognise 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 Economic Entity 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 Economic Entity 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 is 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 Economic Entity and the Company record a modification gain or loss, to the extent that an impairment loss has not already been recorded.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

Derecognition of financial assets (continued)

(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 Economic Entity and the Company transfer substantially all the risks and rewards of ownership, or (ii) the Economic Entity and the Company neither transfer nor retain substantially all the risks and rewards of ownership and the Economic Entity 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.

(a) Recognition and initial measurement

<u>Other financial liabilities measured at amortised cost</u>

Other financial liabilities are initially recognised at fair value plus transaction costs. Subsequently, other financial liabilities are re-measured at amortised cost using the effective interest method.

Other financial liabilities measured at amortised cost are ‘amount due to BNM’, ‘funds from BNM’, ‘SEGS’, ‘TUK’, ‘Government funds’, ‘SEFF’, ‘claims payable’ and ‘other payables’.

(b) Derecognition

Financial liabilities are de-recognised when they have been redeemed or otherwise extinguished.

2.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

2.10 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. All derivatives are carried as assets when fair values are positive, and as liabilities when fair values are negative.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Derivative financial instruments (continued)

The best evidence of fair value of a derivative at initial recognition is the transaction price (i.e. the fair value of the consideration given or received) unless fair value of the instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets.

The Economic Entity'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 Economic Entity or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The fair value of a financial guarantee at the time of issuance is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premium is recognised.

Subsequently the financial guarantee contracts are measured at the higher of:

- The amount of the loss allowance; and
- The premium received on initial recognition less income recognised in accordance with the principles of MFRS 15.

2.12 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 Economic Entity and the Company.

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. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 with the Economic Entity'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.

2.16 Trade and claims payables

Trade and claims payables represent liabilities for goods or services provided to the Economic Entity and the Company prior to the end of financial year which are unpaid.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Current and deferred income tax (continued)

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.

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 services 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee benefits (continued)

Short-term employee benefits (continued)

The Economic Entity and the Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Defined contribution plans

The Economic Entity and the Company contribute to the Employees' Provident Fund ("EPF"), a defined contribution plan. The Economic Entity'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 Economic Entity 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 Economic Entity 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 Economic Entity and the Company recognised as expenses the related costs for which the grants are intended to compensate.

The Economic Entity 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 applied prospectively to grants receivable or repayable after the effective date of the standard. The grants are 'Tabung Usahawan Kecil' and 'Small Entrepreneurs Guarantee Scheme'.

The Government loans which existed at the date of transition are 'Funds from BNM' for Tabung Projek Usahawan Bumiputera-i and subscription for shares of Danajamin Nasional Berhad, 'Government funds', and 'Small Entrepreneurs Financing Fund'. These Government loans are stated at their previous carrying value.

2.20 Provisions

Provisions are recognised when the Economic Entity 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 Economic Entity 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Provisions (continued)

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 a 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 Economic Entity and the Company do not recognise contingent assets and liabilities, but disclose their 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 Economic Entity 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 Economic Entity and the Company. The Economic Entity and the Company do not recognise contingent assets but disclose their existence where inflows of economic benefits are probable, but not virtually certain.

2.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Economic Entity'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 Economic Entity and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue recognition (continued)

The Economic Entity and the Company base their 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 Economic Entity 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 continue unwinding the discount as interest/profit income. Interest/profit income on impaired loans and receivables is 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 Economic Entity'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 Economic Entity'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.

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 Economic Entity and the Company are a lessee

The Economic Entity and the Company as a lessee

Leases are recognised as a right-of-use (“ROU”) asset and a corresponding liability at the date on which the leased asset is available for use by the Economic Entity and the Company (i.e. the commencement date).

Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

Contracts may contain both lease and non-lease components. The Economic Entity 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 Economic Entity 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 Economic Entity 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 Economic Entity 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 Economic Entity and the Company and affects whether the Economic Entity and the Company are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to (d) below).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases in which the Economic Entity and the Company are a lessee (continued)

The Economic Entity and the Company as a lessee (continued)

(b) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Economic Entity 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 Economic Entity and the Company are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Economic Entity 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 Economic Entity and the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

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 Economic Entity 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.

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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Leases in which the Economic Entity and the Company are a lessee (continued)

The Economic Entity and the Company as a lessee (continued)

(d) Reassessment of lease liabilities

The Economic Entity 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.

2.26 Leases in which the Economic Entity and the Company are a lessor

The Economic Entity and the Company as a lessor

As a lessor, the Economic Entity and the Company determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Economic Entity 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 Economic Entity and the Company consider certain indicators such as whether the lease is for the major part of the economic life of the asset.

(a) Finance leases

The Economic Entity and the Company classify 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 Economic Entity and the Company derecognise the underlying asset and recognise 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 investment is subject to MFRS 9 impairment (refer to Note 2.7 on impairment of financial assets). In addition, the Economic Entity and the Company review 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 Economic Entity and the Company revise the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Leases in which the Economic Entity and the Company are a lessor (continued)

The Economic Entity and the Company as a lessor (continued)

(b) Operating leases

The Economic Entity and the Company classify 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 Economic Entity 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 Economic Entity and the Company are an intermediate lessor, they assess 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 a short-term lease to which the Economic Entity and the Company apply the exemption described above, then they classify the sublease as an operating lease.

(d) Separating lease and non-lease components

If an arrangement contains lease and non-lease components, the Economic Entity and the Company allocate the consideration in the contract to the lease and non-lease components based on the stand-alone selling prices in accordance with the principles in MFRS 15.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period, or in the period of revision and future periods if the revision affects both current and future periods. The Economic Entity 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 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 Economic Entity and the Company use their 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 40(d) for key assumptions used to determine the fair values of financial instruments.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below. (continued)

(b) Measurement of expected credit losses allowances

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 and counterparties. Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is detailed in Note 40(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.

<u>Management Overlay</u>

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 ongoing 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 2021.

These overlays and post-model adjustments were taken to reflect the latest macroeconomic outlook not captured in the modelled outcome and the potential impact on delinquencies and defaults when the various relief and support measures are expiring in 2022.

The overlays and post-model adjustments involved significant levels 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.

(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 is recognised in profit or loss.

(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 judgement 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. PROPERTY, PLANT AND EQUIPMENT

Economic Entity and The Company	Building RM'000	Long-term leasehold land RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture, fittings & fixtures RM'000	Renovation RM'000	Computer equipment RM'000	Capital work in progress RM'000	Total RM'000
Cost									
As at 1 January 2021	39,081	5,010	144	3,686	1,858	22,255	10,790	4,033	86,857
Additions	-	-	-	225	-	1,208	317	57	1,807
Disposals	-	-	-	-	-	-	(1,158)	-	(1,158)
Write-off	-	-	-	(6)	(39)	(471)	(3,450)	(57)	(4,023)
Transfer from work in progress	-	-	-	125	-	-	-	(125)	-
Reclassification to intangible assets (Note 5)	-	-	-	-	-	-	-	(2,967)	(2,967)
Reclassification from renovation	-	-	-	73	52	(125)	-	-	-
As at 31 December 2021	39,081	5,010	144	4,103	1,871	22,867	6,499	941	80,516
Less: Accumulated depreciation									
As at 1 January 2021	37,519	2,949	143	2,700	1,321	13,976	8,634	-	67,242
Charge for the financial year	1,561	29	-	435	255	3,109	814	-	6,203
Disposals	-	-	-	-	-	-	(1,158)	-	(1,158)
Write-off	-	-	-	(6)	(40)	(345)	(3,450)	-	(3,841)
Reclassification from renovation	-	-	-	11	8	(19)	-	-	-
As at 31 December 2021	39,080	2,978	143	3,140	1,544	16,721	4,840	-	68,446
Net book value									
As at 31 December 2021	1	2,032	1	963	327	6,146	1,659	941	12,070

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4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Economic Entity and The Company	Building RM'000	Long-term leasehold land RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture, fittings & fixtures RM'000	Renovation RM'000	Computer equipment RM'000	Capital work in progress RM'000	Total RM'000
Cost									
As at 1 January 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 5)	-	-	-	-	-	-	-	(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
Less: Accumulated depreciation									
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 5)	-	-	-	-	-	-	20	-	20
As at 31 December 2020	37,519	2,949	143	2,700	1,321	13,976	8,634	-	67,242
Net book value									
As at 31 December 2020	1,562	2,061	1	986	537	8,279	2,156	4,033	19,615

5. INTANGIBLE ASSETS

Economic Entity and The Company	Software RM'000	Total RM'000
Cost		
As at 1 January 2021	**70,784**	**70,784**
Additions	**5,719**	**5,719**
Write-off	**(3,852)**	**(3,852)**
Reclassification from property, plant and equipment (Note 4)	**2,967**	**2,967**
As at 31 December 2021	**75,618**	**75,618**
Less: Accumulated amortisation		
As at 1 January 2021	**53,099**	**53,099**
Amortisation charge during the financial year	**7,353**	**7,353**
Write-off	**(3,736)**	**(3,736)**
As at 31 December 2021	**56,716**	**56,716**
Net book value		
As at 31 December 2021	**18,902**	**18,902**

Economic Entity and The Company		
Cost		
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 4)	**2,705**	2,705
As at 31 December 2020	**70,784**	70,784
Less: Accumulated amortisation		
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 4)	**(20)**	(20)
As at 31 December 2020	**53,099**	53,099
Net book value		
As at 31 December 2020	**17,685**	17,685

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6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The statement of financial position shows the following amounts relating to leases:

	Economic Entity/Company	
	2021	**2020**
	RM'000	**RM'000**
Right-of-Use assets:		
Properties	**3,257**	1,834
Machinery	**323**	472
	3,580	2,306
Lease liabilities:		
Properties	**(3,339)**	(1,828)
Machinery	**(400)**	(524)
	(3,739)	(2,352)

The statements of comprehensive income as at 31 December 2021 show the following amounts relating to leases:

	Economic Entity/Company	
	2021	**2020**
	RM'000	**RM'000**
Depreciation charge on right-of-use assets		
Properties	**1,606**	1,539
Machinery	**149**	149
	1,755	1,688
Accumulated depreciation during the financial year:		
Properties	**2,482**	2,989
Machinery	**422**	273
	2,904	3,262

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Future minimum lease payments as at 31 December are as follows:

	Within 1 year RM'000	1 – 3 years RM'000	More than 3 years RM'000	Total RM'000
Economic Entity/Company				
31.12.2021				
Lease payment	1,828	1,605	582	4,015
Finance cost	(144)	(108)	(24)	(276)
Net present value	**1,684**	**1,497**	**558**	**3,739**
31.12.2020				
Lease payment	1,331	1,178	-	2,509
Finance cost	(97)	(60)	-	(157)
Net present value	1,234	1,118	-	2,352

Included in property, plant and equipment, there is RM2,032,000 (2020: RM2,061,000) of right-of-use assets in relation to leasehold land.

7. INVESTMENTS IN ASSOCIATES

The principal place of business and country of incorporation of the associates are in Malaysia. All associates are measured using the equity method. There are no available quoted market prices of the associates.

	Economic Entity		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Unquoted shares, at cost	**7,341**	7,341	**7,341**	7,341
Economic Entity's share of post-acquisition reserves	**637**	1,080	**-**	-
	7,978	8,421	**7,341**	7,341

Details of the associates are as follows:

Name of associates	**Principal activities**	**Percentage of equity held 2021**	**Percentage of equity held 2020**
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	**49%**	49%
Danajamin Nasional Berhad ("Danajamin")	Financial guarantee insurance	**-**	50%

The principal activity of CBM is provision of credit reference services, credit rating and other such services related to 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.

