



ANNUAL REPORT 2022



Building Resilience, Enhancing Sustainability

INSIDE THIS REPORT



50 Years 1972-2022

BUILDING RESILIENCE, ENHANCING SUSTAINABILITY

In 2022, Credit Guarantee Corporation Berhad (CGC) intensified its efforts in **Building Resilience, Enhancing Sustainability** for the MSMEs it advocates and empowers. For five decades, CGC has laid the foundation for positive diligence to ensure that MSMEs, the backbone of the Malaysian economy, serve the national interest. Through active collaboration and realising partnerships, CGC has reconfigured its approach to enhance its operational readiness to fulfil MSMEs' rapidly changing needs. All along, CGC has emphasised the importance of MSMEs enhancing their knowledge, adopting digital technology and exploring innovative collaborations. It has magnified its developmental role, but remains committed to supporting MSMEs with a continued focus on providing targeted assistance. This commitment builds MSMEs' resilience against future adversity, enabling sustainable practices and creating new opportunities to thrive as competitive businesses.

The evocative cover design vividly portrays the diversity of MSMEs and their founders. This diversity is what CGC has been supporting as a pillar of strength since its establishment in 1972. Showcasing the vibrant shades of Malaysia, the cover's bold, artistic strokes depict CGC's central role in facilitating the transition of its key stakeholders. Meanwhile, it also illustrates CGC's commitment to building resilience. Furthermore, the cover - talented Malaysian artist Abdurashade's creation - testifies to CGC continuing to promote and procure local talent in advancing sustainability. Capping it all off, the CGC 50th anniversary logo adorns the back cover, signalling 50 years of sterling service.

REVIEW OF THE YEAR

About This Report	02
Major Milestones	04
Corporate Events	10
Key Highlights	14

HOW CGC IS ORGANISED

At A Glance	16
About Us	18

KEY MESSAGES

Chairman's Message	19
In Conversation with President & Chief Executive Officer	23

OUR STRATEGY

Business Model	32
Economic Review and Outlook	34
5-Year Strategic Plan 2021-2025	37
Information Technology	40
Performance Scorecard	41
Risks and Mitigations	46

PERFORMANCE BY DIVISIONS

Business	50
Corporate	62
Credit & Operations	67
Finance	69
Information Technology	71
Internal Audit	72
Risk Management	73
CGC Digital Sdn Bhd	74

SUSTAINABILITY

Creating Value through Sustainability	77
CGC Sustainability Framework	79
Stakeholder Engagement	82
Assessment of Material Matters	83
Sustainability Governance	84
Sustainability Pillars	86



Chairman's Message

GROUP PERFORMANCE

5-Year Financial Summary and Highlights	150
Simplified Statements of Financial Position	154
Overview of Guarantee and Financing Schemes	156



In Conversation with President & Chief Executive Officer

CORPORATE GOVERNANCE

Board of Directors	158
Group Management Team	168
Organisational Structure	176
Corporate Governance Overview Statement	178
Board Audit Committee Report	202
Risk Management and Internal Control Statement	207

FINANCIALS

Directors' Report	216
Statements of Financial Position	222
Statements of Comprehensive Income	224
Statements of Changes in Equity	226
Statements of Cash Flows	228
Notes to the Financial Statements	234
Statement by Directors	356
Statutory Declaration	356
Independent Auditors' Report	357

ADDITIONAL INFORMATION

Corporate Information	360
Notice of 50 th Annual General Meeting	362
Proxy Form	



About This Report

ABOUT THIS REPORT

The current global crisis has presented unforeseen challenges, leading businesses to undergo significant transformations. To adapt, thrive and persevere in this environment, businesses must take bold steps towards gaining advantageous access to financing, expanding their operations and embracing digitalisation.

The impressive Malaysian economic growth of 8.7% in 2022, the highest rate in over two decades, has restored confidence in the national economy. This growth is particularly significant as MSMEs play a crucial role in the Malaysian economy, forming 97.2% of all business establishments. These businesses contribute 37.4% of the country's GDP and provide employment for 7.3 million individuals, highlighting their fundamental importance in the country's economic landscape.

Despite a global economic slowdown, a large percentage of Malaysian MSMEs saw their revenues increase in 2022. However, many businesses also faced challenges in sustaining their operations, hampering expected MSME growth and recovery. Nevertheless, these challenges provided businesses with an opportunity to restructure their business models, focussing on building resilience and enhancing sustainability for lasting viability.

In the third year of its 5-Year Strategic Plan 2021-2025, CGC remained committed to its role as the "Partner for MSME Growth across Life Stages". CGC prioritised enhancing its performance and operational readiness and adapting to the evolving needs of MSMEs through its Transformation Journey. This involved improving organisational efficiency, increasing employee engagement, and streamlining products and services to better serve customers.

CGC collaborated closely with strategic partners to support MSMEs in navigating through uncertain times, as reflected in the growth of its guarantee portfolio. In 2022, the guarantee and financing base, including Government-backed Schemes, reached RM21.9 billion, achieving 92% of the year's target. Notably, CGC achieved over 90% performance in four key areas, demonstrating effective outreach efforts and enabling more businesses to access credit and expand. In 2022, the number of MSMEs assisted rose to 65,056, despite a decrease in total outreach to RM3.5 billion with over 13,000 approvals in guarantee and financing.

Moreover, CGC expanded its financial offerings and support programmes to better serve Malaysian MSMEs, and invested significantly in technology to improve efficiency and digital capabilities. Its digital arm, CGC Digital Sdn Bhd (CGC Digital) was launched in July 2022 with a commitment to advancing financial sector digitalisation and providing greater access to financing through its digital platform and digital products.

CGC's Youth Entrepreneurship Programme, CGC100, partnered with the Ministry of Education and the PINTAR Foundation to provide young people with essential entrepreneurship

training. Specifically, the programme aims to empower and uplift aspiring young entrepreneurs from the B40 category, instilling values that promote building resilience and enhancing sustainability. The first cohort of 20 participants completed the six-month Fast Track programme on 8 March 2023, successfully equipping them with necessary skills and knowledge to start and/or grow their businesses.

New measures, aimed at assisting MSMEs to overcome challenges and promote high-quality business development, featured in Budget 2023. This highlights continued support for MSMEs to remain resilient in uncertain times. Indeed, the RM40 billion allocation for MSMEs will help strengthen their capacity, ensuring they can overcome difficulties and thrive. Part of the allocation is for various financing facilities, lowered taxes, digitalisation grants and green incentives. In addition, a new Industrial Master Plan 2030 was announced and will be launched in the third quarter of 2023. This will establish the direction for high-quality industrial activities, having a multiplier effect on the economy, including the creation of high-skilled jobs.

As CGC marked five decades of dedicated service to MSMEs in 2022, it looked back on its unwavering efforts as a catalyst for growth of a robust MSME sector. This entails developing together a rigorous and adaptable business model that can withstand future disruptions. It also means adopting a holistic approach to promoting ESG factors, reducing our carbon footprint, and promoting social responsibility. To ensure the survival of MSMEs in the evolving post-pandemic landscape, it is crucial to prioritise building resilience and enhancing sustainability. In the long term, these measures are key to achieving better gains and ensuring success.



Scan here for more
information about CGC

ABOUT THIS REPORT



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

REVIEW OF
THE YEAR



ANNUAL
REPORT
2022

MAJOR MILESTONES

1972-2022

1972

- Established as a Credit Guarantee Service Provider

1973

- Launched 1st Guarantee Scheme: General Guarantee Scheme (GGS)
- Published CGC's 1st Annual Report

1981

- Launched 2nd Guarantee Scheme: Special Loan Scheme (SLS)

1986

- Launched 3rd Guarantee Scheme: Hawkers & Petty Traders (HPT) Loan Scheme

1989

- Appointed administrator by Bank Negara Malaysia (BNM) for New Entrepreneurs Fund (NEF)
- Launched 4th Guarantee Scheme: Principal Guarantee Scheme (PGS)

1990

- Launched 5th Guarantee Scheme: Association of Special Loan Scheme (ASLS)

1998

- Launched Small Entrepreneurs Fund (SEF) to replace ASLS and LFHPT loan schemes
- Launched Youth Economic Development Fund (Tabung Ekonomi Belia, TEB)

1997

- Moved into Bangunan CGC, own 16-storey head office located at Kelana Business Centre, Kelana Jaya, Selangor Darul Ehsan
- Launched Interest Free Banking Scheme (IFBS)
- Launched Franchise Financing Scheme (FFS)

1996

- Appointed administrator for Small Entrepreneurs Financing Fund (SEFF) by then Ministry of Entrepreneur and Cooperative Development (MECD)
- Organised Top FI Partner Awards, in recognition of significant contribution by Financial Institutions (FIs) & Development Financial Institutions (DFIs) to SME financing

1994

- Launched New Principal Guarantee Scheme (NPGS)
- Launched Block Guarantee Scheme (BGS)

1992

- Started first joint collaboration with Amanah Ikhtiar Malaysia (AIM): AIM Revolving Fund

1999

- Launched Flexi Guarantee Scheme (FGS), including Fund for Small and Medium Industries (SMI), Rehabilitation Fund for SMI Fund for Food and New Entrepreneurs Fund

2000

- Opened new branches: Main Branch (Kelana Jaya), Alor Setar, Ipoh and Johor Bahru
- Launched Direct Access Guarantee Scheme (DAGS)
- Launched Small Entrepreneurs Guarantee Scheme (SEGS)
- Launched Enterprise Programme Guarantee Scheme (EPGS)

2001

- Launched i-guarantee, CGC's one-stop centre for online application from SMEs
- Appointed administrator by BNM for Small and Medium Industries Fund 2 (FSMI2) and New Entrepreneurs Fund 2 (NEF2)
- Opened new branches: Melaka, Kuantan, Kota Bharu, Prai, Seremban and Kuala Terengganu

2002

- Opened new branches: Kota Kinabalu and Kuching

2003

- Opened new branches: Kuala Lumpur and Batu Pahat
- Launched Islamic Banking Guarantee Scheme (IBGS) to replace IFBS and NPGS
- Launched Special Relief Guarantee Fund (SRGF)

2007

- Signed first MoU with eight Islamic banks to enhance SME access to financing and promote growth of Islamic Financing
- Launched Direct Access Guarantee Scheme: Start-up (DAGS: Start-up)
- Launched Direct Bank Guarantee Scheme (DBGS)
- Signed first MoU with Aureos Capital Limited to develop Aureos CGC Advisers Sdn Bhd for equity funding
- Participated in Malaysia's first Securitisation of SME loans, amounting to RM600 million, with Malayan Banking Berhad (Maybank) and Cagamas Berhad

2006

- Introduced Risk Adjusted Pricing Mechanism (RAP)
- Launched Credit Enhancer Scheme (Enhancer) to replace NPGS
- Embarked on a 3-year Business Transformation Plan (2006-2008)

2005

- Appointed as Business Advisory Service Entity (BASE) to assist SMEs
- Launched Direct Access Guarantee Scheme: Islamic (DAGS-i)

2004

- Opened new branches: Miri and Sandakan

2008

- Appointed administrator by BNM for SME Modernisation Facility (SMF) and SME Assistance Facility (SAF) funds
- Signed MoU with Dun & Bradstreet (D&B) Malaysia Sdn Bhd to establish SME Credit Bureau Sdn Bhd
- Launched Credit Enhancer-i Scheme (Enhancer-i)
- Signed MoU with OCBC Bank Berhad, first foreign bank to jointly offer CGC's DAGS product

2009

- Implemented web-based Comprehensive Approval System (COMPAS) to efficiently manage CGC's credit risks and loan application process
- Signed MoU with Standard Chartered Bank Malaysia Berhad (SCB) on Portfolio Guarantee (PG) scheme, Malaysia's first financing scheme for women entrepreneurs
- Absorbed operations of Entrepreneur Rehabilitation Fund Sdn Bhd (ERF) and managed its ERF Bumiputera Entrepreneur Project Fund
- Launched Tabung Projek Usahawan Bumiputera-i (TPUB-i), a direct financing facility
- Launched SME Assistance Guarantee Scheme (SME AGS)

2010

- Launched SmallBiz Express Scheme (SBE) to replace SEGS
- Appointed administrator by Ministry of Finance (MoF) for Green Technology Financing Scheme (GTFS)
- Launched SmallBiz Express Scheme- i (SBE-i)
- Launched SME Express Scheme
- Launched SME Quick Financing Scheme
- Signed MoU with CIMB Bank Malaysia Berhad, to offer Green Technology Financing Scheme (GTFS)
- SME Credit Bureau Sdn Bhd rebranded as Credit Bureau Malaysia

2014

- Launched BizMula-i, a direct financing facility for startups
- Signed MoU with Dewan Perniagaan Melayu Malaysia (DPMM) to establish collaborative framework to develop Bumiputera SME segment
- Signed MoU on SME Wholesale Guarantee (WG) with OCBC Al-Amin Bank Berhad, Malaysia's first
- Signed PG scheme MoU on distinct Risk Sharing Mechanism with Affin Bank Berhad
- Signed PG Bumi SME Scheme MoU, Malaysia's first, with Maybank
- Received recognition under Development Awards in SME Development category by Association of Development Financing Institutions of Asia and the Pacific (ADFIAP) for Islamic Wholesale Guarantee (WG-i) scheme

2013

- Appointed administrator by MoF for Intellectual Property Financing Scheme (IPFS)
- Signed Islamic Portfolio Guarantee (PG) scheme MoU with Standard Chartered Saadiq, Malaysia's first
- Launched CGC Book, *Catalysing SME Growth*

2011

- Launched Enhancer Express Scheme
- Launched Enhancer Direct Scheme

2015

- Launched BizWanita-i, a direct financing facility for women entrepreneurs
- Launched Special Assistance Scheme (SAS-i)
- Signed MoU with Socio-Economic Development of Indian Community (SEED) to foster and develop growth of Indian SMEs and entrepreneurs
- Signed MoU with Banco Central de Timor Leste, to develop credit guarantee schemes for SMEs in Timor Leste
- Signed MoU with Business Development Fund (BDF) of Rwanda, to develop credit guarantee framework for Rwandan SMEs
- Received Best Website Award by ADFIAP at its 39th Annual Meeting on 2 May 2016, held in Samoa
- Awarded Plaque of Merit for BizWanita-i in SME Development category by ADFIAP
- Received Karlsruhe Sustainable Finance Award 2015 for Best Innovation in Financial Services award for BizMula-i
- Organised 20th Top SME Supporters Awards (2014)

2016

- Launched Graduate Trainee Programme
- Signed MoU with MRT Corporation Malaysia Berhad (MRT Corp) to assist Bumiputera SMEs involved in MRT Sungai Buloh – Serdang – Putrajaya (SJPP) Line with financing
- Sponsored International Shari'ah Research Academy for Islamic Finance (ISRA) for economy textbook project
- Received recognition for BizWanita-i at Karlsruhe Sustainable Finance Awards at Global Sustainable Finance Conference
- Organised CGC 21st SME Awards (2015)
- Launch of CGC Developmental Programme®, the Financial Advisory and Non-Financial Advisory services to promote the development and growth of MSMEs

2018

- Signed MoU with Taiwan Small and Medium Enterprise Credit Guarantee Fund (Taiwan SMEG)
- Launched imSME, Malaysia's 1st online SME financing/loan referral platform
- Won TalentCorp Career Comeback Reignite Award 2018
- Initiated first PG schemes with Hong Leong Islamic Bank and Affin Islamic Bank
- Inaugurated CGC Developmental Programme®, International Bizmatch, in Indonesia
- Became largest agency to participate in MATRADE's 15th China-ASEAN Expo
- Through CGC Developmental Programme®, onboarded strategic partnership with Malaysia Digital Economy Corporation (MDEC)
- Introduced PG with Alliance Bank
- Won Outstanding SME Development Project award from ADFIAP for imSME
- Organised CGC 23rd SME Awards (2017)

2017

- Launched new logo, rebranded for greater brand recall and visibility
- Won Light Rapid Transit (LRT) station naming rights bid and launched CGC – Glenmarie LRT station
- Signed PG scheme MoU on micro financing with Bank Simpanan Nasional Berhad (BSN), Malaysia's first
- Launched SME Apprentice Scheme Programme for Technical and Vocational Education and Training (TVET) graduates
- Signed MoU with RHB Islamic Bank Berhad, first bank to offer WG Islamic Bumiputera Scheme (WG-i Bumi) in Malaysia
- Signed joint MoU with RHB Islamic Bank Berhad, SME Bank, Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) and Unit Peneraju Agenda Bumiputera (TERAJU) for Pan Borneo Highway Sarawak Project
- Received Certificate of Merit (TPUB-i product scheme) presented by Karlsruhe Sustainable Finance Awards
- Received Financial Inclusion award (Portfolio Guarantee Scheme for Micro Financing) presented by ADFIAP
- Received award for Best Annual Report from ADFIAP
- Organised CGC 22nd SME Awards (2016)

2019

- Officially exchanged PG documents for RM100 million project between CGC and AmBank, exclusive for PROTON dealers
- Marked 10th anniversary of strategic collaboration with Standard Chartered Bank and launch of Wownita
- Won Outstanding SME Development Project award for imSME
- Co-sponsored *Islamic Economics: Principles & Analysis* book, launched by Prime Minister of Malaysia
- Launched SME Biz Startup PG-i and continuation of RM500 million SME PG Tranche with AmBank
- Conducted CIMB-CGC strategic partnership ceremony for RM250 million WG with OCBC Malaysia
- Launched 2nd cohort of CGC SME Apprentice Scheme Programme
- Received Certificate of Merit for imSME from Karlsruhe Sustainable Finance Awards
- Debuted imSME Digital Assistance (iDA) in English and Bahasa Malaysia
- Introduced RM50 million PG with Bank Simpanan Nasional (BSN) for micro SMEs
- Launched MyKNP (Khidmat Nasihat Pembiayaan) in collaboration with BNM and Agensi Kaunseling dan Pengurusan Kredit (AKPK)
- Introduced PG with Alliance Bank
- Signed MoU with Universiti Kuala Lumpur (UniKL) for CGC Campus Ambassador programme
- Agreed partnership with Malaysian Institute of Certified Public Accountants (MICPA)
- Organised CGC 24th SME Awards (2018)

2020

- Received awards from Association of Chartered Certified Accountants (ACCA):
 - ACCA Approved Employer – Professional Development
 - ACCA Approved Employer – Trainee Development (Platinum)
- Awarded Premier Partner Accreditation by Chartered Institute of Management Accountants (CIMA)
- Distributed Special Relief Facility (SRF) scheme initiated by BNM
- Won Bronze at Australasian Reporting Awards (ARA)
- Launched TPUB-i 2.0 financing scheme for Bumiputera contractors
- Organised CGC 25th FI and SME Awards (2019)
- Attended 1st World Development Finance Forum on Sustainable Development Goals (SDG) financing gap
- Received Certificate of Merit for Best Innovation in Sustainable Financial Services (imSME) from Karlsruhe Sustainable Finance Awards 2020
- Awarded Operating Model Master, IDC DX Awards 2020 (Malaysia) at 4th annual IDC Digital Transformation Awards ASEAN
- Awarded Outstanding Development Project Award for Human Capital Development, and Merit Award for SME Development by Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)
- Conducted pilot launch of BizMikro-i, a micro financing scheme for MSMEs leveraging Psychometric Assessment as credit scoring tool
- Provided guarantee coverage for BNM's Targeted Relief and Recovery Facility (TRRF), as well as for High Tech Facility – National Investment Aspirations (HTF-HIA)
- Won Silver in National Annual Corporate Report Awards (NACRA) for Non-Listed Organisation category

2021

- Participated in Malaysia Financial Planning Council (MFPC) Roundtable Discussion: Islamic Fintech in Malaysia
- Received award for imSME for Most Innovative SME Financing Platform in Malaysia by Global Economics Awards 2021
- Participated in BNM's TRRF, Targeted Repayment Assistance (TRA), and Rescheduling and Restructuring (R&R)
- Signed MoU with Boost Holdings for potential digital bank guarantee
- Collaborated with AmBank on SME PG Revival Scheme
- Collaborated with Sunway Malls and RHB Banking Group to facilitate up to RM200 million in working capital to assist retailers
- Signed agreement with MoF and Bank Pembangunan Malaysia Berhad for 100% acquisition of Danajamin Nasional Berhad
- Received two merit awards for BizMikro-i scheme and Robotic Process Automation (RPA) from ADFIAP at its Sustainable Development Awards 2021
- Organised CGC 26th FI/DFI & SME Awards (2020)
- Participated in 33rd Asian Credit Supplementation Institution Confederation (ACSIC) Conference 2021, organised by Japan Finance Corporation (JFC) and Japan Federation of Credit Guarantee Corporations (JFCG)
- Provided BizBina-i Flood Relief Financing to CGC MSMEs affected by flood
- Collaborated with AmBank Group SME PG (SPG) Revival Scheme in support of e-commerce

2022

- Celebrated CGC's 50th Anniversary
- Conducted MoU signing ceremony with Agensi Kaunseling dan Pengurusan Kredit (AKPK) to elevate Financial and Non-Financial Advisory services provided by CGC Developmental Programme®
- Organised CGC 27th FI/DFI & SME Awards (2021)
- Collaborated with Affin Bank Berhad to launch BizDana/-i Start-up Financing Scheme of RM30 million for its Islamic tranche and RM20 million for its conventional tranche
- Opened Kuching new branch and relocated Miri branch
- Inked agreement with CIMB and SJPP to mobilise RM30 billion in financing for SMEs
- Launched CGC100 Youth Entrepreneurship Programme
- Signed MoU with Credit Guarantee Corporation of Cambodia (CGCC), focussing on mutual understanding to enhance development of credit guarantee services and MSME growth in Malaysia and Cambodia
- Received affirmed AAA ratings from Malaysian Rating Corporation (MARC), with stable outlook
- Won Silver for Excellence Awards: Non-Listed Organisations category at 2022 National Annual Corporate Report Awards (NACRA)
- CGC Developmental Programme®, collaborated with Financial Education Networks (FEN)
- Agreed to be partner in sponsorship for Malaysia Professional Accountancy Centre (MyPAC)

CORPORATE EVENTS



15-20 April 2022

RAMADAN STAFF APPRECIATION

In lieu of the annual Majlis Berbuka Puasa, that could not be held due to rising Covid-19 cases, Board members, Management and CGC staff were presented with personalised tiffin carriers (*mangkuk tingkat*). Each customised container consisted of dodol made by Fauziah Karim (CGC customer), pineapple tarts from Imilda Nordin (micro SME) and Ajwa Kurma from Magnovas Holding (CGC customer).



25 May 2022

MAJLIS JAMUAN AIDILFITRI

With a Vintage Balik Kampung theme, replete with all requisite nostalgic elements, CGC's Majlis Jamuan Aidilfitri was held at The Saujana Hotel, Kuala Lumpur. The Board of Directors, Management and all CGC staff from Headquarters, Main Branch and Kuala Lumpur Branch attended the celebratory event.

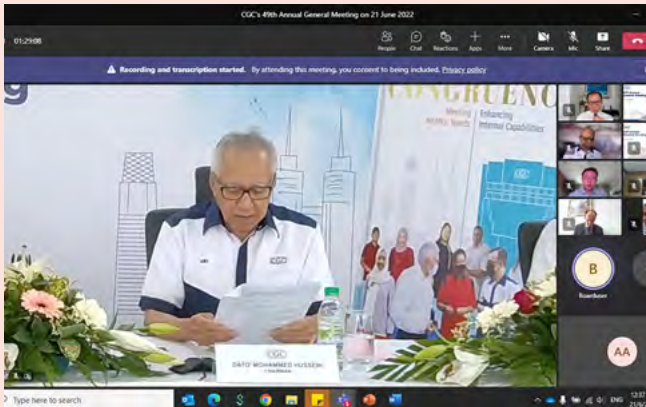


31 May 2022

MEMORANDUM OF UNDERSTANDING (MOU) SIGNING CEREMONY WITH AGENSI KAUNSELING DAN PENGURUSAN KREDIT (AKPK)

CGC and AKPK signed an MoU, agreeing to collaborate in elevating MSMEs' and individuals' financial literacy, while promoting responsible behaviour and rational attitudes. Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, and Azaddin Ngah Tasir, AKPK Chief Executive Officer, signed the MoU.

Datuk Mohd Zamree in his speech mentioned that, "The strong synergy between CGC and AKPK will assist the public in terms of financial education and support their aspiration should they aim to be entrepreneurs". Commented Azaddin Ngah Tasir, "This collaboration is very significant, as it allows the Agency the chance to further broaden its reach and offer its solutions to CGC customers and vice-versa".



21 June 2022
49TH CGC ANNUAL GENERAL MEETING (AGM)

CGC held its 49th AGM virtually, attended by the Board of Directors and shareholders.



5 July 2022
SPECIAL TOWN HALL TO MARK CGC'S 50TH ANNIVERSARY

A special Town Hall was held in conjunction with CGC's 50th anniversary. Out of the 513 staff who attended the hybrid event, 110 gathered at the Multipurpose Hall, Bangunan CGC, while the remaining 403 staff joined virtually via Microsoft Teams Live Event.



29 July 2022
27TH FI/DFI & SME AWARDS 2021

Held at the Shangri-la Hotel, Kuala Lumpur, CGC's 27th FI/DFI & SME awards ceremony was officiated by YB Senator Tengku Datuk Seri Utama Zafrul bin Tengku Abdul Aziz, Minister of Finance. Chairmen and Chief Executive Officers of leading Financial Institutions (FIs) and Development Financial Institutions (DFIs) attended the event, as well as representatives from trade chambers, agencies and media.

The annual awards ceremony commemorated CGC's Golden Jubilee (1972-2022) in recognition of industry partners' support, progressing from a traditional guarantee provider since its inception to evolving into a full-fledged partner to MSMEs.

At the awards ceremony, CGC presented 31 awards: 16 for leading FIs and DFIs, 14 for MSMEs, and one for the Non-FI Partner, a new category introduced in 2021.

24 August 2022

EXCHANGE OF SCHEDULE AGREEMENTS BETWEEN AFFIN BANK AND CGC

CGC and Affin Bank Berhad (@AffinMy) signed an exchange of schedule agreement. This was in conjunction with the BizDana-i Start-up Financing Scheme launch of RM30 million for the Islamic tranche and RM20 million for the conventional tranche. The event took place at Menara Affin, Tun Razak Exchange (TRX), Kuala Lumpur.

This financing scheme provides working capital for start-up companies operating in Malaysia for between six months and three years. It is intended to ensure the sustainability and expansion of their business operations.



Of the collaboration commitment to serving Malaysia’s MSMEs, Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer of CGC, said in his speech, “This agreement is a continuation of the collaboration between Affin Bank and CGC which started with the first BizDana-i tranche worth RM15 million in October 2020, followed by the second tranche of RM20 million in June 2021, and now the third tranche. This is the first tranche of BizDana’s Portfolio Guarantee providing MSME financing for start-ups and we look forward to guaranteeing more tranches in the future.”



26 September 2022

CIMB AGREEMENT SIGNING CEREMONY WITH CGC AND SJPP

CGC signed an MoU with CIMB Bank Berhad and CIMB Islamic Bank Berhad (CIMB) as well as Syarikat Jaminan Pembiayaan Perniagaan Berhad (SJPP) at the St Regis Hotel, Kuala Lumpur.

YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, Minister of Finance, officiated the ceremony attended by Dato’ Abdul Rahman Ahmad, Chief Executive Officer of CIMB Group, Dato’ Mohammed Hussein, CGC Chairman, and Chen Yin Heng, SJPP Principal Officer.

This MoU is to support and stimulate recovery of the MSMEs business environment through financing of RM30 billion for the Hybrid Financing Program guaranteed by CGC, CIMB’s Low Carbon Transition Facility and SJPP’s Recovery Government Guarantee Scheme (PGGS).

Dato’ Mohammed Hussein said, “MSMEs must continue to be viable and grow to remain relevant to maintain the country’s economic recovery. In order to support these efforts and remain focused on CGC’s primary objective of supporting MSMEs and driving Malaysia’s financial inclusion agenda, CGC is committed to increasing the organisation’s readiness to fulfil that role. Therefore, CGC is pleased to partner with CIMB through CGC’s guarantee programme which is the Hybrid Financing Programme, which enables MSMEs to realise their business goals across various sectors in business and commerce.”



4 October 2022 CGC100 YOUTH ENTREPRENEURSHIP PROGRAMME LAUNCH

Dato' Mohammed Hussein, CGC Chairman, launched the CGC100 Youth Entrepreneurship Programme, kicking-off the Fast Track at INCEIF University, Kuala Lumpur. CGC100 is a collaboration between CGC, PINTAR Foundation and the Ministry of Education (MoE) and it aims to instil entrepreneurial values and skills among young people, encouraging entrepreneurship as a career option.

Participants, upon completing the programme, are also given the opportunity to present the viability of their ideas to CGC for funding. In his welcome speech, Dato' Mohammed Hussein said, "The CGC100 strategy is designed to empower youth with human skills and entrepreneurial training that will enable them to build products and services for business purposes."

Also in attendance at the event were Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, Norzalina Masom, PINTAR Foundation General Manager and Tuan Supian bin Mahmood, Deputy Director of the MoE's Industrial Relations Development and Cooperation Sector (SPKHI) Malaysia, as well as distinguished guests.



17 October 2022 MALAM PENGHARGAAN PERUSAHAAN MIKRO, KECIL DAN SEDERHANA (PMKS) 2022

Around 160 MSME customers attended the PMKS Appreciation Night, held at the Dewan Bunga Emas, Hotel Perdana, Kota Bharu. CGC's Board of Directors, Kota Bharu Branch staff, CGC's MSME customers and members from Kota Bharu's associations, business chambers, FIs, and agencies attended. The highlight of the entertainment was a Dikir Barat performance by Sirat Maharaja, runners-up in the Dikir Barat RTM 2022 competition.



21 October 2022 CGC CAMBODIA MOU SIGNING CEREMONY

CGC signed an MoU with Credit Guarantee Corporation of Cambodia (CGCC), focused on creating mutual understanding between CGC and CGCC to enhance development of credit guarantee services and growth of MSMEs in Malaysia and Cambodia.

The MoU was signed by Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer of CGC, and Wong Keet Loong, Chief Executive Officer of CGCC, witnessed by Anthony Lim Choon Eng, Independent Non-Executive Director and Chairman of Board Risk Management Committee of CGC and H.E. Dr Mey Vann, Secretary of State, Ministry of Economy and Finance and Board Risk Committee Chairman of CGC Cambodia.

KEY HIGHLIGHTS

FINANCIAL

SHARE CAPITAL

RM1.8
billion

LIABILITIES

RM747.3
million

TOTAL INCOME

RM406.5
million

EQUITY

RM4.2
billion

REVENUE

RM214.5
million

RETURN ON EQUITY*

1.2%

NET PROFIT

RM60.1
million

GUARANTEE RESERVE RATIO*

1.7
times

TOTAL ASSETS

RM5.0
billion

COST-TO-INCOME RATIO*

41.1%

* The ratios are calculated by excluding one-off recovery for KMCOB Capital Berhad post disposal of Danajamin and/or Special Purpose Reserve.

GUARANTEE AND FINANCING APPROVALS - ANNUAL

Number of Accounts	2022	13,159
	2021	21,736
	2020	13,472
	2019	10,827
	2018	8,999

RM Value (billion)	2022	3.5
	2021	6.1
	2020	5.9
	2019	4.0
	2018	3.7

GUARANTEE AND FINANCING APPROVALS - CUMULATIVE

Number of Accounts	2022	522,057
	2021	508,898
	2020	487,162
	2019	473,690
	2018	462,863

RM Value (billion)	2022	90.3
	2021	86.8
	2020	80.7
	2019	74.8
	2018	70.8

AT A GLANCE



ASPIRATION

Partner for MSME Growth across Life Stages



VISION

To be an effective financial institution dedicated to promoting the growth and development of competitive and dynamic micro, small and medium-sized enterprises



MISSION

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

CORE VALUES



Teamwork



Hardworking



Integrity



Nurturing



Knowledgeable



PRODUCTS AND SERVICES

Staying true to its mandate to serve MSMEs, CGC extends financial assistance to MSMEs by providing guarantees through its Financial Institution partners and access to direct financing.

CGC Developmental Programme®, a Beyond Guarantee initiative that includes Financial Advisory and Non-Financial Advisory, supplements CGC’s efforts to stimulate MSMEs’ growth. In essence, CGC ensures MSMEs have access to financing, while enhancing their capabilities to rebuild and reinvent their businesses in order to remain viable and competitive in the market.



Guarantee Schemes



Direct Financing Schemes



imSME



CGC Developmental Programme®



MyKNP@CGC

WHAT WE OFFER

From its early beginnings as an institution supporting and promoting growth in Malaysia’s small enterprises, CGC has evolved into a full-fledged partner to the MSMEs. It supports, develops and advances MSMEs’ progress and sustainability, while enhancing their viability through its products and services.

CGC’s 5-Year Strategic Plan 2021-2025 is underway to further spur innovation and expansion in CGC in realising its aspiration to partner MSMEs’ growth across their life stages. Customised products and innovative ideas were developed, along with critical knowledge, to generate expansion and viability in the underserved and unbanked MSME sector. CGC believes that it is now well geared to assist businesses at different stages of their growth with the current development.

GUARANTEE SCHEMES

Portfolio Guarantee Schemes

Wholesale Guarantee Schemes

- BizMaju
- BizSME
- BizJamin
- BizJamin-i
- BizJamin Bumi
- BizJamin Bumi-i
- BizJamin NRCC
- BizJamin-i NRCC
- BizJamin HTG
- BizJamin-i HTG
- BizJamin LCTF
- BizJamin-i LCTF
- BizJamin BRF
- BizJamin-i BRF
- Bizjamin DRF 2022
- BizJamin-i DRF 2022
- BizJamin TRRF
- BizJamin-i TRRF
- Flexi Guarantee Scheme (SME-All Economic Sectors)
- Flexi Guarantee Scheme-i (SME-All Economic Sectors)

Government-backed Scheme

- Franchise Financing Scheme

DIRECT FINANCING SCHEMES

- Tabung Projek Usahawan Bumiputera-i (TPUB-i)

BEYOND GUARANTEE

imSME

CGC DEVELOPMENTAL PROGRAMME®

- Financial Advisory
- Non-Financial Advisory

MyKNP@CGC

ABOUT US

In a bid to bridge the gap between financial institutions and MSMEs, CGC was mandated to guarantee MSME financing when it was established on 5 July 1972.

