

PRESIDENT & CEO'S OVERVIEW



DEAR SHAREHOLDERS,

I AM PLEASED TO SHARE THAT 2024 WAS A YEAR OF PROGRESS ON ALL FRONTS FOR CGC MALAYSIA (CGC) DESPITE RISING GLOBAL UNCERTAINTIES. FROM DELIVERING ENCOURAGING FINANCIAL PERFORMANCE AND EXPANDING OUR DEVELOPMENTAL SUPPORT FOR MSMEs TO ADVANCING SUSTAINABILITY AND FORGING IMPACTFUL PARTNERSHIPS THAT STRENGTHEN THE MALAYSIAN MSME ECOSYSTEM, WE HAVE CONTINUED TO NAVIGATE AN EVOLVING INDUSTRY LANDSCAPE WITH RESILIENCE AND PURPOSE.

DATUK MOHD ZAMREE MOHD ISHAK
President & Chief Executive Officer



HIGHLIGHTS OF THE YEAR

CGC's role in driving economic development remains significant, with the RM4.0 billion we provided in guarantees and financing for over 6,500 MSMEs in 2024 playing a meaningful role in stimulating economic activity and strengthening the resilience of our nation's economy.

Beyond financial results, our commitment to MSME development was evident in the 18.1% increase in MSMEs engaged through the CGC Developmental Programme®, reaching out to over 8,700 MSMEs. This underscores our growing focus on providing holistic support to our customers, enabling them to expand their businesses, create jobs, and contribute to the Malaysian economy.

The strategic partnerships that CGC established with industry peers throughout 2024 further reinforce our commitment to enhancing the financial ecosystem for MSMEs in Malaysia. These collaborations, including our work with government agencies such as the Securities Commission to expand MSMEs' and Mid-Tier Companies' (MTCs) access to capital market instruments, will continue to amplify our market impact while ensuring our initiatives align with national development goals.

Sustainability remains a key focus in ensuring the long-term resilience of our business, underscored by the launch of our first Low Carbon Transition Facility (LCTF) Portfolio Guarantees (PG) tranche with RHB Bank in April 2024. Beyond sustainable financing, we also planted 200 mangrove trees during the year, which bear the potential to absorb 8 tonnes of CO₂ annually in the long term. These efforts not only contribute to reducing our carbon footprint but also strengthen CGC's position as a leader in environmental stewardship within the financial sector.

Our performance in 2024 was marked by noteworthy financial growth, with revenue increasing by 3.5% to RM241.1 million, and profitability rising by 12.7% to RM65.8 million. These results reflect the strength of our strategic initiatives and prudent financial management, which have enabled us to maintain a strong balance sheet and deliver consistent value to our stakeholders. A key contributor to this performance was our greater focus on asset quality management, which resulted in lower expected credit losses (ECL) in 2024. This directly strengthened our bottom line while ensuring that our outreach was uncompromised.



SUSTAINABILITY REMAINS A KEY FOCUS IN ENSURING THE LONG-TERM RESILIENCE OF OUR BUSINESS, UNDERSCORED BY THE LAUNCH OF OUR FIRST LOW CARBON TRANSITION FACILITY (LCTF) PORTFOLIO GUARANTEES (PG) TRANCHE WITH RHB BANK IN APRIL 2024.

**RM4.0
BILLION**

PROVIDED IN
GUARANTEES AND
FINANCING FOR
OVER 6,500 MSMEs
IN 2024

**18.1%
INCREASE**

IN MSMEs ENGAGED THROUGH THE CGC DEVELOPMENTAL PROGRAMME®, REACHING OUT TO OVER 8,700 MSMEs.

PRESIDENT & CHIEF EXECUTIVE OFFICER'S OVERVIEW

During the year, we also received an accolade for our integrated reporting disclosures, winning the Silver Excellence Award in the Non-Listed Organisation Category at NACRA 2024. Our robust reporting frameworks ensure transparency and accuracy, strengthening stakeholder relationships and enhancing our reputation as a responsible organisation.