7. INVESTMENTS IN ASSOCIATES (CONTINUED)

(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^^		CBM		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets								
Current assets	**-**	1,711,183	**628**	628	**13,142**	12,240	**13,770**	1,724,051
Non-current assets	**-**	1,002,140	**-**	-	**6,990**	7,159	**6,990**	1,009,299
Total assets	**-**	2,713,323	**628**	628	**20,132**	19,399	**20,760**	2,733,350
Liabilities								
Current liabilities	**-**	(10,841)	**(86)**	(86)	**(4,129)**	(2,255)	**(4,215)**	(13,182)
Non-current liabilities	**-**	(818,308)	**-**	-	**(163)**	(398)	**(163)**	(818,706)
Total liabilities	**-**	(829,149)	**(86)**	(86)	**(4,292)**	(2,653)	**(4,378)**	(831,888)
Net assets	**-**	1,884,174	**542**	542	15,840	16,746	**16,382**	1,901,462

7. 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^^		CBM		Total	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Revenue	**-**	169,486	**-**	-	**9,216**	13,276	**9,216**	182,762
Net profit/ (loss) for the financial year	**-**	76,484	**-**	-	**(905)**	2,905	**(905)**	79,389
Total comprehensive income/ (loss) for the financial year	**-**	81,877	**-**	-	**(905)**	2,905	**(905)**	84,782

(b) Reconciliation of the summarised financial information to the carrying amount of the interest in the associates:

	Danajamin^		Aureos CGC^^		CBM		Total	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Net assets as at 1 January	**-**	1,802,297	**542**	542	**16,745**	5,321	**17,287**	1,808,160
New share subscription as at 3 June	**-**	-	**-**	-	**-**	9,252	**-**	9,252
Net profit/(loss) for the financial year	**-**	76,484	**-**	-	**(905)**	2,172	**(905)**	78,656
Dividend paid	**-**	-	**-**	-	**-**	-	**-**	-
Other comprehensive income for the financial year	**-**	5,393	**-**	-	**-**	-	**-**	5,393
Net assets as at 31 December	**-**	1,884,174	**542**	542	**15,840**	16,745	**16,382**	1,901,461
Opening carrying value	**-**	901,150	**216**	216	**8,205**	8,205	**8,421**	909,571
Net loss for the financial year	**-**	-	**-**	-	**(443)**	-	**(443)**	-
Reclassification to asset held for sale	**-**	(901,150)	**-**	-	**-**	-	**-**	(901,150)
Closing carrying value	**-**	-	**216**	216	**7,762**	8,205	**7,978**	8,421

^ No financial information available for financial year ended 31 December 2021. CGC has disposed of Danajamin during the financial year 2021 for RM 940,057,000.

^^ No financial information available for financial year ended 31 December 2021. The last financial information received from the Company was for financial year ended 31 December 2019.

8. DISPOSAL GROUPS HELD FOR SALE

MFRS 5 specifies that non-current assets that meet the criteria to be classified as held for sale, are to be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets is to cease. Such assets are to be presented separately in the statement of financial position and the result of discontinued operations is 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 to sell and comprised the following assets and liabilities:

(i) Summarised statements of comprehensive income

	Danajamin		CBM	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	-	169,486	-	5,959
Expenses	-	(61,811)	-	(5,226)
Profit before income tax	-	107,675	-	733
Taxation	-	(31,191)	-	-
Profit from discontinued operations	-	76,484	-	733
Other comprehensive income for the financial year	-	5,393	-	-
Total comprehensive income/(loss) for the financial year	-	81,877	-	733

(ii) Summarised statements of cash flow

	Danajamin		CBM	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net cash inflow from operating activities	-	25,982	-	2,230
Net cash outflow from investing activities	-	(422)	-	(2,889)
Net cash (outflow)/inflow from financing activities	-	(26,190)	-	8,973

8. DISPOSAL GROUPS HELD FOR SALE (CONTINUED)

(iii) Summarised statements of financial position

	Danajamin		CBM	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets				
Current assets	-	1,711,183	-	-
Non-current assets	-	1,002,140	-	-
Total assets	-	2,713,323	-	-
Liabilities				
Current liabilities	-	(10,841)	-	-
Non-current liabilities	-	(818,308)	-	-
Total liabilities	-	(829,149)	-	-
Net assets	-	1,884,174	-	-

Reconciliation to carrying value of assets held for sale:

	Economic Entity		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Balance as at 1 January	**901,150**	-	**500,000**	-
Transfer of investment in associates to asset held for sale	-	901,150	-	500,000
Sale of asset held for sale	**(901,150)**	-	**(500,000)**	-
Balance as at 31 December	-	901,150	-	500,000

(iv) Disposal of Danajamin

On 21 July 2021, CGC had disposed of Danajamin to Bank Pembangunan Malaysia Berhad (BPMB). The proceeds were utilised for the repayment of the interest-free financing from BNM. The remaining profits are retained in the Special Purpose Reserve Account (Note 18).

9. INVESTMENT SECURITIES: FVTPL

	Economic Entity/Company	
	31.12.2021 RM'000	31.12.2020 RM'000
At fair value		
Money market instruments:		
Unquoted in Malaysia		
Malaysian Government Securities	**40,249**	54,919
Government Investment Issue ("GII")	**36,404**	27,627
	76,653	82,546
Unquoted securities:		
In Malaysia		
Private debt securities	**599,141**	586,659
Outside Malaysia		
Private debt securities	**283,089**	307,086
	882,230	893,745
Quoted securities:		
In Malaysia		
REITs	**14,631**	17,700
Outside Malaysia		
REITs	**102,925**	71,736
	117,556	89,436
	1,076,439	1,065,727

10. INVESTMENT SECURITIES: FVOCI

	Economic Entity/Company	
	31.12.2021 RM'000	31.12.2020 RM'000
At fair value		
Money market instruments:		
Unquoted in Malaysia		
Cagamas bonds	**57,501**	59,905
Malaysian Government Securities	**71,084**	109,605
GII	**83,062**	101,087
Other bonds	**347,120**	-
	558,767	270,597
Unquoted securities:		
In Malaysia		
Private debt securities	**1,541,298**	2,034,996
	2,100,065	2,305,593

Movements in allowance for impairment of FVOCI

		Economic Entity/Company	
		31.12.2021 RM'000	31.12.2020 RM'000
(i)	**Expected Credit Losses "ECL" Stage 3**		
	Balance as at 1 January	**-**	-
	Allowance made during the financial year	**140,025**	-
	Balance as at 31 December	**140,025**	-
(ii)	**Expected Credit Losses "ECL" Stage 2**		
	Balance as at 1 January	**38,479**	9,786
	Amount written back/made during the financial year	**(38,479)**	28,693
	Balance as at 31 December	**-**	38,479
(iii)	**Expected Credit Losses "ECL" Stage 1**		
	Balance as at 1 January	**1,697**	1,828
	Amount written back during the financial year	**(475)**	(131)
	Balance as at 31 December	**1,222**	1,697

11. INVESTMENT SECURITIES: FINANCIAL ASSETS AT AMORTISED COST

	Economic Entity/Company	
	31.12.2021 RM'000	31.12.2020 RM'000
At amortised cost		
Unquoted securities:		
In Malaysia		
Private debt securities	**264,576**	264,544
Peer-to-peer ("P2P")	**5**	6
	264,581	264,550
Less: Expected credit losses ("ECL")	**(1,713)**	(1,848)
	262,868	262,702

Movements in allowance for Impairment of amortised cost

		Economic Entity/Company	
		31.12.2021 RM'000	31.12.2020 RM'000
(i)	**Expected Credit Losses "ECL" Stage 3**		
	Balance as at 1 January	**5**	-
	Allowance made during the financial year	**-**	5
	Balance as at 31 December	**5**	5

		Economic Entity/Company	
		31.12.2021 RM'000	31.12.2020 RM'000
(ii)	**Expected Credit Losses "ECL" Stage 2**		
	Balance as at 1 January	**241**	-
	Allowance made during the financial year	**-**	241
	Balance as at 31 December	**241**	241

		Economic Entity/Company	
		31.12.2021 RM'000	31.12.2020 RM'000
(iii)	**Expected Credit Losses "ECL" Stage 1**		
	Balance as at 1 January	**1,602**	1,191
	Allowance written back/made during the financial year	**(135)**	411
	Balance as at 31 December	**1,467**	1,602

12. DERIVATIVE FINANCIAL ASSETS

	Economic Entity/Company			
	31.12.2021		31.12.2020	
	Contract/ notional amount RM'000	Assets RM'000	Contract/ notional amount RM'000	Assets RM'000
Derivative assets				
- Currency forward contracts	**324,980**	**7,249**	329,131	11,131

13. TERM DEPOSITS

	Economic Entity/Company	
	31.12.2021 RM'000	31.12.2020 RM'000
At amortised cost		
Licensed banks	**650,416**	412,487
Other financial institutions	**673,863**	141,077
	1,324,279	553,564

14. FINANCING, LOANS AND ADVANCES

(i) By schemes

	Economic Entity/Company	
	31.12.2021 RM'000	31.12.2020 RM'000
Redemption of Direct Access Guarantee Scheme ("DAGS") loans	**22,963**	43,475
Tabung Pemulihan dan Pembangunan Usahawan ("TPPU")	**2,052**	2,052
Tabung Pemulihan Peniaga Kecil ("TPPK")	**144**	144
Tabung Projek Usahawan Bumiputra-i ("TPUB-i")	**29,598**	35,929
BizMula-i	**179,315**	151,635
BizWanita-i	**49,693**	41,282
BizBina-i	**22,475**	18,440
BizMikro-i	**2,055**	933
Staff loans	**1,119**	1,272
Gross financing, loans and advances	**309,414**	295,162
Less: Expected credit losses ("ECL")		
- Stage 3	**(49,991)**	(76,340)
- Stage 2	**(25,833)**	(20,793)
- Stage 1	**(3,060)**	(4,580)
Total net financing, loans and advances	**230,530**	193,449

(ii) By maturity structure

	Economic Entity/Company	
	31.12.2021 RM'000	31.12.2020 RM'000
Maturity within one year	**38,231**	49,601
One year to three years	**58,668**	52,269
Three years to five years	**177,249**	158,590
Over five years	**35,266**	34,702
	309,414	295,162

14. FINANCING, LOANS AND ADVANCES (CONTINUED)

(iii) By interest rate/profit rate sensitivity

	Economic Entity/Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**
Fixed rate		
- Redemption of DAGS loans	**22,963**	43,475
- Tabung Pemulihan dan Pembangunan Usahawan	**2,052**	2,052
- Tabung Pemulihan Peniaga Kecil	**144**	144
- Tabung Projek Usahawan Bumiputra-i	**29,598**	35,929
- BizMula-i	**179,315**	151,635
- BizWanita-i	**49,693**	41,282
- BizBina-i	**22,475**	18,440
- BizMikro-i	**2,055**	933
- Staff loans	**1,119**	1,272
	309,414	295,162

(iv) By economic sectors

	Economic Entity/Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**
Primary agriculture	**4,029**	3,388
Education, health and others	**19,359**	18,241
Construction	**22,584**	31,260
Electricity, gas & water supply	**2,588**	2,285
Financing, insurance, real estate & business services	**48,386**	46,896
Manufacturing	**29,319**	29,691
Mining & quarrying	**49**	206
Transport, storage & communication	**10,359**	10,581
Wholesale, retail trade, restaurants & hotels	**169,427**	149,146
Others	**3,314**	3,468
	309,414	295,162

14. FINANCING, LOANS AND ADVANCES (CONTINUED)

(v) By economic purpose

	Economic Entity/Company	
	31.12.2021 RM'000	31.12.2020 RM'000
Working capital	**308,295**	293,890
Others	**1,119**	1,272
	309,414	295,162

(vi) By geographical distribution

	Economic Entity/Company	
	31.12.2021 RM'000	31.12.2020 RM'000
Johor	**43,696**	45,898
Kedah	**14,235**	11,258
Kelantan	**15,599**	15,394
Melaka	**12,465**	14,462
Negeri Sembilan	**10,655**	14,656
Pahang	**16,724**	14,931
Perak	**21,845**	20,222
Pulau Pinang	**20,035**	19,436
Sabah	**20,704**	21,500
Sarawak	**31,453**	27,227
Selangor	**55,232**	47,576
Terengganu	**16,536**	16,902
Wilayah Persekutuan - Kuala Lumpur	**30,235**	25,700
	309,414	295,162

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14. FINANCING, LOANS AND ADVANCES (CONTINUED)

(vii) Movements in impaired gross financing, loans and advances

	Economic Entity/Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**
Balance as at 1 January	**76,340**	104,054
Add: Classified as impaired	**7,204**	46,988
Less: Reclassified as non-impaired	**(2,358)**	(571)
Less: Amount written back	**(3,990)**	(40,564)
Less: Amount written-off/waived	**(27,205)**	(33,567)
Balance as at 31 December	**49,991**	76,340

(viii) Impaired financing, loans and advances by economic purposes

	Economic Entity/Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**
Working capital	**49,837**	76,186
Others	**154**	154
	49,991	76,340

14. FINANCING, LOANS AND ADVANCES (CONTINUED)

(ix) Impaired financing, loans and advances by geographical distribution

	Economic Entity/Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**
Johor	**9,919**	13,909
Kedah	**806**	1,641
Kelantan	**3,250**	3,951
Melaka	**1,120**	1,463
Negeri Sembilan	**2,120**	7,019
Pahang	**1,204**	2,022
Perak	**742**	2,084
Pulau Pinang	**2,963**	4,475
Sabah	**3,442**	6,104
Sarawak	**4,197**	5,388
Selangor	**13,869**	17,170
Terengganu	**3,478**	5,747
Wilayah Persekutuan - Kuala Lumpur	**2,881**	5,367
	49,991	76,340