Over the last 50 years, CGC has continuously evolved in meeting MSMEs' financing needs. It has progressed from being a traditional guarantee provider to a financially sustainable institution, providing guarantee and financing products for MSMEs. Enabling small businesses to ceaselessly reinvent their models in meeting current transformation prerequisites.

CGC is 78.6% owned by Bank Negara Malaysia (BNM), with the remainder held by various Financial Institutions (FIs) and Development Financial Institutions (DFIs). Our stakeholders propel our agenda for financial inclusion and are directly involved in what we do.

With various progressive initiatives implemented, MSMEs enjoy expansive and accelerated access to financing. Strategic innovative alliances between CGC and leading FIs and DFIs have sanctioned comprehensive financing through our various Portfolio Guarantee (PG) schemes. In addition, our Wholesale Guarantee (WG) schemes provide guarantee coverage to FIs' financing facilities. We also offer financing products for contract financing to ensure that MSMEs constantly remain dynamic and enterprising.

As of 31 December 2022, CGC had provided MSMEs with over 522,000 guarantees and financing valued at over RM90.3 billion, impacting nearly 370,000 MSMEs.

CGC embarked on its digitalisation pathway in 2018, launching imSME, our pioneer fintech venture. This customised online platform matches MSMEs with suitable financing facilities from FIs, DFIs, P2P players and Crowdfunding. As Malaysia's first online MSME financing/loan referral platform, imSME is a one-stop centre for MSMEs to select the most advantageous facility available in the market, tailored for their financing needs.

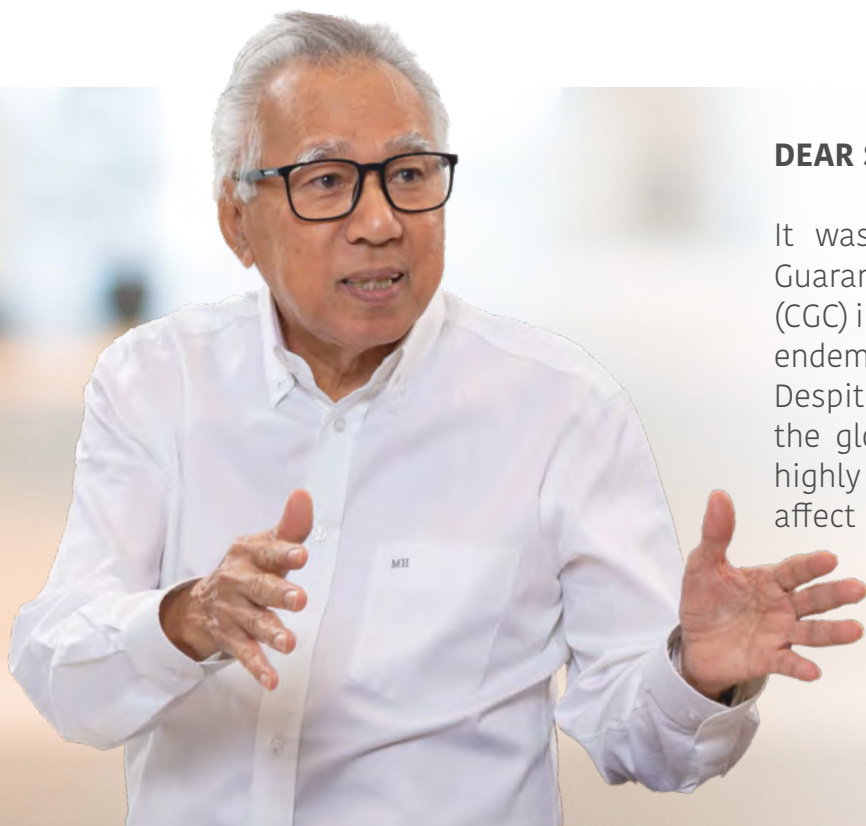


CHAIRMAN'S MESSAGE



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CORPORATION
MALAYSIA
BERHAD

KEY
MESSAGES



DEAR SHAREHOLDERS,

It was a challenging year for Credit Guarantee Corporation Malaysia Berhad (CGC) in 2022, as Malaysia moved into the endemic phase of the Covid-19 pandemic. Despite the anticipated recovery phase, the global economic climate remained highly unpredictable, and continues to affect economies across the world.

DATO' MOHAMMED HUSSEIN
Chairman

According to the January 2023 International Monetary Fund (IMF) World Economic Outlook report, the 2022 global economic growth rate decreased to an estimated 3.4%, down from 6.2% in 2021. Malaysia's economy experienced a growth of 8.7% due to increased spending in both the private and public sectors, following the full reopening of the economy, undeterred by a slower global growth rate.

The economic slowdown is a result of a combination of factors, posing persistent and steep challenges to countries worldwide. These include rising living costs, labour and energy shortages, currency fluctuations, stricter financial regulations, continuing Covid-19 variants, and the Ukraine-Russia conflict.

As the long-standing foundation of the Malaysian economy, MSMEs account for 97.2% of total business establishments, generating 37.4% of GDP and providing employment for

7.3 million people. After protracted disruption of economic activity, although MSMEs experienced a slight recovery, they battled to sustain their businesses. Rising cost of operations, raw materials and energy, along with continuous supply chain disruptions and surging living costs impeded expected MSME growth and recovery.

REMAINING RESILIENT

In performing our counter-cyclical role in these difficult times for MSMEs, we collaborated closely with our Financial Institution partners to provide MSMEs with access to various Government

schemes. These aided businesses in restarting and rebuilding.

Despite the expected decline in our profits compared to 2021, our financial position remains robust. We have made the necessary provisions, and our capital adequacy ratio remains healthy. In reconfiguring our approach, to assist MSMEs more effectively we reduced the number of our direct financing schemes. Instead, we continued to serve those segments such as micro, women and start-up businesses with guarantees, through forging more partnerships with financial service providers.



We continue to review and enhance our own operational readiness to fulfil MSMEs' rapidly changing needs. In 2022, we focused on further improving our operational readiness and efficiency to continue supporting the recovery of MSMEs. Moreover, we intensified our developmental role through financial and non-financial support, strengthening our guarantee schemes to include alternative financiers and supporting the sustainability agenda.



ANNUAL
REPORT
2022

SUPPORTING SUSTAINABILITY

To sustain a robust economy, we have to ensure that MSMEs can thrive. We collaborate closely with financial institutions in strengthening this sector's development and growth. In addition to improving digital capabilities, it is crucial for MSMEs to enhance their knowledge and explore innovative collaborations.

The Government has called on MSMEs to adopt sustainable practices that appeal to investors with ESG priorities, in alignment with the 12th Malaysia Plan sustainability goal of transitioning towards a low-carbon economy. To support MSMEs in these efforts, various funds are made available for advancing eco-friendly initiatives that will also help restore MSMEs' capabilities and enhance their competitiveness. Adhering to ESG principles in their operations is crucial for MSMEs to avoid being excluded from markets or losing financing opportunities.

As the sustainability agenda gained momentum post-pandemic, CGC recognised its own role in creating a better future for all in alignment with Financial Sector Blueprint 2022-2026. Therefore, we have established a Sustainability Framework to help us remain resilient in the face of future economic, environmental, social and governance (EESG) opportunities and challenges.

BUILDING COMPETENCY

To better serve the diverse and ever-changing needs of MSMEs, we have implemented initiatives to address capability gaps and improve digital competencies. Through various training programmes, professional courses and talks, we aim to enhance employees' skills and knowledge while creating awareness of current industry trends.

Our CGC Developmental Programme® includes three main programmes that focus on improving MSMEs' financial literacy, digital marketing, business expansion, and practical knowledge of accessing new markets through e-commerce platforms. Additionally, we have established CGC Digital Sdn Bhd, an extension of CGC focussing on digital platforms and solutions to better serve MSMEs throughout their business life stages.



As well as providing access to financing, CGC is committed to other longer-term measures to develop MSMEs' business competencies. The CGC100 Youth Entrepreneurship Programme, developed in collaboration with the Ministry of Education and the PINTAR Foundation, aims to empower young people with soft skills and entrepreneurship training, enabling them to build feasible products and services. The first cohort of 20 participants successfully graduated from the 6-month Fast Track programme on 8 March 2023.



As the gig economy is expected to grow significantly, primarily with younger and aspiring entrepreneurs' participation, the Programme's goal is not only to provide them access to financing but also to instil values that foster resilience and endurance. This programme will also provide opportunities for the B40 community to improve their business competencies.



At CGC's 27th FI/DFI & SME Awards 2021, held on 29 July 2022, the winners of the Merdeka Award 2022 were once again celebrated. This award category, introduced in 2021, recognises companies that promote inclusivity through substantive collaboration and joint ventures between Malaysians of different races, with a focus on building resilience and competencies. Congratulations to the winners of the Merdeka Award 2022.

LOOKING FORWARD

At CGC, we steadfastly strive to provide vital financial assistance to MSMEs that are unserved and underserved. Our objective is to play a critical role in promoting economic growth, development, employment opportunities, and poverty reduction in our nation.

We were established in 1972 with the mandate to be a catalyst for the development of a strong MSME sector, and this year marks CGC's 50th Anniversary. Since its inception, CGC has assisted more than 360,000 MSMEs, and made available over 520,000 guarantees and financing valued at over RM90 billion.

After the lengthy, crippling global pandemic, MSMEs are bracing themselves to overcome post-pandemic impact and on-going external challenges. Aware of the continued difficulties that MSMEs face in the Covid-19 endemic era, the Government in Budget 2023 has allocated various financing facilities, lowered taxes and provided loans, as well as offering green incentives for the sector.

In 2023, BNM expects domestic demand to drive Malaysia's growth, as it expands at a more moderate pace amid a challenging external environment. All economic sectors are expected to show growth this year, so MSMEs are likely to regain their strength and to strive for success.

CGC Sustainability Framework prioritises addressing economic, environmental, social, and governance challenges, with sustainability at the core of our plans and practices. We recognise the growing importance of green financing and ESG compliance, and believe that forging meaningful partnerships is key to achieving our sustainability goals. By collaborating with our strategic partners in the MSME ecosystem, CGC hopes to develop more sustainable Malaysian MSMEs.

Our commitment to supporting MSMEs remains resolute, with a continued focus on providing targeted assistance. In 2023, we will focus on four key areas, supported by proactive initiatives to achieve our objectives. These are strengthening guarantee schemes, enhancing internal capabilities, optimising human capital, and advancing beyond guarantee towards a holistic approach to supporting MSME growth and development.

Digitalisation is imperative for MSMEs to overcome challenges, drive growth, and thrive. Moreover, embracing digital tech creates opportunities, enhances competitiveness, and builds resilience against future adversity. Digital technology adoption even accelerated during the Covid-19 pandemic, which demonstrated its importance in business continuity. Hence, CGC Digital Sdn Bhd was established in 2022 as a hub of digital innovation, prioritising MSME needs with cutting-edge platforms and solutions to enable growth.

ACKNOWLEDGEMENTS

I would like to express my gratitude to the Ministry of Finance and Bank Negara Malaysia for their unwavering support in assisting CGC in fulfilling our mission. Our accomplishments in 2022 are due to the close collaboration with our stakeholders and strategic partners in the MSME ecosystem. On behalf of the Board, I extend my heartfelt appreciation to Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer of CGC, and his Management team for their strong and concerted efforts during these challenging times.

I also wish to acknowledge the contribution of Dato' Haji Syed Moheeb Syed Kamarulzaman, who retired from the Board in mid-January 2023. Throughout his 9-year tenure as an Independent Non-Executive Director, his dedicated involvement and valued experience in various Board committees greatly benefited CGC in fulfilling our mandate.

I want to express my sincere appreciation as well to all Board members, Management, and CGC employees for their resolute allegiance. Looking ahead, I am confident that our unwavering commitment to our strategic objectives and to delivering value to our clients and shareholders will continue to guide our efforts and position us for success in the years to come.



DATO' MOHAMMED HUSSEIN
Chairman

PUSAT PERKEMBANGAN MINDA ERA BARU



“

I found CGC’s service to be excellent, as they helped me with my paperwork, conducted a thorough audit of my premises and swiftly approved my BizWanita-i financing.

”

Panneer Chelvi Nalliah

Nilai, Negeri Sembilan
Education for Young Children

MANAGING RECOVERY

Panneer Chelvi Nalliah founded the Kumon Enrichment Centre in 2015 to be able to spend more time with her family and pursue her passion for teaching young children. As a former finance lecturer, drawing on her strong interest in mathematics, she opted for the Kumon franchise as her educational programme.

The pandemic was a challenging time for Panneer as the Centre had to switch to online Zoom classes immediately. This posed additional difficulties for some children who couldn’t keep up with the pace of virtual learning and required in-person coaching from their teachers. Eventually, parents adapted to online classes as the only viable option.

After the pandemic, demand surged for face-to-face classes, as many children had missed out on up to three years of learning this way. They struggled with their basic foundation. As a result, Panneer witnessed demand for the Centre’s services increasing significantly, as very supportive parents sought to address their children’s foundational gaps.

CGC’S COMMITMENT

Initially, Panneer launched her business on a small scale with only five tables acquired from a franchise-approved vendor. This constituted a significant portion of her expenses. Despite facing challenges in securing a loan, a bank representative recommended CGC. “I found CGC’s service to be excellent, as they helped me with my paperwork, conducted a thorough audit of my premises and swiftly approved my BizWanita-i financing.”

The Kumon programme is tailored to each student’s needs. With the funding, Panneer was able to procure all the necessary furnishings for her centre. Today, her premises are fully utilised, with classes available four days a week for 250 students. The main instructor (Panneer), a full-time teacher and six assistant teachers provide personalised coaching to around 25 students per session. For Panneer, seeing her students succeed in maths is the most rewarding aspect of her job.

NURTURING RESILIENCE

“Despite working until 10 pm, I am now able to have my children with me while I work, which was not possible before. Furthermore, I was able to send my children to international boarding schools after I started the business.”

IN CONVERSATION WITH PRESIDENT & CHIEF EXECUTIVE OFFICER



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

KEY
MESSAGES



DEAR SHAREHOLDERS,

The year 2022 was a special one for CGC as we celebrated our 50th Anniversary, half a century of consistently striving to fulfil our mandate to serve the unserved and underserved MSMEs. In his message, Dato' Mohammed Hussein, CGC Chairman mentioned the Corporation's contribution to the MSME ecosystem, and I wish to reaffirm CGC's commitment to continuing to deliver our mandate by providing both financial and non-financial assistance. By realising this intention, we play a pivotal role in our nation's economic growth and development, job creation and poverty reduction. In penning my thoughts for this annual report, I would like to first express, on behalf of everyone at CGC, our utmost appreciation to all well-wishers, especially Malaysian MSMEs - our *raison d'être*.

DATUK MOHD ZAMREE MOHD ISHAK
President & Chief Executive Officer

ANNUAL
REPORT
2022

IN CONVERSATION WITH PRESIDENT & CHIEF EXECUTIVE OFFICER

INTRODUCTION

Malaysia's economy in 2022 surged by 8.7% as a result of elevated expenditure, in both the private and public sector, buoyed by the resumption of economic activities, despite a slower pace of global economic expansion. This remarkable growth attests to the resilience of Malaysia's economy, which weathered the challenges posed by the pandemic. It also underscores the effectiveness of the measures taken to revive the economy. The robust performance of the private and public sectors is testament to investor, consumer and business confidence in the economy. In addition, it demonstrates the government's commitment to fostering a conducive environment for sustainable economic growth.

In its 2023 Business Outlook, a Malaysian bank reported that a significant proportion of MSMEs in Malaysia witnessed a surge in their revenues in 2022. The report highlights that 71.6% of MSMEs in the country experienced a year-on-year increase in their revenues, with nearly half of the businesses (46%) reporting that their revenues had either returned to pre-pandemic levels or even surpassed expectations. The report's positive outlook shows Malaysian MSME resilience, adapting to the changing business landscape and taking advantage of new opportunities to bolster their revenues. Some of our MSME stories featured in this Annual Report 2022 reveal similar traits, as their businesses have improved and expanded with new ideas, channels, customers and markets, post-pandemic.

Nevertheless, I must acknowledge that 2022 was full of challenges. The global economic slowdown, the persistent pandemic and inflationary pressures have significantly impacted our business and the broader economy. While the recovery and ongoing development of the MSME sector in the country are promising, it is a pressing need to adopt strategies to enhance its resilience and prepare it for future uncertainties to ensure sustainable growth.

PERFORMANCE 2022

Q1: How would you describe the challenges and achievements of CGC's 2022 performance?



As a team, we tackled the numerous challenges head-on, demonstrating our resilience, empathy and creativity. By collaborating closely with our strategic partners, we provided Malaysian MSMEs with the necessary support and guidance to navigate these uncertain and turbulent times. I am proud of how our team has stepped up to meet the demands of the circumstances.



Our dedication to our mission of supporting MSMEs is reflected in the growth of our guarantee portfolio. The guarantee and financing base (including Government-Backed Schemes) grew from RM20.9 billion in 2021 to RM21.9 billion in 2022. This represents a 92% achievement compared to the RM23.9 billion target set for the year, as seen in the table below. In 2022, we produced a commendable performance of over 90% for the four key areas.

Guarantee & Financing Base (RM billion)

TARGET 2022	ACTUAL 2022	ACHIEVEMENT
23.9	21.9	92%

Guarantee & Financing Base (Number of Accounts)

TARGET 2022	ACTUAL 2022	ACHIEVEMENT
67,543	65,056	96%

Number of MSMEs Participating in Targeted Developmental Support

TARGET 2022	ACTUAL 2022	ACHIEVEMENT
1,040	1,342	129%

Guarantee Reserve Ratio

TARGET 2022	ACTUAL 2022	ACHIEVEMENT
1.7	1.7	100%

The above achievements demonstrate the effectiveness of our outreach efforts, enabling more businesses to access credit and to expand operations. To better reach and serve targeted MSME segments, we made a significant decision in 2022 to change the approach of "HOW" we serve segments like micro-entrepreneurs, women entrepreneurs and start-up businesses. Instead of directly financing them through our BizMikro-i, BizWanita-i, and BizMula-i schemes, we will focus on guaranteeing the financing provided by our partner FIs and DFIs to these segments.

We are pleased to report that our 2022 performance was in line with our expectations, with sufficient provisions for expected credit losses. This assures us that we have resources to cover potential losses and to continue providing guarantees to MSMEs in need.

BUILDING RESILIENCE, ENHANCING SUSTAINABILITY

Q2: How did CGC extend the resilience of its core businesses to achieve long-term, sustainable growth, while assisting MSMEs to build their own resilience?



Our strategic objectives have been the cornerstone of our success, guiding us to expand our financial offerings and improve our developmental support programmes to better serve Malaysian MSMEs. To become a more digitally adept organisation and increase our efficiency, we invested significantly in technology throughout the year. On 5 July 2022, CGC's anniversary, we established CGC Digital Sdn Bhd, driving our digital transformation to expedite delivery of our digital initiatives.



To achieve our goals, we continue to strengthen our financial position and fulfil our responsibilities as a developmental financial institution. Our Guarantee Reserve Ratio (GRR) and Capital Adequacy Ratio (CAR) remain strong, an indication of our ability to meet our obligations while upholding financial stability.

As part of our financial inclusion initiatives, we continue to offer the CGC Developmental Programme®. This focuses on Financial and Non-Financial Advisories, in collaboration with strategic partners such as Agensi Kaunseling dan Pengurusan Kredit (AKPK) and Financial Education Network (FEN). The objective of the programme goes beyond financial access by targeting education and financial literacy for MSMEs, enabling them to stay up-to-date with industry trends and increase their resilience in the current challenging market conditions.

Q3: How do sustainability strategies benefit stakeholders and Malaysian MSMEs, and how does CGC promote ESG principles to MSMEs?

CGC recognises its vital role in creating a better future for all, in alignment with the Financial Sector Blueprint 2022-2026. To remain resilient in meeting economic, environmental, social, and governance challenges, we have established our own Sustainability Framework.

CGC fully supports the 12th Malaysia Plan's target of a 45% reduction in emissions intensity by 2030. Furthermore, we prioritise sustainability in our strategic plans, practices and aspects of our business to inform our employees and stakeholders about its importance. We are dedicated to reducing our carbon footprint, promoting sustainable products, and offering financial services that encourage

eco-friendly business practices and responsible consumption. Our support for Bank Negara Malaysia's Low Carbon Transition Facility (LCTF), and other sustainability-focused programmes aimed at benefiting MSMEs, demonstrates our commitment to this cause.

Due to increasing demand for green financing and ESG compliance to trade internationally, CGC recognises the importance of reinforcing our support in this domain. We believe that fostering meaningful partnerships is critical in achieving our sustainability goals. By collaborating further with our strategic partners in the MSME ecosystem, we can create more sustainable Malaysian MSMEs.

ADVANCING BEYOND GUARANTEE

Q4: What are CGC's focus areas for the next three years of your 5-Year Strategic Plan 2021-2025?

As we begin the third year of our 5-Year Strategic Plan 2021-2025, it is crucial for us to improve our capacity to execute our top-priority initiatives. Our aim is to remain dedicated to being the "Partner for MSME Growth across Life Stages," and we will concentrate on enhancing our performance, preparedness, and adaptability to meet the changing needs of MSMEs. Our focus is on advancing our Transformation Journey by improving our organisational efficiency, engaging our employees, and customising our products and services.

As part of our 5SP, we aim to strengthen and innovate our guarantee schemes, as well as expanding partnerships with FIs, DFIs, Digital Banks, P2P players, ECF and alternative financiers. Our goal is to enhance developmental support to MSMEs through imSME, the CGC Developmental Programme® and MyKNP to help them access financing and improve their capabilities for business sustainability. We fully support the Financial Sector Blueprint 2022-2026 and our role as a DFI in empowering MSMEs to achieve the nation's aspirations.

Q5: What are CGC Digital's aims to advance financial sector digitalisation, in line with one of the five strategic thrusts of BNM's Financial Sector Blueprint 2022-2026?

In 2022, we placed strong emphasis on accelerating our digital transformation. Our aim with CGC Digital is to serve as a centre of digital innovation. Here we can develop a comprehensive strategy that puts MSME needs at the forefront of all our initiatives. Our goal is to add value into the MSME ecosystem that benefits all stakeholders. As a data and technology company, CGC Digital will create digital platforms and solutions to empower MSMEs to grow and reach their full potential.

IN CONVERSATION WITH PRESIDENT & CHIEF EXECUTIVE OFFICER

AMPLIFYING CAPABILITIES

Q6: What initiatives did CGC implement in 2022 to continue building internal capacity to focus on strengthening operational readiness?

In order to enhance operational readiness and build the necessary capacity and capability, at CGC we are taking a variety of deliberate steps. Given the rapidly changing business landscape, it is crucial for our staff to possess appropriate skills that complement new tools and better serve MSMEs. We have tripled the number of learning modules offered and invested a higher allocation for organisational learning programmes compared to 2021.

We have made selected e-learning modules compulsory, covering operational excellence, capitalising on opportunities, and nurturing talent. Our employees are continuously supported in enhancing their technical and soft skill capabilities through various learning modes, including face-to-face, online, e-learning, and hybrid.

Moving forward in 2023, we will continue to place greater focus on leadership, digitalisation, sustainability, and competency-based structured development programmes, especially for advisory and credit family training.

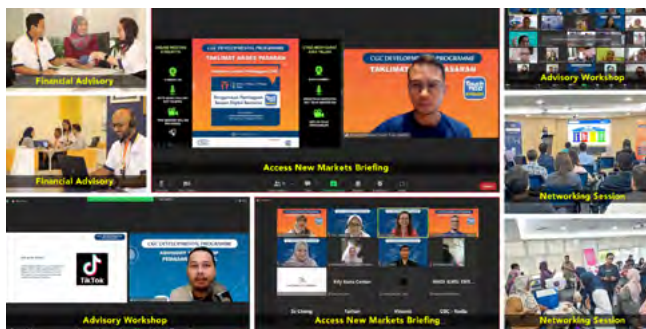
Q7: How can CGC further promote the growth and development of MSMEs?

Our CGC Developmental Programme® is a key initiative in our efforts to promote MSME development, with a focus on three main pillars: Financial Advisory, Advisory Workshop, and Access New Markets. These programmes not only help MSMEs build their resilience, but also expose them to a range of topics, including digital marketing, business expansion, and practical knowledge of gaining access to new markets through e-commerce platforms and online marketplaces. Last year, over 19,000 MSMEs benefitted from our Financial Advisory programme, while more than 1,300 MSMEs participated in our Advisory Workshops and Access New Markets Programme.

Our efforts to assist MSMEs by creating value will further intensify through the introduction of Networking Sessions as the fourth pillar of our CGC Developmental Programme®. This programme aims to harness the power of networking for MSMEs to excel and upscale their businesses. During the Networking Sessions, we bring together MSMEs from different segments with key players in the MSME ecosystem. Through such exposure, MSMEs can cultivate essential networking skills that are crucial for their businesses, as well as gain opportunities to introduce their products and services. We believe that these Networking Sessions will provide significant value to MSMEs, enabling them to expand their networks, build new partnerships, and grow their businesses sustainably.

In addition to our existing programmes, we have extended our outreach by offering advisory services at our branches nationwide, another avenue for CGC to connect with MSMEs and provide them with face-to-face and personalised interactions. By offering advisory services at our branches, we aim to be even closer to MSMEs and provide them with tailored solutions to their business needs. We believe that this initiative will further strengthen our relationship with MSMEs, enabling us to better understand their challenges and support them in their business growth.

To foster the competencies of aspiring young entrepreneurs within the B40 community, we launched CGC100, an inaugural programme that provides entrepreneurship knowledge to help them develop viable businesses. Our aim is to instil core values such as trustworthiness, perseverance, accountability, a collaborative mindset, sustainability, and community focus in participants. By equipping them with the right attitude and skills, we hope to support their future business endeavours. The CGC100 Youth Entrepreneurship Programme is designed to offer opportunities for the B40 community to enhance their competence in managing businesses. Through this programme, we are committed to empowering and uplifting aspiring entrepreneurs and supporting the development of MSMEs in Malaysia.



IN CONVERSATION WITH PRESIDENT & CHIEF EXECUTIVE OFFICER



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

KEY
MESSAGES



FUTURE OUTLOOK

Q8: What are CGC's outlook and key focus areas for 2023?

In 2023, the Malaysian economy is expected to moderate with a growth rate between 4% and 5%. Despite external challenges, the domestic demand is anticipated to remain firm. Factors such as resilient household spending, strengthened labour market, increasing tourism-related activities and continued implementation of infrastructure

projects will serve as driving forces for economic expansion. Although inflation remains a concern, it is worth noting that Malaysia's inflation levels are expected to moderate throughout 2023, ranging from 2.8% to 3.8%, which is considerably lower than the global percentage that is cooling to 7% in 2023, according to the IMF.

Budget 2023 includes a total of RM40 billion in financing/loan facilities and guarantees for MSMEs. This is to ensure sustained support and assistance for MSMEs, which is crucial to ensure their resilience amid uncertainty. Given that all economic sectors are anticipated to demonstrate positive growth this year, it is likely that MSMEs will experience further recovery and success in 2023.

CGC will continue to support the availability of targeted assistance, including financing for MSMEs in addition to non-financial assistance. Our strategy, initiatives and actions for 2023 are encapsulated in the four key focus areas and underpinned by continuous commitment to promoting the growth and development of competitive, dynamic Malaysian MSMEs.



IN CONVERSATION WITH PRESIDENT & CHIEF EXECUTIVE OFFICER

ACKNOWLEDGEMENTS

As we step into 2023, the business landscape remains unpredictable, with subdued growth forecasts and continuing disruptions. Nevertheless, CGC Group remain steadfast in our commitment to promoting the growth and development of competitive and dynamic MSMEs. I would like to extend my sincere gratitude to all stakeholders, namely our valued MSMEs, Federal and State Governments, Bank Negara Malaysia, strategic partners in Malaysia's MSME ecosystem, and our Board of Directors for their wise counsel and invaluable support. I also want to express my heartfelt appreciation to all my colleagues in CGC Group for their unwavering commitment and dedication. Together, we will continue to build a stronger CGC Group and create a meaningful impact on the lives of MSMEs in Malaysia.



In closing, I wish to reiterate that we will intensify our collaborative efforts with our strategic partners to provide MSMEs with every possible assistance as they continue working on building resilience and enhancing the sustainability of their businesses.

DATUK MOHD ZAMREE MOHD ISHAK
President & Chief Executive Officer



50th Anniversary



In celebrating CGC's 50th Anniversary, a series of activities and events were held in 2022 to commemorate the occasion.

The celebrations began with a series of online quizzes for CGC staff from 18 May to 29 June 2022, where they answered questions related to CGC's past, present, and future. Prizes up for grabs were the grand prize, an Apple iPad Gen 9, Garmin Vivoactive Smartwatch and three AEON RM150 gift vouchers as consolation prizes.

Additionally, a social media campaign called #50factsAboutCGC took place from 5 June to 24 July 2022. Daily Facebook and Instagram posts covered facts related to CGC's establishment, products, events, and milestones. The campaign was initiated as a lead-up to the official anniversary celebration on 5 July 2022.

To commemorate the 50th anniversary of CGC's journey serving the underserved Malaysian MSMEs, a pop-up banner was added to the Corporation's website on 10 June 2022. This banner reminded visitors of CGC's remarkable history over the last five decades. Additionally, from 24 June to 1 July 2022, personalised commemorative gift boxes were sent to all staff nationwide as a token of appreciation. These gift boxes contained the new CGC corporate shirt, CGC Golden Jubilee lanyard and card holder, and a commemorative flask.

CGC employees also had the opportunity to participate in the first-ever KRCCG Virtual Treasure Hunt 2022. The event was held on 25 June 2022 over Microsoft Teams to cater to branch staff who could not attend the physical event. A total of 150 staff took part in the hunt, with each team consisting of 3-4 participants. The 20 teams with the highest scores won 'treasures' worth over RM5,200.

In conjunction with the Golden Jubilee celebrations, a special town hall was held on 5 July 2022. During the event, Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer pledged CGC's commitment to embracing change and continuing to serve as Malaysian MSMEs' partner throughout their business life stages. CGC aims to make a difference and ensure that MSMEs carry on contributing strongly to the Malaysian economy. The commitment of CGC to serving Malaysian MSMEs will be sustained for many years to come.

On the same day as the special town hall event, Datuk Mohd Zamree gave an interview on ASTRO's Agenda Awani. He discussed CGC's development since its inception in 1972 and explained the Corporation's significant role in the MSME ecosystem, along with its products and services. At the same time, CGC's Golden Jubilee Print Ad Campaign was launched in The Star and Nanyang Siang Pau to announce the Corporation's 50th anniversary to the public. Additionally, CGC's Golden Jubilee Digital Ad Campaign went live on Star Online and e-Nanyang and featured on the respective portals until 18 July 2022. Lastly, Rayan, Era, Hitz, and Melody radio channels aired CGC's Golden Jubilee Radio Ad Campaign from 1 to 30 July 2022.

From the end of July until 17 August, a customised commemorative stamp and folder were distributed to CGC's shareholders, Asian Credit Supplementation Institution Confederation (ACSIC) members, and all staff. The stamp, produced by POS Malaysia, was printed at their facility in New Zealand. The folder featured the Golden Jubilee logo and a brief history of CGC's establishment in its design.

CGC staff were invited to participate in the CGC Turns 50! TikTok Challenge from 17 August to 31 October 2022. Participants were required to post videos of CGC's celebrations and activities on TikTok, including the #CGCTurns50 hashtag, and email the link to the Corporate Communications department. Three cash prizes were awarded to the participants with the highest engagement levels.

Dato' Mohammed Hussein and Datuk Mohd Zamree flagged off the Kembara Bersama CGC Treasure Hunt on 27 August 2022 at Bangunan CGC Kelana Jaya. The event, organised by CGC, saw 43 teams competing, including CGC staff, industry partners such as Association of Development Financial Institutions of Malaysia (ADFIM), Malaysian Industrial Development Finance Berhad (MIDF), Teraju Malaysia, Agensi Kaunseling & Pengurusan Kredit (AKPK), Celcom, Perbadanan Nasional Berhad (Pernas), and members of the media from Nanyang Siang Pau and Bernama.

CGC conducted a Golden Jubilee Roadshow from 6 to 8 September 2022, from 10.00 am to 4.00 pm at its 16 branches nationwide. The Roadshow was organised in appreciation of CGC's customers' support, enabling CGC to be their partner for MSME growth throughout their life stages. During the Roadshow, branch staff distributed canvas bags filled with gifts such as a Golden Jubilee notepad, car sunshade, and products from our MSME, Bertambest.

For the first time, on 22 December 2022, CGC posted an appreciation video from Datuk Mohd Zamree on social media platforms such as Facebook, Instagram and YouTube. The video was an expression of gratitude from the PCEO to stakeholders like MSMEs, media, partners, and shareholders for their support of CGC over the previous 50 years.

Additionally, CGC scheduled a Terima Kasih social media campaign from 28 December 2022 to 10 May 2023. The campaign featured 20 videos, with one video per week. Each video showcased an MSME customer from a particular state, trade chambers, and CGC's senior management expressing their appreciation.

On 29 December 2022, CGC updated the visuals at LRT CGC-Glenmarie station, featuring CGC's MSME customers throughout the country. This serves to showcase the diversity of gender, race, and businesses across Malaysia. The visuals were displayed as train wraps, 12 lightboxes, and at the station. This was the first time CGC had collaborated with local contemporary graffiti artist, Abdurashade, to create the visuals.

GLORIA LEGAL



“

With CGC’s help I could pay my overheads, cover my costs and now operate from a new office with two other staff.

”

Gloria Christine Linus

Kota Kinabalu, Sabah
Legal Firm

MANAGING RECOVERY

During the pandemic, Gloria Christine Linus faced the possibility of shutting down her legal firm due to court closures and dwindling client numbers. As a backup plan, she sold locally-sourced lipsticks. This went well for three months, but she had to abandon it due to a lack of background in beauty. Now her firm is bustling again, Gloria is back to doing what she does best and is considering opening another branch in Keningau, Tambunan, or Ranau.

Gloria founded her legal business in 2018 in Kota Kinabalu, specialising in debt recovery litigation to expand her advocacy skills and increase her earnings as a businesswoman. She is passionate about helping those who are not well-informed about the law, especially *orang kampung* with property or land disputes.