OPERATING ENVIRONMENT

Our results were achieved in a dynamic and challenging operating environment, shaped by expanding regulatory compliance requirements, supply chain disruptions, and a tight labour market. Despite these challenges, we showcased agility to capitalise on emerging opportunities in the green sector, technological innovation, and domestic market growth.

While MSMEs faced additional hurdles, including cash flow constraints and rising operational costs, they were supported by stronger economic sentiment and various supportive initiatives by key stakeholders in the financial industry. The favourable environment resulted in a 2024 being a year of resilience and recovery for MSMEs, with many regaining pre-pandemic revenue levels. As MSMEs continue to rely on financial support to navigate evolving market conditions, our commitment to providing both financial and non-financial assistance, while leveraging digital tools to enhance accessibility and convenience, has been instrumental in driving their growth.

Given the rapidly evolving regulatory landscape, we remain vigilant and closely monitor any new or revised national acts or regulations to ensure we adopt emerging best practices. A notable regulatory milestone in 2024 was the enforcement of the Cybersecurity Act 2024 on 26 August 2024, which governs the management of cyber threats and incidents related to National Critical Information Infrastructure (NCII). Although CGC has not been designated as an NCII entity, we have proactively assessed the requirements and taken steps to strengthen our cybersecurity controls to ensure that risks are effectively managed.

Additionally, 2024 saw revisions to the Personal Data Protection Act (PDPA) 2010, which will come into effect in stages from 2025. In response, we have initiated a review of our privacy policies and processes to ensure compliance with the updated requirements.

PRESERVING RESILIENT FINANCIAL FUNDAMENTALS

Upholding steadfast financial discipline as we deliver our mandate to support unserved and underserved MSMEs remains vital, with our proactive asset quality management and targeted approach to new guarantee and financing schemes playing a key role in our financial performance. Recognising emerging concerns over asset quality, we took a cautious approach in launching new schemes by segmenting product ranges to targeted MSMEs and tightening eligibility criteria. These prudent measures contributed to stronger-than-expected financial performance while ensuring responsible risk management.

Our topline has continued to demonstrate consistent growth, with guarantee fee income increasing at a 10-year compound annual growth rate (CAGR) of 11%. Cost discipline remained a key focus, with both the cost-to-income ratio (CIR) and financial sustainability ratio (FSR) staying within expected levels, reflecting prudent cost management and operational efficiency.

While we made progress in asset quality management, it remains a concern due to the persistently high provisions for expected credit losses on our NPFs and NPLs. Additionally, the slower-than-expected take-up of new guarantee and financing schemes introduced in 2024 impacted business income to some extent, requiring further refinements in product positioning and outreach strategies.

In terms of our investment portfolio, our investment profitability was a key contributor in supporting our financial performance in 2024. Market uncertainties related to geopolitical tensions contributed to higher-than-expected unrealised mark-to-market losses in external fund management and REIT investments, which were partly offset by the stronger performance of the fixed income portfolio.

Amidst these challenges, our prudent financial strategies and disciplined cost management will enable us to navigate economic uncertainties while reinforcing our long-term financial sustainability. Moving forward, we will continue refining our portfolio, strengthening risk controls, and optimising investment strategies to ensure sustainable growth and enhanced value creation for our stakeholders.



Meeting GMF Multi Marketing founder at Menggatal, Sabah.

ADVANCING OUR BUSINESS TRANSFORMATION JOURNEY

This successful transformation of our business has been guided by two 5-Year Strategic Roadmaps (2016-2020 and 2021-2025), making CGC an increasingly relevant and recognised brand.

Over the past decade, we have achieved exponential growth, with a 10-year CAGR of 11% driving the expansion of our outstanding base from RM7.2 billion in 2014 to RM21.4 billion in 2024. Achieving this amidst economic and health crises underscores the effectiveness of our strategic approach and calibre of leadership across all levels in CGC, which enabled us to provide critical support to MSMEs during those challenging times.

This progress has been driven by a deliberate expansion beyond our core guarantee business, coupled with the strengthening of strategic collaborations across the MSME ecosystem, enabling us to offer a more holistic support framework for our customers.