NOTES TO THE FINANCIAL STATEMENTS
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14. FINANCING, LOANS AND ADVANCES (CONTINUED)

(x) Movements in expected credit losses for impairment of financing, loans and advances

	Economic Entity/Company	
	31.12.2021 RM'000	31.12.2020 RM'000
Expected Credit Losses "ECL" STAGE 3		
Balance as at 1 January	**76,340**	104,054
Allowance made during the financial year	**7,204**	46,989
Amount written back during the financial year	**(6,348)**	(41,136)
Amount written-off/waived during the financial year	**(27,205)**	(33,567)
Balance as at 31 December	**49,991**	76,340
Expected Credit Losses "ECL" STAGE 2		
Balance as at 1 January	**20,793**	12,176
Allowance made during the financial year	**18,252**	16,216
Amount written back during the financial year	**(13,212)**	(7,599)
Balance as at 31 December	**25,833**	20,793
Expected Credit Losses "ECL" STAGE 1		
Balance as at 1 January	**4,580**	4,963
Allowance made during the financial year	**2,392**	3,022
Amount written back during the financial year	**(3,912)**	(3,405)
Balance as at 31 December	**3,060**	4,580
Total	**78,884**	101,713

15. AMOUNT DUE TO BNM

	Economic Entity/Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**
Amount due to BNM	**(11,672)**	(1,648)

The amount due (to)/from BNM comprises:

(a) Claims paid by the Company for Special Relief Facility ("SRF"), Disaster Recovery Fund ("DRF"), which are reimbursable by BNM;

(b) Management fees payable by BNM for services rendered by the Company in administering the SME Assistance Guarantee Scheme ("SME AGS"); and

(c) Recoveries from claims received from third parties payable to BNM which can be offset against (a) and (b)

(d) Income generated from SRF which is to be utilised for claims payment.

The amount due (to)/from BNM is unsecured, interest-free and has 14-day to 21-day repayment terms.

16. OTHER RECEIVABLES

	Economic Entity		Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**	**31.12.2021 RM'000**	**31.12.2020 RM'000**
Receivables due from financial institutions	**14,068**	14,538	**14,068**	14,538
Deposits	**1,168**	1,168	**1,168**	1,168
Prepayments	**5,788**	4,787	**5,788**	4,787
Other receivables	**267**	237	**267**	237
Invoice accrual for guarantee fees	**1,145**	11,074	**1,145**	11,074
	22,436	31,804	**22,436**	31,804

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.

17. SHARE CAPITAL

	Economic Entity/Company	
	31.12.2021 RM'000	31.12.2020 RM'000
Issued and fully paid ordinary shares:		
As at 1 January/31 December at no par value	**1,785,600**	1,785,600

18. RESERVES

	Economic Entity		Company	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Special Programme Reserve (a)	**363,821**	348,216	**363,821**	348,216
SPI Reserve (b)	**17,471**	17,405	**17,471**	17,405
Special Reserve (c)	**188,177**	714,133	**188,177**	714,133
Special Purpose Reserve (d)	**441,276**	-	**441,276**	-
	1,010,745	1,079,754	**1,010,745**	1,079,754

Consistent with the purpose of the reserves, in the financial year ended 31 December 2021, CGC had also made an adjustment in relation to the utilisation of reserves for the claims paid from financial year 2016 to date.

(a) Special Programme Reserve

	Economic Entity/Company	
	31.12.2021 RM'000	31.12.2020 RM'000
As at 1 January	**348,216**	329,200
Transfer from retained earnings during the financial year	**15,605**	19,016
As at 31 December	**363,821**	348,216

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 28), and Projek Usahawan Bumiputera Dalam Bidang Peruncitan ("PROSPER") (Note 29) 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 24).

18. RESERVES (CONTINUED)

(b) SPI Reserve

	Economic Entity/Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**
As at 1 January	**17,405**	17,405
Transfer from retained earnings during the financial year	**66**	-
As at 31 December	**17,471**	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.

(c) Special Reserve

	Economic Entity/Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**
As at 1 January	**714,133**	670,313
Transfer (to)/from retained earnings during the financial year	**(525,956)**	43,820
As at 31 December	**188,177**	714,133

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.

(d) Special Purpose Reserve

	Economic Entity/Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**
As at 1 January	**-**	-
Transfer from retained earnings during the financial year	**441,276**	-
As at 31 December	**441,276**	-

The Special Purpose Reserve was created from the gain on the disposal of Danajamin. The reserve can be utilised if there are potential claims arising from Special Schemes / Initiatives, or any other Initiatives or Agendas to address market failure/ imbalance.

19. FVOCI RESERVE

	Economic Entity		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
As at 1 January	**141,539**	98,300	**125,240**	82,001
Fair value (loss)/gain during the financial year	**(186,556)**	14,677	**(186,556)**	14,677
ECL allowance made during the financial year	**101,071**	28,562	**101,071**	28,562
Deemed disposal of associates	**(16,299)**	-	**-**	-
As at 31 December	**39,755**	141,539	**39,755**	125,240

20. FUNDS FROM BANK NEGARA MALAYSIA

	Economic Entity/Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**
TPUB-i	**301,500**	301,500
Shares of Danajamin	**-**	500,000
BizWanita-i	**40,892**	31,214
BizMula-i	**156,730**	125,422
	499,122	958,136
Repayable within 12 months	**363,500**	33,179
Repayable after 12 months	**135,622**	924,957
	499,122	958,136

Details of the balance outstanding as at 31 December 2021 are as follows:

(a) RM300 million for TPUB-i Fund

In 2009, Bank Negara Malaysia ("BNM") agreed to contribute RM300 million to a fund known as TPUB-i which is to be administered in accordance with the Shariah principle of qard. The RM300 million financing is to be repaid on the 5th anniversary date of the disbursement. In June 2019, BNM granted an extension of repayment for a period of 3 years from 1 July 2019 until 30 June 2022.

The financing is subject to a profit charge of RM3 million per annum to be paid to BNM.

20. FUNDS FROM BANK NEGARA MALAYSIA (CONTINUED)

(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 was jointly-owned by the Government and the Company to primarily carry out the business of providing financial guarantee insurance.

In 2021, CGC disposed of all its shareholdings in Danajamin for proceeds of RM 940.1 million. CGC repaid the RM500 million loan to BNM in the same year.

(c) Funds for BizMula-i and BizWanita-i

Starting from 2018, the Small and Medium Enterprise ("SME") financing for BizMula-i and BizWanita-i are 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.

21. SMALL ENTREPRENEURS GUARANTEE SCHEME ("SEGS")

	Economic Entity/Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**
Repayable within 12 months	**3,873**	10,000
Repayable after 12 months	**-**	3,411
	3,873	13,411

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.

22. TABUNG USAHAWAN KECIL ("TUK")

	Economic Entity/Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**
Repayable within 12 months	**8,127**	-
Repayable after 12 months	**36,919**	43,263
	45,046	43,263

The Scheme seeks to assist small entrepreneurs to obtain financing of between RM2,000 and 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 have 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.

23. GOVERNMENT FUNDS

	Economic Entity/Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**
As at 1 January	**26,121**	32,159
Repayment during the financial year	**(3,223)**	(6,130)
Interest payable	**32**	92
As at 31 December	**22,930**	26,121
Repayable within 12 months	**4,218**	10,697
Repayable after 12 months	**18,712**	15,424
	22,930	26,121

23. GOVERNMENT FUNDS (CONTINUED)

This comprises various placements from BNM amounting to RM150 million, intended for loanable funds, of which:

(i) RM50 million for Hawkers and Petty Traders ("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 agreed to reschedule the repayment table by instalment until 2023 as provided by Jabatan Akauntan Negara ("JAN").

24. SMALL ENTREPRENEURS FINANCING FUND ("SEFF")

	Economic Entity/Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**
As at 1 January	**25**	33
Repayment during the financial year	**(25)**	(33)
Recovery during the financial year	**6**	25
As at 31 December	**6**	25
Repayable within 12 months	**6**	25

The purpose of this fund is to provide another avenue for small entrepreneurs to obtain financial assistance to improve and upgrade their businesses. The rate of interest charged on loans granted to small entrepreneurs under the SEFF shall not exceed 6% per annum and the amount of loan for each small entrepreneur shall not be more than RM50,000.

In 1996, the Company entered into an agreement with Permodalan Nasional Berhad ("PNB") who agreed to contribute RM200 million to the fund of which RM50 million was received in 1996. The RM50 million was subject to repayment by way of five equal annual instalments commencing on the 5th anniversary of the disbursement of each advance. In 2001, the Company shall on demand refund all unutilised sums advanced by PNB without interest. The Company has applied for an extension of the repayment for another 5 years. The Company paid RM10 million in 2006 and 2007 respectively. In 2008, the Company was requested to repay on the unutilised portion of the fund and upon recovery of the loans from the small entrepreneurs. To date, RM59.7 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 were transferred to the Special Programme Reserve to be used to absorb possible losses on loans granted under this scheme (Note 18).

The remaining outstanding amount will be paid to PNB upon recovery of the defaulted loans.

25. DERIVATIVE FINANCIAL LIABILITIES

	Economic Entity		Company	
	31.12.2021		21.12.2020	
	Contract/ notional amount RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Liabilities RM'000
Derivative financial liabilities				
- currency forward contracts	**50,024**	5,116	**84,734**	2,917

26. EXPECTED CREDIT LOSSES FOR GUARANTEE SCHEMES

		Economic Entity/Company	
		31.12.2021 RM'000	31.12.2020 RM'000
(i)	**Expected Credit Losses "ECL" STAGE 3**		
	Balance as at 1 January	**17,276**	36,939
	Allowance made during the financial year	**84,540**	56,408
	Transfer to claims payable during the financial year	**(78,139)**	(76,071)
	Balance as at 31 December	**23,677**	17,276
(ii)	**Expected Credit Losses "ECL" STAGE 2**		
	Balance as at 1 January	**134,851**	93,639
	Allowance made during the financial year	**3,699**	41,212
	Balance as at 31 December	**138,550**	134,851
(iii)	**Expected Credit Losses "ECL" STAGE 1**		
	Balance as at 1 January	**123,413**	69,078
	Allowance written back/made during the financial year	**(43,477)**	54,335
	Balance as at 31 December	**79,936**	123,413
	Total	**242,163**	275,540

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27. OTHER PAYABLES

	Economic Entity		Company	
	31.12.2021 RM'000	31.12.2020 RM'000	31.12.2021 RM'000	31.12.2020 RM'000
Guarantee fee due unearned	**85,170**	65,513	**85,170**	65,513
Refundable proceeds TPUB and TPUB-i	**564**	576	**564**	576
Sinking fund - TPUB-i	**346**	459	**346**	459
Deferred income				
- Entrepreneur Rehabilitation Fund ("ERF")	**39**	39	**39**	39
- Government grant	**5,081**	7,326	**5,081**	7,326
Green Technology Financing Scheme ("GTFS")	**21,914**	28,420	**21,914**	28,420
Accruals	**26,073**	29,009	**26,073**	29,009
Other payables	**11,820**	10,373	**11,820**	10,373
	151,007	141,715	**151,007**	141,715

28. 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 receipts from MECD in the form of guarantee fund and subsidy interest to the borrowers are as follows:

Year	Guarantee fund RM'000	Subsidy on interest RM'000	Total RM'000
1998	2,000	2,000	4,000
1999	2,000	-	2,000
2000	7,197	7,197	14,394
2002	1,450	1,450	2,900
2003	15,000	-	15,000

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29. PROJEK USAHAWAN BUMIPUTERA DALAM BIDANG PERUNCITAN ("PROSPER")

The PROSPER scheme was introduced in August 2000 in an effort to encourage more Bumiputera 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.

30. REVENUE

	Economic Entity/Company	
	2021 **RM'000**	**2020** **RM'000**
Guarantee fees - Portfolio Guarantee Scheme	**163,158**	161,582
Guarantee fees - Wholesale Guarantee Scheme	**3,495**	1,404
Guarantee fees - Other Schemes	**22,634**	20,258
Interest income - Redemption Schemes	**2,286**	3,581
Interest income - TPUB	**-**	12
Profit income - TPUB-i	**980**	1,188
Profit income - BizMula-i	**9,444**	3,948
Profit income - BizWanita-i	**2,534**	1,051
Profit income - BizBina-i	**504**	-
Profit income - BizMikro-i	**112**	6
	205,147	193,030

During the current financial year, the Company has offered multiple types of relief facilities such as Targeted Relief Assistance, Financial Relief Assistance and PEMULIH on financing, loans and advances to individuals and SMEs. As a result of the payment moratorium, the Company has recognised a modification loss of RM1.2 million (2020: RM5.8 million) during the financial year.