The pandemic presented challenges for Gloria, with legal services classified as non-essential, clients delaying cases, and payments being held over. Despite these challenges, Gloria did not want to give up on something she had worked so hard to build.

CGC’S COMMITMENT

Gloria faced loan rejections due to poor cashflow management, but CGC’s BizWanita-i financing in 2020 helped her keep her business afloat. She even had to pawn her jewellery to pay for a new office after the pandemic. In 2022, BizBina-i financing allowed her to expand, “With CGC’s help I could pay my overheads, cover my costs and now operate from a new office with two other staff.”

This was a change she welcomed, as previously she had to perform all tasks herself: receptionist, runner and lawyer. Attending CGC’s TikTok workshop was another turning point, as she learned to gain more clients through knowledge-sharing. Her business has improved, with more clients for recovering debt cases.

NURTURING RESILIENCE

“Learn about cashflow, accounting, and tax before starting a business. Don’t jump into the water without knowing how to swim. Even my Form B makes me ineligible for loans, according to most bankers.”

FURMILY ANIMAL MEDICAL CARE



Since 2021 our business has improved by at least 80%. I'm very grateful to CGC for helping me grow my dream.



Dr. Siti Hajar Abu Bakar

Jitra, Kedah
Animal Medical Centre

MANAGING RECOVERY

Two years after graduating, Dr Siti Hajar Abu Bakar set up her own veterinary clinic in Jitra, Kedah. With very few private vet clinics in the state and demand for veterinary services growing, she seized the opportunity to realise her dream to help animals. "I am in love with animals and knew by the age of seven that I wanted to be a vet."

With vets considered frontliners during the pandemic, Dr Siti had to manage her clinic with very few staff and insufficient medical supplies. She even had to resort to sending an open letter to the Health Ministry to ensure her staff were duly vaccinated.

Proud of her achievements so far, she is not only ensuring excellent facilities but also raising animal care awareness and education in her community. Dr Siti and her team are involved in an advocacy initiative in Langkawi, too - the Track, Neuter and Release (TNR) project.

CGC'S COMMITMENT

In 2020, two years after starting her clinic in an old building, Dr Siti wanted to upgrade her professional vet services. Despite many financial institutions rejecting the relocation plans, CGC enabled her BizWanita-i approval. A year later, Furmily Animal Medical Care moved into their centrally-located, 3-storey building with an almost complete range of facilities.

Together with six other doctors and 23 staff, she hopes to grow her business into a 24-hour hospital for pets. Among other amenities, services at the new medical centre range from ultrasound and surgery to grooming and a blood work lab. "Since 2021 our business has improved by at least 80%. I'm very grateful to CGC for helping me grow my dream."

NURTURING RESILIENCE

"People can do a job, but not everyone can talk to cats and dogs. Working with animals requires a certain kind of patience and our biggest challenge is hiring staff with the right attitude."

BUSINESS MODEL



FINANCIAL

Share Capital

To expand MSMEs' access to financing, our funds are mainly sourced from guarantee fees and other liability instruments, operations and equity. With these we manage our business, and finance our development and operating activities. The guarantee and financing/ loans base growth represents our broadened outreach activities, propelling our core business functions forward in enabling MSMEs to achieve their business goals.

RM1.8
billion



HUMAN

Total Number of Employees

Our employees enable us to achieve our goals. In return, we continue to enhance their capabilities, investing in their growth. In a conducive learning environment, we expand and prioritise their careers, nurturing them to pursue their personal goals. Our people constantly inspire us, as we jointly strive to achieve excellence in executing CGC strategies. Capitalising on opportunities, our people ensure that MSMEs have every possible recourse available to them, helping their businesses become more viable.

548
People

as of December
2022



SOCIAL AND RELATIONSHIPS

Our dedicated relationships with our stakeholders and relevant collaborative bodies are continuously strengthened to advance our social capital. In striving to create an enabling framework for our stakeholders, we incorporate their requirements into our business processes. Together we work towards fulfilling our commitments and building long-term value to achieve mutual progress. In an evolving ecosystem, we constantly seek to establish comparable strategic collaboration with new partners.



INTELLECTUAL

To remain relevant, concerned and competitive we determine that our intellectual capital is both elevated and informed of contemporary circumstances. Intellectual property includes patents, copyright, organisational structures and software, procedures and protocols. It also consists of intangibles linked to our brand and credibility. Cybersecurity risks and data protection issues are addressed using standards set by existing FI requirements. Faster approvals, enhanced customer service, efficient automation and inclusive initiatives are all part of CGC's constant progression.



**ENABLE OUR
BUSINESS
ACTIVITIES**



**DELIVER
FINANCIAL
OUTCOMES FOR
CGC**



**CREATE VALUE
FOR OUR
STAKEHOLDERS**

FINANCIAL

- Provision of guarantees to strengthen the credit profile of MSME financing with financial institutions, enabling MSMEs to achieve their business objectives.
- Offering contract financing to Bumiputera entrepreneurs.
- Effective fund management activities to meet targeted returns.

SUPPORTING

- Forging strategic alliances with relevant agencies and trade associations to reach out to more MSMEs.
- Provision of CGC Developmental Programme®, encompassing Financial Advisory and Non-Financial Advisory activities.
- Offering a one-stop centre and a seamless digital experience for MSMEs to source and compare financing products on imSME.

SUSTAINING

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

MANAGING RISK

- Enterprise-wide risk management that includes Credit Risk; Operational Risk; Strategy, Business and Financial Risk; Market Risk; Regulatory and Compliance Risk; IT Risk and Reputational Risk.

TOTAL INCOME

RM406.5
million

REVENUE

RM214.5
million

LIABILITIES

RM747.3
million

EQUITY

RM4.2
billion

TOTAL ASSETS

RM5.0
billion

NET PROFIT

RM60.1
million

EMPLOYEES

- Offered employment opportunities.
- Invested over RM800,000 in staff training and development in 2022.

REGULATORS

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

CUSTOMERS

- Made available to MSMEs over 522,000 guarantees and financing valued at over RM90.3 billion.
- Over 13,100 guarantees and financing approvals valued at RM3.5 billion for MSMEs in 2022.
- Enhanced imSME's service for MSMEs including faster, hassle-free guidance at their convenience and authorise channels to source their business financing needs.
- Benefited 70,000 MSMEs through our signature CGC Developmental Programme® since its inception in 2016.
- Made available, through our associate, Credit Bureau Malaysia, credit information and credit rating services to MSMEs to enhance their credibility and bankability to secure financing.

ECONOMIC REVIEW AND OUTLOOK



GLOBAL

REVIEW

The global economy continued to face steep challenges in 2022. In the midst of a sharp slowdown, growth was projected to be around 3%. Looming energy crisis in Europe, surging cost of living, tightening of global financial conditions and economic slowdown in China were all major factors driving the subdued global growth. The Russia-Ukraine conflict continues to cause gas prices to soar, triggering Europe's energy crisis. The Covid-19 pandemic lingered in China, resulting in repeated lockdowns in line with the country's strict policy. Persistently high, broader-based inflation prompted central banks around the world to hasten interest rate hikes. Economic uncertainty and risk increased, taking a toll on global growth prospects. Lifting of pandemic-related restrictions and continued rebalancing of demand toward the services sector, especially travel, drove up inflation.

Although consumer and business confidence had been dampened by persistent supply chain disruptions and rising input costs in the manufacturing sector, economic recovery brought resurgence in demand for labour in many sectors.

OUTLOOK

A grim outlook arose as crises facing development intensified, caused by the pandemic and the global financial crisis. In early 2023, the World Bank revised its global growth forecast downwards to 1.7% from 3.0% (June 2022). Many economists projected global growth between 2.0% and 2.7%. Risks to the outlook remain predominantly in the downside, including labour market tightness, possibility of higher inflation, tighter monetary policy, financial stress, rising geopolitical tensions and extreme weather conditions. After rising sharply over the previous two years, inflation in most of the world is slowing, driven mainly by falling energy and food prices. This is paving the way for reduced pace and intensity of interest rate hikes by the world's major central banks.

However, given continued underlying inflationary pressures in emerging and developing countries, monetary policy is likely to remain restrictive throughout most of 2023. This will act as a brake on economic activity and is likely to lead to increases in unemployment rates in various economies. A cost-of-living crisis, coupled with higher recession risk, will be the major concerns for businesses and consumers in 2023. Despite the gloomy global outlook, strong job market and the rebound of China's economy will provide uplift. Nevertheless, Covid-19 uncertainties, as well as other viruses hitherto held in check, could amplify supply-chain bottlenecks and waning demand issues.


DOMESTIC
REVIEW

Although Malaysia was affected by the global slowdown, the economy recorded an encouraging performance with GDP growth of 8.7% in 2022, with third-quarter economic growth expanding at its fastest pace in over a year. Despite the pandemic-induced economic shock, the local economy gathered momentum in 2022 as its growth rate in every quarter surpassed expectations. The first quarter of 2022 recorded a growth rate of 5.0% year-on-year (4Q2021: 3.6%) and the pace continued in the subsequent quarter and expanded by 8.9%. A remarkable 14.2% growth was achieved in the third quarter, but moderated to 7.0% in the final quarter of 2022. These high growth rates indicated that the economy was recovering from the pandemic after easing of restrictions in April 2022.

Even though the Russia-Ukraine conflict did not directly affect economic growth, it has nonetheless created a major obstacle to the recovery process, driving up global inflation, creating food and energy shortages. Prices of food, along with fertiliser and grain, rose, while global oil prices experienced some volatility, affecting transport costs. On the other hand, the economy was supported by recovery of private spending and investment, a decrease in unemployment and the strengthening of the ringgit. This also indicates the recovery of consumer, business and investor confidence in the economy. In addition to that, all economic sectors registered growth, especially the construction and services sectors with 10.1% and 8.9% growth in 4Q2022 respectively. This was due to continued recovery in tourism activities and continued progress of large infrastructure, commercial and industrial projects. Overall, the 2022 economic performance was encouraging because of the economy reopening, in line with the shift to a Covid-19 endemic phase.

OUTLOOK

The economy is expected to moderate in 2023 between 4.0% and 5.0%, driven by strong domestic demand supported by further improvement in the labour market, continued implementation of multi-year investment projects and recovery of tourism activity. However, the growth remains uncertain because of external factors where global economic slowdown and geopolitical conflicts could affect Malaysia's export and trade performance. Domestic concerns include elevated cost of living and input costs would impact spending by households and businesses.

Inflation is expected to moderate but remain at elevated levels amid lingering demand and cost pressures. It is estimated to range between 2.8% and 3.8%, assuming continued strength in domestic demand, labour market improvement as well as gradual subsidy rationalisation effort.

Physical and transition risks from climate change also pose a significant threat. This indicates the importance of climate adaptation and mitigation to overcome increasingly frequent extreme weather events imposing substantial costs, with droughts and floods damaging livelihoods and increasing food price volatility.



MSMEs

REVIEW

MSMEs are vital contributors to the overall economy. According to the Department of Statistics Malaysia (DOSM), as of 2021, 1,258,736 registered business establishments in Malaysia were MSMEs. MSMEs employed 7.32 million people in 2021, a 0.9% increase from 2020. This indicates a significant impact on MSMEs, attributed to the reopening of the economy as business momentum gathered and grew by 1.0%.

However, during the pandemic the muted growth trend was observed as MSMEs' GDP growth was lower than that of Malaysia and of non-SMEs, which grew by 3.1% and 4.4% respectively. The MSME sector registered a nominal GDP of RM572.6 billion in 2021, decreasing its contribution to Malaysia's GDP to 37.4% from 38.1%. The services and manufacturing sectors remained as the main contributors to MSMEs' GDP activity, with both sectors recording more than 80% of MSMEs' GDP. Rising costs of operations, raw materials, energy and logistics, as well as supply chain disruption, were among the factors contributing to slow growth. Businesses were not spared price hikes, especially in the construction and manufacturing industries, cutting into their profit margins. Labour productivity among MSMEs by economic sector showed that all sectors - except for construction - showed an increasing trend in 2021. In 2022, the country's MSME sector also faced external challenges. These included labour shortage, rising raw material costs, supply disruptions, difficulty in securing loans and higher borrowing costs. Besides this, many MSMEs were still operating under tight cashflow conditions, exacerbated by the long-drawn-out pandemic. To make things worse, MSMEs now face various headwinds such as the continuing war in Ukraine, lockdowns in China and rising global inflation.

OUTLOOK

Lockdowns and disrupted supply chains hit the world economy hard, with MSMEs suffering most, especially due to their limited cash flow and reliance on brick-and-mortar operations. Despite last year's economic recovery, several MSMEs are still badly affected and need support to bounce back and rebuild. More special allocations and incentives are allocated in the Revised Budget 2023 to ensure business continuity, as well as to help MSMEs spur the local economy. One key focus in the revised budget is MSMEs. MSMEs are encouraged to move towards automation and digitalisation. The 12th Malaysia Plan estimates the digital economy will grow to 25.5% of Malaysia's GDP by 2025. A recent World Bank study revealed that MSMEs had shown greater interest in adopting digital solutions to increase sales, with over 60% using digital marketing and online platforms.

Yet Malaysia is underperforming compared to other countries. This is because many MSMEs are still ill-equipped to transition towards digitalisation. MSMEs can enhance their digital capabilities by exploring opportunities through online platforms for greater reach, in addition to constantly reassessing their digital readiness and opportunities. Other than that, MSMEs are encouraged to embrace sustainability. Nevertheless, adopting digitalisation and practising sustainability are neither easy nor cheap. Most MSMEs are not prepared to adopt either of them, due to difficulties related to infrastructure and systems. Cost remains one of their top challenges.

5-YEAR STRATEGIC PLAN 2021-2025



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

OUR
STRATEGY

CGC's 5-Year Strategic Plan 2021-2025 was developed with an aspiration "To be the Partner for MSME Growth across Life Stages", supported by both our Vision and Mission statements. It is dedicated to promoting MSME growth and development, as well as enhancing their viability by providing them with products and services on competitive terms. "T.H.I.N.K" represents our core values - Teamwork, Hardworking, Integrity, Nurturing and Knowledgeable. These serve as a platform to express who we are, what we believe and how we relate to our stakeholders and with each other. In realising the Corporation's aspiration, three (3) Strategic Objectives (S.O.) have been identified:

S.O. #1

Partner MSMEs through life stages by providing E2E financial offerings.

S.O. #2

Drive MSMEs' excellence through targeted developmental support.

S.O. #3

Become a digitally savvy organisation to propel scale and speed of MSMEs' impact.

The year 2022 marked the second year of CGC'S 5-Year Strategic Plan 2021-2025 (5SP) on the way towards realising its aspiration to be the "Partner for MSME Growth across Life Stages". It has been a challenging year for CGC to navigate the path ahead in realising its aspiration, particularly with the digital initiatives. Nevertheless, positive developments are evident in delivery of the IT initiatives.

DIGITAL AND STRATEGIC INITIATIVES

Further advances have been made in the effort to enhance our partnerships with the ecosystem players to broaden CGC's guarantee schemes. Notable progress occurred in realising relationships with new partners, including alternative financiers and fintech players. Expanding partnerships to the broader ecosystems will not just further drive business growth, but will also support financing and non-financial assistance to MSMEs. The year 2023 will present new opportunities, as more partnerships with P2P and fintech players are expected. At the same time, engagement with digital banks will cover different life stages of MSMEs and offer new types of guarantees.

Looking ahead, efforts in upgrading direct financing operations will focus on the TPUB-i scheme. With regard to non-financial assistance, several digital training courses and workshops took place in 2022. These ranged from social media marketing to growing business through digital tools and effective copywriting to promote and support MSMEs' digital adoption.

The incorporation of CGC Digital Sdn Bhd will expedite digital transformation. On top of facilitating the delivery speed of digital initiatives, it will serve as the centre of digital innovation. The initiatives are being periodically updated to ensure relevance and effectiveness, whilst maintaining the essence of the 3 strategic objectives mentioned above.

IT INITIATIVES

Several successes were achieved in 2022 on IT Initiatives. These included completing Phase 2 of origination system enhancement, strategic review of the guarantee management system, and implementing the Application Programming Interface (API) Gateway. Robotic Process Automation (RPA) use cases also expanded from seven in 2021 to another 10 completed use cases in 2022. This includes automatic notifications to stakeholders and automation of reports. These achievements facilitate seamless communication and collaboration for future partnership, as well as ensuring greater efficiency and productivity in daily operations.

MERAKI MEDICARE (MALAYSIA)



“

With CGC’s BizMula-i financing, we were able to better manage our capital-intensive operations and credit limits.

”

Shofian Safee

Ipoh, Perak

Pharmaceutical and Medical Goods

MANAGING RECOVERY

Shofian Safee’s mother, a nurse who had worked abroad for 20 years, planned to set up a medical supplies business with her son, a physiotherapist, upon returning home to Malaysia. Shofian registered their business with the Medical Device Authority (MDA) before her return, just before the first national lockdown.

Starting a business during the pandemic was a necessity for Shofian, but it turned out to be a great learning experience, too. Meraki Medicare sold disposable medical supplies, mainly to private hospitals. Since demand was high, they even exported a container of medical gloves to Uzbekistan. They initially tried buying their own machinery, but the high costs prompted them to collaborate with an Original Equipment Manufacturer (OEM) in Ipoh to produce their own brand of hand sanitisers.

The key lesson that Shofian has learned so far is not to be lazy and wait for government grants. He believes that any gains from loans should be reinvested into the business and not spent on accumulating personal wealth.

CGC’S COMMITMENT

When Shofian and his mother started operating in 2021, they required working capital. “With CGC’s BizMula-i financing, we were able to better manage our capital-intensive operations and credit limits.” Despite just the two of them working hard, their business is thriving and growing. They have established reliable contacts in the United Kingdom and the Middle East and are planning to expand overseas.

“We strive to educate our customers on the importance of using quality products, as we need to take care of our patients and our Malaysian people.” Shofian spends considerable time educating end-users about the quality of their products, which are sourced from reliable suppliers. He emphasises that their products are superior to cheaper options from China. Moreover, he collaborates with local manufacturers in Perak and Negeri Sembilan to ensure that 95% of their products are locally sourced.

NURTURING RESILIENCE

“We need to constantly convince our end-users why they need to choose our local products. At the end of the day, my goal is to help our local people and local manufacturers.”

BEGINS ACOUSTIC



“

During the pandemic, I secured my second financing, BizBina-i, to stock up on inventory, offer a wider range of products. Brought in new brands, and became a dealer.

”

Kenix Chua Chui Yin

Kuala Lumpur, Wilayah Persekutuan
Acoustic Treatment Services

MANAGING RECOVERY

As an audio engineering student, Kenix Chua set up her own studio at home with acoustic panels to record her assignments. When she posted her results online, she received many enquiries. That was when, eight years ago, she set up her business. Her team of five, including herself, provide consultation and installation services for studio acoustic treatment, as well as supplying sound-proofing materials. They customise solutions for residences and commercial properties to balance acoustics and interior design.

Keeping prices competitive is a key concern for Kenix, along with ensuring the quality of the products she imports. Before 2020, Kenix often flew to China to consult with her trusted factory, where they customise products according to her requirements. Hers is a niche business, and she is one of the very few women in the industry, with a lot of repeat customers and word-of-mouth referrals. From day one she has always done the marketing herself, consistently on social media.

CGC'S COMMITMENT

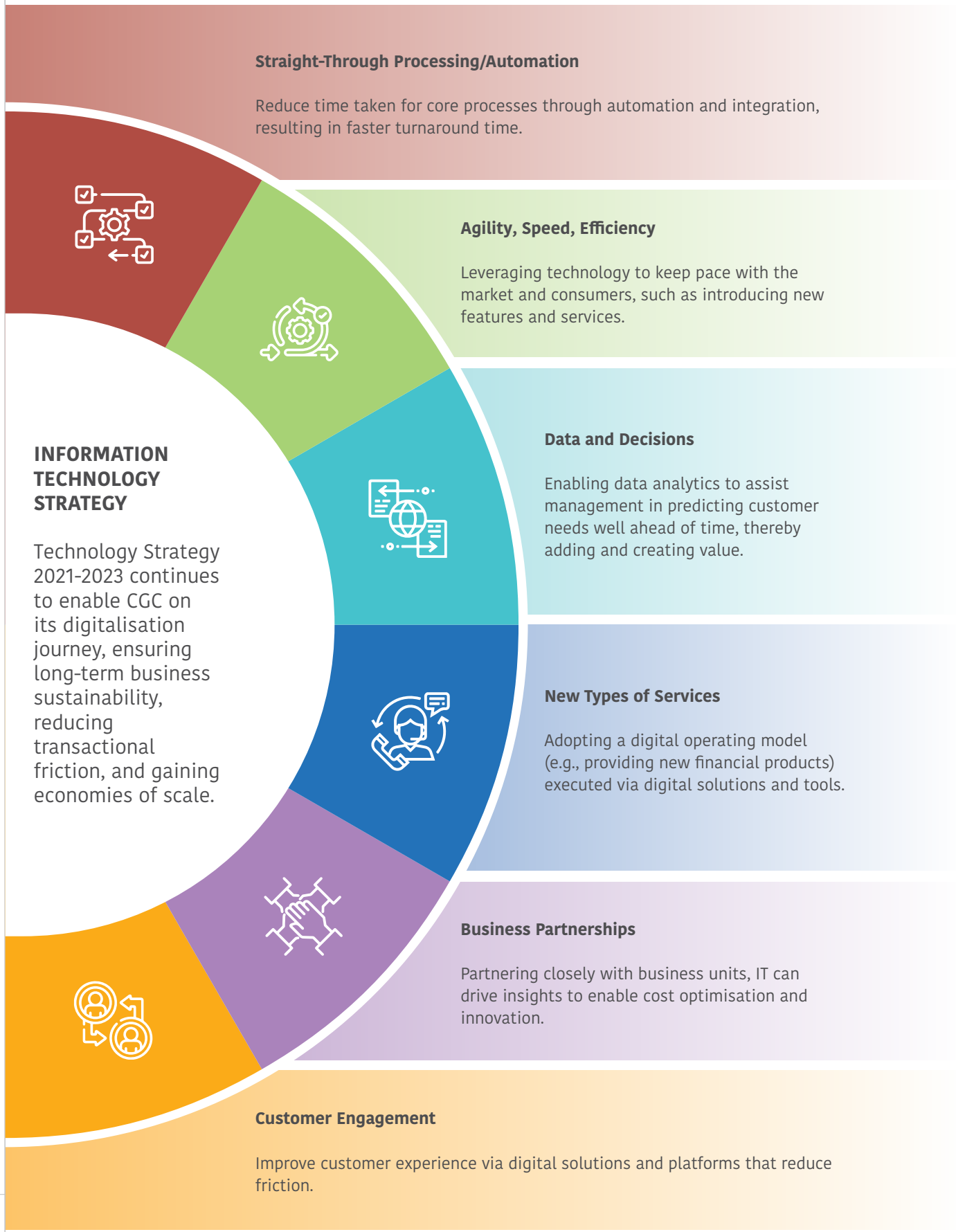
Kenix first applied for CGC's BizWanita-i in 2019, on her brother's recommendation to expand her business. With rising demand for home sound systems and noise reduction during Zoom meetings, she saw an opportunity to grow her business through acoustic treatment. "During the pandemic, I secured my second financing, BizBina-i, to stock up on inventory, offer a wider range of products. Brought in new brands, and became a dealer." In fact, Kenix now provides a one-stop solution for customers looking to set up an acoustic system from scratch, including those with no prior knowledge. Her business has thrived during lockdowns as people upgraded their home entertainment equipment. That was when demand rose for quality home sound systems and reduced noise and interference during Zoom meetings. Despite operating from her showroom again, the business remains available online and continues to thrive.

NURTURING RESILIENCE

"My passion for what I do gives me the resilience to pull through the ups and downs of running my business. I remain committed to educating my customers, opting to share knowledge when a majority of people remain focused on price."

INFORMATION TECHNOLOGY

OUR
STRATEGY



INFORMATION TECHNOLOGY STRATEGY

Technology Strategy 2021-2023 continues to enable CGC on its digitalisation journey, ensuring long-term business sustainability, reducing transactional friction, and gaining economies of scale.

Straight-Through Processing/Automation

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

Agility, Speed, Efficiency

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

Data and Decisions

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

New Types of Services

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

Business Partnerships

Partnering closely with business units, IT can drive insights to enable cost optimisation and innovation.

Customer Engagement

Improve customer experience via digital solutions and platforms that reduce friction.

PERFORMANCE SCORECARD



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

OUR
STRATEGY

2022 HEADLINE TARGETS

GUARANTEE & FINANCING BASE (RM billion)*



Mid-Year Target: 23.9

Actual: 21.9

NUMBER OF MSMEs ASSISTED



Target: 67,543

Actual: 65,056

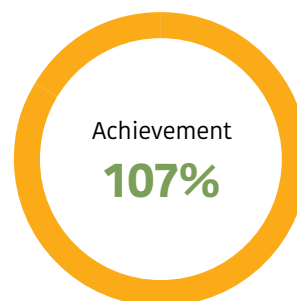
GUARANTEE RESERVE RATIO (TIMES)



Target: 1.7

Actual: 1.7

COST-TO-INCOME RATIO (%)



Target: 43.8

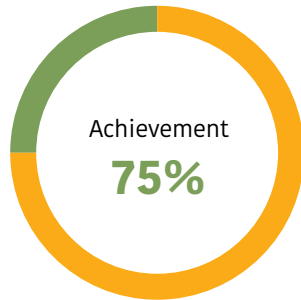
Actual: 41.1

* Guarantee & Financing base is inclusive of Government-Backed Schemes.

PERFORMANCE SCORECARD

2022 MSME OUTREACH

NUMBER OF GUARANTEE & FINANCING APPROVALS



Target: 17,500

Actual: 13,159

VALUE OF GUARANTEE & FINANCING APPROVALS (RM billion)



Target: 4.9

Actual: 3.5

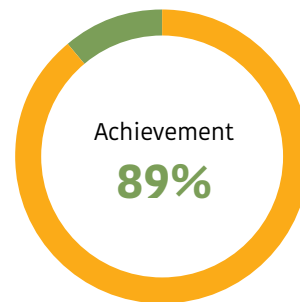
NUMBER OF BUMIPUTERA GUARANTEE & FINANCING APPROVALS



Target: 4,300

Actual: 4,195

VALUE OF BUMIPUTERA GUARANTEE & FINANCING APPROVALS (RM million)



Target: 950.0

Actual: 846.5

2022 EFFICIENCY CHARTER

FINANCING/LOANS PROCESSING FOR PORTFOLIO GUARANTEE



Target:
95% within 1 day

Actual:
99% within 1 day

CLAIM PAYMENT



Target:
95% within 5 days

Actual:
97% within 5 days

2023 HEADLINE TARGETS

GUARANTEE & FINANCING BASE (RM billion)

24.7

NUMBER OF MSMEs ASSISTED

73,000

GUARANTEE RESERVE RATIO (TIMES)*

1.7

COST-TO-INCOME RATIO (%)

36.0%

* Guarantee Reserve Ratio is calculated by excluding Special Purpose Reserve.

2023 MSME OUTREACH

NUMBER OF GUARANTEE &
FINANCING APPROVALS

11,617

VALUE OF GUARANTEE & FINANCING APPROVALS
(RM billion)

4.1

NUMBER OF BUMIPUTERA GUARANTEE &
FINANCING APPROVALS

3,414

VALUE OF BUMIPUTERA GUARANTEE & FINANCING
APPROVALS (RM million)

938.4

2023 EFFICIENCY CHARTER

FINANCING/LOANS PROCESSING
FOR PORTFOLIO GUARANTEE

95%
within 1 day

CLAIM PAYMENT

95%
within 5 days

JABA HOLDING



Financial institutions like CGC are essential for struggling small businesses, as they provide much-needed support. More financial institutions should focus on helping small businesses instead of focussing purely on profits.



Jaafar Awang

Bandar Melaka, Melaka
Building & Construction

MANAGING RECOVERY

Jaafar Awang has been in the building & construction business for the last 30 years. He began as a 'Lone Ranger', but has grown his business to include five office staff and 25 at his sites. Jaafar has always enjoyed his work and, even during the pandemic, tried to maintain a positive attitude. When his business was suffering, he didn't let the downturn percentages and challenges burden him. Instead, he went with the flow, following government guidelines and staying home during the MCOs.

Last year, Jaba Holding continued to face various setbacks. Payments from clients were slow, and the economy was underperforming. However, Jaafar was lucky that his suppliers were considerate. In the end, he asserts, adaptability and understanding of the situation helped him overcome the challenges. In addition, he was grateful for the relationships that he had built over the years. He is thankful, too, that all his workers are Malaysians, so any labour shortages have not affected his business.

CGC'S COMMITMENT

With cash flow a major problem in the last two years, Jaafar turned to CGC to keep his business afloat. The TPUB-i and BizMula-i proved to be a lifeline for Jaba Holding, enabling him to use the financing to keep his operations running. "Financial institutions like CGC are essential for struggling small businesses, as they provide much-needed support. More financial institutions should focus on helping small businesses instead of focussing purely on profits."

Jaafar believes that self-belief and confidence are the cornerstones of starting and growing a business. Furthermore, the value of trust cannot be undermined, as it is the foundation of any business in building a reputation among clients and suppliers. "Running a business takes a lot of effort, and there are no shortcuts to success. With enough capital, the right attitude and support, anyone can start and grow a successful business."

NURTURING RESILIENCE

"Listening to their requirements will earn us the trust of both suppliers and customers, so that we can deliver on our promises. If we can't deliver, we have to tell them why, without just disappearing."

CANTEEN LAB



The BizMula-i financing I received in 2022 helped with my cash flow, as we expanded the business. We purchased more raw material and had cash in hand for contingency plans.



Low Weng Shen

Subang Jaya, Selangor

Food & Beverage and Manufacturing

MANAGING RECOVERY

Kantin Lab's unique chip flavours, including Sambal Pedas Salted Egg and Malaysia's first Nasi Lemak chip, aim to recreate the affordable, nostalgic taste of school canteen chips. Co-founders Low Weng Shen and three friends formulated their first prototype in 2019, using household microwaves. They then priced them strategically lower than prevailing market prices.

The Mass Communications graduate's six years of experience at Mamee Double Decker provided valuable knowledge to help launch the business. As Low says, it also took courage and a deep understanding of the market. He enjoys accumulating knowledge and connections through his work. Yet the real satisfaction is their customers' enjoyment and craving for their products. This drives them to keep pushing forward. Pandemic-related setbacks Low now sees as a blessing in disguise. Although Canteen Lab was unable to expand to as many new accounts as they had planned, they were fortunate to have few fixed expenses at the time.

CGC'S COMMITMENT

However, supplying their products on time was a challenge due to their aggressive expansion last year. They secured seven new key accounts, including AEON and 7-11, with over 2,400 outlets. As a result, their production capacity was stretched to its limits, making it difficult to keep up with demand. Additionally, they faced cashflow issues because they had to purchase raw materials on shorter terms from suppliers while offering their retail partners longer payment terms.

CGC has been very helpful and supportive to MSMEs like theirs, helping them through the pandemic period. Low observes: "The BizMula-i financing I received in 2022 helped with my cash flow, as we expanded the business. We purchased more raw material and had cash in hand for contingency plans." In the coming years, Low and his partners plan to expand their business by moving to a larger production facility, launching new flavours and product categories, and exporting overseas.

NURTURING RESILIENCE

"Last year, we struggled with managing our cashflow while trying to grow the business. As the founder, I even had to forgo my salary at times. However, to reduce expenses, I stayed home more. The result: I lost a significant amount of unnecessary weight."

RISKS AND MITIGATIONS

KEY RISKS	KEY MITIGATIONS
<p>BUSINESS RISK</p> <p>The risk of inability to meet the target or achieve the set financial goals.</p>	<ul style="list-style-type: none"> • The Board reviews and approves the Risk Appetite Statement on an annual basis. This outlines the amount and type of risks to which CGC is exposed, and is willing to take, in order to meet its strategic objectives. • Annual material risk assessment is carried out to determine relevance and materiality of each risk type to CGC’s business. • Capital stress testing is performed in line with CGC’s Capital Adequacy Framework based on BNM’s ICAAP guidelines. This ensures that the operation is within an appropriate capital level. • The Approving Authority Matrix (AAM) ensures that all transactions are authorised in accordance with: <ul style="list-style-type: none"> - Sound risk management practices. - Proper control procedures that include effective oversight of activities and transactions. • Risk-based pricing is adopted to ensure the rate is reasonable and not excessive according to the estimate of the expected value of all future costs associated with the risk profile.
<p>CREDIT RISK</p> <p>The risk of loss arising due to the inability or failure of a borrower or counterparty in meeting their obligations.</p> <p>The key objective of credit risk management is to monitor and maintain credit risk exposure within acceptable parameters. Inherent credit risk is managed at both portfolio and individual credit levels.</p>	<ul style="list-style-type: none"> • Credit risk policies are put in place, ensuring that best practices in credit risk management are upheld. This is in line with the developmental role of the Corporation. This covers end-to-end credit processes, including credit assessment, approval, monitoring, review, concentration risk, exceptional and problem credit, and write-offs. • Establishment of Group Exposure & Single Counterparty Exposure Limit is to enhance monitoring and tracking of total exposure granted to a particular group or single customer. • Timely review of Internal Risk Rating Model (IRRM) and scorecards improves overall onboarding and behaviour monitoring of viable businesses. • Thresholds are set for larger MSMEs under the Single Counterparty Exposure Limit as a monitoring tool and control measure for larger MSMEs. • Monitoring and managing Capital Adequacy Ratio (CAR) is within acceptable ranges. • Monitoring and managing Concentration Risks is within acceptable levels. • Monitoring the performance of existing products takes place on a timely and regular basis. • Reporting Risk items to Management and Board takes place on a timely and regular basis.