Since our inception in 1972, we have issued RM99.4 billion in guarantees and financing, supporting over 380,000 Malaysian MSMEs. Notably, in the last 10 years alone, we have introduced over 345 guarantee schemes, delivering RM43.3 billion in guarantees and financing.

RM99.4 BILLION

**IN GUARANTEES AND FINANCING
ISSUED, SUPPORTING OVER
380,000 MALAYSIAN MSMEs,
SINCE 1972.**

Beyond guarantee and direct financing, we have launched several initiatives to extend our role as an enabler of MSME growth. These include the CGC Developmental Programme®, which cultivates sustainable and financially savvy business practices; imSME, Malaysia's 1st digital financing referral platform designed to streamline MSME access to financing; and MyKNP, a financial advisory service developed in collaboration with Bank Negara Malaysia and AKPK to guide MSMEs in their financing journey.

PRESIDENT & CHIEF EXECUTIVE OFFICER'S OVERVIEW

Further strengthening our position in digital transformation, we established CGC Digital Sdn Bhd in 2022 to accelerate the Group's digital evolution. CGC Digital will serve as the centre of digital innovation for the CGC Group, developing next-generation digital solutions in guarantees and ancillary products by leveraging partnerships with digital-native players. It will be a key driver in our next phase of growth, ensuring we remain at the forefront of digital advancements in financial services.

As CGC Digital advances its role in the national digital agenda, we remain committed to supporting broader national ambitions by strengthening the MSME ecosystem, a critical pillar of Malaysia's economic and socioeconomic progress. Building on this, we are working with various parties to quantify our impact, aiming to measure metrics such as the jobs we help to create and GDP contributions of our customers, to lend greater meaning and purpose to our organisational mission.

SETTING THE STAGE FOR CGC GROUP 2026-2030 (CGC GROUP 2030)

Since 2015, People, Process and Technology has been the cornerstone of our strategy, and will remain central as we move forward, with an expanded focus to include digital transformation and sustainability integration. As we enter the final year of our 2021-2025 Strategic Roadmap, we are taking stock of the significant progress we have made while laying the groundwork for the next phase of our journey.

While overall progress is creditable, with all targets surpassing 75% completion, our strongest performances are seen in our provision of developmental support as well as in managing our costs. However, we will need to step up our focus and resilience in other key areas, particularly in expanding financing accessibility, digitalisation, and ESG-linked guarantees, to ensure full achievement of our five-year goals in 2025.

As we move towards the completion of our current roadmap, we have started the groundwork to launch our next 5-year Strategic Plan in Q1 2026. The high-level strategic plan CGC Group 2030 was approved during CGC Board Meeting on 2 September 2024 and has set the direction for the next phase of our growth through 9 Strategic Priorities:

Strategic Priority (SP) of the CGC Group 2030 (5-Year Strategic Plan: 2026 - 2030)

SP1 People-Centric Synergy

Fostering a collaborative and inclusive workplace that prioritises employee well-being.

SP2 Diversify Guarantee Solutions

Expanding guarantee products to cater to diverse business needs and sectors.

SP3 imSME as the Marketplace

Establish imSME as a comprehensive digital hub offering financial and non-financial solutions.

SP4 New Revenue for Both Emerging & Established Business Lines

Generating new revenue streams through innovation across business lines.

SP5 Broaden Financing Solutions

Enhancing and expanding financing options to support diverse MSME needs.

SP6 Targeted Developmental Support

Providing tailored assistance to address specific challenges faced by MSMEs.

SP7 Deepening MSME Engagement

Strengthening engagement with MSMEs to understand and meet their needs.

SP8 Amplified Process Excellence

Improving efficiency and effectiveness through process optimisation.

SP9 Intelligence Solutions

Leveraging data analytics for informed decision-making and strategy.



Datuk Mohd Zamree was honoured as an Integrity Champion at ADFIM's National Conference on Integrity & Governance 2024.



OUR ABILITY TO EVOLVE ALONGSIDE THE BUSINESSES WE SERVE ENSURES THAT CGC REMAINS A RELEVANT, RESILIENT, AND FORWARD-THINKING DEVELOPMENT FINANCIAL INSTITUTION THAT CONTINUES TO GROW IN TANDEM WITH MALAYSIA'S MSME ECOSYSTEM.