31. INVESTMENT INCOME

	Economic Entity/Company	
	2021 RM'000	**2020 RM'000**
Interest income		
- Term deposits	**20,905**	25,366
- Investment securities: FVTPL	**46,797**	48,318
- Investment securities: FVOCI	**98,101**	96,311
- Investment securities: Amortised Cost	**15,838**	14,126
	181,641	184,121
Realised gain/(loss) on disposal		
- Investment securities: FVTPL	**7,863**	16,672
- Derivatives	**1,479**	99
- Investment securities: FVOCI	**2,910**	(480)
	12,252	16,291
Unrealised fair value (loss)/gain		
- Investment securities: FVTPL	**(44,903)**	10,532
- Derivatives	**(6,341)**	2,425
	(51,244)	12,957
Amortisation of premium		
- Investment securities: FVTPL	**(960)**	(1,422)
- Investment securities: FVOCI	**(2,008)**	(1,798)
	(2,968)	(3,220)
	139,681	210,149

32. OTHER OPERATING INCOME

	Economic Entity		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Rental income	**262**	262	**262**	262
Management fees	**2,381**	2,479	**2,381**	2,479
Dividend income from an associate	**3,800**	-	**3,800**	-
Administrative fee – TPUB-i	**401**	313	**401**	313
Recovery income	**35,227**	37,281	**35,227**	37,281
Amortisation of deferred income - Government grant	**2,251**	2,486	**2,251**	2,486
Gain on fair value remeasurement of retained interest in associate company	**-**	-	**-**	7,141
Gain on disposal of associates/ subsidiaries	**38,906**	3,331	**440,056**	-
Other income	**4,281**	1,965	**4,281**	1,965
	87,509	48,117	**488,659**	51,927

33. STAFF COSTS

	Economic Entity/Company	
	2021 RM'000	2020 RM'000
Salaries	**51,870**	49,929
Bonus	**10,992**	16,270
Employees' Provident Fund	**9,612**	10,044
Others	**7,174**	6,050
	79,648	82,293

34. PROFIT BEFORE TAXATION

	Economic Entity		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before taxation is arrived at after charging/ (crediting):				
Computer maintenance	**8,934**	11,166	**8,934**	11,166
Recovery expenses	**2,168**	3,730	**2,168**	3,730
Accretion of Government loans	**2,251**	2,486	**2,251**	2,486
Fund managers' expenses	**2,035**	2,869	**2,035**	2,869
Rental	**174**	192	**174**	192
Electricity	**516**	928	**516**	928
Directors' remuneration excluding benefit-in-kind	**-**	886	**-**	834
Directors' meeting allowance	**-**	1,130	**-**	1,102
Promotional expenses	**800**	562	**800**	562
Auditors' remuneration :				
- statutory audit	**414**	484	**414**	484
Write-off of property, plant and equipment	**182**	3,809	**182**	3,809
Write-off of intangible assets	**116**	-	**116**	-
Depreciation on property, plant and equipment (Note 4)	**6,203**	6,451	**6,203**	6,451
Amortisation of intangible assets (Note 5)	**7,353**	6,176	**7,353**	6,176
Expected credit losses for guarantee schemes	**44,762**	151,955	**44,762**	151,955

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34. PROFIT BEFORE TAXATION (CONTINUED)

	Economic Entity		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Expected credit losses made on:				
- financing, loans and advances	**4,376**	14,087	**4,376**	14,087
- investment securities	**100,775**	29,327	**100,775**	29,327
Interest expense for Government loans	**3,032**	3,092	**3,032**	3,092
Gain on fair value remeasurement of retained interest in an associate company	**-**	-	**-**	(7,141)
Gain on disposal of associates/ subsidiaries	**(38,906)**	(3,331)	**(440,056)**	-

35. 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:

	Economic Entity/Company	
	31.12.2021 RM'000	31.12.2020 RM'000
Financial guarantees	**10,870,557**	8,848,262
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	**255,888**	31,411
Foreign exchange-related contracts:		
- maturity not exceeding one year	**375,004**	413,865
	11,501,449	9,293,538

Out of the total financial guarantee balances of RM10.9 billion (2020: RM8.9 billion) as at 31 December 2021, RM1.2 billion (2020: RM1.1 billion) is reimbursable under Government-Backed Scheme ("GBS") arrangement.

35. COMMITMENTS, CONTINGENCIES AND GOVERNMENT-BACKED SCHEMES (CONTINUED)

(i) Commitments and Contingencies

	Economic Entity/Company	
	31.12.2021 RM'000	31.12.2020 RM'000
Full Risk		
(a) Conventional		
DAGS	**35,176**	45,560
BizSME	**13,670**	18,683
(b) Islamic		
DAGS	**-**	101
Shared Risk		
(a) Conventional		
BizJamin	**416,969**	431,885
Flexi Guarantee Scheme	**147,613**	169,320
Franchise Financing Scheme	**-**	2,886
Small Biz Express	**-**	217
Portfolio Guarantee	**3,217,659**	3,299,611
Wholesale Guarantee	**186,654**	15,122
(b) Islamic		
BizJamin	**143,204**	131,419
Flexi Guarantee Scheme	**47,700**	89,616
Portfolio Guarantee	**2,476,204**	2,210,686
Wholesale Guarantee	**65,401**	9,654
Gross Full/Shared Risk Financial Guarantees	**6,750,250**	6,424,760
Less: Expected Credit Losses		
- Stage 3	**(23,677)**	(17,276)
- Stage 2	**(138,550)**	(134,851)
- Stage 1	**(79,936)**	(123,413)
Full/Shared Risk Financial Guarantees	**6,508,087**	6,149,220

35. COMMITMENTS, CONTINGENCIES AND GOVERNMENT-BACKED SCHEMES (CONTINUED)

(ii) Government-Initiated Schemes

	Economic Entity/Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**
Other Shared Risk - Government-Initiated Schemes		
(a) Conventional	**1,658,810**	1,123,230
(b) Islamic	**1,519,570**	457,470
Other Shared Risk - Government-Initiated Scheme Guarantees	**3,178,380**	1,580,700

(iii) Government-Backed Schemes

	Economic Entity/Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**
Other Shared Risk - Government-Backed Schemes		
(a) Conventional	542,090	476,111
Green Technology Financing Scheme	505,640	430,547
Special Relief Facility	-	12,052
Disaster Relief Facility	32,800	33,512
Franchise Financing Scheme	3,650	-
(b) Islamic	642,000	642,231
Green Technology Financing Scheme	627,510	605,422
Special Relief Facility	-	21,717
Disaster Relief Facility	14,490	15,092
Other Shared Risk - Government-Backed Scheme Guarantees	1,184,090	1,118,342
Total financial guarantees	10,870,557	8,848,262

The disclosed amounts above are inclusive of RM3.2 billion (2020: RM1.6 billion) resulting from CGC's participation in Government-Initiated Schemes.

36. CAPITAL COMMITMENTS

	Economic Entity/Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**
Capital expenditure not provided for in the financial statements:		
Authorised and contracted for	**2,588**	4,204
Authorised and not contracted for	**10,409**	10,409
	12,997	14,613

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Other significant related parties are as follows:

Name of Company	Relationship
Bank Negara Malaysia ("BNM")	Substantial shareholder of the Company
Credit Bureau Malaysia Sdn Bhd	Associate
Aureos CGC Advisers Sdn Bhd	Associate
Danajamin Nasional Berhad	Associate (Disposed of in 2021)

(b) The key management personnel compensation is as follows:

	Economic Entity/Company	
	31.12.2021 RM'000	**31.12.2020 RM'000**
Non-Executive Directors' fees		
Other key management personnel (including President / CEO):	**1,730**	2,176
- Short-term employee benefits	**6,124**	6,013
- Contribution to Employees' Provident Fund	**1,058**	1,028
Total compensation	**8,912**	9,217

Key management personnel comprises persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly and consists of the Board of Directors, President/Chief Executive Officer and five Chief Officers.

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37. 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 Economic Entity are as follows:

Economic Entity and The Company 2021	Salary and bonus RM'000	Fees RM'000	Meeting allowance RM'000	Benefit-in-kind RM'000	Total RM'000
Non-Executive Directors:					
Dato' Mohammed Haji Che Hussein	-	180	75	109	364
Datuk David Chua Kok Tee	-	72	95	6	173
Dato' Haji Syed Moheeb Syed Kamarulzaman	-	72	98	6	176
Encik Teoh Kok Lin	-	72	76	6	154
Encik Suresh Menon	-	72	70	6	148
Dato' Ong Eng Bin*	-	72	74	6	152
Encik Choong Tuck Oon	-	72	75	6	153
Encik Adnan Zaylani Mohamad Zahid	-	60	42	-	102
Encik Faisal Ismail	-	72	78	6	156
Puan Saleha M. Ramly	-	72	74	6	152
Total Directors' remuneration	-	816	757	157	1,730

Economic Entity and The 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 Haji Che Hussein[1]	-	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***	-	8	4	-	12
Encik Teoh Kok Lin	-	72	122	6	200
Encik Suresh Menon	-	80	123	6	209
Dato' Ong Eng Bin*	-	72	105	6	183
Encik Kevin Koo Chiang**	-	8	4	-	12

37. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The key management personnel compensation is as follows (continued):

(i) Directors' fees and remuneration (continued)

Economic Entity and The Company 2020	Salary and bonus RM'000	Fees RM'000	Meeting allowance RM'000	Benefit-in-kind RM'000	Total RM'000
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
Total Directors' remuneration	-	886	1,130	160	2,176

* Director's fees payable to OCBC Bank (M) Berhad
** Director's fees payable to D&B Malaysia Sdn Bhd
*** Director's fees payable to Malayan Banking Berhad
1 Appointed as a Director with effect from 1 May 2020

During the financial year, Directors and Officers are covered under the Directors' and 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' and Officers' Liability Insurance effected for the Directors and Officers was RM15.0 million. The total amount of contribution to the Directors' and Officers' Liability Insurance paid by the Company was RM0.1 Million (2020: RM0.1 Million).

(ii) The significant related party balances included in the statements of financial position are as follows:

Amount due (to) BNM:

	Economic Entity/Company	
	31.12.2021 RM'000	31.12.2020 RM'000
(i) SRGF, SRGF-2, SRF and SME AGS (Note 15)	**(11,672)**	(1,648)
(ii) Government funds (Note 23)	**(22,930)**	(26,121)
(iii) Danajamin Nasional Berhad (Note 20)	**-**	(500,000)
(iv) TPUB-i (Note 20)	**(301,500)**	(301,500)
(v) BizMula-i (Note 20)	**(156,730)**	(125,422)
(vi) BizWanita-i (Note 20)	**(40,892)**	(31,214)

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37. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The key management personnel compensation is as follows (continued):

(iii) Details of significant transactions between the Company and its related parties are as follows:

Economic Entity/Company	2021 RM'000	2020 RM'000
Subscription fee charged by an associate/subsidiary	**-**	5
Report fees charged by an associate/subsidiary	**555**	917
Office rental charged to an associate/subsidiary	**(251)**	(251)
Management/secretarial fee charged to an associate/ subsidiary	**-**	(22)
Interest expense on loan charged by BNM	**3,032**	3,092

38. 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 2021 and 2020.

The Company monitors its capital and ability to guarantee by reference to its GRR, which stands at 1.7 times as at 31 December 2021 (2020: 3.1 times). The Company's policy is to maintain a GRR of less than 6 times.

39. TAXATION AND DEFERRED TAX ASSETS/(LIABILITIES)

The Company has been exempted from income tax by the Ministry of Finance ("MOF") based on the ruling under Section 127(3A), Income Tax Act, 1967 from the year of assessment upon its establishment, 1972 to 2021.

The Company is in the midst of obtaining approval for an extension of the tax exemption status from the Ministry of Finance ("MOF") for Year of Assessment 2022 onwards. Based on Company's knowledge it is highly probable that CGC will obtain a favourable response from the Ministry of Finance with regard to the application.

40. FINANCIAL RISK MANAGEMENT

In the normal course of business, the Economic Entity 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 Economic Entity's and the Company's exposure to credit risk arises primarily from other receivables, bond investments as well as financing, loans and advances.