KEY RISKS	KEY MITIGATIONS
<p>MARKET RISK</p> <p>The risk exposure of earnings or net worth arising from changes in market factors (e.g., interest rates, foreign exchange rates and indices) which would affect income, expense and balance sheet values.</p>	<ul style="list-style-type: none"> • Monitoring and independent review of prescribed risk limits and risk levels is within the agreed risk tolerance. • Advisory is provided to Board and Management on market risk management strategies, risk control, asset liability management strategies and limiting exposure levels. • Information regarding market risk impacts on investment exposure (by product) is given to Board and Management for the purpose of providing direction to Management. • Mark-to-market analysis of exposure, market risk measurement analysis, sensitivity analysis and stress test are carried out. • Foreign Exchange risk exposure management via hedging tools.
<p>LIQUIDITY RISK</p> <p>Liquidity risk arises from the difference in timing between cash inflows and outflows.</p>	<ul style="list-style-type: none"> • Monitor and control liquidity risk exposure and required funding to ensure financial obligations can be met at all times and within the acceptable risk tolerance of Risk Appetite Statement (RAS). • Maintain adequate liquidity, in terms of amount and quality, to meet expected cash outflows. • Perform analysis on Static Liquidity Gap and Dynamic Liquidity Gap on a regular basis. • Asset-Liability Management Committee (ALCO) is responsible for ensuring adequate liquidity and overseeing management of assets and liabilities.
<p>OPERATIONAL RISK</p> <p>The risk of direct or indirect loss from inadequate or failed internal processes, people and systems, or from external events.</p>	<ul style="list-style-type: none"> • Continuously strengthen operational risk management approach through development of Operational Risk Management Policy, defining a minimum standard and processes for managing operational risk and internal controls. • Identify and assess inherent operational risk within all business lines, leveraging risk management tools to assess materiality of inherent risks. • Assess capital stress testing in line with CGC's Capital Adequacy Framework. This ensures the operation is within an appropriate capital level. • Set up appropriate mitigation controls relative to the inherent operational risk and assess the design and effectiveness of these controls. • Assess risk and control self-assessment to form a comprehensive business lines operational risk profile. Integrate this into an overall process. • Develop key risk indicators at multiple levels throughout the Corporation to monitor key risk areas and escalate triggers at relevant committee for breaches of thresholds. • Collect and analyse information relating to all internal operational risk events, including losses. • Continuously make operational risk awareness and educational programmes available at all levels.

RISKS AND MITIGATIONS

KEY RISKS	KEY MITIGATIONS
<p>BUSINESS CONTINUITY RISK</p> <p>This is a risk of inability to respond to incidents and business disruptions, to resume or recover business operations at an acceptable pre-defined level.</p>	<ul style="list-style-type: none"> • Establish Business Continuity and Crisis Management Programme through: <ul style="list-style-type: none"> - Identification and categorisation of criticality of business functions, vulnerabilities and disruptive impact. - Guiding principles and good practice for crisis management to plan, implement, establish, operate, monitor, review, maintain and continually improve a crisis management capability to ensure least possible impact on the Corporation's services and public image during and after emergency/incident/crisis situations. - Threshold setting for activation of disaster recovery and business continuity plans. - Customised business continuity and crisis management training for all employees, in accordance with specific roles. Perform review of training needs to ensure its applicability. - Periodic testing of incident response and business recovery plans. • Enhance existing business continuity plans to respond to Covid-19 pandemic: <ul style="list-style-type: none"> - Reassessment of business impact analysis for impacted operations and revision of existing business continuity plan. - Activation of split workforce operations and Work From Home arrangements. - Activation of Emergency Contact Centre. - Activation of Crisis Command Centre. - Changes to existing processes and operations to suit remote working environment. • Develop a Crisis Management and Communication Plan to coordinate, implement and manage the communication process and overall coordination of the Corporation's response to a crisis, in an effective, timely manner, with the goal of avoiding or minimising damage to the Corporation's profitability, reputation, or ability to operate. • Document escalation process of incidents and procedures for disaster declaration, while addressing the immediate reaction and response to an emergency or incident situation and its focus to protect human life and key assets of the Corporation.

KEY RISKS	KEY MITIGATIONS
<p>INFORMATION TECHNOLOGY RISK</p> <p>This is a breach of IT security (external and internal) resulting in financial loss, disruption, or damage to the reputation of an organisation due to inability to effectively operate the systems.</p>	<ul style="list-style-type: none"> • Develop Technology and Cyber Risk Management Framework and Policy to improve cyber resilience and cybersecurity capabilities. This includes, among other things, threat detection and analysis, access control, data protection, network controls, back-up, response and recovery, cyber security operations and awareness. • Advise on projects to ensure critical issues and associated risks that may have material impact are adequately deliberated on, addressed, and mitigated respectively. • Engage Security Operations Centre to provide 24/7 cybersecurity operations and monitoring services, continuously detect and block suspicious attempts to breach the system in an effort to prevent, detect, and respond to potential threats to the cyber environment. These include enhancing controls to protect against advanced malware, distributed denial of service attacks and data leakage. • Perform due diligence review on the third-party cloud service provider’s capabilities, system infrastructure and security prior to any cloud services engagement to ensure all risks associated with the adoption of cloud services have been adequately considered and addressed. • Continuously promote and enhance cybersecurity hygiene through conduct of internal cyber awareness programme and education for all employees of CGC.
<p>COMPLIANCE RISK</p> <p>The risk of legal or regulatory sanctions, financial loss or reputational damage as a result of failure to comply with legal and regulatory requirements applicable to an organisation’s activities.</p>	<ul style="list-style-type: none"> • Develop compliance risk appetite that articulates the nature, type and level of compliance risks that CGC is willing to tolerate. • Implement comprehensive compliance policies which include Anti-Money Laundering and Counter-Financing of Terrorism, Personal Data Protection Act and Anti-Bribery and Corruption (ABC). • Ensure timely escalation in respect of breaches or emerging compliance risk through periodic reporting to Risk Management Committee and Board Risk Management Committee. • Perform annual risk assessment on key areas, including money laundering/financing terrorism and ABC. • Maintain continuous effort to enhance compliance culture through conduct of mandatory and customised compliance training programmes for all employees of CGC, as well as Board and Senior Management.

PERFORMANCE BY DIVISIONS

According to the World Bank, 2022 was a year of great uncertainty, marked by a post-pandemic recovery and a wartime economy that fundamentally changed the global economic narrative. This year saw significant shifts in the global economic landscape, with many changes taking place in an already unsettled world. Despite moderate global growth, Malaysia performed remarkably well, with an impressive 8.7% increase in 2022, the highest growth rate over two decades.

In spite of experiencing a slight improvement, MSMEs faced significant difficulties in sustaining their businesses due to several challenges. Rising costs of operations, raw materials and energy, coupled with continuous supply chain disruptions and surging living costs, severely impacted MSMEs' expected growth. These factors considerably hampered their ability to operate efficiently and compete effectively in the market. Consequently, MSMEs faced a challenging business environment, dampening their potential for growth and success.

To aid businesses in restarting and rebuilding, CGC collaborated with financial institution partners and reduced their direct financing schemes. Instead, we focused on improving our guarantee schemes and providing financial and non-financial support to strengthen their developmental role. The growth of our guarantee portfolio, increasing from RM20.9 billion in 2021 to RM21.9 billion in 2022, further reflects our dedication to our mission to support MSMEs. Additionally, we emphasised the importance of enhancing MSMEs' knowledge and encouraging innovative collaborations, along with embracing ESG principles. In response to the changing needs of MSMEs, we also reviewed and enhanced our operational readiness and efficiency in 2022.

Looking ahead to 2023, the economic outlook remains highly unpredictable, beset with the same challenges as in 2022. However, building resilience and enhancing sustainability can help MSMEs thrive in the face of economic uncertainty. It is also crucial for ensuring long-term economic performance. According to the BNM Annual Report 2022, most economic sectors are projected to expand at a more moderate pace. Growth is expected to be driven by continued expansion in consumer and tourism-related subsectors. Meanwhile, export-oriented subsectors are expected to moderate, in line with slower global growth. As we move forward, fostering a culture of innovation and collaboration will be essential to drive sustainable growth and promote economic prosperity for all.



BUSINESS



CGC's Business Division is unwavering in its commitment to its mission. We have been actively partnering with FIs and DFIs to extend our financing guarantees to better serve Malaysian MSMEs. As part of our ongoing efforts and commitment to MSMEs, we provide guarantee offerings and strive to expedite guarantee application turn-around-time (TAT). This includes flexible Portfolio Guarantee (PG) schemes which guarantee a hybrid of term financing and working capital lines targeting specific business segments of the financial institution market.

During the year, CGC successfully rolled out the Application Programming Interface (API) for financial institutions to benefit from real-time approval of cases under PG. CGC has been seeing encouraging participation rate from FIs and DFIs and the next phase of API will include piecemeal guarantee.

Incorporating these new, innovative, inventive products and services equips CGC better in meeting MSMEs' diverse needs. Now viable enterprises that lack a track record and capital can be served by financial and non-financial institutions against our guarantees.

CGC has been at the forefront of start-up financing since it introduced the BizMula-i scheme in 2014 and the BizWanita-i scheme in 2015. These early initiatives have effectively demonstrated the viability of start-up financing, thus catalysing market players to also participate in this field. Through these efforts, by 2022, CGC had provided guarantee

coverage of up to RM330 million in start-up financing. The Business Division is committed to continuing this tradition of catalytic innovation, along with support for greater financial inclusion via our CGC Developmental Programme initiatives.

As a result of this focus and to stay true to its core business, CGC decided to shift its emphasis from direct financing to providing guarantees for start-up financing. This transition necessitates reimagining the role of its branch channel, with renewed focus on selling guarantee products while maintaining support across deserving MSMEs segments. Our 16 CGC branches located nationwide offer contract financing options through the Tabung Projek Usahawan Bumiputera-i (TPUB-i) to support wholly-owned Bumiputera companies.

In line with its focus on promoting sustainable practices, CGC is one of the two guarantors for Bank Negara Malaysia's (BNM) Low Carbon Transition Facilities and the Business Recapitalisation Facility. These support MSMEs in transitioning to more environmentally-friendly business operations and in having alternative business re-capitalisation options. CGC is proud to play a role in helping promote greener, sustainable industries while also supporting MSMEs' growth and success.

Our Business Division remains dedicated to partnering with MSMEs and our stakeholders such as business partners, FIs, DFIs and P2P in supporting and expanding Malaysian MSMEs and their businesses.

GUARANTEE BUSINESS

The guarantee schemes that CGC offers to Financial Institutions (FIs), Development Financial Institution (DFIs) and non-traditional financiers significantly reduce credit risk associated with MSME financing. During the year, the Corporation expanded its coverage to include new market segments serviced by FIs and DFIs. CGC will continue to focus on expanding its outreach to non-traditional and digital banks in future. This is in order to provide more MSMEs with access to financing options, with reduced risk.

For FY ending December 2022, the overall guarantee and financing base took a natural dip compared to the previous year, as CGC was at the tail end of supporting BNM's pandemic-related schemes, i.e., the Targeted Relief and Recovery Facility (TRRF) and Disaster Relief Facility. This therefore lowered the outreach achievement to 13,159 accounts (NoA), accounting for RM3,549.37 million (2021: 21,736 NoA and RM6,078.01 million).

1. PORTFOLIO GUARANTEE (PG) AND WHOLESALE GUARANTEE (WG)

PG and WG have long been the biggest contributors to CGC's guarantee business and this remained so for 2022. During the year, a total of 19 PG tranches totalling RM2.13 billion (excluding TRRF PGs) were launched from 12 FIs, namely Maybank Islamic Berhad, CIMB Islamic Bank Berhad, OCBC Bank (Malaysia) Berhad, Alliance Islamic Bank Berhad, Alliance Bank Malaysia Berhad, Malayan Banking Berhad, RHB Bank Berhad, OCBC Al-Amin Bank Berhad, Bank Kerjasama Rakyat Malaysia Berhad (Bank Rakyat), Affin Islamic Bank Berhad, Hong Leong Bank Berhad, and Affin Bank Berhad.

Meanwhile, only six PG TRRF tranches of RM740 million were launched in 2022 by four FIs, namely CIMB Islamic Bank Berhad, RHB Bank, RHB Islamic Bank Berhad, and Alliance Bank Malaysia Berhad (2021: 34 TRRF PG Tranches of RM2.8 billion).

The Corporation launched the 1st PG-i with a combination of the Cash Line-i/Term Financing with CIMB Islamic Bank Berhad and Overdraft/Term Loan with RHB Bank Berhad. With these unique facility structures, the FI is able to be more competitive in the market and expand outreach to MSMEs.

2. NEW PG STRUCTURES

The Business Division continues to pave the way with new PG structures to cater to the market's unique needs. Also notable were FIs that are embarking on online applications and approvals. During the year, the following new PG structures were launched:-

- a) PG Start-Up with Affin Bank Berhad
 - Affin Bank Berhad launched the first PG Start-Up of RM20 million under the Conventional tranche.
 - This was initiated after the Bank had successfully launched three RM65 million tranches of PG-i Start-Up under Affin Islamic Bank Berhad.
 - This PG tranche is another milestone in reaching out to viable start-up MSMEs operating for less than three years.
- b) PG-i Flexi with CIMB Islamic Bank Berhad
 - The first PG-i Flexi with CIMB Islamic Bank Berhad, it combines two facility types - Term Financing and Cash Line-i - under one tranche.
 - This tranche gives flexibility to MSMEs to suit their working capital requirement effectively.
- c) PG ODTL with RHB Bank Berhad
 - This is the first PG Overdraft/Term Loan tranche with RHB Bank Berhad. The PG combines an Overdraft and a Term Loan facility.
 - This PG will keep RHB Bank competitive in the market and could attract more SMEs for the financing package.
- d) PG-i SME Online with Malayan Banking Berhad and Maybank Islamic Berhad
 - This PG is a continuation tranche of the existing online-based platform facility, launched in 2020.

- Nevertheless, PG SME Online remains one of the preferred financing facilities. MSMEs enjoy the flexibility to apply for it through the Bank's online platform with fast approval and cost-effective paperless submission.

3. PIECEMEAL GUARANTEE UNDER BIZJAMIN PRODUCT FAMILY

Piecemeal guarantee under BizJamin, BizJamin-i and BizJamin Bumi scheme approvals with partner banks rose from 312 applications valued at RM178.57 million in 2021 to 400 applications valued at RM216.37 million in 2022. Demand exists for guarantees not catered for under PG, usually for larger guarantee amounts which fall into this segment.

4. BRANCH CHANNEL

Branch continued to sell direct financing products up to September 2022, except for the continuation of TPUB-i. It ended the year with a total financing base of RM175 million (2021: RM210 million) and outreach of 1,323 NoA (2021: 1,854). This is still a commendable performance, given that it covers only nine months.

5. BUMIPUTERA AGENDA

The Bumiputera target was set at 4,300 NoA and RM950 million for 2022. The Business Division achieved 4,195 NoA with approval value of RM846.64 million for the year, with achievement of 98% and 89% against target respectively.

The TPUB-i scheme will continue to be the Branch channel's main thrust. For 2022, it achieved 95 NoA with approval value of RM80.92 million, slightly lower than 2021 with NoA of 108 and approval value of RM112.6 million. Business Division took a different approach in supporting smaller Bumiputera contractors by adopting Fast Track Processing, enabling faster turnaround time for identified contractors against selected contract awardees, on top of catering for bilateral relationships.

CGC DEVELOPMENTAL PROGRAMME®

2022 Highlights *from 2016 to 2022

MSMEs Assisted through Financial Advisory

61,522

MSMEs Assisted through Non-Financial Advisory

8,510

MSMEs Overall Satisfaction

98%

Latest Partnerships



CGC DEVELOPMENTAL PROGRAMME® PRESENCE ACROSS MSMEs' BUSINESS JOURNEY

One common challenge that many MSMEs face is obtaining proper financing to expand their business ventures. Furthermore, some may lack the necessary knowledge or financial literacy to explore new opportunities in new markets. MSMEs also have difficulties in remaining viable and sustainable. To develop and expand existing MSME capabilities, the CGC Developmental Programme® was introduced.

The CGC Developmental Programme® is a comprehensive programme for MSMEs that provides Financial Advisory and Non-Financial Advisory. The assistance ranges from enabling access to financing, especially for those with no collateral, right up to finding access to new markets for their products and services. With 70,032 MSMEs reached as of December 2022, it has progressively grown since its inception in 2016.

ADVISORY SERVICES

FINANCIAL & NON-FINANCIAL ADVISORY

Financial Advisory

- Review unsuccessful application
- Provide financial advisory
- Recommend alternative financing
- Improve eligibility for financing

Advisory Workshops

- Digital Marketing
- Branding
- Business Expansion
- Financial Literacy

Access New Markets

- Local Market
- International Market
- e-Commerce

CGC DEVELOPMENTAL PROGRAMME® CUSTOMERS' FEEDBACK

“Thank you for sharing the useful knowledge. It has been very helpful and has given me the confidence to apply for financing.”

Ahmad Turmuzi Shafie,
AHMAD TURMUZI TRADING
Kelantan

“Dengan menyertai CGC Developmental Programme® jualan saya bertambah melalui platform Grab”

Leow Cheah Hooi,
TLE TRADING SDN BHD
Sarawak

“Saya dapat belajar ilmu Digital Marketing tanpa sebarang kos.”

Herman Sinawan,
MAHARDIKA ENTERPRISE
Kuala Lumpur

“Guidance and assistance from the Financial Advisory Team really helped me to apply for suitable financing for my business. Thank you for the guidance.”

V.G.Aloysius A/L Vincent Gomez
AV VOLTZ ELECTRIC SDN BHD
Negeri Sembilan

Together with the main CGC Developmental Programme® agenda of assisting MSMEs on their entrepreneurial journeys, the collaboration with Financial Education Networks (FEN) aligns with the National Strategy of Financial Literacy 2019-2023, mainly to improve the financial well-being of Malaysians.

The collaborative partnership has offered more opportunities for the CGC Developmental Programme® to leverage MSMEs' developmental agenda with other FEN partners. This initiative also strengthens the CGC Developmental Programme® as one of the MSME capacity-building agencies in the industry.

IMPROVING YOUR FINANCING ELIGIBILITY WITH FINANCIAL LITERACY

FINANCIAL ADVISORY

The Financial Advisory Team (FA Team) assists MSMEs who are unable to obtain financing channelled from imSME or Khidmat Nasihat Pembiayaan (MyKNP). The FA Team conducts a comprehensive review of unsuccessful applications, identifying gaps and providing MSMEs with one-to-one advisory as well as coaching. This is to improve their financial literacy and strengthen their eligibility for future financing. The FA Team's main objective is to help those MSMEs facing difficulties to become more financially literate. These difficulties or challenges are due to lack of financial records (bank statements or profit-and-loss statements) and weak financial literacy. Furthermore, MSMEs with no collateral or those with poor credit track records may find it taxing to secure business financing.



The FA Team is committed to delivering its best in assisting MSMEs to obtain financing.



The objective of the FA Team is to increase the number of MSMEs' obtaining financing/loan.

Improve eligibility for financing

Provide business coaching by referring MSMEs to capacity-building agencies for related training programmes that will help strengthen their business plans or rectify any shortfalls.

Recommend alternative financing

Recommend alternative financiers that are able to provide alternate financing to MSMEs such as:

- Peer-to-Peer (P2P) Financing
- Equity Crowdfunding
- Other Government Agencies

Review unsuccessful applications

Identify the gaps and provide MSMEs the reasons for their failure to obtain financing.

Provide financial advisory

Provide coaching to MSMEs for maintaining good financial and repayment track record.



2022 ACCOMPLISHMENTS

Performance of FA Team (9 February 2018 - 31 December 2022)

	MSMEs
Advisory provided	61,522
Successfully referred to FIs/DFIs/P2P/CBA	23,880
Successfully obtained financing	1,656

Performance of MyKNP (22 August 2019 - 31 December 2022)

	MSMEs
Total enquiries received	2,828
Number of financial advisory provided (for enquiries on secured and unsecured financing)	2,709
Successfully obtained financing	202

Since FA Team's inception in February 2018, it has assisted more than 61,000 MSMEs, with 23,880 cases successfully referred to FIs/DFIs/P2P/CBA. In addition, more than 1,600 MSMEs have been approved for financing, referred from the imSME and MyKNP portals. The MSMEs' progress is consistently tracked, and the FA Team constantly looks forward to assisting them on their entrepreneurial journeys.

On top of the one-to-one advisory, since March 2021 the FA Team has been organising Financial Advisory workshops to promote financial literacy and financial management education to MSMEs via webinars. The objective of these workshops is to prepare MSMEs and improve their knowledge so as to sustain and grow their businesses toward obtaining future financing. The FA workshop topics include cash flow budgeting, debt management control, taxation, and tips for maintaining proper financial records, as well as the importance of maintaining good repayment conduct. As of December 2022, a total of 646 MSMEs had participated in the Financial Advisory workshops. More than 98% of the participants gave the workshops positive feedback.

In May 2022, the FA Team initiated an MoU between CGC and Agensi Kaunseling dan Pengurusan Kredit (AKPK), agreeing on a collaboration to elevate MSMEs' and individuals' financial literacy, promoting responsible behaviour and rational attitudes. This collaboration is in line with BNM's vision of the National Strategy Financial Education Network (FEN), which aims to improve Malaysians' financial well-being. FEN is an inter-agency grouping co-chaired by BNM and Securities Commission Malaysia, with AKPK as one of its founding members. The National Strategy sets out priorities and actionable plans to equip Malaysians with the knowledge to make informed financial decisions and nurture healthy attitudes in financial management. The CGC-AKPK partnership aligns with FEN's common objective to provide financial education to MSMEs and individuals, ensuring higher awareness of the importance of financial literacy.

PERFORMANCE BY DIVISIONS

This partnership will enable CGC to refer its MSME customers to AKPK's e-learning courses, workshops and webinars on topics related to financial literacy and financial management. In addition, CGC will refer these MSME customers to AKPK for debt management initiatives. CGC has already referred more than 300 MSMEs of our direct financing applicants to attend AKPK's e-learning course, Bijak Wang Bijak Niaga. This is part of the advisory services under the CGC Developmental Programme® that provides hand-holding initiatives to MSMEs from the start of their journey with CGC all the way until they enter new markets.

Vice versa, AKPK's customers interested in MSME financing will be able to leverage the imSME portal. This gives them access to financing opportunities from CGC, as well as from other FIs, DFIs, and alternative financiers. They can also participate in the CGC Developmental Programme®, a two-pronged programme providing interested participants with advisory services for Access to Financing and Access to Market.

This win-win collaboration will help promote financial literacy. Furthermore, it will address FEN's vital agenda of helping Malaysians improve their financial well-being and build a strong foundation for the nation's financial future.



MoU signing ceremony between CGC and AKPK on 31 May 2022.



Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, and Azaddin Ngah Tasir, AKPK CEO, at the signing ceremony.



Management representatives from CGC and AKPK.

GAINING BUSINESS KNOWLEDGE WITH ADVISORY WORKSHOPS

ADVISORY WORKSHOPS

Opportunity for MSMEs to Strengthen Their Business Skills through:

Digital Marketing

Marketing component using the Internet and online-based digital technologies to reach new customers and generate sales via digital platforms.

Branding

Process of establishing and growing a business to create a unique business identity in the marketplace and improve sustainable value.

Business Expansion

A stage where MSMEs seek additional options to generate more profit by improving products or services with well-planned business strategies.

Financial Literacy

Possession of the set of skills and knowledge that allows MSMEs to make informed and effective decisions with all of their financial resources via budgeting, investing, borrowing, taxation, personal financial management and access to financing.

The year 2022 significantly impacted the Malaysian economy, especially MSME businesses, due to Covid-19. Many MSMEs faced losses in revenue and negative impact on business operations. The CGC Developmental Programme® continued to equip our customers with the right knowledge, skills, and effective ways to manage and sustain their businesses through Advisory Workshops, despite post-pandemic challenges.

Advisory Workshops are knowledge-sharing sessions led by subject-matter experts on the most recent information and business trends. MSMEs gain knowledge and hands-on experience in digital marketing, business expansion, and branding. This programme aims to expand and enhance MSMEs' knowledge to help them manage their businesses.

The Advisory Workshops cover four main topics: Digital Marketing, Branding, Business Expansion, and Financial Literacy. Among the sub-topics covered are: TikTok for Business, Designing Attractive Images with Canva, Get to Know Halal, as well as Financial & Debt Management. In 2022, 29 Advisory Workshops were conducted with an average of two sessions per month. These were attended by 1,641 participants. Overall, participants found the Advisory Workshops helpful for their businesses.

An Advisory Workshop was conducted on 22 September 2022, at Level 7, CGC Headquarters, attended by 60 MSMEs, including partners from Jocom, foodpanda and Touch 'n Go. This was the first physical workshop after almost two years of conducting them online due to the pandemic. MSMEs who attended the session were satisfied with the programme agenda and the direct interaction with invited speakers and other participants.

2022 ACCOMPLISHMENTS

Advisory Workshops (FY2016 - FY2022)

1. Advisory Workshops	112
2. MSMEs	8,906
3. Frequency	Average twice a month
4. Feedback	98% of MSMEs found Advisory Workshops helpful

***Financial Advisory Workshops started from 2021**

YOUR BUSINESS GROWTH IS OUR SUCCESS

ACCESS NEW MARKETS

The CGC Developmental Programme® aspires to have a line-up of MSMEs entering the local arena, as well as going global and expanding into the e-commerce marketplace.

MSMEs will be guided with suitable intervention programmes to ensure their success. In adapting to new norms and an endemic era where business can be conducted online, MSMEs must get used to running their businesses on an online platform. Hence, CGC Developmental Programme® provides opportunities to access new markets on e-commerce platforms/in online marketplaces such as foodpanda and Touch 'n Go.

In line with the new norm, Access New Markets briefings were conducted online, equipping MSMEs with necessary knowledge and guidance prior to onboarding the platforms.



Access New Markets (FY2016 - FY2022)

Local Market Access	
• MSMEs	169
International Market Access	
• MSMEs	81

As of 31 December 2022, 250 MSMEs had successfully accessed new markets, of which 163 had completed 24 months of tracking, with 99.5% of them still in business:

- 15% of MSMEs experienced increase in sales only
- 17% of MSMEs experienced increase in sales and number of employees
- 68% of MSMEs kept status quo

AWARDS & CERTIFICATION

In 2022, the first batch of MSMEs who were onboarded on Access New Markets and had successfully completed 24 months' tracking received a Certificate of Completion. Additionally, the top performer will be recognised for their outstanding performance in the CGC Developmental Programme® Award.

CGC DEVELOPMENTAL PROGRAMME® AWARD

Is awarded to the top performer with the highest sales growth within 24 months' programme tracking. The CGC Developmental Programme® Award is also part of the annual FI/DFI & SME Awards event.

CERTIFICATE OF COMPLETION

The first batch of 18 MSMEs who successfully completed 24 months of tracking received the Certificate of Completion as a recognition of their performance and determination to further expand and sustain the business. Of these, 56% of them recorded sales growth from the day they were onboarded in 2019 on Access New Markets, with the highest sales growth recorded at 223%.

Additionally, the top performer will be recognised for their outstanding performance and will receive the CGC Developmental Programme® Award in FI/DFI & SME Awards 2022.

Certificates were presented in March 2023 to the MSMEs from 9 states (Selangor, Negeri Sembilan, Melaka, Johor, Kedah, Pulau Pinang, Perak, Kelantan, and Sabah).

Shah Alam, Selangor



GK Ingredients (M) Sdn Bhd

Subang Jaya, Selangor



RK Mubaraka Sdn Bhd

Muar, Johor



The Foodie Hub Sdn Bhd

Kota Bharu, Kelantan



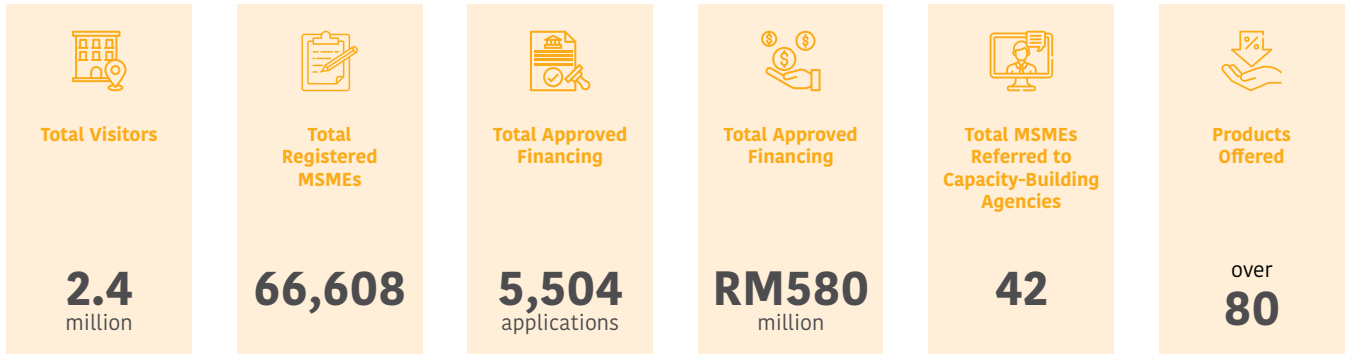
Wau Tradisi Enterprise

PERFORMANCE BY DIVISIONS

PERFORMANCE
BY DIVISIONS

DRIVING CGC FINTECH INITIATIVE VIA imSME

imSME continued its progress in 2022 in driving financial inclusion for MSMEs in Malaysia by offering financing referral services. imSME offers an array of financing products catering for working capital, contract financing and invoice financing needs. Partners and technology remain the main drivers in providing the digitalisation experience to MSMEs when they look for access to business financing via imSME.



Performance as of 31 December 2022

DELIVERING SUPERIOR CUSTOMER EXPERIENCE

The Client Service Centre (CSC) assists CGC in providing excellent customer service experience through timely and accurate response to received enquiries. Alternatives and solutions to customer issues are also made available. Its initial objective was to be a one-stop communication centre via various channels for CGC's customers to obtain information about products and services.

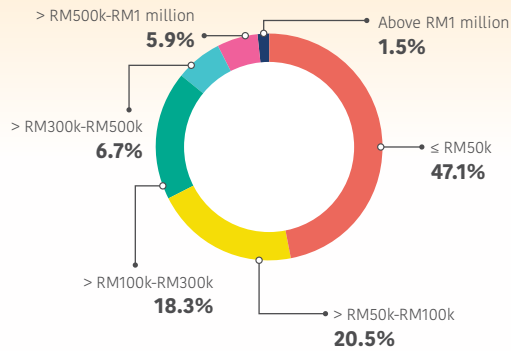
(a) imSME Performance



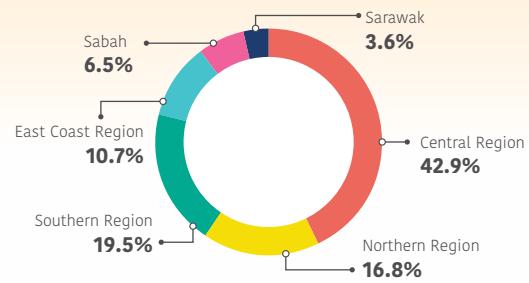
(b) imsME Customer Profile

Information is computed based on the cumulative number of applications from December 2017 to December 2021.

FINANCING AMOUNT

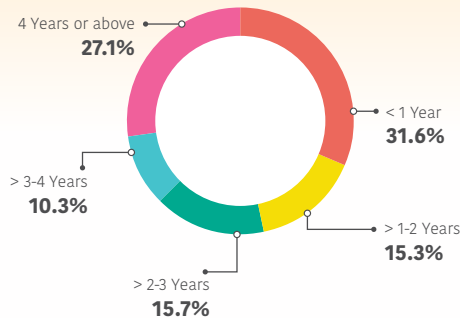


GEOGRAPHICAL

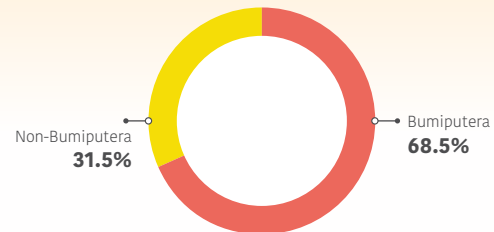


Central: Selangor, Kuala Lumpur and Putrajaya
Northern: Perlis, Perak, P. Pinang and Kedah
Southern: Negeri Sembilan, Melaka and Johor
East Coast: Kelantan, Terengganu and Pahang

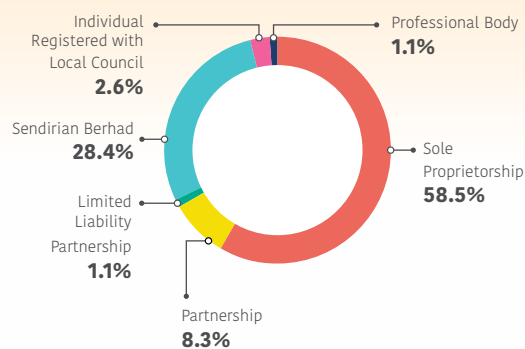
YEARS IN OPERATION



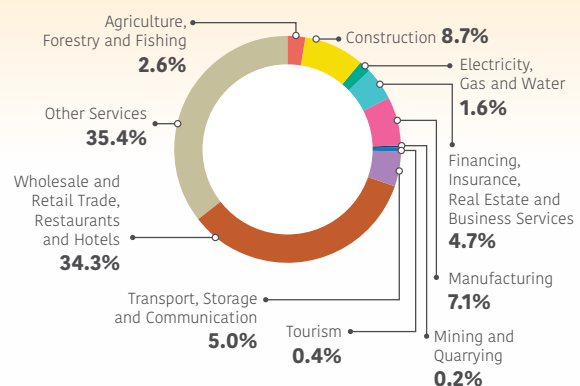
BUMI STATUS



BUSINESS CONSTITUTION



BUSINESS SECTOR





INVESTMENT



Staying true to the investment mandate, this department manages the investment portfolio with the primary objective of preserving long-term capital value of the investment fund, while achieving consistent, growing investment income streams. A complete set of Sustainable and Responsible Investment (SRI) targets has also been added to the investment mandate since early 2022. More importantly, the investment portfolio and risk management have always been stringently governed and guided by a complete set of Investment Policies and Guidelines that the department maintains and regularly updates.

2022 ACCOMPLISHMENTS

- Managed portfolio more actively to balance investment opportunities against risks in rising interest rate environment.
- Enhanced credit risk management process with addition of Internal Credit Scoring system.
- Started constructing investment portfolio that will align with SRI targets outlined under SRI Guidelines.