Guided by the above 9 strategic priorities, we will place emphasis on objectives such as further diversifying into untapped and growth segments, such as ESG-linked guarantees, MTCs and the Sharing/Gig Economy, while positioning imSME as a comprehensive marketplace for MSMEs to access a wide range of financial and non-financial services.

This forward-looking strategic plan reinforces our ambition to further advance a digitally enabled and financially inclusive ecosystem, enabling CGC to continue driving long-term MSME sustainability, economic growth, and business resilience. Our ability to evolve alongside the businesses we serve ensures that CGC remains a relevant, resilient, and forward-thinking development financial institution that spurs progress across Malaysia's MSME ecosystem.

DRIVING STRATEGIC EXPANSION

To remain relevant in a dynamic financial industry landscape, continuous product and service innovation, coupled with strategic partnerships, are essential. These efforts enable us to better address the diverse and changing needs of MSMEs. At the same time, with growing regulatory expectations for greater corporate responsibility, we are deepening our commitment to the national sustainability agenda. This includes not only integrating sustainability into our own operations but also actively supporting MSMEs in their transition towards more resilient, inclusive, and environmentally sustainable business practices.

Promoting sustainable access to financing through our guarantee products and advisory services remains central to our expansion strategy, and we have continued to make progress towards achieving our RM1.0 billion ESG-linked guarantee target by 2025. In 2024, we secured an additional RM500.0 million approval for the Low Carbon Transition Facility (LCTF), with RM400.0 million allocated to five FI partners. Additionally, RM108.4 million was approved under the Green Technology Financing Scheme (GTFS) during the year. Moving into 2025, we will continue driving the utilisation of the GTFS limit while securing an additional RM100.0 million allocation for the High Tech & Green Facility (HTG), further strengthening our commitment to expand our green financing portfolio.

PRESIDENT & CHIEF EXECUTIVE OFFICER'S OVERVIEW

Throughout the year, we also introduced several new offerings, which included the first tranche of the Low Carbon Tranche Facility under the portfolio guarantee model, the introduction of Malaysia's first business credit card tailored specifically for Malaysian MSMEs, and the launch of a shared-risk guarantee scheme under an innovative Guarantee-First model scheme, BizJamin-i Rakyat2E.

We also rolled out a full-fledged Islamic portfolio guarantee facility to support Shariah-compliant financing needs. To further diversify financing avenues for MSMEs and MTCs, we signed a memorandum of understanding to facilitate access to capital markets, broadening the landscape of sustainable financing options available to them.

Through these expansions in product offerings, strategic partnerships, financial inclusion initiatives, and sustainability financing, we continue to strengthen our position as a key enabler of MSME growth, supporting businesses in navigating an increasingly complex economic environment in alignment with national development priorities.

SUPPORTING MSME DEVELOPMENT AND ACCESS

Our vision to promote the growth and development of competitive and dynamic Malaysian MSMEs is fundamental to building a resilient MSME ecosystem that drives long-term success for both CGC Group and the businesses we support. By enhancing MSME resilience through capacity-building, financial literacy, and expanded financing access, we play a pivotal role in strengthening Malaysia's entrepreneurial landscape.

In 2024, the CGC Developmental Programme® provided MSMEs with crucial training and advisory services through various events and platforms. This included Intermediate Advisory Workshops in partnership with Sunway University, covering design thinking and consumer persona development, as well as financial advisory workshops with topics such as e-invoicing and debt collection, facilitated by Boss Boleh. To further equip MSMEs for sustainability and growth, we introduced ESG and Halal compliance topics through our Non-Financial Advisory sessions with participating partners. Additionally, we expanded financial literacy engagement through guest speaking sessions at events such as FEN's Financial Literacy Month (FLM) 2024 Roadshow.