The Economic Entity and the Company trade only with recognised and creditworthy third parties. It is the Economic Entity'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 Economic Entity and the Company manage the credit risk by evaluating borrowers based on an in-house credit-scoring model. The Economic Entity 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 Economic Entity 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 Economic Entity 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 the full amount of the undrawn credit facilities granted to customers.

All financial assets of the Economic Entity and the Company are subject to credit risk except for cash in hand, prepayments as well as non-financial assets.

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

In the normal course of business, the Economic Entity 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 Economic Entity and the Company use 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 Economic Entity's and the Company's ECL model is as follows:

Category	Definition of category	Basis for recognising ECL
Stage 1 (Performing)	Debt Securities Debt securities with strong credit and financial support with minimum risk of debt service payment. Loans/Financing and Financial Guarantees Newly purchased or issued loans/financing.	12-month ECL
Stage 2 (Underperforming)	Debt Securities Significant Increase in Credit Risks: - Deteriorating financial position; - Significant widening of credit spread; - Credit watch, breach of covenants, etc; or - External rating watch or downgrade. Loans/Financing and Financial Guarantees - All restructured and rescheduled accounts; - Accounts with significant PD/Internal Risk Rating Model ("IRRM") change i.e. by 2 notches; - Accounts with related Non Performing Loan ("NPL"); - Accounts with high PD above 50% as per credit risk provided by Credit Bureau Malaysia Sdn Bhd ("CBM"); - All Arrears Account (1MIA and 2MIA); - Watchlist accounts; - Accounts under Agensi Kaunseling dan Pengurusan Kredit ("AKPK"); or - Missing origination ratings (internal or external).	Lifetime ECL

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

In the normal course of business, the Economic Entity 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)

The Economic Entity 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 Economic Entity's and the Company's ECL model are as follows (continued):

Category	Definition of category	Basis for recognising ECL
Stage 3 (Impaired)	Debt Securities Determination of non-performing or credit-impaired assets: - Non-payment of coupon due by more than 14 days; - Non-payment of principal due by more than 7 days; or - Rating is downgraded to "D" Loans/Financing and Financial Guarantees (i) Obligatory triggers: - 90 days past due; - Leakage, cessation of contracts or cessation in business for TPUB-i product. (ii) Rating downgrade as follows: - Default in paying principal or interest/profit according to the repayment schedule; - Cease operations/filing of bankruptcy; - Winding-up order (upon notice, includes borrowers and parties who provide source of repayment)/Receiver & Manager appointed; - Company classified under PN17 (or the equivalent classification for foreign capital markets); or - Material fraud with publicised news or upon appointment of financial advisor.	Lifetime ECL

Based on the above, loss allowance is measured on either 12-month ECL or lifetime ECL using the following methodology:

$$\boxed{\textit{Life time ECL} = \sum_{t=1}^{\textit{Lifetime}} [PD_t \times LGD_t \times EAD_t \times (1 + EIR)^{-t}]}$$

A summary of the assumptions underpinning the Economic Entity's and the Company's ECL model are as follows:

Based on the above, loss allowance is measured on either 12-month ECL or lifetime ECL using the following methodology:

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 Economic Entity and the Company might lose in case the borrower defaults.

EAD: an estimate of the Economic Entity's and the Company's exposure to their counterparty at the time of default

* For financial guarantee contracts, EAD is the 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.

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

In the normal course of business, the Economic Entity 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 Economic Entity's and the Company's ECL model are as follows (continued):

Based on the above, loss allowance is measured on either 12-month ECL or lifetime ECL using the following methodology (continued):

In deriving the PD and LGD, the Economic Entity and the Company consider historical data by each debtor by category and adjust for forward-looking macroeconomic data. The Economic Entity and the Company have identified the unemployment rate which the debtor operates in, to be the most relevant factor, and accordingly adjust 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 Economic Entity and the Company equals their carrying amount in the statements of financial position as at reporting date, except for the following:

	Economic Entity		Company	
	2021 Maximum credit exposure RM'000	2020 Maximum credit exposure RM'000	2021 Maximum credit exposure RM'000	2020 Maximum credit exposure RM'000
Credit risk exposures of on-balance sheet assets:				
Investment securities: FVTPL*	**958,883**	976,291	**958,883**	976,291
Other receivables#	**16,648**	27,017	**16,648**	27,017
Cash and cash equivalents^	**127,751**	239,354	**127,751**	239,354
Credit risk exposure of off-balance sheet items:				
Financial guarantees	**10,870,557**	8,848,262	**10,870,557**	8,848,262
Credit-related commitments and contingencies	**255,888**	31,411	**255,888**	31,411
Total maximum credit risk exposure	**12,229,727**	10,122,335	**12,229,727**	10,122,335

The following have been excluded for the purpose of maximum credit risk exposure calculation:
* Investment in REITs
\# Prepayments
^ Cash in hand

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit risk concentration

The Economic Entity and the Company determine concentrations of credit risk by monitoring the industry sector profile. The following tables analyse the Economic Entity's and the Company's financial assets and commitments and contingencies by industry concentration as at the reporting date:

Economic Entity 2021	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 & 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*	1,025	34,838	26,315	413,830	249,192	-	31,166	-	81,519	77,692	43,306	958,883
Investment securities: FVOCI	-	-	15,428	417,634	75,553	52,028	304,548	-	649,711	475,115	110,048	2,100,065
Investment securities: Amortised cost	-	-	-	212,741	-	-	-	-	-	-	50,127	262,868
Derivative financial assets	-	-	-	7,249	-	-	-	-	-	-	-	7,249
Term deposits	-	-	-	1,324,279	-	-	-	-	-	-	-	1,324,279
Financing, loans and advances	3,528	15,674	5,774	36,574	20,993	36	8,286	137,847	-	853	965	230,530
Other receivables#	-	-	46	15,236	-	-	-	-	163	-	1,203	16,648
Cash and cash equivalents^	-	-	-	127,751	-	-	-	-	-	-	-	127,751
	4,553	50,512	47,563	2,555,294	345,738	52,064	344,000	137,847	731,393	553,660	205,649	5,028,273
Financial guarantees	122,727	639,782	539,928	1,202,116	1,235,803	16,201	687,323	5,362,209	-	1,064,468	-	10,870,557
Credit-related commitments and contingencies	290	728	113,190	59,217	27,431	-	4,102	39,908	-	11,022	-	255,888
Total off balance sheet	123,017	640,510	653,118	1,261,333	1,263,234	16,201	691,425	5,402,117	-	1,075,490	-	11,126,445

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit risk concentration (continued)

Economic Entity 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 & 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^	-	-	-	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

\# Excludes prepayments of RM5,788,000 (2020: RM4,787,000)
^ Excludes cash in hand of RM19,600 (2020: RM20,000)
* Excludes investment in REITs of RM117,556,000 (2020: RM89,436,000)

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit risk concentration (continued)

Company 2021	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 & 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*	1,025	34,838	26,315	413,830	249,192	-	31,166	-	81,519	77,692	43,306	958,883
Investment securities: FVOCI	-	-	15,428	417,634	75,553	52,028	304,548	-	649,711	475,115	110,048	2,100,065
Investment securities: Amortised cost	-	-	-	212,741	-	-	-	-	-	-	50,127	262,868
Derivative financial assets	-	-	-	7,249	-	-	-	-	-	-	-	7,249
Term deposits	-	-	-	1,324,279	-	-	-	-	-	-	-	1,324,279
Financing, loans and advances	3,528	15,674	5,774	36,574	20,993	36	8,286	137,847	-	853	965	230,530
Other receivables#	-	-	46	15,236	-	-	-	-	163	-	1,203	16,648
Cash and cash equivalents^	-	-	-	127,751	-	-	-	-	-	-	-	127,751
	4,553	50,512	47,563	2,555,294	345,738	52,064	344,000	137,847	731,393	553,660	205,649	5,028,273
Financial guarantees	122,727	639,782	539,928	1,202,116	1,235,803	16,201	687,323	5,362,209	-	1,064,468	-	10,870,557
Credit-related commitments and contingencies	290	728	113,190	59,217	27,431	-	4,102	39,908	-	11,022	-	255,888
Total off balance sheet	123,017	640,510	653,118	1,261,333	1,263,234	16,201	691,425	5,402,117	-	1,075,490	-	11,126,445

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit risk concentration (continued)

Company 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 & 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^	-	-	-	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

\# Excludes prepayments of RM5,788,000 (2020: RM4,787,000)
^ Excludes cash in hand of RM19,600 (2020: RM20,000)
* Excludes investment in REITs of RM117,556,000 (2020: RM89,436,000)

40. 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

	2021			
Economic Entity/Company	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Carrying amount of financing, loans and advances by credit quality:				
Neither past due nor impaired (A)	135,766	68,240	-	204,006
Past due but not impaired (B)	-	55,417	-	55,417
Impaired (C)	-	-	49,991	49,991
Gross financing, loans and advances	135,766	123,657	49,991	309,414
Less: Allowances for impairment losses				
- Expected Credit Losses 'ECL'	(3,060)	(25,833)	(49,991)	(78,884)
Net financing, loans and advances	132,706	97,824	-	230,530

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(i) Financing, loans and advances (continued)

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. (continued)

Distribution of financing, loans and advances by credit quality (continued)

	2020			
Economic Entity/Company	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Carrying amount of 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
Gross financing, loans and advances	172,722	46,100	76,340	295,162
Less: Allowances for impairment losses				
- Expected Credit Losses ("ECL")	(4,580)	(20,793)	(76,340)	(101,713)
Net financing, loans and advances	168,142	25,307	-	193,449

40. 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 based on the Economic Entity's and the Company's internal grading system are as follows:

	2021			
Economic Entity/Company	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Quality classification				
Satisfactory	**135,766**	**68,240**	**-**	**204,006**
Total	**135,766**	**68,240**	**-**	**204,006**

	2020			
	12-Month ECL Performing Stage 1 RM'000	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Quality classification				
Satisfactory	172,722	2,022	-	174,744
Total	172,722	2,022	-	174,744

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 Economic Entity and the Company do not have possession of collateral held as security or other credit enhancement.

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40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(i) Financing, loans and advances (continued)

(B) Past due but not impaired

	2021			
Economic Entity/Company	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Past due up to 30 days	**-**	**31,494**	**-**	**31,494**
Past due 30-60 days	**-**	**23,923**	**-**	**23,923**
Total	**-**	**55,417**	**-**	**55,417**

	2020			
Economic Entity/Company	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Past due up to 30 days	-	28,120	-	28,120
Past due 30-60 days	-	15,958	-	15,958
Total	-	44,078	-	44,078

(C) Impaired

	2021			
Economic Entity/Company	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Gross impaired loans	**-**	**-**	**49,991**	**49,991**
Individually impaired loans	**-**	**-**	**49,991**	**49,991**

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(i) Financing, loans and advances (continued)

(C) Impaired (continued)

	2020			
	12-Month ECL Performing Stage 1 RM'000	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Gross impaired loans	-	-	76,340	76,340
Individually impaired loans	-	-	76,340	76,340

(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 Economic Entity 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

	2021			
Economic Entity/Company	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Sovereign (no rating)	**76,653**	**-**	**-**	**76,653**
Investment grade (AAA to BBB-)	**750,713**	**-**	**-**	**750,713**
Unrated	**131,517**	**-**	**-**	**131,517**
Total	**958,883**	**-**	**-**	**958,883**

40. **FINANCIAL RISK MANAGEMENT (CONTINUED)**

(a) **Credit Risk (continued)**

Credit quality (continued)

(ii) **Investment securities, derivatives, term deposits and cash and cash equivalents (continued)**

Analysis of financial assets by rating agency designation (where applicable) as at 31 December (continued):

Investment securities: FVTPL (continued)

	2020			
Economic Entity/Company	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Sovereign (no rating)	43,307	-	-	43,307
Investment grade (AAA to BBB-)	759,182	-	-	759,182
Unrated	173,802	-	-	173,802
Total	976,291	-	-	976,291

Investment securities: FVOCI

	2021			
Economic Entity/Company	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Sovereign (no rating)	**501,266**	**-**	**-**	**501,266**
Investment grade (AAA to BBB-)	**1,598,799**	**-**	**-**	**1,598,799**
Total	**2,100,065**	**-**	**-**	**2,100,065**

	2020			
Economic Entity/Company	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Sovereign (no rating)	583,456	-	-	583,456
Investment grade (AAA to BBB-)	1,627,612	94,525	-	1,722,137
Total	2,211,068	94,525	-	2,305,593

40. 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):