STRATEGIC MANAGEMENT



This sub-division supports the Board and Management’s strategic vision in developing long-term strategic plans, as well as Annual Corporate and Divisional Scorecards for timely performance analysis. Research and analysis are also provided to assist the Board and Management on business decisions and strategic partnerships. On CGC Enterprise Data, areas such as Enterprise Business Data Drivers, Business Data Driven for Decision Making, Enterprise Data Warehouse (EDW), Data Governance, and Data Stewardship are also part of Strategic Management’s domain. Other related data initiatives and functions include providing key analytics decisions for stakeholders in CGC Developmental Support and streamlining the CGC Developmental Programme® at HQ, branches and for Bumiputera MSMEs. Product and service innovation in line with long-term strategic business plans is also developed in addition to promoting disruptive innovation in the current environment.

2022 ACCOMPLISHMENTS

- Reviewed and reprioritised the short-term business plan during the mid-year review and the new high-level direction of 5-Year Strategic Plan 2021-2025.
- Conducted strategic analysis on the subsidiarisation of imSME and partnership with technological companies.
- Coordinated the strategic review on the Direct Financing business.
- Developed the Sustainability Framework to drive CGC’s Sustainability journey and ensures that CGC’s Sustainability efforts are aligned to overall business objectives.
- Developed Stakeholder and Management Dashboard via Data Warehouse.
- Worked and support enterprise-wide stakeholders in CGC to define and improve current process i.e., New Product Group Structure, Database Naming Conventions and Data Quality.
- Developed and introduced 3 new micro financing products; BizMikro-i Start-up with HRD Corp, BizMikro-i Gig Workers with MDEC and BizMikro-i for OKU.
- Conducted a performance review and analysis on BizMikro-i Pilot and psychometric assessment for Boards’ deliberation and information.

HUMAN CAPITAL & ADMINISTRATION (HCA)

Creates effective strategies for managing human resources by recognising the obstacles and possibilities in both the present and future business environments. HCA initiates and implements people solutions by leveraging interventions via diverse Human Capital functions. These are organisational development, manpower planning, talent acquisition, performance management, compensation and benefits, organisational learning & development (including succession planning), employee engagement and industrial relations. The HCA function also includes activities pertaining to Facilities & Administration Services, providing support to internal and external stakeholders. HCA continues to identify challenges and opportunities in current and future operating landscapes in further developing human capital strategies.

2022 ACCOMPLISHMENTS

- Continued to drive the people agenda via Human Capital 5-Year Strategic Plan and supporting implementation of CGC's 5-Year Strategic Plan.
- Carried out talent acquisition and retention of employees with relevant skills, and invested in identified employees' talent development.
- In support of CGC's Digital Transformation, HCA completed the HR system migration to the SAP SuccessFactors to drive process efficiency and manpower optimisation Corporation-wide, enabling focus on driving CGC's future talent development.
- In line with CGC's Digital agenda, identified more process improvement within HR system to drive process efficiency in our talent development journey.
- Enhanced Human Capital Policy to ensure complete coverage of the Employee Life Cycle. Also, obtained approval to implement new strategic Human Capital frameworks i.e., Leadership Development Journey, Succession Planning Framework and revision of the Performance Management Framework.
- Identified areas to enhance in Human Capital Policy, to ensure continuous improvement in delivery of employee-related services.
- Continued efforts to refine and reshape divisional structures in order to support the execution of effective business strategies and initiatives.
- Rolled out various learning initiatives to enhance staff capabilities in various areas:
 - Compliance and Governance: Personal Data Protection Act (PDPA), Anti-Bribery and Corruption Awareness (ABC), Operational Risk Management (ORM) and IT Risk and Cybersecurity.
 - Mandatory Leadership Competencies e-learning Modules for all CGC staff, covering eight (8) areas of core competencies mapped against the result of 360 Assessment.
 - Reskilling and upskilling knowledge regarding system utilisation of SAP HANA, involving more than 100 staff from various departments.

- To ensure sustainability, productivity and business continuity as we transitioned to endemic phase, continued to promote a hybrid work environment, allowing teams to be split between the office and home, while leveraging online engagement platforms for seamless interactions. COVID treatment (hospitalisation) remains part of medical benefits.
- Re-ignited Annual Dinner 2022, the much-awaited employee engagement of the year with theme “Let’s Party in the 70s”. During the dinner event, celebrated

83 employees who received their 10-, 15-, 20-, 25- and 35-year Long Service Awards respectively, with a key highlight for one staff member who has served CGC for 40 years.

- Provided financial aid to employees affected by the December 2022 flood disaster.
- Revived the employee engagement strategy, resulting in an overall improvement in the Employee Engagement Survey (EES) results. The Engagement Index increased by 13%, from 60% in 2021 to 73% in 2022.

CORPORATE COMMUNICATIONS



Corporate Communications at CGC is built on six essential pillars - branding, public relations and media, event management, social and digital media management, corporate social responsibility (CSR), and creative management. Each pillar is crucial to promoting CGC as the growth impetus for MSMEs.

Effective branding and advertising campaigns are essential to building awareness and establishing CGC’s presence among MSMEs and the public. Internal and external communications are key to keeping stakeholders informed of CGC’s strategies, initiatives, and developments. Furthermore, corporate and business events provide a platform for strengthening relationships and associations with stakeholders.

CGC also engages with MSMEs, sharing their growth stories and remarkable journeys on social and digital media platforms to inspire and encourage other entrepreneurs. A mutually beneficial relationship with the media has also helped to create credible and positive engagement. Overall, CGC’s reputation and presence are built via effective collaboration and engagement with other stakeholders and partners.

One of the essential pillars of Corporate Communications is CSR, which focuses on ensuring continuous reach to the unserved and underserved communities. CSR initiatives and collaborations are thoughtfully chosen for maximum long-lasting benefit to recipients. At the same time, they demonstrate CGC’s commitment to giving back to marginalised communities.

2022 ACCOMPLISHMENTS

- Organised 27th FI/DFI & SME Awards 2021 at Shangri-la Hotel, graced by Minister of Finance YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, and attended by representatives from leading financial institutions, development financial institutions, and award-winning CGC MSMEs.
- Launched CGC100: A Youth Entrepreneurship Programme, sponsored by CGC, in collaboration with PINTAR Foundation and supported by the Ministry of Education. The programme focuses on developing enterprise-minded youth with new skills (up-skilling), extending existing youth skills (re-skilling), and intersecting with other skills (cross-skilling).
- Coordinated CGC's hybrid 49th Annual General Meeting.
- Organised CGC's 50th Anniversary celebration and Special Town Hall for staff on 5 July 2022.
- Held Memorandum of Understanding (MoU) Signing Ceremony for Golden Eagle Awards (GEA) 2022.
- Jointly organised signing ceremony with AKPK to elevate Malaysian MSMEs' financial literacy and improve their financial well-being.
- Executed the CGC 2022 Corporate Roadmap, consisting of corporate and festive advertisements in print, on radio and on digital platforms.
- Participated in Golden Eagle Awards 2022 by Nanyang Siang Pau as co-sponsor to support MSMEs who survived and succeeded during the pandemic.
- Teamed up for signing ceremony at Menara Affin, TRX, with Affin Bank for launch of AFFIN ASPIRA to support Malaysian start-ups.
- Garnered over 390 media news coverage items via television, radio channels, newspapers, and online publications with ROI of RM6.9 million.
- Increased CGC presence and awareness on social media. Currently we have over 45,200 Facebook followers with over 50.1 million reach, and 3,700 Instagram followers. Gained almost 10 million reach in 2022.
- Enhanced CGC's brand awareness through corporate sponsorship, rising to become main sponsor of The Star Outstanding Business Awards (SOBA) for second consecutive year.
- Featured 24 MSME customer testimonials on CGC social media platforms, garnering 4.67 million in unique reach and 24 million impressions from postings.
- Collaborated with Marketing Access team and conducted 'PMKS CGC Bersama Grab' social media campaign, featuring videos of CGC customers' pivotal experiences.
- Successfully organised 4 hybrid town-hall sessions, attended by CGC staff nationwide.
- Celebrated spirit of Ramadan with 'Mangkuk Tingkat Ramadan' for CGC staff nationwide, during Work-From-Home period.
- Completed 24 CSR initiatives benefitting over 2,300 Malaysians, mainly from B40 category.
- Collaborated with National Disaster Management Agency (NADMA), Malaysian Relief Agency (MRA), MERCY Malaysia and other key NGOs on relief programmes.
- Collaborated with local graffiti artist Abdul Rasheed on new visuals for CGC-Glenmarie LRT Station and Train Wrap.
- Completed over 384 in-house material for CGC, saving over RM550,000 in branding expenditure.



CREDIT & OPERATIONS

**LOAN MONITORING & REHABILITATION**

Analyses, proposes and implements efficient and effective monitoring and rehabilitation of CGC-approved financing and guarantee portfolios and ensures allocated provisions are within the set threshold.

2022 ACCOMPLISHMENTS

- Assistance to impacted MSMEs continued in 2022 via rescheduling and restructuring (R&R), as well as repayment assistance. This also included reduction of monthly repayment amounts to Direct Financing customers who are still facing cashflow problems post-pandemic.
- A total of 4,243 accounts valued at RM1.4 billion under Guarantee schemes continued to benefit from R&R assistance. Under Direct Financing, 201 accounts valued at RM13.88 million were granted reduction in monthly repayment amounts.

BILLING MANAGEMENT

Manages overall billing and collection for both Portfolio Guarantee (PG) and Non-Portfolio Guarantee (Non-PG) schemes, as well as Refund of Guarantee Fee (Non-PG only). Issues Letter of Guarantee (LG), Termination/Reinstatement of Guarantee Cover and Interest/Profit Reimbursement.

2022 ACCOMPLISHMENTS

- Refund of unutilised guarantee fee continues to further comfort and support MSMEs impacted financially by the pandemic. For 2022, a total of 6,123 accounts valued at RM2.92 million were refunded to customers, compared to a total of 3,147 accounts valued at RM1.54 million refunded in 2021.

SUBROGATION & RECOVERY

Maximises recovery and collection from Full Risk, Shared Risk and Financing Recalled Accounts.

2022 ACCOMPLISHMENTS

- Exceeded overall recovery targets based on recovery efforts, follow-ups on repayment/settlement proposals, consistent monitoring of repayment schedules and regular meetings with FIs.
- Maintained achievement under ISO 9001:2015 Quality Management Framework, with a threshold turnaround time of 95% for all Quality Objectives within the department.
- Provided continuous customised assistance to customers in revising, reviewing and rescheduling pandemic-affected MSMEs' repayment/settlement plans.
- Provided moratorium and rescheduling assistance to customers via AKPK/SERAP. A total of 21 accounts (19 accounts, at RM4.00 million of outstanding balance under Shared Risk and two (2) accounts at RM0.21 million of outstanding balance under Full Risk) were approved with moratorium plus rescheduling of payments.
- Withheld legal action for those under AKPK/SERAP, with minimum payment accepted to allow customers breathing space.

CLAIMS

Processes and pays claims on defaulted loans lodged by FIs in accordance with claims procedures and policies within five (5) working days.

2022 ACCOMPLISHMENTS

- Maintained achievement under ISO 9001:2015 Quality Management System framework, of which threshold turnaround time was 95% for all Quality Objectives in the department.

CREDIT

Approve MSMEs' financing and guarantee applications with a view to assist and meet MSMEs' financing requirement whilst protecting CGC's interest by complying with CGC's credit policies and guidelines.

Enhance credit processes, procedures, guidelines and systems to achieve excellent customer experience by improving approval rates, process efficiency and turnaround time.

Provide continuous credit coaching, training, and advice to all in the credit ecosystem to improve credit underwriting skills and the asset quality of the Corporation.

2022 ACCOMPLISHMENTS

- Completed and formalised Retail Credit Guideline, Commercial Credit Guideline, and Guarantee Credit Guideline as a complete guide to onboarding/managing of customers of business, credit and operations divisions.
- Initiated Robotic Process Automation to cater to Variation Request for faster credit review and decision.
- Initiated the 1st PG/WG Underwriting Review to improve overall quality of PG/WG tranches.
- Continued to be a one-stop centre of excellence for CGC's credit family via continuous sharing of credit knowledge.
- Achieved best result in Employee Engagement Survey arising from conducive working environment through continuous staff engagement, enablement, and empowerment.



FINANCE

FINANCE



Finance acts as an enterprise-wide business partner by performing advisory roles in financial-related matters. In addition, Finance safeguards CGC's interests by advising the Board and management on strategic financial matters.

Finance prepares Audited Financial Statements in accordance with financial reporting standards and other finance-related regulatory requirements. It also coordinates budget preparations with key stakeholders and monitors utilisation to ensure effective use and alignment with the target set. Along with that, Finance enforces cost control by inculcating strong financial discipline and a cost-conscious culture, and acts as the final checker/reviewer for payments and income received from customers.

Furthermore, Finance plans, manages and monitors day-to-day cash inflows and outflows to ensure effective cash management and maximise returns on operational funds. It also plans and monitors timely receipts of receivables and credit terms for payables. Moreover, timely disbursements are made to customers for financing/loans and claims to ensure good customer experiences.

2022 ACCOMPLISHMENTS

- Successfully retained tax exemption status for the Company from the Year of Assessment of 2022 until 2024. This accelerates CGC's efforts in further achieving the mandate to serve the underserved segments.
- Anchored the financial modelling for Special Relief Schemes for subsequent relief measures launched by Bank Negara Malaysia in 2022 (LCTF, HTG, HPTNIF and BRF).
- Uphold the United Nations Sustainable Development Goals (SDG) pillars by providing scholarships to underprivileged students (B40) to pursue professional certification aiming to break the vicious cycle of poverty and provide quality education.
- Provided corporate finance and tax-related advisory to facilitate CGC Digital Sdn Bhd in achieving optimal financial structure from CGC Group's perspective.
- Concluded the corporate liquidation exercise involving Aureos CGC Sdn Bhd (an associate).
- Perform dynamic pivoting on the formulation of Expected Credit Losses (ECL) Management Overlay Methodology to ensure robust and adequate provision post Covid-19.
- Spearheaded the financial advisory and modelling involving direct financing such as analysis of product profitability, Effective Profit Rate (EPR) improvement and application of Ibra'. This assisted the Management and Board in making strategic decision whilst ensuring alignment with Malaysian Financial Reporting Standards (MFRS).
- Reviewed assets and liabilities legacy issues which led to a net write-back of approximately RM13.0 million.
- Resolved legacy issues in relation to reserves which resulted in consolidation of Skim Perbankan Islam (SPI) and Special Programme Reserve in Special Reserve for effective utilisation.
- Strengthened the critical accounting policy and framework to improve enterprise-wide process and internal control (i.e. MFRS 9 Policy, Fixed Asset Write-Off Policy and Special Purpose Reserve Account Utilisation Framework).
- Automated repetitive tasks and reports such as bank reconciliation process and PG Income estimation to improve operational efficiency and staff productivity.
- Automated and streamlined the deferred guarantee fees reporting from Cash Before Guarantee Cover (CBGC) and SAP via the Intelligent Reporting Integrated System (IRIS) to improve process efficiency.
- Cultivated a cost-conscious culture through the adoption of proactive cost analysis, challenge exercise and effective budget monitoring.
- Optimised Cash Operational Fund (COF), via effective monitoring of cash flow projection.
- Improved operational finance processes for critical payment, which led to 98.36% turnaround time compliance.
- Value enabler via enterprise-wide collaboration for product/initiatives launches and operationalisation.

PROCUREMENT

Procurement facilitates acquisition and sourcing of goods and services in a cost-effective manner. Procurement advises and guides CGC staff in sourcing goods and services, in accordance with the right processes and procedures. In addition, it safeguards CGC's interests by ensuring that processes are aligned with the best practices and sound governance.

2022 ACCOMPLISHMENTS

- Achieved cost savings and cost avoidances of approximately RM3.3 million and RM3.0 million, respectively.
- Accomplished above 95% turnaround time for Purchase Order (PO) creation.
- Improved variation order process for better efficiency and controls.



INFORMATION TECHNOLOGY



Manages and develops an overall robust, secure, and agile IT environment for CGC, providing digital solutions and tools to enable the Corporation to achieve the desired outcomes.

2022 ACCOMPLISHMENTS

- Strengthened cybersecurity of the overall technology infrastructure and environment to provide safe and secure digital services to internal and external users.
- Continued to provide technical support for the Government's Targeted Relief and Recovery Facility (TRRF) as well as for financing moratorium.
- Further enhanced inhouse digital applications to better support the guarantee and direct financing business.



INTERNAL AUDIT

PERFORMANCE
BY DIVISIONS

The Internal Audit Division's (IAD) key responsibility is to assess the adequacy and effectiveness of CGC Group's governance, risk management and internal control processes in meeting its strategic objectives. In assessing these, IAD adopted the Committee of Sponsoring Organizations of the Treadway Commission's (COSO) Integrated Internal Control Framework and the Control Objectives for Information and Related Technologies (COBIT) Framework. Both COSO and COBIT are internationally recognised frameworks which provide valuable guidance and insights on internal control, enterprise risk management and fraud prevention.

2022 ACCOMPLISHMENTS

- Successfully executed its activities in accordance with the approved Audit Plan.
- Actively monitored and followed up on the implementation of audit recommendations. The status of the implementation was presented in the Board Audit Committee (BAC) and Audit & Compliance Committee (ACC) meetings.
- Reached a significant milestone in its digital/technology transformation journey. IAD developed thirty-two (32) audit bots using Robotic Process Automation software. These bots enhance the efficiency and effectiveness of the audit process.
- To enhance the skills and competencies of the Internal Auditors, IAD performed the following initiatives:
 - The Internal Auditors conducted 95 knowledge-sharing sessions within the division in 2022, focussing on the latest audit professional practices and technical matters.
 - Encouraged staff to obtain relevant certifications. In 2022, 12 internal auditors passed various stages/levels of the relevant professionals certifications, such as certifications in data analytics.



RISK MANAGEMENT



Responsible for developing, implementing and managing an effective risk and compliance management framework for CGC.

2022 ACCOMPLISHMENTS

- Strengthened risk and compliance monitoring through focused reviews and assessment of key metrics, risk areas or “hot spots” to identify any gaps or emerging risk and implement measures to prevent recurrence.
- Made continuous effort to build a culture of compliance with employees and the Board through tailored training programmes, mandatory e-learning and compliance alerts, as well as quizzes.
- Enhancement of internal policies and framework to ensure that all risk- and compliance-related processes, procedures and controls remain relevant and effective in line with the latest regulatory expectations.



CGC DIGITAL SDN BHD (CGC DIGITAL)



CGC Digital is a wholly-owned subsidiary of CGC and was incorporated on 5 July 2022 in conjunction with CGC's 50th Anniversary. As a data and technology company, CGC Digital harnesses the power of digital platforms and solutions to spearhead innovations that could empower MSMEs' growth in Malaysia.

2022 ACCOMPLISHMENTS

- Developed a comprehensive strategy to place MSMEs' needs at the centre of all its initiatives.
- Outlined a business plan to help MSMEs access digital guarantee and financing, as well as to scale up their businesses in the digital ecosystem.

AYZN HOSPITALITY (RICHIAMO COFFEE)



“

Other financial institutions require at least two years of business experience, so it's great that CGC has faith in us. The officer is very supportive, quickly takes action, and I'm happy that she has my back.

”

Puteri Nadzrul Faizur
Sungai Besar, Selangor
Food & Beverage

MANAGING RECOVERY

At 50, Chemical Engineering lecturer Puteri Nadzrul Faizur was looking forward to retirement as she marked the last of her students' exam scripts. However, the next day she opened a cafe. Being the only partner without a full-time job, she had to jump right in without knowing anything about business. In March 2023, with 10 staff, the cafe celebrated its first anniversary.

The first year had been a steep learning curve. But Puteri Nadzrul had help from friends, one with extensive experience in F&B, another in accounting. Richiamo Coffee also guided them with useful advice. As a licensee, all the meals they sell, including cakes and pastries, must come from suppliers. With very IT-intensive operations, automated inventory and Google Data Studio to help Puteri Nadzrul optimise her time, the business gained efficiency. When AYZN Hospitality first opened, just after the MCO was lifted, people were eager to get out and were flush with cash. As time passed, however, sales reduced, prompting them to expand the menu and their promotions.

CGC'S COMMITMENT

Puteri Nadzrul approached CGC because the partners wanted to open another branch. CGC's BizMula-i suited them as they needed capital to buy equipment and machinery, along with a down payment for rent. "Other financial institutions require at least two years of business experience, so it's great that CGC has faith in us. The officer is very supportive, quickly takes action, and I'm happy that she has my back."

She has attended CGC Developmental Programme® events, on Social Media Marketing and Canva. "I keep looking for new workshops to join, as they are free and good for gaining knowledge."

NURTURING RESILIENCE

"When we initially opened our shop, our faulty electrical circuit caused frequent blackouts in our row of shops. Our cash flow for that month was not smooth, so we were unable to purchase supplies in bulk. As a result, I had to personally handle the deliveries. During puasa month last year, I drove for 1.5 hours every day to our shop in order to deliver all the stock from our suppliers in the Klang Valley."

JD GLOBAL EMPIRE ENTERPRISE



“

However, during the pandemic, the business suffered greatly and the second CGC financing was utilised to revitalise the stock and the overall business.

”

Mohd Faizal Johari
Kangar, Perlis
Shoes and Apparel

MANAGING RECOVERY

In 2022, Mohd Faizal Johari faced numerous challenges as his online sales, which had thrived during the pandemic, dropped significantly. This was largely due to the fact that people were spending less time buying items online and more time venturing outside. Yet Faizal remains undaunted. He set up his business in 2014, turning his passion for shoes into an enterprise. Generally, business is good, not least because of his attitude to offering quality: “When we say ‘bundle sales’ we ensure that we select items, both shoes and apparel, that are in great condition,” Faizal explains. “Almost as good as new.”

He sources his products from South Korean and Thai suppliers, travelling to Thailand every month. He personally selects items that appeal to his clientele, and the result is repeat customers extremely satisfied with their purchases. This has enabled him to expand his business to three shops, in Kangar, Jitra, and the latest branch in Sg Petani, Kedah. To market JD’s products, he leverages all available social media channels. Particularly during the pandemic, he relied heavily on Facebook, Instagram, and Telegram to conduct live sales.

CGC’S COMMITMENT

JD Global Empire Enterprise used CGC’s BizMula-i and BizBina-i financing, with BizMula-i helping expand the business into three branches, pre-pandemic. Growth was steady. “However, during the pandemic, the business suffered greatly and the second CGC financing was utilised to revitalise the stock and the overall business.” Faizal’s focus shifted to online sales, with new stock uploaded daily and several live sessions to attract customers.

According to Faizal, running a business can be exhausting, but he finds it enjoyable. He is fully committed to it and sees no reason to turn back. Currently, he oversees a team of eight staff members, and his future plans involve opening branches in every state across Malaysia. The newest JD branch recently commenced operations in Kedah, and his goal is to open a new store annually.

NURTURING RESILIENCE

“When we have faith in our abilities, we must put forth our best efforts. It’s a matter of trial and error and, if things don’t go as planned, we must find solutions to overcome any obstacles that arise.”

CREATING VALUE THROUGH SUSTAINABILITY

Sustainability has become increasingly imperative for businesses to thrive in today's world. CGC recognises that attending to environmental, social, and governance (ESG) issues is no longer an option but a requirement. We are certain that, in line with the direction in which global business is heading, it applies to all companies across all industries. By creating long-term value, while meeting stakeholder expectations, it is also critical for long-term company success.

We and the businesses we support must all commit to sustainability, through demonstrating transparency and addressing material issues. Using renewables, along with leveraging technology and applying energy solutions, helps shrink carbon footprint, reduce effects of climate change, and achieve net-zero goals. Collaborating across supply chains aims to reduce waste, increase resource productivity, and optimise material usage. Overall, this leads to more productive energy use and waste management, while using ecological measures to minimise environmental impact.

In addition to environmental sustainability, we must focus on social and governance aspects to ensure that business operations align with our stakeholders' social and ethical expectations. This encompasses employees, customers and our community. These expectations can be met by prioritising fair labour practices, human rights, diversity and inclusion, and community engagement.

Furthermore, through their sustainability efforts, businesses can reduce their environmental impact, uphold their social and ethical responsibility and, ultimately, build more resilient individuals and organisations for the future.



WHAT DOES SUSTAINABILITY MEAN FOR CGC?

CGC's definition of sustainability stems from the intentional integration of sustainable performance elements into its strategic plans. At the same time, CGC is aiming to seamlessly incorporate these practices into the company's business operations and make them an intrinsic part of its DNA. By integrating sustainability into our business practices, CGC will not only become more resilient in the face of future economic, environmental, and social challenges, but also demonstrate our commitment to sustainable development to our employees and other stakeholders. In addition to enhancing our brand reputation, this positions us as a responsible corporate citizen, focused on positively impacting the environment and society.

CGC's main business is supporting the growth of Malaysia's MSMEs. We have facilitated access to RM90.3 billion in guarantees to 370,000 MSMEs. Since 2016, our CGC Developmental Programme® has provided advisory services and access to finance to 70,032 out of a total of 1.2 million MSMEs in Malaysia. However, the rise in demand for ESG compliance in international trade highlights the need to step up our efforts in supporting MSMEs in sustainability. Thus, CGC remains committed to providing increased support in terms of sustainability to MSMEs, enabling them to navigate the changing landscape of international trade while contributing to sustainable economic growth.

Moreover, CGC is committed to becoming the centre of support for MSMEs by providing end-to-end financial services that drive their success. In 2022, we engaged with 1,342 MSMEs by offering financial support and advisory services under our CGC Developmental Programme®. In the coming year, we are setting our sights even higher, with a target of engaging with three times the number of MSMEs we supported in 2022. Our sustainability strategy will play a key role here, especially in breaking down the barriers that have hindered us in achieving our goals.

OUR SUSTAINABILITY JOURNEY

In line with our commitment to sustainability, CGC recognises that the success of MSMEs is integral to our own success. Therefore, we intend to enhance MSMEs' access to sustainable solutions in their businesses and become one of their key partners in enabling their growth and transition to fully sustainable businesses. As we embark on this sustainability pathway, we acknowledge the importance of undergoing our own transformation first. As a result, we conducted a thorough review of our governance. This, in turn, led to establishment of sustainability governance with defined roles and responsibilities to advance our sustainability performance and policies. In particular, sustainability governance will support us in formulating relevant strategies to manage risks and opportunities.

Our digital solution, imSME, has already reached over 2.4 million visitors and onboarded 66,608 of them. However, we still see room for improvement, and so we are committed to continuously enhancing our digital solutions to better serve MSMEs. We have also shifted our focus in recent years to shape our Human Capital towards learning and development. This effort has greatly improved our knowledge-sharing and collaboration with partners. Along with that, our talent development initiatives such as the Internship Programme, Financial Sector Talent Enrichment Programme (FSTEP), and CGC100 Youth Entrepreneurship Programme have already demonstrated positive impacts.

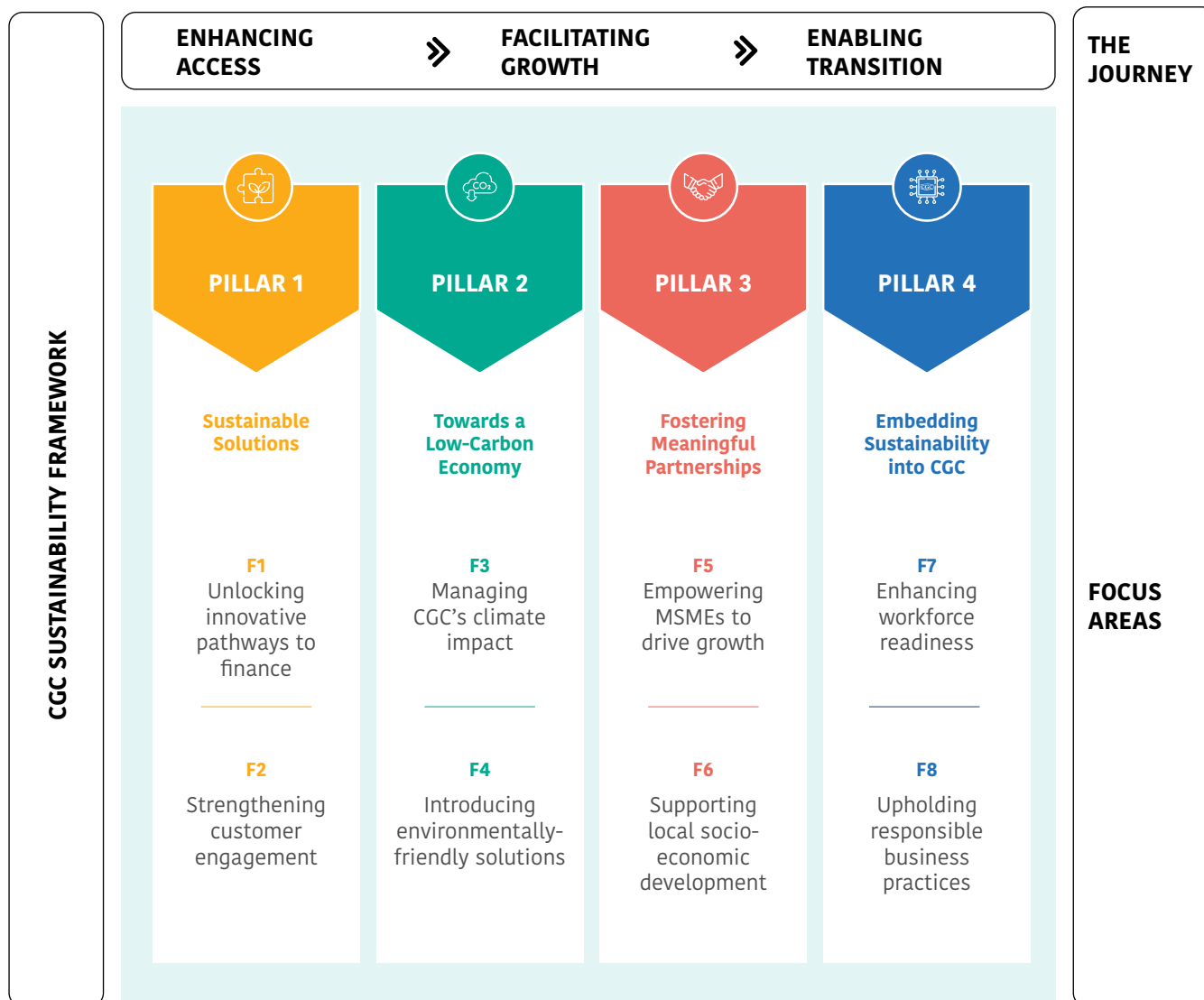
CGC SUSTAINABILITY FRAMEWORK



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

SUSTAINABILITY

Embarking on a sustainability journey is an essential step towards reducing our environmental impact, improving our social responsibility, and ensuring strong governance practices. To guide us on this pathway, we have identified four pillars - Economic, Environmental, Social and Governance (EESG) - each dedicated to addressing the specific challenges related to these areas. These pillars will provide a framework for us to identify and implement sustainable solutions, customised to our unique needs and goals.



The CGC Sustainable Framework comprises four pillars, each with a specific focus on addressing material issues through tailored initiatives. Pillar 1 provides sustainable economic solutions, while Pillar 2 guides our transition to a low-carbon economy to address environmental issues. Pillar 3 fosters meaningful collaboration with internal and external stakeholders to address social sustainability, and Pillar 4 integrates sustainability into our governance.

Developed as a three-year process up to 2025, the CGC Sustainability Framework aligns with our 5-Year Strategic Plan to increase the visibility and empowerment of MSMEs by addressing key challenges and obstacles.

MSMES' SUSTAINABILITY CHALLENGES

SUSTAINABILITY

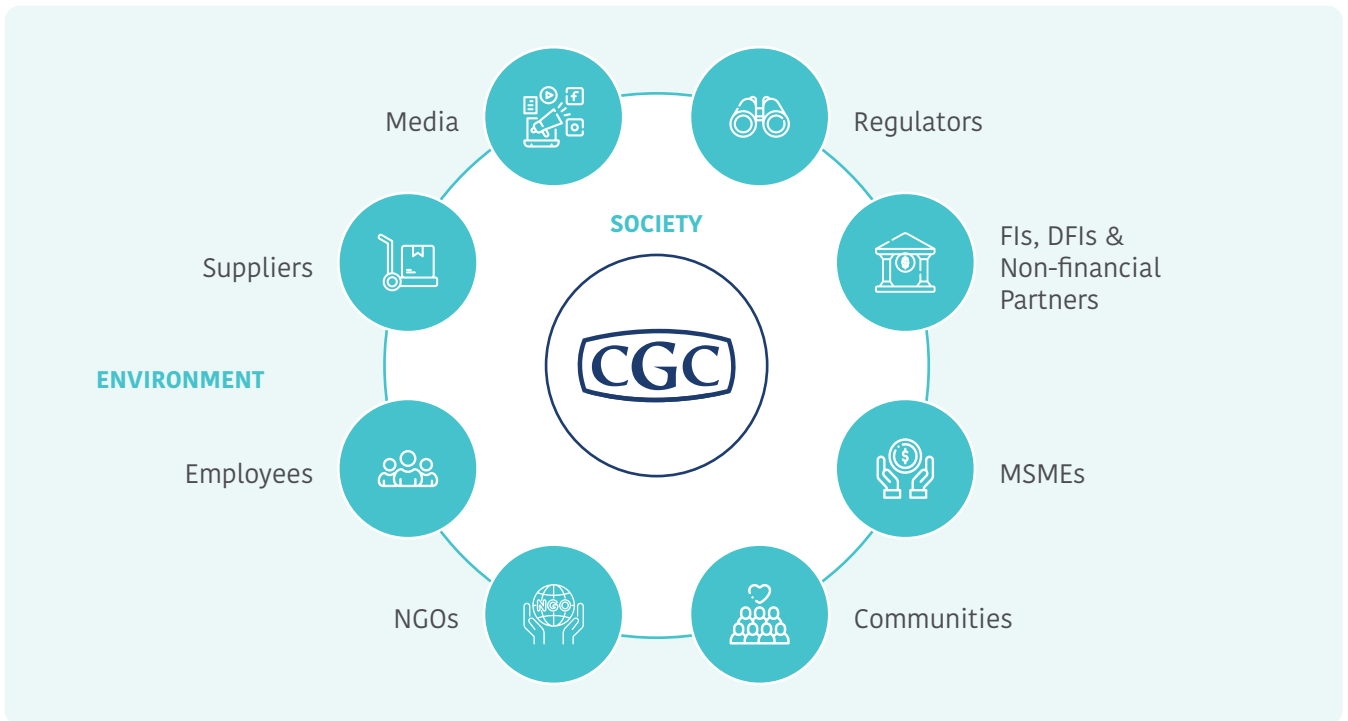
CHALLENGE	DESCRIPTION	MITIGATION
1	<p>SURVIVAL FOCUS</p> <p>For MSMEs, survival and business continuity are top priorities. Therefore, they may be hesitant to adopt sustainable practices unless they can see clear and proven financial benefits.</p>	<ul style="list-style-type: none"> Enhancing MSMEs' business resilience to foster sustainable growth through digital upskilling. Providing clarity on market access opportunities, offering MSMEs access to overseas markets to expand their reach.
2	<p>LACK OF AWARENESS</p> <p>MSMEs may lack understanding of what sustainability entails, including their key environmental and social risks. Unfortunately, available sustainability training for MSMEs is often inadequate and insufficient.</p>	<ul style="list-style-type: none"> Promoting knowledge transfer and knowledge-sharing on sustainability through establishing support forums or groups on specific topics. Implementing mentoring and educational programmes on financial costs and benefits of both digital and offline sustainability practices.
3	<p>LACK OF RESOURCES</p> <p>MSMEs often face resource and capacity constraints that hinder their progress on their sustainability journey. Financial limitations are particularly prominent, alongside a lack of knowledge or know-how regarding effectively implementing sustainable practices.</p>	<ul style="list-style-type: none"> Providing access to financing to assist MSMEs on their sustainability journeys. Providing MSMEs with access to informative resources that may help address their technical concerns, such as quantifying greenhouse gas (GHG) emissions. Mentoring and educational programmes that provide MSMEs with ongoing support during their sustainability journey.
4	<p>ACCREDITATION COSTS</p> <p>The cost of attaining sustainability accreditations, standards or certifications can be prohibitively high. Additionally, the bureaucratic process of achieving these accreditations can create a significant administrative burden for MSMEs.</p>	<ul style="list-style-type: none"> Providing financial assistance to MSMEs, or providing them with access to programmes that can help offset costs of becoming more sustainable. Providing MSMEs with access to programmes that can help decrease the administrative burden of attaining sustainability certifications.