During the year, we supported MSMEs in gaining international exposure through participation in CAEXPO 2024 with MATRADE, while facilitating digital adoption by onboarding businesses to MESINKIRA for bookkeeping and helping them establish and grow their presence on TikTok. Concurrently, we strengthened our financial advisory outreach through workshops, partner events, and social media campaigns, ensuring MSMEs have the knowledge and resources to grow sustainably. We also welcomed the second cohort to our CGC100 programme in 2024, providing support and resources to deserving aspiring young entrepreneurs to fast track their business aspirations.

Beyond capacity-building, ensuring MSMEs are aware of available financing opportunities is equally critical. Our imSME platform now plays an instrumental role in consolidating financing options, channelling MSMEs to the most suitable financing products offered by Participating FIs/IFIs/DFIs as well as P2P players to meet their financing needs.

A key development in 2024 was the expansion of the imSME platform's scope to include government grants, broadening its role as a one-stop gateway for MSME financing solutions. This significant decision aligns closely with national objectives for bridging MSMEs with financing solutions, as outlined in the New Industrial Master Plan (NIMP 2030). Our efforts were acknowledged by the Ministry of Investment, Trade and Industry (MITI), which recognised imSME as a transformative platform in enhancing MSME awareness and access to financing, further reinforcing CGC's role in driving inclusive and sustainable economic growth.

To this end, we are working closely with MITI to integrate grant management within imSME. Phase 1 has been implemented, which provides grant information provided by MATRADE, MDEC, MIDA and Yayasan Innovasi Malaysia. Under Phase 2, a digital application process will be introduced to streamline grant accessibility and ensure that funding reaches genuinely deserving businesses.

Over the long term, imSME plans to consolidate government grants into a single, transparent platform, further supporting our efforts to enhance financing access for MSMEs.

During the year, we also strengthened our outreach efforts, undertaken via partnerships, to ensure MSMEs and emerging entrepreneurs are aware of the financing solutions we provide. Key initiatives during 2024 include the following collaborations:

PARTNERS



- **CIDB Malaysia**

Expanded collaboration to raise awareness of Tabung Projek Usahawan Bumiputera-i (TPUB-i) among CIDB-registered contractors. In 2025, this initiative will extend to CIDB branches nationwide for wider exposure.

- **Johor Centre for Construction Development (JCCD)**

Organised a briefing session for Johor-based contractors on CGC's products and services. Future engagements will expand outreach to other agencies in Johor.

- **Perbadanan Kemajuan Negeri Selangor (PKNS)**

Partnered with PKNS to create further awareness of CGC's products and services amongst PKNS contractors.

- **Suruhanjaya Syarikat Malaysia (SSM)**

Collaborated on MSME training programmes, covering both financial and non-financial topics to improve financial literacy and business acumen.

- **MoneySave Collaboration**

Co-hosted training events for contractors, focusing on financial literacy and grant application guidance. This initiative generated 300 contractor leads, who will be further engaged on financing opportunities.

- **Syarikat Perumahan Negara Berhad (SPNB)**

Launched a specialised financing product, leading to over 270 approved applications totalling RM17.0 million, supporting contractors awarded SPNB projects.

- **PLUS Malaysia Berhad**

Partnered with PLUS to provide financial assistance to its registered vendors through their 2025 roadshow.

- **Koperasi JKR**

Jointly promoted Tabung Projek Usahawan Bumiputera-i for JKR Contractors.

- **TM Technology Sdn. Bhd.**

Collaborated on developing financing solutions for TM Vendors.

EMPOWERING A FUTURE READY WORKFORCE

In 2024, we continued strengthening workforce capabilities and engagement, with a strong emphasis on Strategic Workforce Planning. This approach enhances workforce agility and role alignment through job evaluations, leadership development, and workforce analytics, allowing us to identify training priorities and optimise employee deployment. Central to this effort is the importance of leadership at all levels across CGC Group, as we believe empowering leaders, regardless of role or seniority, is key to driving performance, fostering innovation, and building a resilient and future-ready organisation.

To equip our workforce for an evolving business landscape, we have embedded a culture of continuous learning with structured training programmes and 24/7 access to an e-learning platform. Over the past year, we significantly ramped up our training efforts, conducting over 100 training sessions covering core and technical competencies, leadership, sustainability, risk, and compliance. Recognising that leadership development is key to long-term success, we introduced targeted programmes across different management levels to identify high-potential employees and build a strong leadership pipeline, ensuring a steady flow of talent ready to take on future challenges.