Economic Entity/Company

Investment securities: Amortised cost

	2021			
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Unrated	**214,208**	**50,368**	**5**	**264,581**
Expected Credit Losses ("ECL")	**(1,467)**	**(241)**	**(5)**	**(1,713)**
Total	**212,741**	**50,127**	**-**	**262,868**

	2020			
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Unrated	264,544	-	6	264,550
Expected Credit Losses ("ECL")	(1,843)	-	(5)	(1,848)
Total	262,701	-	1	262,702

Derivative financial assets

	2021			
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Investment grade (AAA to BBB-)	**7,249**	**-**	**-**	**7,249**
Total	**7,249**	**-**	**-**	**7,249**

40. 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):

Economic Entity/Company (continued)

Derivative financial assets (continued)

	2020			
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Investment grade (AAA to BBB-)	11,131	-	-	11,131
Total	11,131	-	-	11,131

Term deposits

	2021			
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Investment grade (AAA to BBB-)	**1,288,060**	**-**	**-**	**1,288,060**
Unrated	**36,219**	**-**	**-**	**36,219**
Total	**1,324,279**	**-**	**-**	**1,324,279**

	2020			
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Investment grade (AAA to BBB-)	524,241	-	-	524,241
Unrated	29,323	-	-	29,323
Total	553,564	-	-	553,564

40. 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

	2021			
Economic Entity	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Investment grade (AAA to BBB-)	**127,751**	**-**	**-**	**127,751**
Total	**127,751**	**-**	**-**	**127,751**

	2020			
Economic Entity	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Investment grade (AAA to BBB-)	239,354	-	-	239,354
Total	239,354	-	-	239,354

The following have been excluded for the purpose of maximum credit risk exposure calculations:

^ Cash in hand of RM19,600 (2020: RM20,000)

	2021			
Company	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Investment grade (AAA to BBB-)	**127,751**	**-**	**-**	**127,751**
Total	**127,751**	**-**	**-**	**127,751**

40. 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)

	2020			
Company	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Investment grade (AAA to BBB-)	239,354	-	-	239,354
Total	239,354	-	-	239,354

The following have been excluded for the purpose of maximum credit risk exposure calculations:
^ Cash in hand of RM19,600 (2020: RM20,000)

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 Economic Entity and the Company are summarised as below:

	2021			
Economic Entity	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Neither past due nor impaired				
Other receivables #	**12,587**	**-**	**-**	**12,587**
Total	**12,587**	**-**	**-**	**12,587**

	2020			
Economic Entity	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Neither past due nor impaired				
Other receivables #	16,077	-	-	16,077
Total	16,077	-	-	16,077

40. 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 Economic Entity and the Company are summarised as below (continued):

	2021			
Economic Entity	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Past due but not impaired				
Other receivables #	**4,061**	**-**	**-**	**4,061**
Total	**4,061**	**-**	**-**	**4,061**

	2020			
Economic Entity	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Past due but not impaired				
Other receivables #	10,940	-	-	10,940
Total	10,940	-	-	10,940

	2021			
Company	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Neither past due nor impaired				
Other receivables #	**12,587**	**-**	**-**	**12,587**
Total	**12,587**	**-**	**-**	**12,587**

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40. 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 Economic Entity and the Company are summarised as below (continued):

Company	2020 12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Neither past due nor impaired				
Other receivables #	16,077	-	-	16,077
Total	16,077	-	-	16,077

Company	2021 12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Past due but not impaired				
Other receivables #	**4,061**	**-**	**-**	**4,061**
Total	**4,061**	**-**	**-**	**4,061**

40. 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 Economic Entity and the Company are summarised as below (continued):

	2020			
Company	**12-Month ECL Performing Stage 1 RM'000**	**Lifetime ECL Under-performing Stage 2 RM'000**	**Lifetime ECL Impaired Stage 3 RM'000**	**Total RM'000**
Past due but not impaired				
Other receivables #	10,940	-	-	10,940
Total	10,940	-	-	10,940

The following have been excluded for the purpose of maximum credit risk exposure calculations:

\# Prepayments for the Economic Entity and the Company amount to RM5,788,000 (2020: RM4,787,000) and RM5,788,000 (2020: RM4,787,000) 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, are no cause for concern to the Economic Entity and the Company. Financial assets categorised as 'past due but not impaired' are receivables due from financial institutions 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 Economic Entity and the Company.

(iv) Movement in expected credit losses

The expected credit losses recognised in the period are 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 the models.

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(iv) Movement in expected credit losses (continued)

The following tables explain the changes in the loss allowance between the beginning and the end of the annual period:

Financing, loans and advances

	2021			
Economic Entity/Company	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Loss allowance as at 1 January 2021	4,580	20,793	76,340	101,713
Movements with P&L Impact				
Transfers				
Change due to change in credit risk:				
Transfer from Stage 1 to Stage 2	(1,799)	12,787	-	10,988
Transfer from Stage 1 to Stage 3	(37)	-	1,382	1,345
Transfer from Stage 2 to Stage 3	-	(2,480)	4,670	2,190
Transfer from Stage 3 to Stage 2	-	248	(782)	(534)
Transfer from Stage 3 to Stage 1	1	-	(97)	(96)
Transfer from Stage 2 to Stage 1	132	(3,362)	-	(3,230)
New financial assets originated or purchased	1,572	4,175	532	6,279
Financial assets derecognised during the financial year other than write-offs	(1,389)	(6,328)	(4,849)	(12,566)
Written-off/waived during the financial year	-	-	(27,205)	(27,205)
	3,060	25,833	49,991	78,884

40. 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 are 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)

	2020			
Economic Entity/Company	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Loss allowance as at 1 January 2020	4,963	12,176	104,054	121,193
Movements with P&L Impact				
Transfers				
Change due to change in credit risk:				
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	(447)	6,516
Financial assets derecognised during the financial year other than write-offs	(1,256)	1,207	-	(49)
Written-off/waived during the financial year	-	-	(33,567)	(33,567)
	4,580	20,793	76,340	101,713

40. 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 are 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

	2021			
Economic Entity/Company	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Loss allowance as at 1 January 2021	**1,697**	**38,479**	**-**	**40,176**
Movements with P&L Impact				
Change due to change in credit risk	**(761)**	**(38,479)**	**140,025**	**100,785**
New financial assets originated or purchased	**286**	**-**	**-**	**286**
	1,222	**-**	**140,025**	**141,247**

	2020			
Economic Entity/Company	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Loss allowance as at 1 January 2020	1,828	9,786	-	11,614
Movements with P&L Impact				
Change due to change in credit risk	(478)	28,693	-	28,215
New financial assets originated or purchased	347	-	-	347
	1,697	38,479	-	40,176

40. 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 are 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

	2021			
Economic Entity/Company	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Loss allowance as at 1 January 2021	**1,602**	**241**	**5**	**1,848**
Movements with P&L Impact				
Change due to change in credit risk	**(135)**	**-**	**-**	**(135)**
	1,467	**241**	**5**	**1,713**

	2020			
Economic Entity/Company	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Loss allowance as at 1 January 2020	1,191	-	-	1,191
Movements with P&L Impact				
Change due to change in credit risk	411	241	5	657
	1,602	241	5	1,848

40. 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

	2021			
Economic Entity/Company	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Gross carrying amount as at 1 January 2021	172,721	46,101	76,340	295,162
Movements with P&L Impact				
Transfers				
Change due to change in credit risk:				
Transfer from Stage 1 to Stage 2	(74,550)	69,758	-	(4,792)
Transfer from Stage 1 to Stage 3	(1,445)	-	1,382	(63)
Transfer from Stage 2 to Stage 3	-	(4,965)	4,670	(295)
Transfer from Stage 3 to Stage 2	-	753	(782)	(29)
Transfer from Stage 3 to Stage 1	76	-	(97)	(21)
Transfer from Stage 2 to Stage 1	6,861	(8,400)	-	(1,539)
New financial assets originated or purchased	61,894	24,881	532	87,307
Financial assets derecognised during the financial year other than write-offs	(29,792)	(4,470)	(4,849)	(39,111)
Written-off/waived during the financial year	-	-	(27,205)	(27,205)
Gross carrying amount as at 31 December 2021	135,765	123,658	49,991	309,414

40. 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)

	2020			
Economic Entity/Company	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Gross carrying amount as at January 2020	144,059	36,662	104,054	284,775
Movements with P&L Impact				
Transfers				
Change due to change in credit risk:				
Transfer from Stage 1 to Stage 2	(21,788)	19,208	-	(2,580)
Transfer from Stage 1 to Stage 3	(8,741)	-	7,658	(1,083)
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	-	(4,565)	(4,112)
Transfer from Stage 2 to Stage 1	13,109	(15,950)	-	(2,841)
New financial assets originated or purchased	70,166	11,468	(447)	81,187
Financial assets derecognised during the financial year other than write-offs	(24,537)	(1,578)	-	(26,115)
Written-off/waived during the financial year	-	-	(33,567)	(33,567)
Gross carrying amount as at 31 December 2020	172,721	46,101	76,340	295,162

40. 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)

An analysis of financial assets individually assessed as impaired (Stage 3) and the movements on the impairment allowance during the year are as follows:

	2021				
	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	**76,340**	**7,204**	**(6,348)**	**(27,205)**	**49,991**
	76,340	**7,204**	**(6,348)**	**(27,205)**	**49,991**

	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	(41,136)	(33,567)	76,340
	104,054	46,989	(41,136)	(33,567)	76,340

Investment securities: FVOCI

	2021			
Economic Entity/Company	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2021	**2,170,513**	**135,080**	**-**	**2,305,593**
Movements with P&L Impact				
Change due to change in credit risk	**(50,212)**	**(135,080)**	**-**	**(185,292)**
New financial assets originated or purchased	**301,595**	**-**	**-**	**301,595**
Disposal	**(321,831)**	**-**	**-**	**(321,831)**
Gross carrying amount as at 31 December 2021	**2,100,065**	**-**	**-**	**2,100,065**

40. 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)

	2020			
Economic Entity/Company	**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**
Movements with P&L Impact				
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**

Investment securities: Amortised cost

	2021			
Economic Entity/Company	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Gross carrying amount as at 1 January 2021	**264,544**	**-**	**6**	**264,550**
Movements with P&L Impact				
Change due to change in credit risk	**(50,336)**	**-**	**(1)**	**(50,337)**
New financial assets originated or purchased		**50,368**	**-**	**50,368**
Gross carrying amount as at 31 December 2021	**214,208**	**50,368**	**5**	**264,581**

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40. 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: Amortised cost (continued)

	2020			
Economic Entity/Company	**Stage 1 RM'000**	**Stage 2 RM'000**	**Stage 3 RM'000**	**Total RM'000**
Gross carrying amount as at 1 January 2020	183,524	-	-	183,524
Movements with P&L Impact				
Change due to change in credit risk	(50,327)	-	6	(50,321)
Disposal	131,347	-	-	131,347
Gross carrying amount as at 31 December 2020	264,544	-	6	264,550

(b) Market risk

Market risk is defined as the risk of losses to the Economic Entity'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 Economic Entity and the Company are exposed to market risks from their trading and investment activities.

The Economic Entity'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.

	Economic Entity			
	31.12.2021		31.12.2020	
	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")	**54,556**	**53,701**	39,008	39,467
- 100 bps	**(54,556)**	**(53,701)**	(39,008)	(39,467)

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Net interest income sensitivity analysis (continued)

	Company			
	31.12.2021		31.12.2020	
	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	**54,556**	**53,701**	39,008	39,440
- 100 bps	**(54,556)**	**(53,701)**	(39,008)	(39,440)

Interest/Profit rate risk

The table below summarises the Economic Entity's and the Company's exposure to interest/profit rate risks. Included in the table are the Economic Entity's and the Company's financial assets and liabilities at their carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The net interest sensitivity gap for items not recognised in the statements of financial position represents the net notional amounts of all interest/profit rate sensitivity derivative financial instruments. As interest rate yield curves change over time, the Economic Entity and the 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, cash flows and other characteristics of the financial assets and their corresponding financial liabilities funding.