CHALLENGE	DESCRIPTION	MITIGATION
5	<p>LACK OF DATA</p> <p>MSMEs may not have a clear understanding of what sustainability data to use or how they should gather it or calculate it. This is often due to a lack of standard methodologies or processes for collecting sustainability data. MSMEs may lack the capacity and knowledge to address this issue effectively.</p>	<ul style="list-style-type: none"> • Providing MSMEs with access to informative resources that may help to address their more technical concerns, e.g., quantification of GHG emissions. • Assisting MSMEs in identifying key sustainability metrics and setting clear goals to enable them to demonstrate progress.
6	<p>COST-BENEFIT IMPLICATIONS</p> <p>If MSMEs are unable to see the financial benefits of adopting sustainability or offering sustainable products, they are less likely to prioritise sustainability alone. It is essential that MSMEs understand the cost-benefit implications of adopting sustainable practices.</p>	<ul style="list-style-type: none"> • Mentoring and educational programmes to educate MSMEs on the financial costs and benefits of digital and offline sustainability practices. • Providing clarity on market access opportunities, including internationalisation opportunities. • Mentoring and education programmes that provide MSMEs with ongoing support during their sustainability journey.

STAKEHOLDER ENGAGEMENT

We have undertaken a range of engagement and activity to identify our stakeholders, and we are committed to engaging with them proactively to meet their expectations and address their concerns. Our active engagement and communication with key stakeholders have been critical in navigating a volatile business environment, apart from contributing significantly to our successes. Actively engaging our stakeholders covers a wide range of material matters, including financially inclusive solutions, digitalisation and innovation, customer experience, talent attraction, and socio-economic impacts. These discussions have highlighted the importance of meaningful collaboration and timely engagement with key stakeholders in achieving our strategic goals.

CGC OPERATES WITHIN A BROADER SOCIAL & ENVIRONMENTAL ECOSYSTEM



Stakeholders	Engagement Type
FIs, DFIs and Non-Financial Partners	Virtual and Online Survey
MSMEs	Virtual
Communities	Online Survey
NGOs	Virtual
Employees	Physical and Virtual
Suppliers	Virtual
Media	Virtual
Regulators	Virtual and Online Survey

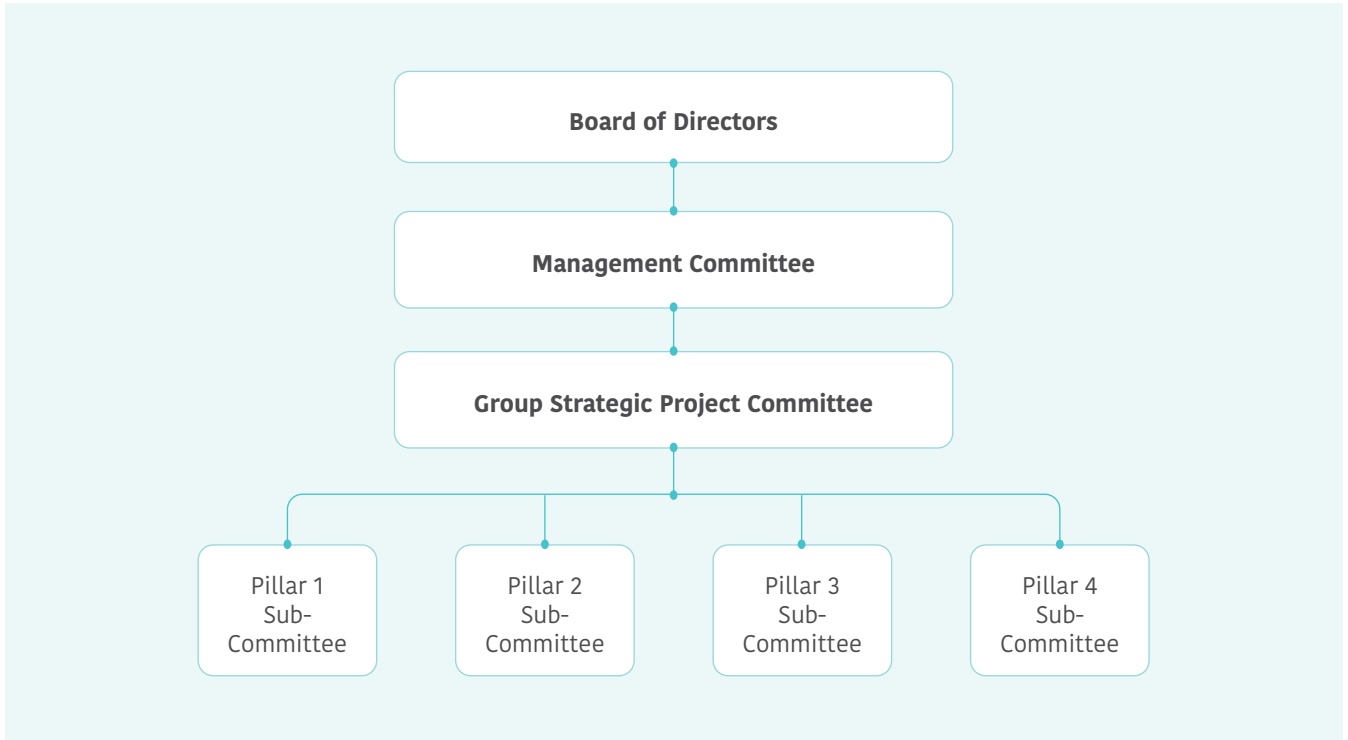
ASSESSMENT OF MATERIAL MATTERS

At CGC, we take our responsibility towards sustainability very seriously. As a DFI, our mandate is to help MSMEs grow and thrive in Malaysia. We recognise that our material matters have an impact not only on us, but on our stakeholders, too. For this reason, we are committed to managing them diligently throughout our journey. Our material matters provide guidance for developing our framework and formulating our strategies, based on how significantly they impact our business and stakeholders. Engaging with stakeholders helps us determine our material matters, which are then prioritised from the highest to the lowest. To manage our material matters effectively, we have started revamping our sustainability governance structure and planned initiatives to achieve our sustainability goals.



SUSTAINABILITY GOVERNANCE

At CGC, we prioritise transformational leadership and good governance to ensure that we are well-equipped to handle any crises or opportunities that arise. Our Sustainability Governance Framework plays a vital role in this effort by providing oversight and accountability for our performance and sustainability practices. We have established a governance structure that oversees the development and implementation of various strategies, including those focused on sustainability. This structure supports formulating, implementing, and evaluating relevant strategies, assessing risks, and identifying opportunities related to sustainability matters.



ROLES AND RESPONSIBILITIES

The Board is accountable and responsible for directing and managing the organisation’s performance and affairs. To ensure effective implementation of initiatives, the Management Committee oversees the Group Strategic Project Committee. This committee provides more direct project monitoring and updates to the Management Committee. We have been using this approach since the beginning of our sustainability journey, as it can be implemented relatively swiftly. However, as we continue our progress, we recognise the need to expand the scope of our sustainability governance. Therefore, we are committed to exploring new ways to broaden our approach and ensure that our sustainability practices align with our overall organisational objectives.

ASHVERTISING MARKETING (SULTERA)



CGC's service is very efficient and considerate. Halim, who handles our account, was very helpful and worked fast to ensure that we received prompt financing disbursement.



Mohammad Ashraf Ab Aziz

Shah Alam, Selangor
Home Furnishings

MANAGING RECOVERY

Mohammad Ashraf Abd Aziz has a keen interest in travelling, hotel stays and interior design. However, his attempt to sell health products did not go as planned. As a result, he decided to pursue his passion purposefully and started a business. His venture, Sultera, specialises in home furnishings, particularly bedding, pillows and room décor, inspired by high-quality hotel products. He takes pride in transforming his customers' rooms into luxurious and prestigious spaces. The positive feedback he receives from his satisfied customers is what drives him to continue doing what he loves.

In 2017, he launched his enterprise with a primary focus on selling products online. Amid the pandemic, the business thrived, but stock depleted rapidly due to high demand. On the other hand, the post-pandemic period brought a new set of challenges for the company: 50% price rise by their supplier in China, currency fluctuations and supply chain issues, leading to delays in logistics. Furthermore, customers' preference began to shift to offline purchases, resulting in a significant drop in sales for the business.

CGC'S COMMITMENT

Already a customer of CGC's BizMula-i and BizWanita-i financing, Ashraf in 2022 applied for his third financing, BizBina-i. To mitigate the effects of raised prices and to secure his inventory, he negotiated a lower price with his supplier and, with the financing, purchased stock in bulk. "CGC's service is very efficient and considerate. Halim, who handles our account, was very helpful and worked fast to ensure that we received prompt financing disbursement."

In 2022, to control overhead costs, Ashraf had to make the difficult decision of letting two staff go. Along with that, he had to counter the decline in online customers and attract new ones. So, he opened a showroom in Shah Alam and participated in expos to increase visibility. Additionally, the business started to run quarterly campaigns to launch new product ranges.

NURTURING RESILIENCE

"Validate your business idea and products on a small scale before scaling up. Once you see a demand for your product, focus on gaining knowledge and expertise in business. This knowledge will enable you to take your business to the next level."

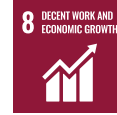
SUSTAINABILITY PILLARS



PILLAR 1 - SUSTAINABLE SOLUTIONS

Providing sustainable solutions will focus on:

- Unlocking innovative pathways to finance
- Strengthening customer engagement



UNLOCKING INNOVATIVE PATHWAYS

Material Matters

- Digitalisation and Innovation
- Financially Inclusive Solutions

Why This Is Material

As digitalisation becomes increasingly prevalent among financial institutions (FIs), we must intensify our efforts to remain competitive in the market. Moreover, we should prioritise embedding ESG-related considerations into our financial solutions. This approach aligns with our 5-Year Strategic Plan and our vision to become an effective FI dedicated to promoting growth and development of competitive, dynamic MSMEs.

Managing Material Matters

We are dedicated to cultivating an environment that fosters innovative ideas, and continuously seeking new and improved ways to support MSMEs' growth. We firmly believe that innovation is critical to unlocking MSMEs' full potential. In 2022, we provided RM3.5 billion in guarantees and direct financing schemes to 13,159 MSMEs. To further our efforts, we plan to expand our micro and priority guarantees through partnerships with other FIs. Additionally, we are digitising our guarantee process to streamline the participation process for MSMEs and reduce any associated difficulties.



STRENGTHENING CUSTOMER ENGAGEMENT

Material Matters

- Customer Experience

Why This Is Material

As the financial industry is placing greater emphasis on customer-centricity, we are adopting an approach that involves fostering a more customer-centric culture within our organisation to enhance our customers' experience.

Managing Material Matters

Our commitment lies in establishing long-term relationships with our partners and customers. We recognise the importance of effective communication and engagement in fulfilling our customers' needs. Through close collaboration with our partners, we ensure that our customer engagement produces valuable results. While our 2022 customer satisfaction index of 4.3 out of 5.0 indicates our dedication to our stakeholders, we strive to further enhance our engagement with both partners and customers. In pursuit of this, we will develop comprehensive customer satisfaction metrics that consider feedback from both FIs and MSMEs.

HIGHLIGHTS



2022 ACHIEVEMENTS

Launched in February 2018 as Malaysia's 1st SME financing/loan referral platform, and now in its fifth year, the platform has shown promising growth.

imSME, an alternative platform for MSMEs to acquire financing options, is expected to experience significant expansion. This aligns with BNM's Financial Sector Blueprint 2022-2026, which aims to promote the digitalisation of the financial sector as one of its five key strategies.

The platform provides swift access to up-to-date information, effortless search capabilities, a convenient one-stop hub, and a diverse range of products. These features reflect CGC's commitment to ongoing enhancements aimed at providing MSMEs with financing options that are tailored to their specific business requirements.



Total Visitors

2.4
million



Total Registered MSMEs

66,608



Total MSMEs Referred to
Capacity-Building Agencies

42

Managing Material Matters



Applications

5,504



Value

RM580
million

SUSTAINABILITY PILLARS

Pillar 1 - Sustainable Solutions

PARTICIPATING FINANCIAL INSTITUTIONS (PFIS)

27



P2P PARTNERS

9



ECF PARTNERS

3

GRANT PROVIDER PARTNER

1



CAPACITY-BUILDING AGENCIES

3

OTHER FINANCIERS

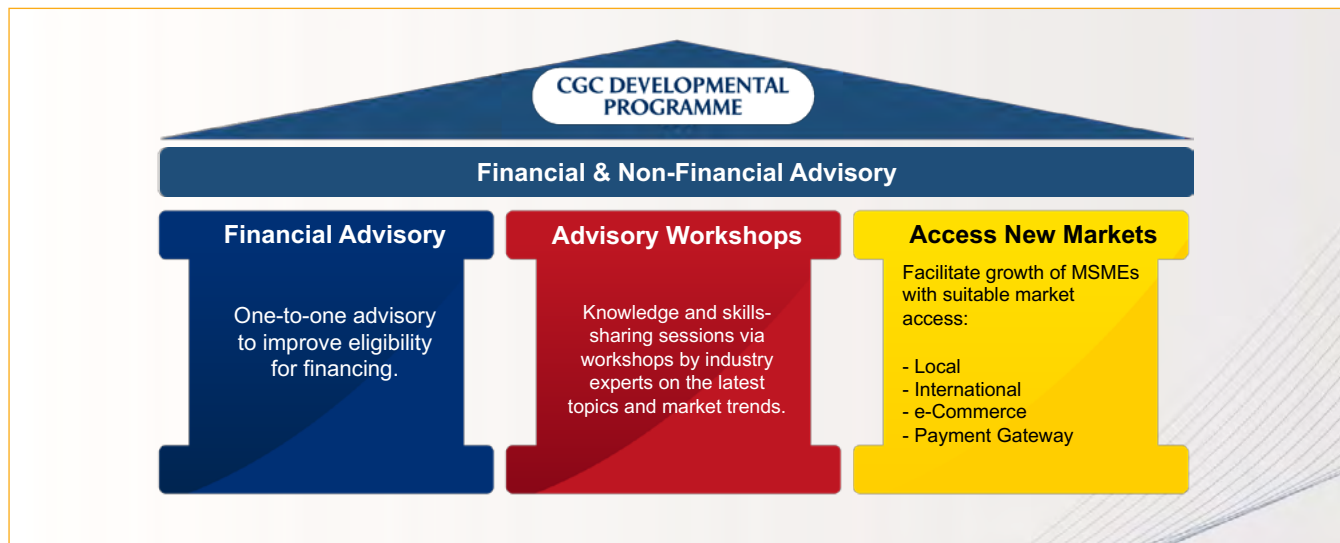
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ECONOMIC PRACTICES

CGC DEVELOPMENTAL PROGRAMME®

The CGC Developmental Programme® maintains its commitment to promoting MSMEs' development through implementing a wide range of MSME developmental programmes, going beyond guarantees and financing. The comprehensive programme for MSMEs, providing Financial Advisory and Non-Financial Advisory, also includes assistance on access to financing, especially for those with no collateral, right up to finding access to new markets for their products and services. As of December 2022, 70,032 MSMEs have been assisted through the CGC Developmental Programme®.



The CGC Developmental Programme® begins with the FA Team, assisting unsuccessful applications via the imSME platform and the Khidmat Nasihat Pembiayaan (MyKNP) portals. The FA team conducts a comprehensive review of unsuccessful loan/financing applications to identify gaps and provide one-to-one advisory, as well as coaching to improve their financial literacy and strengthen their eligibility for future financing.

To ensure MSMEs are well equipped with current business skills and knowledge, focussing on areas of digital marketing, business expansion, and branding, Advisory Workshops are conducted by Non-Financial Advisory for strengthening MSMEs' capability to access new markets to maintain sustainable, high-performing businesses.

1 FINANCIAL ADVISORY

Financial Literacy: Possession of the set of skills and knowledge that allows MSMEs to make informed and effective decisions with all their financial resources, such as budgeting, investing, borrowing, taxation, personal financial management and access to financing.



» The programme, conducted by Jacky Chan Soon Tat, Audit Director at SJ & Co PLT, stressed the importance of keeping records, along with structured storing, together with organising income and expenditure. Participants learned about useful tools, as well as about penalties and fines incurred if proper records are not kept.

SUSTAINABILITY PILLARS

Pillar 1 - Sustainable Solutions

SUSTAINABILITY



» Tips and good practices for credit management, together with techniques and solutions on how to solve financial issues. Presented by Shivajini Seelan, Founder & Partner, JS Partners and Mohd Zamir Azfar, Deputy Manager, SME Financial Education, AKPK. Also included available financing options, basics of tax mitigation to maximise benefits and reduce tax liabilities, and a reminder on penalties and fines.



» Rohanizam Talib, Deputy Manager Business Development & Marketing Section, AKPK, spoke about how AKPK can assist MSMEs, various redress avenues according to needs and how to obtain solutions when dealing with financial problems.



» At this session Nor Azam Nor Rahmat, Vice President Micro Business, put forward eligibility criteria and documents required for BSN financing, available financing schemes and how to apply for BSN financing via the online platform.

2 ADVISORY WORKSHOPS

The Advisory Workshop is a knowledge-sharing session by subject-matter experts on the latest information and business trends. MSMEs will gain knowledge and practical tips covering digital marketing, business expansion, branding and financial literacy. These will enable MSMEs to stay abreast of new strategies and effective ways to run and manage their businesses.

The CGC Developmental Programme® continues to equip MSMEs with the right knowledge, skills, and effective ways to manage and grow their businesses in four main areas:

Digital Marketing	Branding	Business Expansion	Financial Literacy
Component of marketing that uses the Internet and online-based digital technologies to find new customers and generate sales via digital channels.	Process of establishing and growing a business to create a unique business identity in the marketplace and improve value to be sustained.	A stage where MSMEs seek additional options to generate more profit by improving products or services with well-planned business strategies.	Possession of the set of skills and knowledge that allows MSMEs to make informed and effective decisions with all of their financial resources, such as budgeting, investing, borrowing, taxation, personal financial management and access to financing.

NON-FINANCIAL ADVISORY WORKSHOPS

1	13-Jan-22 Digital Marketing TikTok for Business	Kamarul Bahareen Kamaruddin Director KB Beyond Creative Sdn Bhd
2	20-Jan-22 Business Expansion Importance of Intellectual Property Registration to Your Business	Nur Soleha Md Yushof Bahagian Pengurusan Harta Intelek Perbadanan Harta Intelek Malaysia (MyIPO)
3	10-Feb-22 Digital Marketing Build Your Website, Free and Easy	Dr Muhammad Hariz Muhamad Adnan Owner, Auto Soft
4	17-Feb-22 Branding Raise Your Brand Awareness through Social Media	Shalini Subramaniam Branding Coach & Consultant, Digital Marketing Rider
5	17-Mar-22 Digital Marketing Social Media Marketing – Facebook and Instagram Ads	Iskandar Danial Director, IN Global Venture
6	24-Mar-22 Business Expansion Digital Transformation for Your Business	Norain Khaidir Senior Associate, SME Partnership, TNG eWallet
7	14-Apr-22 Digital Marketing WhatsApp for Business	Lily Fauzia Abdul Khalid Trainer, NQC Technology Sdn Bhd
8	21-Apr-22 Branding Take Product Photos Like a Professional with a Smartphone	Nik Harraz Nik Mat Trainer, Saifulang Academy Sdn Bhd
9	12-May-22 Digital Marketing Grow Your Business with Google Ads	Wan Mohd Musyris Wan Harujan Director, Adsbrain Sdn Bhd
10	19-May-22 Business Expansion Packaging and Branding Role in Marketing Product	Abdul Razak Jahury Consultant, Packaging & Security Design Centre, SIRIM Berhad
11	9-Jun-22 Business Expansion Managing Your Business Networks for Sustainability	Dr Sivakumari Sunway Sustainable Business Research Cluster, Sunway University

SUSTAINABILITY PILLARS

Pillar 1 - Sustainable Solutions

SUSTAINABILITY

12	16-Jun-22 Digital Marketing The Importance of Video Marketing to Your Business	Tuan Haris Ghazali Certified Trainer, FunnelEvo
13	23-Jun-22 Branding Take Perfect Product Videos with Your Smartphone	Mohd Haikal Omar Founder, Kalcubemaster
14	7-Jul-22 Digital Marketing Effective Copywriting to Win Customers	Nicky Lim COO Digital Strategy & Marketing, Techrarebit Technologies
15	21-Jul-22 Business Expansion Create an Effective Business Plan	Lily Sabrina Md Saberi Managing Director, TMSB Training & Consultancy Sdn Bhd
16	11-Aug-22 Digital Marketing Facebook for Business – Facebook Marketing and Ads	Mohd Zulhazri Azmi CEO, IQP Solutions
17	18-Aug-22 Branding Edit Product Pictures Using Smartphone Apps	Nik Harraz Nik Mat Trainer, Saifulang Academy Sdn Bhd
18	8-Sep-22 Business Expansion Get to Know Halal	Fatin Nur Ashira Mohd Ashraf Advisor Halal Consultancy & Advisory, Halal Development Corporation (HDC)
19	22-Sep-22 Digital Marketing Boost Your Business through Social Media	Tuan Haris Ghazali Certified Trainer, FunnelEvo
20	13-Oct-22 Digital Marketing TikTok for Business – Marketing and Advertising Videos Using TikTok	Kamarul Bahareen Kamaruddin Director, KB Beyond Creative Sdn Bhd
21	20-Oct-22 Branding Designing Attractive Images with Canva	Nazia Suhaimi Owner, Mawartisan Ventures

SUSTAINABILITY PILLARS

Pillar 1 - Sustainable Solutions




CREDIT
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MALAYSIA
BERHAD

SUSTAINABILITY

22	10-Nov-22 Digital Marketing Google Ads - Master Your Market through Google	Wan Mohd Musyris Wan Harujan Director, Adsbrain Sdn Bhd
23	17-Nov-22 Business Expansion Create Effective Presentation Skills	Rizal Azis CEO, Redpact Asia Sdn Bhd
24	1-Dec-22 Digital Marketing Digital Closing Sales Skills	Iskandar Danial Director, IN Global Venture
25	8-Dec-22 Branding Edit Product Videos Using Smartphone Apps	Mohd Haikal Omar Founder, Kalcubemaster


WORKSHOPS CONDUCTED BY NON-FINANCIAL ADVISORY






Speaker
Kamarul Bahareen Kamaruddin
Director,
KB Beyond Creative Sdn Bhd

Topic
How to create a TikTok account for business, identify relevant content to upload on TikTok and using TikTok for advertising and marketing purposes.





Speaker
Wan Mohd Musyris Wan Harujan
Director,
Adsbrain Sdn Bhd

Topic
Understanding techniques to run Google Ads to increase sales, setting up Google My Business and listing your business on Google.

SUSTAINABILITY PILLARS

Pillar 1 - Sustainable Solutions



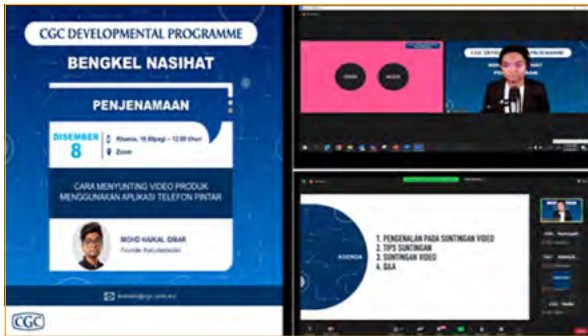
Speaker

Nazia Suhaimi

Owner,
Mawartisan Ventures

Topic

Designing simple, attractive images using Canva and the benefits of Canva for online marketing.



Speaker

Mohd Haikal Omar

Founder,
Kalcubemaster

Topic

The ideal smartphone apps for video editing (Capcut, MOJO) and video editing techniques and tools.



Speaker

Lily Sabrina Md Saberi

Managing Director,
TMSB Training & Consultancy Sdn Bhd

Topic

Techniques on preparing a comprehensive business plan and the components of a business plan.



Speaker

Fatin Nur Ashira Mohd Ashraf

Advisor,
Halal Consultancy and Consultant

Topic

Understanding the processes needed to obtain halal certification and the importance of Malaysian Halal certification.

22 SEPTEMBER 2022



IN-PERSON ADVISORY WORKSHOP: DIGITAL MARKETING (BOOST YOUR BUSINESS THROUGH SOCIAL MEDIA MARKETING)

For the first time in two years, CGC held its in-person Advisory Workshop: Digital Marketing (Boost your Business through Social Media Marketing). Industry expert Tuan Haris Ghazali conducted the workshop, which more than 60 MSMEs attended.

With this workshop, we aimed to assist our MSMEs to be more enthusiastic and to develop their business.



From left to right: Mastura Ismail, Manager, Non-Financial Advisory; Sharon Goh, Chief Operating Officer, JOCOM; Leong Weng Choong, Chief Business Officer, CGC; Tuan Haris Ghazali, Certified Trainer; Jenny Hoh Chiew Moi, Vice President, SME Advisory & Marketing, and Norain Khaidir, Senior Executive, TNG Digital Sdn Bhd.



Tuan Haris Ghazali, Certified Trainer, talking about Digital Marketing



Active participation from MSME-owners



CGC Developmental Programme® partners



Active participation from MSME-owners



CGC Developmental Programme® partners

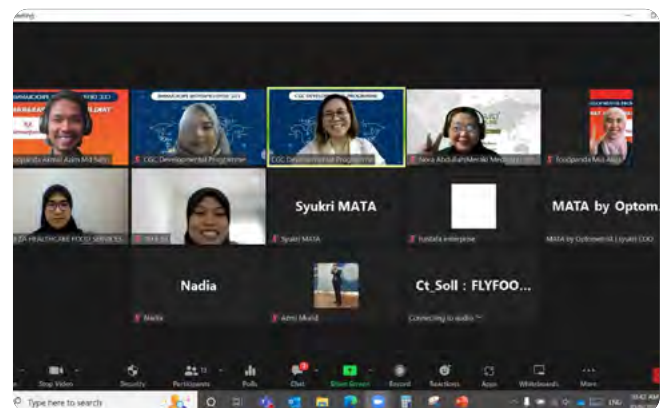
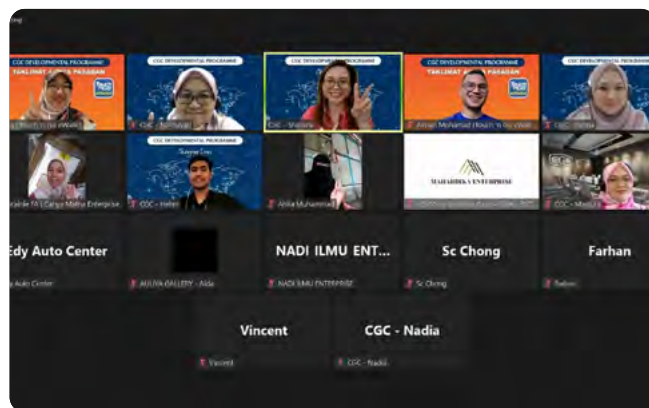
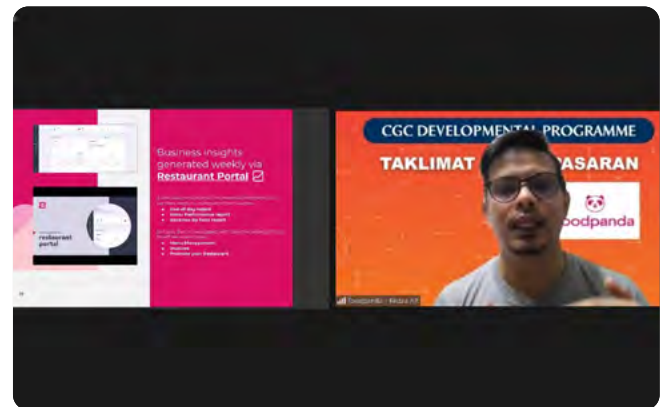
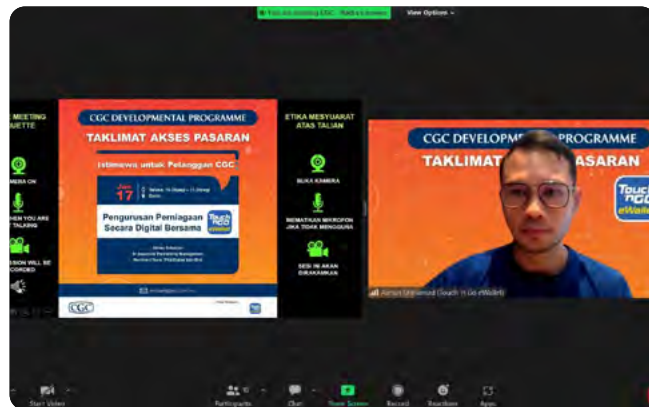
SUSTAINABILITY PILLARS

Pillar 1 - Sustainable Solutions

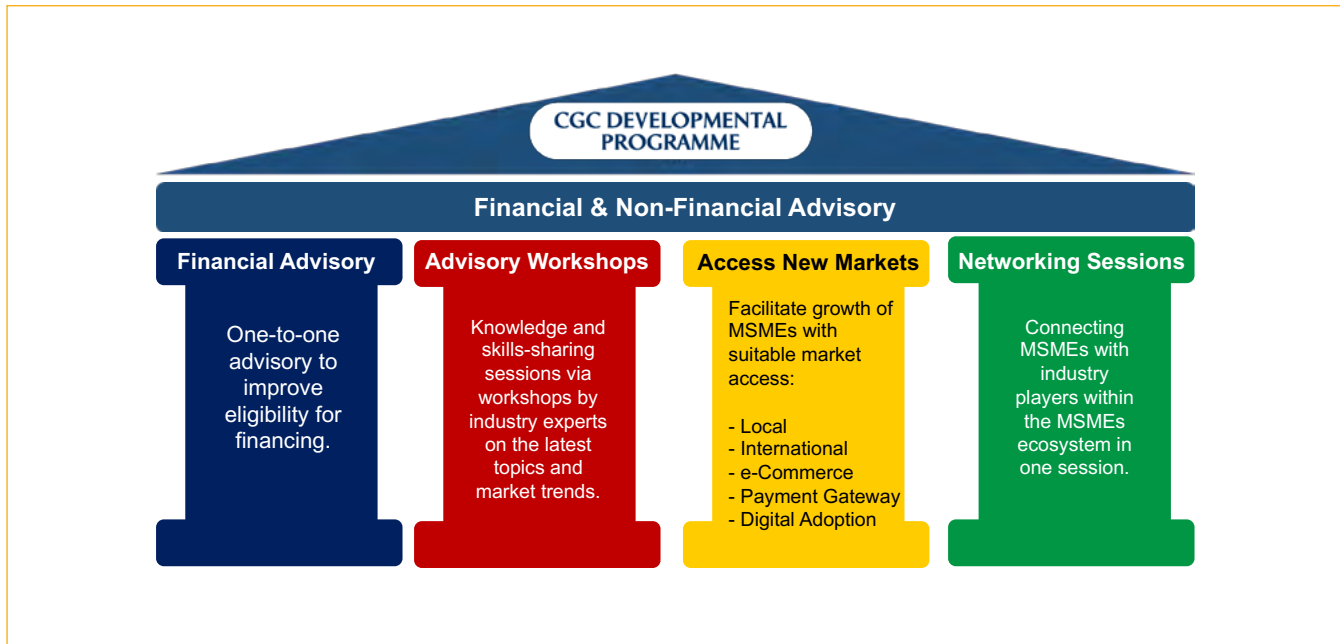
3 ACCESS NEW MARKETS

Apart from learning through Advisory Workshops to enhance MSME’s knowledge and skills, MSMEs are given the opportunity to expand their business. Access New Markets is a key element that aids MSMEs in expanding their business by gaining access to new markets. MSMEs will be guided with a suitable intervention programme to enhance their success.

With the pandemic limiting personal interaction in the year 2022, MSMEs were initiated into Access New Markets on e-commerce platforms/online marketplaces such as foodpanda and Touch ‘n Go. Keeping up with the new norm, Access New Markets briefings were converted to online proceedings to equip them with the necessary knowledge and guidance prior MSME’s onboarding into the platforms.