Beyond training and development, we reinforced our commitment to employee engagement by fostering a culture where leadership demonstrates genuine care, employees find purpose in their roles, and growth opportunities inspire excellence. Our well-being initiatives, spanning mental health, financial literacy, and physical wellness, are complemented by recognition programmes that reinforce a sense of value and belonging. Through these efforts, we continue to instil our 5 Core Values THINK - Teamwork, Hardworking, Integrity, Nurturing, and Knowledgeable, while championing diversity, equity, and inclusion throughout CGC Group.

Our ongoing efforts have yielded strong results across various employment metrics in 2024. Training participation doubled compared to FY2023, and our attrition rates declined by a remarkable 50% in 2024, reflecting the effectiveness of our workforce strategies in fostering a balanced and fulfilling work environment. Our most recent Impact Survey, which assessed across the three categories of Senior Leadership Effectiveness, Compensation & Benefits, and Organisational Effectiveness, recorded an even higher score of 80%.

PRESIDENT & CHIEF EXECUTIVE OFFICER'S OVERVIEW

Our dedication to people development has been widely recognised by the industry, with CGC receiving eight industry HR awards in 2024 from esteemed organisations such as Graduan, Jobstore, and M100. These accolades reflect our success in harmonising CGC's pursuit of a high-performance workforce with fulfilling work experiences for our people.

Looking ahead, we will continue future-proofing our talent by ensuring employees stay abreast of industry developments and remain aligned with the Future Skills Framework for the Financial Industry introduced by Bank Negara Malaysia. Through our strategic workforce planning framework, we will further drive digital fluency, innovation, accountability, and productivity, while enhancing retention strategies to ensure the long-term sustainability of our talent pool.

DIGITAL TRANSFORMATION

With People, Process and Technology being key drivers of CGC's transformation journey, we continued to advance our digital and process transformation agenda in 2024, ensuring greater efficiency, security, and data-driven decision-making.

A key milestone was the launch of iGuarantee, a self-service partner platform developed in-house using Agile methodology and a modern technology stack. iGuarantee enhances collaboration with Participating FIs/IFIs/DFIs, enabling seamless guarantee application submissions, real-time performance tracking, claims processing, and more. This platform has significantly streamlined processes and improved operational efficiency, strengthening our engagement with partners.

To support a data-driven culture, we have continued to expand our Enterprise Data Warehouse (EDW) as a central data repository for fast and secure data access. This ensures that we can leverage analytics to enhance business insights, improve risk assessments, and refine our decision-making capabilities.

In embracing the latest technological advancements to future-ready our workforce, we introduced Microsoft Copilot across the corporation, allowing employees to harness generative AI to enhance productivity. This tool enables faster drafting of documents and emails, as well as real-time transcription of online meetings, fostering efficiency in day-to-day operations.

In line with rapid digitalisation, cybersecurity remains a top priority, with continued investments in advanced protection, detection, and recovery solutions serving to fortify CGC's resilience against cyber threats. In 2024, we engaged an

external service provider to conduct a comprehensive cybersecurity maturity assessment, leading to the development of a three-year roadmap to enhance CGC's security framework.

Key initiatives under this roadmap include implementing an identity access management tool, which strengthens authorisation protocols, and laying the foundation for Development, Security, and Operations (DevSecOps), enabling secure coding practices and streamlined application deployment. Additionally, we produce short, impactful cybersecurity awareness videos featuring CGC staff, ensuring that cybersecurity awareness remains embedded within our organisational culture.

2025 OUTLOOK

As we move into 2025 and beyond, we are mindful of the continuing challenges facing MSMEs in Malaysia. As reported by the Securities Commission, access to financing remains an issue based on the financing gap of RM290 billion that was recorded in 2022. Cognisant of the evolving global landscape and its potential impact on Malaysia's MSME ecosystem, we are actively engaging with stakeholders to better understand and assess the implications of global shifts, including policy changes and broader geopolitical developments. The outlook for global growth, inflation, and trade remains clouded by considerable uncertainties, which could contribute to greater volatility in financial markets.