Economic Entity/Company 2021	Within 12 months RM'000	1 to 5 years RM'000	Over 5 years RM'000	Non-interest/ profit-sensitive RM'000	Total RM'000
Assets					
Investment securities: FVTPL	**45,000**	**174,567**	**846,474**	**10,398**	**1,076,439**
Investment securities: FVOCI	**87,112**	**895,772**	**1,117,181**	**-**	**2,100,065**
Investment securities: Amortised cost	**131,805**	**131,063**	**-**	**-**	**262,868**
Derivative financial assets	**7,249**	**-**	**-**	**-**	**7,249**
Term deposits	**1,319,326**	**-**	**-**	**4,953**	**1,324,279**
Financing, loans and advances - not impaired*	**7,357**	**221,394**	**30,672**	**(28,893)**	**230,530**
Amount due from an associate	**-**	**-**	**-**	**157**	**157**
Other receivables^	**-**	**-**	**-**	**16,648**	**16,648**
Cash and cash equivalents	**-**	**-**	**-**	**127,771**	**127,771**
Total financial assets	**1,597,849**	**1,422,796**	**1,994,327**	**131,034**	**5,146,006**

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(b) Market risk (continued)

Interest/Profit rate risk (continued)

Economic Entity/Company 2021	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
Liabilities					
Funds from BNM	363,500	135,622	-	-	499,122
Small Entrepreneurs Guarantee Scheme	3,873	-	-	-	3,873
Tabung Usahawan Kecil	8,127	36,919	-	-	45,046
Government Funds	4,218	18,712	-	-	22,930
Small Entrepreneurs Financing Fund	6	-	-	-	6
Derivative financial liabilities	5,116	-	-	-	5,116
Other liabilities@	-	-	-	417,263	417,263
Total financial liabilities	384,840	191,253	-	417,263	993,356
Net interest sensitivity gap	1,213,009	1,231,543	1,994,327		

Economic Entity/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
Assets					
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
Total financial assets	861,094	1,300,273	2,243,794	253,427	4,658,588

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

Economic Entity/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
Liabilities					
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
Total financial liabilities	46,793	440,381	-	979,638	1,466,812
Net interest sensitivity gap	814,301	859,892	2,243,794		

* The negative balance represents collective allowance for financing, loans and advances
^ Excludes prepayment amounting to RM5,788,000 (2020: RM4,787,000)
@ Other liabilities include amount due to BNM, expected credit losses, claims payable, other payables and lease liabilities

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40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Foreign exchange risk

The Economic Entity and the Company are exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on their 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 Economic Entity's and the Company's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Economic Entity's and the Company's financial instruments at carrying amounts, categorised by currency.

Economic Entity/ Company 2021	United States Dollar RM'000	Singapore Dollar RM'000	Australian Dollar RM'000	Great Britain Pound RM'000	Chinese Yuan RM'000	Euro RM'000	Total RM'000
Assets							
Investment securities: FVTPL	200,034	155,377	13,765	9,102	4,973	2,763	386,014
Derivatives	1,071	5,858	200	17	40	63	7,249
Cash and cash equivalents	21,194	1,305	31	243	3	-	22,776
Net on-balance sheet financial position	222,299	162,540	13,996	9,362	5,016	2,826	416,039
Liability							
Derivatives	61	5,055	-	-	-	-	5,116
Net on-balance sheet financial position	61	5,055	-	-	-	-	5,116
Off-balance sheet commitments	220,182	123,464	13,783	7,782	4,939	2,722	372,872

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Foreign exchange risk (continued)

Economic Entity/ Company 2020	United States Dollar RM'000	Singapore Dollar RM'000	Australian Dollar RM'000	Great Britain Pound RM'000	Chinese Yuan RM'000	Euro RM'000	Total RM'000
Assets							
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
Liability							
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

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 on the profit after tax:

	Economic Entity		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
+ 1%				
United States Dollar	**4,424**	5,191	**4,424**	5,191
Singapore Dollar	**2,809**	1,795	**2,809**	1,795
Australian Dollar	**278**	270	**278**	270
Chinese Yuan	**100**	-	**100**	-
Great Britain Pound	**171**	167	**171**	167
Euro	**55**	630	**55**	630
- 1%				
United States Dollar	**(4,424)**	(5,191)	**(4,424)**	(5,191)
Singapore Dollar	**(2,809)**	(1,795)	**(2,809)**	(1,795)
Australian Dollar	**(278)**	(270)	**(278)**	(270)
Chinese Yuan	**(100)**	-	**(100)**	-
Great Britain Pound	**(171)**	(167)	**(171)**	(167)
Euro	**(55)**	(630)	**(55)**	(630)

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk which arises when the Economic Entity 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 Economic Entity'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 an undiscounted basis. The balances in the table below do not agree directly with 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.

Economic Entity 2021	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Liabilities				
Amount due to BNM	11,672	-	-	11,672
Funds from BNM	363,500	135,622	-	499,122
Small Entrepreneurs Guarantee Scheme	3,873	-	-	3,873
Tabung Usahawan Kecil	8,127	36,919	-	45,046
Government Funds	4,218	18,712	-	22,930
Small Entrepreneurs Financing Fund	6	-	-	6
Expected credit losses for guarantee schemes	242,163	-	-	242,163
Claims payable	8,682	-	-	8,682
Other payables	151,007	-	-	151,007
	793,248	191,253	-	984,501

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

Liquidity risk disclosure table which is based on contractual undiscounted cash flows (continued)

Economic Entity 2020	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Liabilities				
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	3,411	-	13,411
Tabung Usahawan Kecil	-	43,263	-	43,263
Government Funds	15,507	10,614	-	26,121
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	482,245	500,000	1,461,543

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

Liquidity risk disclosure table which is based on contractual undiscounted cash flows (continued)

Company 2021	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Liabilities				
Amount due to BNM	**11,672**	**-**	**-**	**11,672**
Funds from BNM	**363,500**	**135,622**	**-**	**499,122**
Small Entrepreneurs Guarantee Scheme	**3,873**	**-**	**-**	**3,873**
Tabung Usahawan Kecil	**8,127**	**36,919**	**-**	**45,046**
Government Funds	**4,218**	**18,712**	**-**	**22,930**
Small Entrepreneurs Financing Fund	**6**	**-**	**-**	**6**
Expected credit losses for guarantee schemes	**242,163**	**-**	**-**	**242,163**
Claims payable	**8,682**	**-**	**-**	**8,682**
Other payables	**151,007**	**-**	**-**	**151,007**
	793,248	**191,253**	**-**	**984,501**

Company 2020	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Liabilities				
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	3,411	-	13,411
Tabung Usahawan Kecil	-	43,263	-	43,263
Government Funds	15,507	10,614	-	26,121
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	482,245	500,000	1,461,543

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

Derivative financial liabilities based on contractual undiscounted cash flows:

Economic Entity/Company 2021	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Derivatives settled on a gross basis				
Foreign exchange derivatives:				
- outflow	**55,140**	**-**	**-**	**55,140**
- inflow	**(50,024)**	**-**	**-**	**(50,024)**
	5,116	**-**	**-**	**5,116**

Economic Entity/Company 2020	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Derivatives settled on a gross basis				
Foreign exchange derivatives:				
- outflow	87,650	-	-	87,650
- inflow	(84,733)	-	-	(84,733)
	2,917	-	-	2,917

(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 Economic Entity and the Company measure fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices are 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 ongoing basis. These would include actively traded listed equities as well as fixed-income securities such as government securities and corporate bonds.

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(d) Fair value of financial instruments (continued)

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Economic Entity 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 Economic Entity 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 are 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 (2020: 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

Economic Entity/Company 31.12.2021	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Assets				
Investment securities: FVTPL				
- Money market instruments	-	76,653	-	76,653
- Private debt securities	-	882,230	-	882,230
Investment securities: REITs				
- REITs	117,556	-	-	117,556
Investment securities: FVOCI				
- Private debt securities	-	1,541,298	-	1,541,298
- Money market instruments	-	558,767	-	558,767
Derivative financial assets	-	7,249	-	7,249
	117,556	3,066,197	-	3,183,753

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value of financial instruments (continued)

Recurring fair value measurements (continued)

Economic Entity/Company 31.12.2021	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Liabilities				
Small Entrepreneurs Guarantee Scheme	**-**	**3,873**	**-**	**3,873**
Tabung Usahawan Kecil	**-**	**45,046**	**-**	**45,046**
Derivative financial liabilities	**-**	**5,116**	**-**	**5,116**
	-	**54,035**	**-**	**54,035**

Economic Entity/Company 31.12.2020	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Assets				
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
Liabilities				
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

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(d) Fair value of financial instruments (continued)

Effect of changes in significant unobservable assumptions on reasonably possible alternatives

The following tables analyse within the fair value hierarchy the Economic Entity's and the Company's assets and liabilities not measured at fair value as at reporting date but for which fair value is disclosed:

Economic Entity/ Company 31.12.2021	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets					
Investment securities: amortised cost	**262,868**	**-**	**259,258**	**-**	**259,258**
Financing, loans and advances	**230,530**	**-**	**224,523**	**-**	**224,523**
Financial liabilities					
Funds from BNM	**499,122**	**-**	**496,638**	**-**	**496,638**
Government funds	**22,930**	**-**	**24,550**	**-**	**24,550**

Economic Entity/ Company 31.12.2020	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets					
Investment securities: amortised cost	262,702	-	257,937	-	257,937
Financing, loans and advances	193,449	-	193,756	-	193,756
Financial liabilities					
Funds from BNM	958,136	-	606,360	-	606,360
Government funds	26,121	-	4,220	-	4,220

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 to the carrying amount.

The fair value estimates were determined by application of the methodologies and assumptions described below.

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value of financial instruments (continued)

Effect of changes in significant unobservable assumptions on reasonably possible alternatives (continued)

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 in 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 to 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 instruments with similar risk profile.

Other assets and liabilities

The carrying values less any estimated allowance for financial assets and liabilities included in other assets and other liabilities are assumed to approximate to their fair values as these items are not materially sensitive to the shift in market interest rates.

REVIEW OF THE YEAR
HOW CGC IS ORGANISED
KEY MESSAGES
OUR STRATEGY
PERFORMANCE BY DIVISIONS
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40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 Economic Entity 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.

41. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In accordance with MFRS 132 'Financial Instruments: Presentation', the Economic Entity 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 Economic Entity's and the Company's actual exposure to credit risk.

Economic Entity/Company 2021	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set off in the statements of financial position RM'000	Net amounts reported on statements of financial position RM'000
Financial assets			
Amount due from BNM	-	-	-
Financial liabilities			
Amount due to BNM	-	11,672	(11,672)

42. 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 customers.

The negative effect from COVID-19 pandemic significantly impacted the Company's results of operations, especially in the process of determining an appropriate level of expected credit loss. Any changes made to the estimates and the assumptions used will materially impact the ECL.

On 8 March 2022, the Malaysian Government announced that Malaysia would enter the endemic phase by loosening several restrictions in order to stimulate the economy, which may have a positive impact on the Company's operations.

The Company will continue taking actions to mitigate and closely monitor any impact and related risks in the future.

Modification loss

During the current financial year, the Company introduced several relief facilites such as Targeted Relief Assistance and Financial Relief Assistance and also participated in the PEMULIH moratorium programme in order to ease the burden on all direct financing customers. As a result, the Company recognised a modification loss of RM1.2 million during the current financial year.

Company's position in Aureos CGC Advisers Sdn Bhd

As at 31 December 2021, 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

The Company has investment securities measured at FVOCI in MEX II at a cost of RM127.2 million. On 29 December 2021, the sukuk holder approved Resolution in Writing to declare Event of Default for MEX II due to default of payment by the issuer. On 7 January 2022, MEX II's sukuk rating was downgraded from C to D position by Malaysian Rating Corporation Berhad ("MARC"). The sukuk downgrade was due to inability of MEX II to meet its obligation to repay principal and profit that was due on 31 December 2021 nor securing any alternative financing by the end of 2020. In addition,the issuer was unable to obtain consent of sukuk holder to extend the repayment period to 31 March 2022.

As at 31 December 2021 the Company also hold investment securities measured at FVTPL in MEX II via Affin Hwang Asset Management Berhad amounting to RM11.3 million. At rating of D, the fair value of the investment securities based on pricing obtained from BPAM on 4 January 2022 is RM0.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **DATO' MOHAMMED BIN HAJI CHE HUSSEIN** and **FAISAL BIN 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 186 to 307 are drawn up so as to give a true and fair view of the financial position of the Economic Entity and of the Company as at 31 December 2021 and of the financial performance and the cash flows of the Economic Entity and of the Company for the financial year ended 31 December 2021 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 18 April 2022.

DATO' MOHAMMED BIN HAJI CHE HUSSEIN
Chairman

FAISAL BIN ISMAIL
Director

Kuala Lumpur

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, **SHAZMEER BIN 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 186 to 307 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 BIN MOKHTAR

Subscribed and solemnly declared by the above named Shazmeer Bin Mokhtar at Petaling Jaya, Selangor in Malaysia on 18 April 2022.