THE FUTURE OF THE CGC DEVELOPMENTAL PROGRAMME®



The MSMEs' entrepreneurial journey is always our priority. Coming into 2023, CGC Developmental Programme® has extended its assistance to MSMEs by adding a Networking Sessions pillar. MSMEs find that Networking Sessions are important and significant in helping their businesses.

The sessions aim to facilitate improvement in MSMEs' mutual business contacts by offering deeper knowledge on how to build a strong network and enhance their overall networking skills. MSMEs will be given the opportunity to showcase their products or services in insightful sessions with key speakers and industry experts.

Among the key benefits of Networking Sessions:

1. Sharing

- A space for sharing and expanding ideas, knowledge and experiences, with views from other perspectives.

2. Opportunities

- Networking will result in opportunities, whether it is a referral, a potential partnership, or a request for an MSME's product or service.

3. Connections

- Gaining exposure to the people in the session and building connections with their network.

4. Profile

- Increasing MSMEs' business profile through visibility and getting noticed.

MARKETING INITIATIVES

1. Golden Jubilee Roadshow

In line with CGC aspiring to be the preferred hub for MSMEs, the CGC Developmental Programme® continues to tap the underserved MSMEs and explore opportunities to serve them. Hence, the CGC 50th Golden Jubilee Roadshow took place at all the 16 branches, meeting potential MSMEs. Nearly 3,000 members received the CGC Golden Jubilee 50th tote bag.

#CGC
#poweringmalaysiansMEs
#memperkasakanpknsmalaysia
#CGC50thAnniversary
#CGCGoldenJubilee

6-8 September 2022 | 10.00am-4.00pm

Golden Jubilee Roadshow

1. Golden Jubilee Tote Bag distribution
2. CGC in 50 Exhibitions



BRANCH	DATE	LOCATION
Aloer Setar	Tue 06/09/22	Aloer Setar Branch
	Wed 07/09/22	Teras Mengang
	Thu 08/09/22	Shah Jazan Kutarahan
Batu Pahat	Tue 06/09/22	TM Point, Jalan Rahmat
	Wed 07/09/22	AION Big, Jalan Hara Utama
	Thu 08/09/22	Batu Pahat Branch
Ipoh	Tue 06/09/22	RH, SOHO Ipoh
	Wed 07/09/22	Jalan Sultan Idris Shah
	Thu 08/09/22	Shah, Bandar Seri Botani
Johor Bahru	Tue 06/09/22	B1 Street Market
	Wed 07/09/22	UIC, Jalan Bahru
	Thu 08/09/22	KIP Mart Tampoi
Kota Bharu	Tue 06/09/22	Maybank, Jalan Mahmood
	Wed 07/09/22	Ambank, Jalan Sultan Saadom
	Thu 08/09/22	MBSA, Jalan Sultan Yahya Petra
Kota Kinabalu	Tue 06/09/22	Imago Kota Kinabalu
	Wed 07/09/22	Suka Sabah
	Thu 08/09/22	Indani Mall
Kuala Lumpur	Tue 06/09/22	IRT Sri Rampas
	Wed 07/09/22	IRT Wangsa Maju
	Thu 08/09/22	IRT Selayang
Kuala Terengganu	Tue 06/09/22	Pasar Besar Kuala Payang
	Wed 07/09/22	KICC Mall
	Thu 08/09/22	Mydin Mall (Padang Hilir)*

BRANCH	DATE	LOCATION
Kuantan	Tue 06/09/22	Teluk Cempedak
	Wed 07/09/22	Seremba Teruntam
	Thu 08/09/22	UTC Kuantan
Kuching	Tue 06/09/22	WardCity Mall
	Wed 07/09/22	Kuching Branch
	Thu 08/09/22	Isomni Square
Main Branch	Tue 06/09/22	IRT CBC - Seremban
	Wed 07/09/22	
	Thu 08/09/22	
Melaka	Tue 06/09/22	Pahayan Walk, Dataran Pahayan
	Wed 07/09/22	AION Mall, Taman Legenda
	Thu 08/09/22	Dataran Kelang
Miri	Tue 06/09/22	Bintang Jaya
	Wed 07/09/22	Wisma Wala
	Thu 08/09/22	Marina Twin Square
Prai	Tue 06/09/22	Prai Branch
	Wed 07/09/22	MBS, Bukit Mertajam
	Thu 08/09/22	Bertan Kiosk, Kepala Batas
Sandakan	Tue 06/09/22	Rabatia Supermarket
	Wed 07/09/22	UM Commercial Centre
	Thu 08/09/22	Bandar Siboga Jaya
Seremban	Tue 06/09/22	Mydin, Segati Walk
	Wed 07/09/22	
	Thu 08/09/22	Mydin Mall, Seremban 2
		AION Mall S2
		Dataran Century S2



CGC

50th Anniversary Roadshow

SUSTAINABILITY PILLARS

Pillar 1 - Sustainable Solutions

BRANCH EVENTS

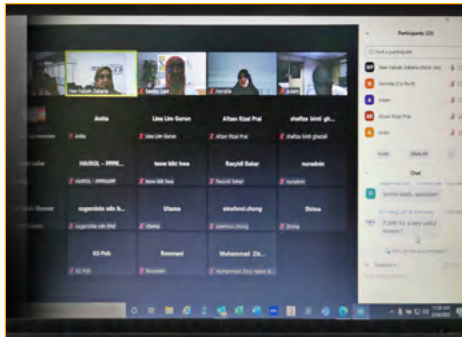
SUSTAINABILITY



23 FEBRUARY 2022

PROGRAM TRANSFORMASI USAHAWAN BELIA

Hub Usahawan Belia Negeri Pahang organised this half-day event at Wisma Perkeso, Kuantan. CGC briefed participants on its products and set up booth for more information.



24 FEBRUARY 2022

TAKLIMAT KEUSAHAWANAN: KEPENTINGAN PERAKAUNAN DAN PERCUKAIAN

CGC Prai Branch conducted online knowledge-sharing session for CGC's customers on importance of good accounting and taxation bookkeeping.



9 MARCH 2022

TAKLIMAT KEUSAHAWANAN

CGC Kota Bharu Branch organised briefing session for registered entrepreneurs under Zima Herbs Group, one of Kelantan's most successful MSMEs.



18 MARCH 2022

EXPO USAHAWAN WANITA ANTARABANGSA SABAH 2022

At Sabah International Convention Centre, Kota Kinabalu, Sabah, CGC was one of 240 exhibitors in this 1-day event for local and international women entrepreneurs.

SUSTAINABILITY PILLARS

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27 MARCH 2022

ADFIM BOWLING TOURNAMENT 2022

CGC Bowling Team participated in a bowling tournament hosted by Association of Development Finance Institutions of Malaysia (ADFIM) at Wangsa Bowl, Wangsa Walk Mall.



23 APRIL 2022

CGC MIRI BRANCH BRIEFING SESSION

Miri Branch organised hybrid briefing session for Miri Chawan Association entrepreneurs' members.



18 MAY 2022

TAKLIMAT KEUSAHAWANAN – BizMikro-i

In collaboration, CGC Kota Kinabalu and Persatuan Usahawan Maju Malaysia organised online briefing session on BizMikro-i.



23 JUNE 2022

FMBA NETWORKING DAY

CGC Main Branch collaborated with Federation of Malaysian Business Associations (FMBA) on its Networking Day to introduce CGC's range of products to MSME members of associations.

SUSTAINABILITY PILLARS

Pillar 1 - Sustainable Solutions



24-26 JUNE 2022

MINGGU PMKS 2022 – SABAH

CGC Sandakan's booth was open for three days at Sejati Walk, Sandakan, in conjunction with Minggu Perusahaan Mikro, Kecil & Sederhana (PMKS) PMKS 2022, organised by SME Corp.



27-28 JUNE 2022

MINGGU PKS KEDAH

Kickstarting key collaboration with SME Corp, CGC Alor Setar participated in Minggu Perusahaan Kecil dan Sederhana (PKS) Kedah, organised by SME Corp. CGC set up booth at Auditorium Utama Kismec, Sg. Petani, and did briefing session during 2-day event.



1-3 JULY 2022

MINGGU PMKS 2022 – NEGERI SEMBILAN

CGC Seremban had opportunity during Minggu PMKS 2022 Negeri Sembilan to participate, with booth and briefing session on second day of this event at Mydin Mall, Seremban 2.



2-4 JULY 2022

MINGGU USAHAWAN NEGERA 2022

CGC Melaka Branch participated in Minggu Usahawan Negara, organised by SME Corp at AEON Mall, Bandaraya Melaka. A booth was set up and a briefing session conducted.

SUSTAINABILITY PILLARS

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 23 JULY 2022

PROGRAM K-USAHAWAN

Unit Belia dan Sukan Negeri Kelantan organised 1-day event to encourage younger generation in Kelantan to actively involve themselves in entrepreneurship. CGC Kota Bharu set up booth in Crystal Event Hall, Kota Bharu.



 1 AUGUST 2022

OUTREACH PROGRAMME TERAJU 2022

CGC Kuala Terengganu was invited by TERAJU to participate in their Outreach Programme, focussing on Bumiputera entrepreneurs. CGC set up booth during 1-day event at Raja Hotel.



 16 AUGUST 2022

ISLAMIC FINANCE TRAINING FOR CGC BOARD MEMBERS AND SENIOR MANAGEMENT

All Senior Management and several Board Members took part in a special training programme on Islamic Financing. Dato' Mohammed Hussein, Chairman, and Datuk Mohd Zamree Mohd Ishak, President & CEO, also attended the course.



 25 AUGUST 2022

NEW KUCHING BRANCH OPENING CEREMONY

Dato' Mohammed Hussein, CGC Chairman, and Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, graced the new Kuching Branch opening ceremony held at Seksyen 6, KTLD Jalan Kulas. Guests included CGC Management, Counsellor Dato' Sim Kiang Chiok, Chairman of Sarawak Housing and Real Estate Developers' Association (SHEDA), Tuan Haji Abdillah Majid, Timbalan Yang-Dipertua, Persatuan Kontraktor Melayu Malaysia (PKMM) and Terence Temenggong Jayang, Executive Secretary, Dayak Chamber of Commerce & Industry (DCCI).

ANNUAL
REPORT
2022

SUSTAINABILITY PILLARS

Pillar 1 - Sustainable Solutions



5 SEPTEMBER 2022

SOBA LAB 2022

Star Media Group Berhad organised their annual SOBA Lab at Double Tree by Hilton Hotel in Johor Bahru. CGC Johor Bahru participated by hosting a booth.



14 NOVEMBER 2022

CGC MIRI BRANCH NEW PREMISES LAUNCH

CGC Miri Branch moved to its new premises at Ground Floor, Lot 3551, Al-Bayt Square, Jalan Miri-Pujut, 98000 Miri, Sarawak. Datuk Sebastian Ting, high-profile lawyer and former politician from Sarawak United People's Party (SUPP), graced the opening ceremony. Nilammasari Ja'afar, Head, Bumiputera Development & Sales Management, attended this event.



7 DECEMBER 2022

MSMEs PRODUCT BRIEFING BY OCBC

CGC Batu Pahat Branch invited OCBC for knowledge-sharing session on products for MSMEs.



14-16 DECEMBER 2022

2022 BRANCH CONFERENCE

Branch Services Management (BSM) organised 2022 Branch Conference, 14-16 December 2022, at Huda's Haven Resort, Batang Kali, Selangor. All Bumiputera Development & Sales Management team, all Branch Managers, all Assistant Branch Managers and top performers from both Sales, Marketing, Processing officers (SMP) and Asset Management officers (ASM) attended. This conference incorporated 2022 performance review, business plan sessions, along with various team-building and critical thinking activities. The presence of Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer of CGC, and Nilammasari binti Ja'afar, Head of Bumiputera Development & Sales Management, during this 3D2N event helped boost staff morale.



16 DECEMBER 2022

PCEO VISITS CGC IPOH BRANCH

Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, dropped by for an impromptu visit. Accompanied by Punitha Jeyabalan, CGC Ipoh Branch Manager, he had a walk-through of the branch with the rest of the staff.

HIGHLIGHTS

BUSINESS ENGAGEMENT

Effective and enduring strategic alliances are built upon close collaboration and the pursuit of common objectives, particularly in serving the best interests of MSMEs. Joining forces with partners possessing complementary capabilities and sharing similar goals can help MSMEs reach new markets and channels, creating opportunities for MSMEs to realise their full potential. CGC nurtures partnerships that contribute to the growth of communities and the nation as a whole.



24 MARCH 2022



SPNB HQ

SYARIKAT PERUMAHAN NEGARA BERHAD (SPNB)

During the discussion about a strategic partnership between CGC and SPNB, it was decided that they would collaborate in assisting small Bumiputera contractors (category G1-G2) who have secured the contract to facilitate the provision of 3,000 Rumah Mesra Rakyat throughout the country. As part of this collaboration, CGC will facilitate financing through Tabung Projek Usahawan Bumiputera-i (TPUB-i) to these contractors.



14 JUNE 2022



IPOH BRANCH

CONTRACTORS ASSOCIATION IN PERAK

A meeting was conducted at CGC Ipoh branch to inform Persatuan Kontraktor Melayu Malaysia (PKMM), Persatuan Kontraktor Bumiputera Malaysia (PKBM), and Persatuan Kontraktor Bumiputera Kelas F (PERKOBF) about the financing options available to their members who have secured contracts from the Government and GLCs through Tabung Projek Usahawan Bumiputera-i (TPUB-i).



30 JUNE 2022



BANGUNAN MARA (KPLB)

KEMENTERIAN PEMBANGUNAN LUAR BANDAR (KPLB)

CGC held a briefing for the Minister, YB Dato' Seri Mahdzir Khalid, to inform him about our guarantee facilities through banks and direct financing options such as Tabung Projek Usahawan Bumiputera-i (TPUB-i). These can benefit Bumiputera contractors who have secured contracts from KPLB, its subsidiaries, and regional development authorities like Lembaga Kemajuan Johor Tenggara (KEJORA), Lembaga Kemajuan Terengganu Tengah (KETENGAH), Lembaga Kemajuan Kelantan Selatan (KESEDAR), Lembaga Kemajuan Wilayah Kedah (KEDA), Lembaga Kemajuan Pahang Tenggara (DARA) and others.



SUSTAINABILITY PILLARS



PILLAR 2 - TOWARDS A LOW-CARBON ECONOMY

Providing sustainable solutions will focus on:

- Managing CGC’s climate impact
- Introducing environmentally-friendly solutions



MANAGING CGC’S CLIMATE IMPACT

Material Matters

- Climate Change

Why This Is Material

Climate change is a critical concern for both CGC and society as a whole. We are dedicated to adhering to the GHG protocol to demonstrate our commitment to reducing greenhouse gas emissions (GHG) and mitigating the impact of climate change.

Managing Material Matters

We are committed to reducing our environmental footprint – and addressing climate change – by implementing centralised data tracking to monitor our progress. This will allow us to establish a baseline for GHG emissions and identify areas for improvement through targeted initiatives.



INTRODUCING ENVIRONMENTALLY-FRIENDLY SOLUTIONS

Material Matters

- Environmentally-friendly Solutions

Why This Is Material

Our goal is to help MSMEs contribute to a low-carbon economy by aligning with the broader national agenda and positioning ourselves as a trusted partner.

Managing Material Matters

To support MSMEs in reducing their environmental impact and promoting sustainable growth, we must promote environmentally-friendly solutions that are sustainable, cost-effective, and easy to adopt. Currently, CGC is promoting the Low-Carbon Transition Facility (LCTF), launched in February 2022. We are committed to conducting ongoing research and developing innovative solutions to continue supporting MSMEs in achieving their sustainability goals.

HIGHLIGHTS

GREEN PRODUCTS

CGC strongly supports BNM’s Fund for SMEs, including the LCTF, which aims to help MSMEs adopt sustainable, low-carbon practices. We have committed up to RM500 million worth of guarantees to support this initiative. Our BizJamin and BizJamin-i schemes for the Disaster Relief Fund (DRF) have helped a total of 419 MSMEs, amounting to RM170 million in 2022. Additionally, we continue to support the development of Malaysia’s Green Technology sector through the Green Technology Financing Scheme 2.0 (GTFS/i 2.0), with a total value of RM33 million approved in 2022.

**Green Technology
Financing Scheme
(GTFS)**

RM33
million approved

**Disaster Relief Fund
(DRF)**

RM170
million approved

**Low-Carbon Transition Facility
(LCTF)**

RM500
million
worth of guarantee committed

Green Initiative at CGC Facilities

At CGC, we take our environmental responsibility seriously and are committed to reducing our carbon footprint through various green initiatives. We have created a recycling corner in our office for easy and convenient disposal of various recyclable materials such as paper, plastic, glass, and metal. By doing so, we not only reduce landfill waste, but also conserve natural resources and lower greenhouse gas emissions. In addition, we have introduced a recycling paper bin to encourage our employees to recycle all paper materials, including office magazines, newspapers, and cardboard boxes. We also upgraded our lighting system to LED, which not only reduces energy usage, but lowers our overall carbon footprint, too. Using LED lights also provides a brighter, more sustainable lighting solution that benefits both our employees and the environment.



VALOR TRADING & E-COMMERCE



“

To succeed during challenging times, it's important to be patient and trust your vision. I'm glad CGC's BizMula-i financing helped us expand our inventory, as a struggling business.

”

Lim Chze Hou

Bagan Lalang, Prai
Online Retail

MANAGING RECOVERY

Director of mother-and-baby e-commerce retailer Valor Trading, Lim Chze Hou says, they were fortunate to stumble upon a good business partner to help expand their category offerings. Currently operating only in Malaysia, Valor Trading sells on multiple platforms, including Shopee, Lazada and TikTok. They specialise in creating innovative brands catering to the unique needs of mothers in Malaysia, introducing fresh, exciting products not commonly found in the market. Additionally, their products are reasonably priced, making them accessible to a wider audience, especially during the current economic circumstances.

During the pandemic lockdowns, Valor's sales grew. However, after the lockdown lifted, they were impacted by slowing demand and increased costs due to COVID-19 disruptions and economic slowdown. In 2022, demand for online sales decreased further, as people resumed their pre-COVID lifestyles, causing sales to stagnate. In addition, prolonged disruptions led to increased costs, making last year a particularly challenging one.

CGC'S COMMITMENT

To overcome the challenges faced in 2022, Valor Trading focused on aggressively expanding their product range and providing additional services to customers. With a team of up to 40 people, they also tried to cast a wider net by exploring new marketing strategies and channels. As a retailer, the company had limited options, but they tried to pay more attention to their customers' needs and adjust accordingly. It was a testing time, but they remained resilient and focused on adapting to the changing environment.

“To succeed during challenging times, it's important to be patient and trust your vision. I'm glad CGC's BizMula-i financing helped us expand our inventory, as a struggling business,” says a highly appreciative Lim. Nevertheless, he wishes the financing amount was larger and hopes that the great service that CGC provides for small businesses will extend to offering better financing products.

NURTURING RESILIENCE

“As a young business, I believe that the most important thing is to keep going, no matter what. It's the grit and perseverance that keep the business afloat, and the ability to solve problems as they arise.”



PILLAR 3 - FOSTERING MEANINGFUL PARTNERSHIPS

FOSTERING MEANINGFUL PARTNERSHIPS

Fostering meaningful partnerships will focus on:

- Empowering MSMEs to drive growth
- Supporting local socio-economic development



EMPOWERING MSMEs TO DRIVE GROWTH

Material Matters

- Positive Socio-Economic Impacts
- Promoting Financial Literacy
- Strategic Partnerships

Why This Is Material

With a distinct role in the MSME ecosystem and being a provider of financial services across various industries, CGC recognises the importance of aligning our business direction with the national agenda and driving MSME growth and development. We are well-positioned to partner and coordinate with other financial institutions, development finance institutions, and non-financial partners to adopt initiatives that promote sustainability. Furthermore, it is crucial for us to promote the importance of financial literacy to empower MSMEs so they can transform themselves into drivers of economic growth.

Managing Material Matters

At CGC, we are committed to empowering MSMEs through our financial services. Our CGC Developmental Programme® offers a range of services to help MSMEs improve their knowledge and networking. The programme has successfully assisted over 1,342 MSMEs through workshops and mentoring sessions in 2022. Looking ahead, we will be incorporating a sustainability module into the programme to help MSMEs adopt environmentally-friendly practices. We will also be upskilling our subject matter experts to better serve MSMEs and provide more customised support. By doing so, we believe that we can create a more sustainable future for both MSMEs and the community at large.



SUPPORTING LOCAL SOCIO-ECONOMIC DEVELOPMENT

Material Matters

- Community Investment and Development

Why This Is Material

We are committed to supporting community development through volunteering and business initiatives by promoting entrepreneurial activities. This includes providing mentorship and training programmes for aspiring entrepreneurs, partnering with local organisations to support community projects, and encouraging our employees to volunteer. By doing so, we aim to create a positive impact on the communities we serve and promote sustainable economic growth.

Managing Material Matters

We strongly believe in investing in communities and promoting sustainable development to support local socio-economic growth. We have identified initiatives that can make a positive impact on the communities we serve. One such initiative is the CGC100 Youth Entrepreneurship Programme, which mentors and trains young people to become successful entrepreneurs. A total of 20 graduates have enrolled in the programme since its launch in October 2022, and graduated in March 2023. Going forward, we plan to incorporate sustainability training into the programme and work with our partners to provide access to financing for the graduates. We are committed to empowering the next generation of entrepreneurs and supporting sustainable development in our communities.

MEDIA



CGC continues to cultivate strong relationships with its key Malaysian media partners through long-term sponsorship of renowned and prestigious events. Such events are The Star Outstanding Business Awards (SOBA) and Nan Yang Siang Pau's Golden Eagle Award (GEA 2022). Together with partners, we aim with these events to propel MSMEs towards greater achievement and recognition.

Throughout 2022, as lockdown restrictions were gradually lifted, CGC garnered over 387 media news coverage items. The coverage came via radio and television channels, along with newspapers and online publications with an accumulated return of investment of RM6.9 million. We also increased our presence and audience awareness on social media, attaining over 45,200 Facebook followers, with over 50,093,664 in reach. We have gathered over 3,700 Instagram followers, too, and gained almost 10 million reach in 2022. An interesting collaboration on another medium was with local graffiti artist Abdul Rasheed on new visuals for the CGC-Glenmarie LRT Station and Train Wrap.

Furthermore, with stringent cost-saving measures, we completed over 384 CGC sets of material, saving over RM550,000 in branding expenditure.



17 JANUARY 2022

MALAYSIA RETAIL CHAIN ASSOCIATION (MRCA) CEO-GET TOGETHER

Star Media Group (SMG) hosted Malaysia Retail Chain Association (MRCA) CEO-Get Together. Here corporate executives, business owners, directors and industry leaders networked amid a festive Chinese New Year mood. Rahim Raduan, Chief Corporate Officer, attended the event.



27 JANUARY 2022

EXPORT EXCELLENCE AWARDS GALA 2021

The Export Excellence Awards GALA 2021 was held to honour exporters, with 30 awards presented to companies that delivered outstanding Malaysian products abroad. The event was attended by Mohamed Azman Mohamed Taufik, Senior Vice President, Bumiputera Development & Products.

SUSTAINABILITY PILLARS

Pillar 3 - Fostering Meaningful Partnerships



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26 MARCH 2022



STAR OUTSTANDING BUSINESS AWARDS (SOBA) 2021

SOBA bestows unparalleled recognition on exceptional achievements of the nation's finest SMEs. In its 12th year, it honoured local non-public listed organisations leading the way with excellent business principles, ethics and practices. SOBA award winners are a testament to high achievement and serve as a benchmark for others to emulate. Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, graced the event.



24 APRIL 2022

MANGKUK TINGKAT RAMADAN

As part of its Ramadan initiative, CGC distributed sets of Mangkuk Tingkat Ramadan to media editors. The customised tiffin delivery contained commissioned dodol, tat nenas and Ajwa Kurma from CGC customers and a micro SME.



17 MAY 2022

GOLDEN EAGLE AWARD (GEA) 2022 MOU SIGNING CEREMONY

At the 2022 MoU signing ceremony, once again CGC sponsored Nanyang Siang Pau's GEA in a joint effort to assist development of Malaysia's MSMEs. Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, and Low Hoong Fee, Nanyang Siang Pau's Chief Executive Officer, signed the MoU. The Golden Eagle Award is a platform to recognise excellence and spread shared experiences, encouraging MSMEs to seek greater heights.



ANNUAL
REPORT
2022

SUSTAINABILITY PILLARS

Pillar 3 - Fostering Meaningful Partnerships



18 MAY 2022

GOLDEN EAGLE AWARDS VIRTUAL LAUNCH

A virtual launch for the Golden Eagle Awards 2022 was held live from Nanyang Siang Pau headquarters. Guests were welcomed by Low Hoong Fee, Organising Chairman and Nanyang Siang Pau Chief Executive Officer. Dato' Low Kian Chuan, President of National Chamber of Commerce and Industry of Malaysia (NCCIM)/President of The Associated Chinese Chambers of Commerce and Industry of Malaysia, also gave a speech. This was followed by pre-recorded messages from sponsors.



9 JUNE 2022

SOBA 2022 LAUNCH

Like boarding a business class flight, attendees at the SOBA 2022 launch ascended the stairs to Cybertorium, Level 2, Menara Star. Invited guests comprised representatives from official trade promotion partner MATRADE and main sponsors CGC, PKT Logistics Group Sdn Bhd and RHB Bank Bhd. In its 13th consecutive year, the 2022 theme was 'SOAR', representing 'Sustain, Optimise, Accelerate and Resilience'. Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, attended the event.



5 JULY 2022

INTERVIEW BY ASTRO AGENDA AWANI

Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, was interviewed on ASTRO Agenda Awani in conjunction with CGC's 50th Anniversary. He spoke about CGC's key role in the MSME ecosystem, its products and services, and development and growth since its inception in 1972.





26 JULY 2022

SOBA LAB #1

Sharifah Attashah Syed Ali, Vice President, Branch Sales Management, was a speaker at SOBA LAB #1, titled 'Building future business resilience through technology, partnerships and effective cash flow management.' Among topics discussed were cash flow disruption, building business resilience, accelerated digital shift, partnerships as key driver and leveraging data analytics. The other speakers were Pang Kong Chek, Chief Financial Officer, PKT Logistics Group Sdn Bhd, and Sim Ee Chiew, Head, SME Engagement, RHB Bank Berhad. Koong Lin Loong, National Treasurer/Chairman of SMEs Committee, ACCCIM, moderated the panel of speakers.



29 JULY 2022

27TH FI/DFI & SME AWARDS PRESS MEET

Dato' Mohammed Hussein, Chairman, and Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, were present at the 27th FI/DFI & SME Awards Press Meet. This awards ceremony recognises MSME customers who actively participate in various financing schemes, while acknowledging the commitment of Financial Institutions (FIs) and Development Financial Institutions (DFIs) to CGC's role as key players in the credit supplementation ecosystem.



18 AUGUST 2022

SOBA LAB #2

The topic for SOBA Lab #2 was 'Future of Work: Reinventing the Digital Workspace.' Yushida Husin, Chief Technology & Operations Officer, was one of the speakers. It was moderated by Hajah Mahuran Saro Dato' Haji Sariki, Vice President of Group Research, Development & Policy, and Malaysian Professional Talent, TalentCorp Malaysia. The other panel speakers were Jamaluddin Abdullah, Director (Information Technology Section), MATRADE; Jason Cheah, Chief Operating Officer, PKT Logistics Group Sdn Bhd and Zilnazran Md Hamzah, Squad Lead of SME Digital Banking, RHB Bank Berhad. Innovative digitalisation growth, driving digital workplace strategies and equipping employees with necessary skills and resources were among the aspects covered.



SUSTAINABILITY PILLARS

Pillar 3 - Fostering Meaningful Partnerships



23 AUGUST 2022

PRESS MEET AT AFFIN BANK BERHAD SIGNING CEREMONY WITH CGC

Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, and Datuk Wan Razly Wan Abdullah, Affin Bank President/Group Chief Executive Officer further extended their partnership with the launch of the third BizDana-i start-up financing scheme. This scheme provides guarantee coverage of 70% as working capital for Malaysian start-ups already in operation for between six and 36 months to grow and expand their business without any collateral.



27 AUGUST 2022

KRCGC TREASURE HUNT (KEMBARA BERSAMA CGC)

KRCGC Treasure Hunt (Kembara Bersama CGC), with the help of Nanyang Siang Pau and Bernama, was flagged off by Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, at CGC's Kelana Jaya HQ. The Hunt ended at the Putrajaya Marriott Hotel. After the 5.5-hour rally, Dato' Mohammed Hussein, Chairman, presented prizes to the winning teams.



22 SEPTEMBER 2022

GOLDEN EAGLE AWARD 2022 WINNER ANNOUNCEMENT CEREMONY

Leong Weng Choong, Chief Business Officer, and Azman Idrus, Head, Strategic Management, attended the Golden Eagle Award 2022 Winner Announcement Ceremony at Dorsett Grand Subang Hotel.





26 SEPTEMBER 2022

CIMB AGREEMENT SIGNING CEREMONY WITH CGC AND SYARIKAT JAMINAN PEMBIAYAAN PERNIAGAAN BHD (SJPP) PRESS CONFERENCE

A press conference was held to announce CIMB Group Holdings' agreement with SJPP and CGC to extend RM30 billion in financing to SMEs. This was to mobilise financing, as well as guarantee schemes, to spur acceleration of SME growth, in tandem with the economic recovery mode in 2022. In attendance were Dato' Mohammed Hussein, Chairman, and Leong Weng Choong, Chief Business Officer. Other attendees included Tengku Datuk Seri Zafrul Tengku Abdul Aziz, Finance Minister; Datuk Abdul Rahman Ahmad, CIMB Group Chief Executive Officer; Ahmad Shazli Kamarulzaman, CIMB Group Commercial Banking Deputy Chief Executive Officer; Victor Lee Meng Teck, Group Commercial Banking Chief Executive; Ahmad Shahrman Mohd Shariff, CIMB Group Islamic Banking Chief Executive Officer; Azlan Mohd Agel, SJPP Senior General Manager and Chen Yin Heng, SJPP Principal Officer.



11 NOVEMBER 2022

GOLDEN EAGLE AWARD GALA NIGHT

CGC representatives attended the glitzy Golden Eagle Awards Gala Night at Genting International Convention Centre (GICC). Organiser Nanyang Siang Pau aims to provide a credible and representative platform to benchmark successful businesses and give them due recognition for their hard-earned success and outstanding achievements. The event was attended by Leong Weng Choong, Chief Business Officer; Azman Taufik, Senior Vice President, Bumiputera Development & Products; Nilammasri Ja'afar, Head, Bumiputera Development & Sales Management; Azman Idrus, Head, Strategic Management; Mohana Arumugam, Head, Corporate Communications; Sha'ari Ngah, Assistant Vice President, Guarantee Evaluation; Azri Zulfadli, Head, Events and Branding; Mustaqim Mustafa, Head, Legal; Mohamad Danial Hisyam, Senior Executive, Social & Digital Media, and Fatin Fadzil, Senior Executive, Branding.



SUSTAINABILITY PILLARS

Pillar 3 - Fostering Meaningful Partnerships

SUSTAINABILITY

STUDY VISITS



Knowledge-sharing and exchange allows for expansion of views and revealing insights. At CGC, hybrid study visits resumed in 2022, to nurture active participation of learning experiences and cultural interchanges. This facilitates building collaborative communities, along with enabling financial inclusion in all strata of society and states.



24 MAY 2022

INTERNATIONAL FINANCE CORPORATION

Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, hosted a study visit for representatives from International Finance Corporation (IFC) and World Bank at Bangunan CGC. Representing IFC were Nicolas Marquier and Anna Ng Li San, Country Manager and Senior Country Officer Brunei, Malaysia and Singapore respectively. Mohamed Rozani Mohamed Osman, Senior Financial Sector Specialist, and Ahmad Hafiz Abdul Aziz, Consultant, attended from the World Bank.

The visit focused on IFC understanding CGC's guarantee products/facilities, as both parties explored potential collaboration in supporting Malaysian MSMEs through trade financing and risk-sharing facilities.



25 JULY 2022

STANDING COMMITTEE FOR ECONOMIC AND COMMERCIAL COOPERATION (COMCEC)

Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, hosted representatives from the Standing Committee for Economic and Commercial Cooperation (COMCEC) at Bangunan CGC. Guests included Yunus Kay from COMCEC, and Professor Nazire Nergiz Dincer, representing TED University, Ankara, Turkey.

The COMCEC Secretariat undertook the visit for a case study on "Increasing Internationalization of SMEs in OIC Member Countries", with the goal of developing practical guidelines. The visit focused on COMCEC's understanding of CGC's guarantee products/facilities, as initiatives explored included potential international cooperation for private mergers and acquisitions.



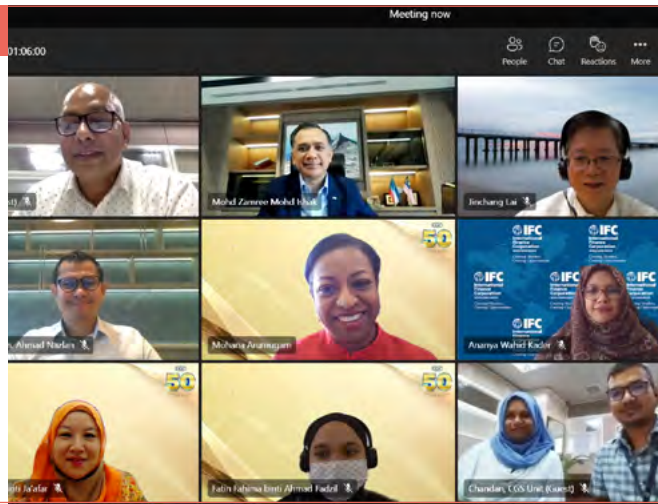


17 AUGUST 2022

IFC AND BANGLADESH BANK

A virtual knowledge-sharing session was hosted by Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, with representatives from the IFC and Central Bank of Bangladesh. Online were IFC's Ananya Wahed Kader, Regional SME Head, and Manoj Kumar Howlader, Central Bank Director, who led the discussion for the Bangladesh team.

The session focused on growth of CGC's products and services, MSME market strategies, risk management and the post-Covid-19 phase.