Rising business expenses due to increased labour costs and the removal of utility subsidies is likely to result in cash flow constraints for MSMEs, but their lack of awareness of capital market fundraising opportunities, coupled with high issuance and compliance costs, will hinder their ability and likelihood of securing financing. We are also cognisant of a low prevalence of digitalisation and e-commerce adoption, with nearly 70% of MSMEs yet to start their digital journey, and a lack of technical skills limiting their business expansion and sustainability transitions.

We view these challenges as opportunities to reinforce CGC's role as a catalyst for MSME growth and development. In 2025, our focus will be on broadening access to financing by enhancing supply chain financing for local vendors and expanding our guarantee schemes to serve high-potential, but underserved segments such as the sharing and gig economy. At the same time, we will introduce Portfolio Guarantees (PGs) for MTCs, enabling us to extend our reach and impact across a wider spectrum of businesses. To support long-term MSME resilience, we will also scale up the CGC Developmental Programme® to close critical gaps



WE WILL CONTINUOUSLY STRENGTHEN THE ROLE OF CGC DIGITAL AS THE GROUP'S DIGITAL ARM, DRIVING THE ADOPTION OF TECHNOLOGY TO ENABLE FASTER, MORE SEAMLESS ACCESS TO FINANCIAL SERVICES FOR MSMEs VIA OUR FI PARTNERS.



in technical capabilities and sustainability readiness—ensuring that MSMEs are equipped to adapt, grow, and thrive in an increasingly dynamic and digitalised economy.

On this note, we will continuously strengthen the role of CGC Digital as the Group's digital arm, driving the adoption of technology to enable faster, more seamless access to financial services for MSMEs via our FI partners. This effort not only expands accessibility and accelerates processing times but also reduces transaction and operational costs—delivering greater efficiency and contributing positively to our financial sustainability.

To further safeguard long-term financial stability, we will undertake several internal measures. Key among them is the refinement of our profit mandate and pricing mechanism to ensure that our offerings remain competitive while sustaining our financial strength. We will also reinforce our credit risk management through the establishment of an Asset Quality Taskforce (AQT), which will work closely with FIs/IFIs/DFIs partners to mitigate non-performing accounts and reduce claims exposure. At the same time, we are exploring new avenues to enhance the resilience of our investment income, including opportunities in listed equities to diversify our investment returns.

Regarding the current issue concerning global trade, CGC has taken proactive steps to assess the potential impact of the proposed US tariff on Malaysian MSMEs – particularly those under our guarantee schemes. Recognising the possible ripple effects on MSME exports and business continuity, we have initiated engagements with key stakeholders in the Malaysian MSME ecosystem. This timely initiative seeks to identify vulnerabilities and explore responsive measures to help our MSMEs navigate evolving global trade dynamics.

With a clear strategy and well-defined initiatives, CGC remains steadfast in its mandate of empowering MSMEs, strengthening financial resilience, and driving inclusive economic growth in Malaysia.

ACKNOWLEDGEMENTS

In a time marked by growing global uncertainties, the importance of collaboration and collective resilience has never been more critical. By leveraging one another's strengths, we can continue to support and uplift the Malaysian MSME ecosystem.

At CGC, we remain committed to continuous innovation, agility, and embracing emerging technologies such as generative AI to future-proof our workforce and drive process improvements. Guided by People, Process and Technology, we remain focused on our mandate, ensuring our relevance and impact, particularly for the unserved and underserved segments.

I extend my sincere appreciation to our valued Malaysian MSMEs, Federal and State Governments, Bank Negara Malaysia, and our Strategic Partners in the financial industry and MSME ecosystem for their unwavering support. To my Chairman and Board of Directors, thank you for your guidance and invaluable support. Last but not least, to all my colleagues in CGC Group, your commitment and dedication remain our greatest strength.

Together, we will forge ahead in building a resilient and sustainable CGC for the future of Malaysian MSMEs.

DATUK MOHD ZAMREE MOHD ISHAK

President & Chief Executive Officer