Before me,

PESURUHJAYA SUMPAH
NO. B 536
AZLINI BINTI NORDIN
01 JAN 2021 - 31 DIS 2023
MALAYSIA

No. 21A, 1st Floor,
Jalan SS6/12,
Kelana Jaya,
47301 Petaling Jaya,
Selangor Darul Ehsan.

COMMISSIONER FOR OATHS

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") give a true and fair view of the financial position of the Economic Entity and of the Company as at 31 December 2021, 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 Economic Entity and of the Company, which comprise the statements of financial position as at 31 December 2021 of the Economic Entity and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows 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 186 to 307.

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 Economic Entity 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 Economic Entity and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Economic Entity 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 Economic Entity 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 Economic Entity 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.

INDEPENDENT AUDITORS' REPORT

To The Members Of Credit Guarantee Corporation Malaysia Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Economic Entity 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 Economic Entity and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Economic Entity and of the Company, the Directors are responsible for assessing the Economic Entity'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 Economic Entity or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Economic Entity 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 Economic Entity 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 Economic Entity'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 Economic Entity'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 Economic Entity 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 Economic Entity or the Company to cease to continue as a going concern.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(e) Evaluate the overall presentation, structure and content of the financial statements of the Economic Entity and of the Company, including the disclosures, and whether the financial statements of the Economic Entity 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 Economic Entity to express an opinion on the financial statements of the Economic Entity. We are responsible for the direction, supervision and performance of the 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

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

LEE TZE WOON KELVIN
03482/01/2024 J
Chartered Accountant

Kuala Lumpur

1 8 APR 2022

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Mohammed Hussein
Independent
Non-Executive Director
(Chairman)

Dato' Haji Syed Moheeb Syed Kamarulzaman
Independent
Non-Executive Director

Teoh Kok Lin
Independent
Non-Executive Director

Suresh Menon
Independent
Non-Executive Director

Dato' Ong Eng Bin
Independent
Non-Executive Director

Choong Tuck Oon
Independent
Non-Executive Director

Faisal Ismail
Independent
Non-Executive Director

Saleha M. Ramly
Independent
Non-Executive Director

Anthony Lim Choon Eng
Independent
Non-Executive Director
(Appointed on 1 April 2022)

Suhaimi Ali
Non-Independent
Non-Executive Director
(Appointed on 28 April 2022)

Datuk David Chua Kok Tee
Independent
Non-Executive Director
(Retired on 14 February 2022)

Adnan Zaylani Mohamad Zahid
Non-Independent
Non-Executive Director
(Resigned on 19 April 2022)

BOARD AUDIT COMMITTEE

Faisal Ismail
Independent
Non-Executive Director
(Chairman)

Dato' Ong Eng Bin
Independent
Non-Executive Director

Saleha M. Ramly
Independent
Non-Executive Director
(Appointed as Member on 1 July 2021)

Suresh Menon
Independent
Non-Executive Director
(Ceased as Member on 1 July 2021)

Choong Tuck Oon
Independent
Non-Executive Director
(Ceased as Member on 1 July 2021)

Adnan Zaylani Mohamad Zahid
Non-Independent
Non-Executive Director
(Ceased as Member on 1 July 2021)

BOARD RISK MANAGEMENT COMMITTEE

Anthony Lim Choon Eng
Independent
Non-Executive Director
(Appointed as Chairman on 1 April 2022)

Dato' Haji Syed Moheeb Syed Kamarulzaman
Independent
Non-Executive Director

Choong Tuck Oon
Independent
Non-Executive Director
(Appointed as Member on 1 July 2021)

Datuk David Chua Kok Tee
Independent
Non-Executive Director
(Retired on 14 February 2022)

Teoh Kok Lin
Independent
Non-Executive Director
(Ceased as Member on 1 July 2021)

Suresh Menon
Independent
Non-Executive Director
(Ceased as Member on 1 July 2021)

Adnan Zaylani Mohamad Zahid
Non-Independent
Non-Executive Director
(Ceased as Member on 1 July 2021)

BOARD NOMINATION & REMUNERATION COMMITTEE

Dato' Mohammed Hussein
Independent
Non-Executive Director
(Chairman)

Dato' Ong Eng Bin
Independent
Non-Executive Director

Suhaimi Ali
Non-Independent
Non-Executive Director
(Appointed as Member on 28 April 2022)

Adnan Zaylani Mohamad Zahid
Non-Independent
Non-Executive Director
(Ceased as Member on 19 April 2022)

Dato' Haji Syed Moheeb Syed Kamarulzaman
Independent
Non-Executive Director
(Ceased as Member on 1 July 2021)

Saleha M. Ramly
Independent
Non-Executive Director
(Ceased as Member on 1 July 2021)

BOARD INVESTMENT COMMITTEE

Teoh Kok Lin
Independent Non-Executive Director (Chairman)

Dato' Haji Syed Moheeb Syed Kamarulzaman
Independent Non-Executive Director
(Appointed as Member on 1 July 2021)

Suresh Menon
Independent Non-Executive Director

Datuk David Chua Kok Tee
Independent Non-Executive Director
(Ceased as Member on 1 July 2021)

Faisal Ismail
Independent Non-Executive Director
(Ceased as Member on 1 July 2021)

BOARD imSME COMMITTEE
(ESTABLISHED ON 12 NOVEMBER 2021)

Choong Tuck Oon
Independent Non-Executive Director (Chairman)
(Appointed as Chairman on 12 November 2021)

Dato' Haji Syed Moheeb Syed Kamarulzaman
Independent Non-Executive Director
(Appointed as Member on 12 November 2021)

Suhaimi Ali
Non-Independent
Non-Executive Director
(Appointed as Member on 28 April 2022)

Adnan Zaylani Mohamad Zahid
Non-Independent Non-Executive Director
(Appointed as Member from 12 November 2021 to 19 April 2022)

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

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

BUSINESS AND CORRESPONDENCE ADDRESS

Level 8, Bangunan CGC
Kelana Business Centre
No. 97, Jalan SS 7/2, 47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Tel : (6)03-7806 2300
Fax : (6)03-7806 3308
Website : www.cgc.com.my

Social Media

www.facebook.com/CGCmy

cgcmalaysia

NOTICE OF 49TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 49th Annual General Meeting ("AGM") of Credit Guarantee Corporation Malaysia Berhad ("CGC") will be held fully virtual at the broadcast venue at Bangunan CGC, Kelana Business Centre, 97, Jalan SS 7/2, 47301 Petaling Jaya, Selangor Darul Ehsan ("Broadcast Venue") on Tuesday, 21 June 2022, 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 2021 together with the Reports of the Directors and Auditors thereon.

2. To re-elect the following Directors who retire by rotation in accordance with Articles 76A and 76B of CGC's Constitution and who being eligible offer themselves for re-election:

   a) Encik Choong Tuck Oon; **Resolution 1**
   b) Encik Faisal bin Ismail; and **Resolution 2**
   c) Puan Saleha binti M. Ramly. **Resolution 3**

3. To re-elect the following Directors who retire in accordance with Article 77 of CGC's Constitution and who being eligible offer themselves for re-election:

   a) Encik Lim Choon Eng; and **Resolution 4**
   b) Encik Suhaimi bin Ali. **Resolution 5**

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 49th AGM to the 50th AGM of CGC, payable in a manner as the Board of Directors may determine. **Resolution 6**

5. To approve the Directors' benefits up to an amount of RM1,168,360 payable to the Non-Executive Chairman and Non-Executive Directors from the 49th AGM to the 50th AGM of CGC, payable in a manner as the Board of Directors may determine. **Resolution 7**

6. To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of CGC for the financial year ending 31 December 2022 and to authorise the Board of Directors to fix their remuneration. **Resolution 8**

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
23 May 2022

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 share capital may appoint more than one proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.

4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarial certified copy of that power of authority shall be deposited at the Registered Office of CGC – Level 14, Bangunan CGC, Kelana Business Centre, 97, Jalan SS7/2, 47301 Petaling Jaya, Selangor Darul Ehsan or email to CompanySecretarial@cgc.com.my, not less than 48 hours before the time for holding the meeting or any adjournment thereof.

Audited Financial Statements for financial year ended 31 December 2021

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 does not require shareholders' approval and hence, will not be put for voting.

Ordinary Resolutions 1, 2, 3, 4 and 5 - Re-election of Directors who retire in accordance with Articles 76A and 76B, and 77 of CGC's Constitution

6. The Board on 29 March 2022 endorsed the Board Nomination and Remuneration Committee Meeting ("BNRC")'s recommendation for re-election of the following directors who shall retire in accordance with Articles of CGC's Constitution:

   (i) Articles 76A and 76B:
   Encik Choong Tuck Oon, Encik Faisal bin Ismail and Puan Saleha binti M. Ramly, who have been the longest in office since their last election to retire and shall be eligible for re-election.

   (ii) Article 77:
   Encik Lim Choon Eng who was appointed as Independent Non-Executive Director of CGC on 1 April 2022 shall hold office until the 49th AGM and shall be eligible for re-election.

   The Board in April 2022 endorsed the BNRC's recommendation for re-election of the following director who shall retire in accordance with Articles of CGC's Constitution:

   (i) Article 77:
   Encik Suhaimi bin Ali who was appointed as Non-Independent Non-Executive Director of CGC on 28 April 2022 shall hold office until the 49th AGM and shall be eligible for re-election.

   A brief profile of the abovementioned Non-Executive Directors is set out in pages 131, 132, 133, 134 and 135 respectively of CGC Annual Report 2021.

   All the above Directors abstained from deliberations and decision on their eligibility to stand for re-election at the Board Meeting.

Ordinary Resolution 6 - 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 agreed to seek shareholders' approval at the 49th 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 45th AGM held on 25 June 2018

Ordinary Resolution 7 - 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 tools and other claimable benefits	√	√

   The proposed Directors' Benefit amounting to RM1,168,360 will be paid to Non-Executive Chairman and Non-Executive Directors from the 49th AGM until the 50th AGM. Payment of Directors' Benefit will be made by CGC on a 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 Committee Meetings, training organised for the Board, and also number of Non-Executive Directors involved in these meetings/training.

Ordinary Resolution 8 - Re-appointment of Auditors

9. The Board Audit Committee ("BAC") at its meeting on 22 March 2022 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 2021 based on the quality of audit, efficiency, independence and sufficiency of resources provided to complete their assignment. Subsequently, the BAC recommended to the Board on the re-appointment of PwC as CGC's external auditors for the financial year ending 31 December 2022.

   The Board at its meeting held on 18 April 2022 endorsed the BAC's recommendation for the shareholders' approval to be sought at the 49th AGM on the re-appointment of PwC as CGC's external auditors for the financial year ending 31 December 2022.

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 49th Annual General Meeting ("AGM") of CGC to be held fully virtual at the Broadcast Venue at Bangunan CGC, Kelana Business Centre, 97, Jalan SS 7/2, 47301 Petaling Jaya, Selangor Darul Ehsan on Tuesday, 21 June 2022 at 12.00 p.m. and at any adjournment thereof for the following resolutions as set out in the Notice of the 49th AGM:

Resolution No.	Resolution	For	Against
	Ordinary Resolutions:		
	To re-elect the following Directors who retire by rotation in accordance with Articles 76A and 76B of CGC's Constitution:		
1	Encik Choong Tuck Oon		
2	Encik Faisal bin Ismail		
3	Puan Saleha binti M. Ramly		
	To re-elect the following Directors who retire in accordance with Article 77 of CGC's Constitution:		
4	Encik Lim Choon Eng		
5	Encik Suhaimi bin Ali		
6	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 49th AGM to the 50th AGM of CGC, payable in a manner as the Board of Directors may determine.		
7	To approve the Directors' benefits up to an amount of RM1,168,360 payable to the Non-Executive Chairman and Non-Executive Directors from the 49th AGM to the 50th AGM of CGC, payable in a manner as the Board of Directors may determine.		
8	To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of CGC for the financial year ending 31 December 2022 and to authorise the Board of Directors to fix their remuneration.		

(Please indicate with a cross (x) in the spaces provided whether you wish your votes to be cast for or against the Resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit).

Signed this ....day of ....2022.

....
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/her 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/her 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 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 emailed to CompanySecretarial@cgc.com.my, not less than 48 hours before the time for holding the meeting or any adjournment thereof.

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STAMP

COMPANY SECRETARY
CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD
Registration No. 197201000831 (12441-M)
Level 14, Bangunan CGC, Kelana Business Centre
No. 97 Jalan SS 7/2, 47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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www.cgc.com.my

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Level 14, Bangunan CGC, Kelana Business Centre
No. 97 Jalan SS 7/2, 47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Tel: 603 7806 2300 | Fax: 603 7806 3308