21 OCTOBER 2022

CGC CAMBODIA

The visit focused on creating mutual understanding between CGC and CGC Cambodia (CGCC) to enhance development of credit guarantee services and MSME growth in Malaysia and Cambodia.

Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, and Wong Keet Loong, CGCC's Chief Executive Officer, were present. Also attending were Anthony Lim Choon Eng, CGC Independent Non-Executive Director and Chairman of Board Risk Management Committee, and H.E. Dr Mey Vann, Secretary of State, Ministry of Economy and Finance, and Board Risk Committee Chairman of CGC Cambodia.

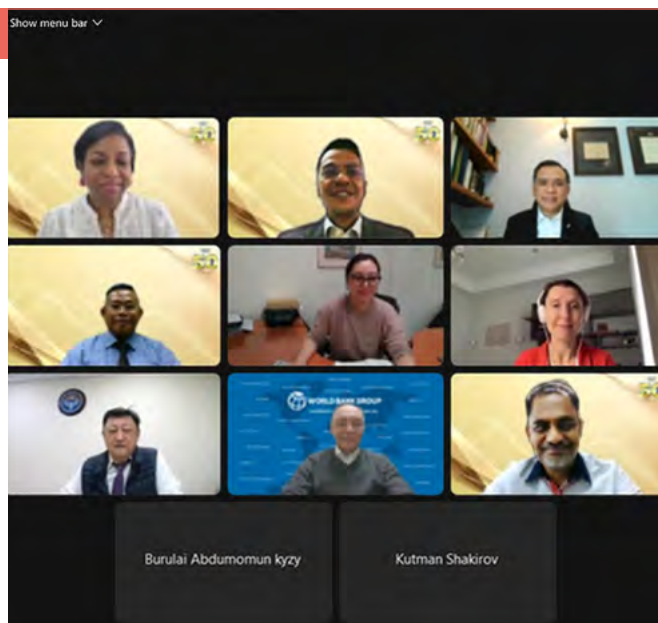


5 DECEMBER 2022

NATIONAL BANK OF KYRGYZ REPUBLIC (NBKR)

Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, hosted a virtual knowledge-sharing session with representatives from National Bank of Kyrgyz Republic (NBKR) and the World Bank. The discussion centred on CGC's experience in guarantee funds supervision and guarantee funds activities within the framework of Islamic financing principles. It encompassed classification for creating provisions for guarantees, including portfolio guarantees.

The 10-member delegation who participated included Elizat Zhaparova, NBKR's Head of Supervision Methodology Department, and Erlan Abdraimov, Head of Department for Supervision of Non-Banking Financial Organisations. The World Bank was represented by Emiko Todoroki, Senior Financial Sector Specialist.





9 DECEMBER 2022

SUSTAINABILITY



DEPOSIT AND CREDIT GUARANTEE FUND (DCGF) NEPAL

Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, hosted representatives from Deposit and Credit Guarantee Fund (DCGF), Nepal at Bangunan CGC. Bikrant Acharya, Manager, Bishnu Mani Adhikari, Acting Manager, and Ruchi Shrestha, Officer, represented DCGF Nepal. CGC representatives included K. Perbagan, Chief Risk Officer; Daeng Hafez Arafat Zuhud, General Counsel & Company Secretary; Mohamed Azman Mohamed Taufik, Senior Vice President, Business Development & Products; Sum Leng Kuang, Advisor, Investment; Mohana Arumugam, Head of Corporate Communications; Mohd Faiz Ahmad Nazlan, Head of Strategic Planning, and Chang Lip Kuan, Assistant Vice President, Investment.

The study tour objective was for DCGF Nepal visitors to gain insight and knowledge about CGC Malaysia's credit guarantee business that they can adopt and put into practice.

RM NIAGA



“

In early 2022, I acquired CGC’s BizMula-i, which allowed me to extend my office space, hire two more highly-skilled staff, and equip ourselves with computers and all the necessary tools.

”

Rasshimah Wagen
Sandakan, Sabah
Bookkeeping Services

MANAGING RECOVERY

In 2019, when Rasshimah Wagen started her business offering bookkeeping services, she felt anxious about the risks involved. She knew that she had to be meticulous and comply with government regulations. Her top priority was to ensure her clients’ satisfaction to retain them and expand her client base. To achieve this, she provided excellent customer service by sharing information transparently and collaborating with her clients to solve any issues. This focus led Rasshimah to her proudest achievement in 2022, helping six of her clients grow from enterprise into Sendirian Berhad.

Pre-Covid-19, RM Niaga had 30 clients on its books but, during the pandemic, the business expanded rapidly and now has 200. Many businesses that applied for government funding through financial institutions required assistance with their paperwork, creating an opportunity for RM Niaga to help.

In 2022, as the business grew, the biggest challenge she faced was finding highly skilled specialists who excel in their roles. And then paying the premium salaries required to attract and retain them. Overcoming this challenge was crucial to ensuring that her business could continue to thrive and deliver high-quality services to clients.

CGC’S COMMITMENT

“In early 2022, I acquired CGC’s BizMula-i, which allowed me to extend my office space, hire two more highly-skilled staff, and equip ourselves with computers and all the necessary tools.” Despite the concerns caused by the pandemic, it was a definite opportunity for RM Niaga to grow even bigger and serve more clients in need of assistance.

Rasshimah finds CGC’s financing products excellent, especially for smaller businesses requiring enough capital to ensure smooth cash flow and to expand operations. She has participated in various CGC Developmental Programme® workshops as well. As a direct result, she has improved her social media presence by sharing knowledge, tips and ideas. Not only have these posts garnered more engagement, they have earned her clients, too.

NURTURING RESILIENCE

“All my seven staff and more than 50% of our clients, are hardworking and determined women. I believe that women are capable of overcoming the numerous challenges, so I always encourage them to give their best effort and never give up.”



In 2022, CGC launched the CGC100 programme to promote entrepreneurship among young people and encourage it as a viable career option. The youth entrepreneurship initiative, sponsored by CGC, is in partnership with the PINTAR Foundation and supported by the Ministry of Education. The programme is inclusive and diverse, empowering young people - mainly from the B40 and M40 groups - with skills and entrepreneurial training. It enables them to identify business opportunities, evaluate them, and act on them, particularly in the digital realm. Upon completion, participants can pitch their ideas to CGC for potential financing. CGC100 is aligned with CGC's CSR pillars of entrepreneurship, environment & community, education & healthcare.

CGC100 offers two programmes: the six-month Fast Track and the 12-month Comprehensive Track. The Fast Track is for individuals aged 19 to 23 with some basic entrepreneurship skills, while the Comprehensive Track programme targets 18- to 20-year-olds with minimal entrepreneurship skills.

The first Fast Track programme began on 4 October 2022, with 20 students graduating in March 2023. The vision of the programme is to elevate the MSME ecosystem in Malaysia by building dynamic business minds for the future. The programme has received positive feedback from participants, who appreciate the opportunity to develop their skills and gain knowledge. Above all, the CGC100 programme is a step towards creating a more entrepreneurial future for Malaysian youth.

CHONG JIA KUIK, 23

Masters in Philosophy
Universiti Tunku Abdul Rahman (UTAR)
Dungun, Terengganu



Online Gaming Payment Service

“My business involves purchasing virtual currency for gamers in China and selling it to them. As a former YouTuber, I noticed that my subscribers faced difficulties in topping up virtual currency, which inspired my business idea. Through the programme, I gained insight into the importance of branding and how to publicise my business to reach a wider audience. Though I initially focused on sales, I now hope to apply the knowledge gained to improve my sales strategies and expand my business. The programme taught me to identify problems faced by others and to develop solutions to create a successful business. I found the other participants to be inspiring, hardworking, and always looking for ways to improve their businesses. Younger people today prefer to run their own business as it offers freedom and the potential to earn more. Overall, the programme has enriched my knowledge and has given me the tools needed to succeed as an entrepreneur.”

MOHD IRSYADUDDIN ABDUL SUTRIN, 25

Kuala Penyu, Sabah

**Air Conditioner Service and Maintenance**

“In 2020, during the pandemic, I was unfortunately retrenched. However, I saw it as an opportunity to start my business in Kampung Palu-Palu, my village. Having worked for three years in a similar capacity at an engineering firm, I had gained valuable, practical experience. My contacts in government departments helped me grow my business. During the programme, I realised the importance of communication, as I’m rather reserved by nature. The programme exposed me to successful entrepreneurs, and I learned a lot about marketing and financing. My goal is to expand my business by opening a proper shop and hiring workers, thereby creating job opportunities for people in my area. Running my own business presents its fair share of challenges, but I enjoy the sense of responsibility that comes with it. The programme has enriched my knowledge, and I believe it would be beneficial for future entrepreneurs.”

NUR LIANA FARHANA HASNI, 24

Kangar, Perlis

**Beauty & Spa**

“As a therapist, I noticed flaws in the industry that I wanted to rectify. I aimed to provide personalised treatments without overhyping results. I had always dreamt of owning my own spa, but it wasn’t until the MCO that I had the chance to make it a reality in 2020. Before the programme, my knowledge was limited to books like The Business Model Canvas. However, I learned a lot from business experts and grasped the importance of writing effective business proposals. I used to believe that a sustainable business depended solely on marketing, but I now understand that other criteria are equally vital. Pitching for financing was also a challenge but, with practice and feedback, I know where I need to improve. Despite having to close my spa during the programme, I hired two staff and worked as a mobile therapist in Kuala Lumpur. Thanks to the programme, I learned to take action instead of just planning. My next step is to introduce a mobile spa truck that will provide customers with the whole spa experience at their doorstep.”

SITI NURUL AQILAH SHAHRUL AZMI, 24

Kuantan, Pahang

**Traditional Kueh/Food**

“After running Kueh Comel Kuantan from home for four years, we finally opened our first shop at Arked Seri Damai in February 2022, towards the end of the CGC 100 programme. Our shop sells traditional kueh like keria, cek mek, and kueh getas, alongside simple afternoon meals. My parents manage operations, while I handle marketing. This programme has been a game-changer, teaching me how to manage staff, solve business problems, and work with experienced mentors closely. I’ve also learned how to brand my business and appeal to customers better. Problem-solving is the most valuable skill I’ve learned, enabling me to study problems and make informed decisions. Without this knowledge, I wouldn’t have had the confidence to open a shop or make decisions on my own. The programme enriched me as a person, and the knowledge-sharing among the positive circle of participants was incredible. With newfound confidence, I plan to open a branch in Pekan within a year.”

SUSTAINABILITY PILLARS

Pillar 3 - Fostering Meaningful Partnerships

SUSTAINABILITY

CORPORATE SOCIAL RESPONSIBILITY (CSR)



In incorporating economic, social and environmental responsibilities into our business operations, we at CGC aim to build sustainable growth. To ensure long-term, positive influence we strive to uphold supportive action that affects the environment, employees, partners, customers, shareholders and communities.

We are committed to the UN Sustainable Development Goals (SDGs), and prefer to fulfil our obligations through channelling all our Corporate Social Responsibility (CSR) activity into meaningful undertakings that help realise a sustainable future for all, especially for those who are marginalised and underserved.

26 JANUARY 2022

CHINESE NEW YEAR (CNY) CELEBRATION, YAYASAN CHOW KIT (YCK)

CGC sponsored CNY hampers for 100 poor families whose children are under YCK's care. During the sponsored reunion lunch, ang pow packets were distributed to 20 children and to YCK staff.



28 JANUARY 2022

CNY LUNCH AND DONATION, ASSOCIATION OF DEVELOPMENT FINANCE INSTITUTIONS MALAYSIA (ADFIM)

Forty elderly residents of Pusat Jagaan Orang Tua Weng Da, Seremban, were treated to a festive lunch, sponsored by CGC and organised by ADFIM. Also, a donation was received on the home's behalf.



SUSTAINABILITY PILLARS

Pillar 3 - Fostering Meaningful Partnerships



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

SUSTAINABILITY



8 MARCH 2022

BRaille TYPING MACHINES, YAYASAN ORANG BUTA MALAYSIA (YOBM)

CGC contributed five 'braille typewriters' for the blind and partially blind community in the special education centre and higher learning institutions under YOBM Foundation auspices.



11 MARCH 2022

SCHOOLING AID, PERTUBUHAN WARISAN ANAK NEGERI SEMALAYSIA (WARISAN)

School necessities such as stationery, books, tuition fees, school bus transport fees, uniforms and shoes were sponsored by CGC for 68 poor children in the Klang Valley.



20 APRIL 2022

WHEELCHAIR DONATION, PERTUBUHAN KEBAJIKAN SKIZOFRENIA MALAYSIA (PKSM)

Six wheelchairs were donated for the use of PKSM residents. The non-profit centre was badly hit by the pandemic, as well as short of funds and donations.



ANNUAL
REPORT
2022

SUSTAINABILITY PILLARS

Pillar 3 - Fostering Meaningful Partnerships



23 APRIL 2022

OBSERVING RAMADAN, KELAB KASIH IBU PRIHATIN

During fasting month, food baskets consisting of rice, rice vermicelli, flour, sugar, cooking oil and dates were distributed to 114 single mothers and their families from the B40 group in the Klang Valley.



1 APRIL - 2 MAY 2022

HARI RAYA CELEBRATION, PERTUBUHAN KEBAJIKAN IMAM AN-NAWAWI SABAH (PKIA)

CGC participated in iNFAQ Fest 4.0, an annual programme organised by PKIA since 2019 to help the underserved in Sandakan, Sabah during the month of Ramadan. CGC donated 300 food packets - comprising rice, sugar, flour, assorted noodles, cooking oil and eggs - to 300 poor families in Sandakan.



PERTUBUHAN KEBAJIKAN IMAM AN-NAWAWI SABAH



1 JUNE 2022

HARI GAWAI CELEBRATION, HOPE MALAYSIA

CGC's contribution was used to sponsor Hari Gawai festive packs for 45 poor families in Kuching, Sarawak. HOPE Malaysia is a charity organisation that helps urban poor families and those marginalised in communities.





7 AUGUST 2022

HARI KAAMATAN 2022, BUKIT HARAPAN REFURBISHMENT

CGC's donation was used to refurbish the Bukit Harapan home's vegetable storeroom roof. The home currently houses 41 residents, aged between 9 and 53. Most residents, from Sabah's rural areas, are either orphans or have been abandoned.



17 OCTOBER 2022

EQUIPMENT PURCHASES, YAYASAN ORANG KURANG UPAYA KELANTAN (YOKUK) IN CONJUNCTION WITH BOARD OFFSITE

In conjunction with Board Offsite in Kota Bharu, Kelantan, CGC contributed towards purchasing equipment such as reclining wheelchairs, hearing aids and oxygen concentrators for YOKUK. The occasion was graced by the Board of Directors and the President & Chief Executive Officer, together with their spouses.



29 OCTOBER 2022

DEEPAVALI MOVIE DATE, SOROPTIMIST INTERNATIONAL CLUB OF DAMANSARA (SID)

CGC purchased 140 movie tickets (120 for children and 20 for CGC Board members and Management) for SID's 21st Charity Movie Fundraiser. The event was held at MBO Cinema, Atria Shopping Gallery, Petaling Jaya.



SUSTAINABILITY PILLARS

Pillar 3 - Fostering Meaningful Partnerships

SUSTAINABILITY



29 OCTOBER 2022



CGC100: YOUTH ENTREPRENEURSHIP PROGRAMME

The inaugural CGC 100 Fast Track Programme was launched in October 2022. Twenty young entrepreneurs, mainly from the B40/M40 groups, were selected to participate in the 6-month programme.

The initiative is geared towards CGC's CSR pillar on Entrepreneurship. This supports activities such as inculcating entrepreneurial mindsets, social and financial education programmes and gaining necessary skills to engage in entrepreneurship.



31 OCTOBER 2022

CATARACT REMOVAL SURGERY, TUN HUSSEIN ONN NATIONAL EYE HOSPITAL (THONEH)

For the third year running, CGC continued to sponsor cataract removal surgery for senior citizens aged 55 and above, and who fall within the B40 category. In 2022, it sponsored 10 cataract-removal surgeries at RM2,000 per eye.





1 NOVEMBER 2022

EQUIPMENT DONATION, PERSATUAN BEKAS POLIS MALAYSIA (PBPM)

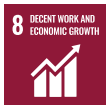
CGC's donation enabled PBPM to purchase 10 lightweight wheelchairs and five semi-electrical beds for Association members.



1 NOVEMBER 2022

SOLAR GENERATOR, YAYASAN KAJIAN DAN PEMBANGUNAN MASYARAKAT (YKPM)

CGC contributed to the purchase of a solar generator for the Orang Asli community to set up a 5-acre farm in Pahang. This effort will help these Orang Asli to be more self-reliant and self-sustainable in future.



1 NOVEMBER 2022

RENOVATION DONATION, YAYASAN ORANG KURANG UPAYA KELANTAN (YOKUK)

CGC donated to build a suitable toilet for Muhammad Amirul Mukmin Mohamad Rozaini, a YOKUK patient diagnosed with cerebral palsy at birth. He lives with his grandmother and 13 other family members in a small house that includes a bathroom without a toilet. One water pump, with no water tank, is shared with neighbours.



SUSTAINABILITY PILLARS

Pillar 3 - Fostering Meaningful Partnerships

SUSTAINABILITY



4 NOVEMBER 2022

THERAPY SESSION SPONSORSHIP, TASPUTRA PERKIM

Two children, afflicted by Timothy syndrome and Attention-Deficit/Hyperactivity Disorder (ADHD) respectively, had their therapy sessions sponsored by CGC. At affordable costs, Tasputra sessions cater to special-needs children from lower- and middle-income groups.



26- 27 NOVEMBER 2022

BLOOD DONATION DRIVE, MALAYSIA BLOOD DONORS SOCIETY (SEDARAH MALAYSIA)

As co-host, CGC sponsored 200 goodie bags for SEDARAH Malaysia's Blood Donation Campaign 2022 held in Petaling Jaya.



9 DECEMBER 2022

DONATION, PERSATUAN KEBAJIKAN MENTAL SELANGOR (PKMS)

CGC donated to PKMS to contribute to its upkeep, including medicine, education, rent and daily living expenses. As of November 2022, PKMS houses 30 residents aged 40 years and above on its premises in Petaling Jaya, Selangor.





9 DECEMBER 2022

VOCATIONAL PROGRAMME DONATION, NATIONAL AUTISM SOCIETY OF MALAYSIA (NASOM)

The CGC donation was used to upgrade facilities at NASOM's Jalan Ipoh Vocational Programme Centre. The contribution covered replacement of existing toilet bowls, LED bulbs and air-conditioners, supply materials for bakery projects and Centre learning-and-development kits.



19 DECEMBER 2022

TABUNG BANTUAN BENCANA NEGARA (TBBN), NATIONAL DISASTER MANAGEMENT AGENCY (NADMA)

CGC's contribution is specifically targeted to help disaster victims and disaster management in Malaysia. Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, attended the photo opportunity ceremony in Putrajaya with Datuk Khairul Shahril Idrus, Timbalan Ketua Pengarah (Sektor Pasca Bencana), NADMA.



25 DECEMBER 2022

FLOOD RELIEF ASSISTANCE 2022/2023, MALAYSIAN RELIEF AGENCY (MRA)

CGC fulfilled the family requirement of bedding sets for 500 families impacted by nationwide flash floods in Selangor, Pahang, Kelantan and Kuala Lumpur. MRA's emergency aid relief measures included clean-up tasks and providing free health assessments for flood victims.



SUSTAINABILITY PILLARS

Pillar 3 - Fostering Meaningful Partnerships

SUSTAINABILITY



1 JANUARY 2023

CHRISTMAS PROGRAMME, NATIONAL SOCIETY OF ST VINCENT DE PAUL MALAYSIA (SSVP)

Joining in the spirit of Christmas, CGC sponsored RM50 AEON vouchers for 100 children, for them to purchase stationery for the upcoming 2023 school session.



9 JANUARY 2023

FLOOD RESPONSE AND RECOVERY PLAN 2022, MERCY MALAYSIA

CGC is an active participant in the ongoing emergency response and flood relief work plan. This plan is designed to assist in mid- and long-term recovery and preparedness work in affected states across Malaysia. Efforts are also aimed at helping those who suffer from non-communicable diseases without access to medication or healthcare services. The recovery plan includes disaster risk reduction for communities affected.





PILLAR 4 - EMBEDDING SUSTAINABILITY INTO CGC

EMBEDDING SUSTAINABILITY INTO CGC

Embedding sustainability into CGC will focus on:

- Enhancing workforce readiness
- Upholding responsible business practices



ENHANCING WORKFORCE READINESS

Material Matters

- Employee Health, Safety and Well-being
- Talent Attraction, Development, Retention and Engagement
- Diversity and Inclusion

Why This Is Material

Our employees are integral to the success of our organisation, and we are dedicated to supporting their health and well-being. As part of our commitment, we will prioritise work-life balance and offer access to relevant health resources. Additionally, we will focus on talent development and retention to build a high-performing and purpose-driven team that is diverse and inclusive. By investing in our people, we believe that we can create a positive work environment and drive sustainable business growth.

Managing Material Matters

We believe that investing in the training and development of our workforce is crucial for achieving our goals. To enhance the readiness of our employees, we are committed to strengthening our talent recruitment process and providing leadership coaching for women employees. We also recognise the importance of sustainability in our business and will ensure that key leaders and sustainability champions receive training in this area. To make sustainability training more accessible, we have incorporated it into our staff development programmes. By prioritising employee training and development, we can build a high-performing and sustainable organisation.



UPHOLDING RESPONSIBLE BUSINESS PRACTICES

Material Matters

- Good Governance
- Regulatory Compliance
- Privacy, Data Protection and Cybersecurity
- Responsible Sourcing
- Economic Performance

Why This Is Material

As a company committed to ethical and transparent business practices, we prioritise compliance with industry best practices, regulations, and standards. We maintain strict ethical standards and safeguard stakeholders' data privacy by responsibly managing data. Moreover, we promote sustainability without compromising our financial stability.

Managing Material Matters

As an organisation, we hold ourselves to the highest standards of ethical conduct and business practice. It is imperative for us to maintain strong compliance and governance frameworks, while conducting business in a responsible and ethical manner. Since embarking on our sustainability journey, we have put in place sustainability governance structures to manage and report sustainability-related matters to both the Management and the Board on a regular basis. In addition, we are committed to developing responsible procurement guidelines to ensure that our vendors comply with our sustainability policy. As we continue to progress, we are also exploring the establishment of a plan to achieve an ESG-compliant investment portfolio, to further demonstrate our commitment to sustainability.

SUSTAINABILITY PILLARS

Pillar 4 - Embedding Sustainability into CGC

OPTIMISING HUMAN CAPITAL: MOVING FORWARD FY2023

Human Capital (HC) plays a pivotal role in supporting a productive, engaged, and inclusive workplace that supports the organisation’s mission and goals. HC’s key roles include setting the right organisational structure, building capacity and capabilities to support the desired transformation, and addressing current challenges.

In 2023, HC will focus on five (5) key areas to optimise its ability to support the organisation’s mission and goals.



1 IMPROVE ORGANISATIONAL EFFECTIVENESS

Organisational effectiveness is crucial for CGC’s long-term success, as it enables the organisation to adapt to changing market conditions, remain competitive, and achieve its mission and goals. It includes processes, systems, structures and designs that support efficient decision-making, communication, and collaboration.

Organisational structure facilitates achievement of organisation’s maximum organisational performance through alignment of various functions within the organisation. It enables work to flow through an organisation, while allowing people to work together within their individual functions to manage tasks. The chosen structure affects organisation success in carrying out its strategy and objectives.

- a. Macrostructure re-alignment exercises**
- Re-alignment of reporting line at the Corporate level

- b. Microstructure re-alignment exercises**
- Re-alignment of reporting line at Division/Sub-Division/Departmental level

2 CAPABILITY- & CAPACITY-BUILDING

Building capability and capacity is crucial to ensure our people are well equipped with the intended skills, knowledge, and ability to perform their jobs and achieve desired outcomes set by the organisation. Investing in capacity- and capability-building will improve their effectiveness, efficiency and sustainability.

Many training programmes are planned to enhance our internal capabilities, including talent development, reskilling & upskilling, digitalisation, and sustainability. These will help drive our people towards achieving the Corporation’s vision and mission.

3 TALENT ACQUISITION & RETENTION

Talent acquisition is a key driver of diversity and inclusion within an organisation. By actively seeking out a diverse pool of candidates, CGC can build a more inclusive workplace and tap into a wider range of perspectives and ideas. Moreover, it can create a strong, engaged workforce that drives innovation, performance and growth by focussing on attracting, developing, and retaining the best talent.

HC will continue to support the following:

- Serving shareholders by attracting, motivating, retaining, rewarding and engaging employees, while aligning with business and mandated goals
- Maintaining standards and levels that are competitive within the relevant market/industry
- Fostering a high-performing culture to drive the desired behaviours and accountability.

4 ENERGISING EMPLOYEES

Energising employees is vital to keep them engaged and motivated at work. As a result, engaged employees are emotionally invested in their work and feel a sense of connection to their organisation. Numerous initiatives are planned and will be carried out this year, including:

- **Encouraging Wellness:** Encouraging wellness in the workplace can help energise employees and improve their productivity. We will continue to offer wellness programmes such as yoga classes and brisk walking, and provide healthy snacks and beverages to encourage employees to take breaks and engage in physical activity during the workday.
- **Flexibility:** With effect from 8 August 2022, CGC has a Revised Work From Office (WFO)/Work From Home (WFH) arrangement consisting of a scheduled four (4) days WFO and one (1) day WFH. In addition, staff can clock in any time between 8:30 am and 9:30 am, and clock out between 5:30 pm and 6:30 pm. This can help employees balance work and personal responsibilities, as well as reducing stress and burnout.
- **Employee Engagement Activities:** We remain committed to enhancing employee engagement with activities that focus on their interests and needs. Since early in the year, activities have been carried out at Corporation and Divisional levels to foster engagement, i.e., ‘Conversation over Nasi Lemak’; ‘CGC Group Team Building’; ‘Bazaar Raya’; Buka Puasa; lunches and dinners hosted by divisions, and many others.

5 LEADERS AS CHANGE AGENTS

Our leaders play a critical role as change agents in the organisation. They are responsible for initiating and implementing changes that improve organisational performance, productivity and competitiveness.

a. Leading by example to connect with employees, and build trust and respect

- A powerful way for leaders to build strong relationships with employees, establish trust, and earn respect is leading by example. Leaders can create a positive and supportive work environment that fosters collaboration, innovation and growth by modelling the behaviours and values they expect from others.
- Several leadership programmes are planned to enhance the skills and capabilities of leaders at various levels within the organisation. The primary goal of a leadership programme is to help leaders develop the skills and knowledge they need to lead effectively and drive organisational success.

b. Fostering a High-performing Culture

Sustained effort from leaders is required to create a positive, supportive work environment that encourages and enables employees’ best performance. This, in turn, fosters a high-performing culture. By investing in employee growth and development, promoting collaboration and teamwork, and recognising and rewarding achievements, leaders can create a culture of excellence that drives the organisation’s success.

Corporate-Wide Activities



28 SEPTEMBER 2022

Tampil Cantik Bersama SLAE Cosmetics

Human Capital (HC) conducted a grooming and make-up session to promote adopting a professional image among CGC staff. Yushida Husin, Chief Technology & Operations Officer, attended the event, where 75 staff from various divisions participated. The hour-long session aimed to foster confidence and self-esteem among staff, and featured make-up demonstrations and discounted SLAE Cosmetics.



26 OCTOBER 2022

Managing Mental Health and Career Talk

HC is dedicated to strengthening its commitment to employee well-being and happiness. In support of Mental Health Awareness month in October, HC aimed to create safe spaces for conversations, learning, and sharing without judgment, particularly regarding mental health and well-being at work. Around 40 staff attended a sharing session on mental health. Afzan Yas, Partner & Director of Storytelling at RecoverNow PLT and Certified Mental Health First Aider, Influencer, and Advocate YouTuber, encouraged attendees to, if necessary, seek professional help. She affirmed that it is possible to live with a mental health condition and still lead a fulfilling life.



11 NOVEMBER 2022

Pasar Seloka 70-an

To kick off CGC's 70s-themed Group Annual Dinner 2022, HC organised Pasar Seloka, a preview event featuring a flea market. The event aimed to drum up excitement and encourage staff to attend the Annual Dinner. It was also an opportunity for leaders to engage with staff and foster positive relationships and a spirit of togetherness. About 150 staff from CGC headquarters attended the event, which featured pre-loved and brand-new clothing, finger food, delicacies, and busker entertainment.



23 NOVEMBER 2022

Management Walkabout

To build excitement leading up to the CGC Group Annual Dinner 2022, HC organised a Management Walkabout (Leaders Turun Padang) for senior management to engage with staff and foster positive relationships. On the day of the walkabout, senior management gathered at the CGC HQ Lobby from 9.00 am to 9.45 am to distribute popcorn to all staff. Over 560 canisters of popcorn were given out, and many staff were pleasantly surprised to be greeted by the senior management and to receive popcorn. HC also arranged to courier popcorn to branch staff for branch managers to distribute among their teams.



SUSTAINABILITY PILLARS

Pillar 4 - Embedding Sustainability into CGC



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

SUSTAINABILITY

26 NOVEMBER 2022

CGC Group Annual Dinner 2022

The CGC Annual Dinner, held at One World Hotel, is a significant corporate event that serves as a platform to appreciate staff for their stellar contribution. It also aims to boost employee morale, promote creativity, and foster teamwork and collaboration between committee members. The last Annual Dinner was held in 2019 before the pandemic, and this year's theme, 'Let's Party in the 70s', was inspired by GCC's 50th Jubilee celebration, commemorating the inception of CGC in 1972.

The event was attended by around 484 staff, including those from the 16 branches nationwide, Senior Management Team, and Board of Directors. All were dressed in their best 70s-themed costumes, comprising bell-bottoms, platform shoes, high-waisted jeans, large-rimmed glasses and retro hairstyles. Entertainment included a magic show, the 'Dancing Queen' opening act, and the presentation of Long Service Awards to 83 recipients. However, the highlight of the night was the special performance by the renowned local artist, Misha Omar.



AUGUST – DECEMBER 2022

Weekly Zumba

A series of weekly Zumba classes was conducted from August to December 2022 to promote a healthy and positive lifestyle among CGC staff. An external Zumba-certified instructor was invited to lead the initiative with the aim of inspiring staff to engage in healthy activities with colleagues in a safe and protected environment.



18 JANUARY & 15 FEB 2023

Wellness Wednesdays

Employees who have positive well-being and good health tend to perform better in the workplace. In addition to employee compensation and benefits, HC is committed to promoting work-life balance and improving overall health by planning a full-year calendar of health and wellness activities for 2023.

HC kicked off this initiative with Wellness Wednesdays, a series of activities conducted every fortnight beginning in January. The preferred activities were brisk outdoor walks at Taman Tasik Kelana Jaya and indoor yoga. These activities also encouraged bonding between teams, increased motivation, and fostered positive relationships among colleagues.

Around 28 staff participated in the outdoor brisk walks and over 25 staff were at the indoor yoga sessions.



SUSTAINABILITY PILLARS

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1 MARCH 2023

Nasi Lemak Conversations

The open forum over breakfast is a great opportunity for staff to catch up with their managers and team members in an informal setting. It is a versatile and popular activity that brings everyone together over Malaysia's favourite breakfast, Nasi Lemak. HC distributed packed Nasi Lemak for all staff to enjoy the meal that celebrates our unique blend of cultures.



17 MARCH 2023 – 19 MARCH 2023

CGC Group Team Building (GTB) 2023

The CGC Group Team Building 2023 was designed to strengthen relationships between different divisions and individuals who work together towards a stronger CGC. The 3D2N programme brought together over 480 staff from HQ and branches at the Avani Sepang Gold Coast Resort. The programme included various group activities guided by our CGC Core Values (T.H.I.N.K) and aimed to create meaningful moments and foster bonding among staff from diverse backgrounds.



Divisional and Department Activities

Team gatherings are organised to foster better working relationships and to create a stronger bond among team members, while breaking down barriers and increasing communication to build a collaborative workforce.

30 NOVEMBER 2022

Technology & Operations

Yushida Husin, Chief Technology & Operations Officer, hosted a lunch for her team at the Kitchen Art Brasserie, Empire Hotel, Subang.



31 NOVEMBER 2022

Finance

Shazmeer Mokhtar, Chief Financial Officer, hosted a team lunch, organised by the Finance Division, at the Dorsett Hotel.



3 DECEMBER 2022

Credit

Credit Division organised breakfast and lunch at Richiamo, SS6, Kelana Jaya, for its staff. Vice President, Azmi Hasnon and Nazrin Saadon, Assistant Vice President, Credit Innovation, Sha'ari Ngah, Assistant Vice President, Credit Evaluation and Tah Hiap Seng, Manager, Credit Evaluation attended the event.



8 DECEMBER 2022

Investment

The Investment Division organised a lunch with Teoh Kok Lin, BIC Chairman, at the Dancing Fish, Bangsar Shopping Centre. Sum Leng Kuang, Head, Investment was in attendance.

9 DECEMBER 2022

Business

The Business division, led by Leong Weng Choong, Chief Business Officer, organised a bowling outing at Wangsa Bowl, One Utama. All staff were treated to goodie bags containing Subway sandwiches, chocolate chip cookies and mineral water.



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10 DECEMBER 2022

Information Technology

The Technology and Operations Division, Information Technology, organised a day trip to the famed Sky Mirror in Kuala Selangor. Wai Ko-chi, Head of Information Technology, joined the outing.



15 DECEMBER 2022

Documentation & Disbursement and Quality & Process Excellence

A lunch was organised by the Technology and Operations Division (Documentation & Disbursement (DDD) and Quality & Process Excellence (QPE)) at Aroma Hijrah Nasi Arab TTDI Jaya, Shah Alam. Yushida Husin, Chief Technology & Operations Officer, attended the get-together, with Choo May Lin, Assistant Vice President DDD, and Wan Azmazulwaha Abdul Wahab, Head, Documentation & Disbursement.



16 DECEMBER 2022

Risk Management

K. Perbagaran, Chief Risk Officer, joined his team at the Sunway Mega Lanes for a bowling session organised by the Risk Management Division.



17 DECEMBER 2022

Corporate

Azman Idrus, Head, Strategic Management, led the Corporate Division teams on a fun hike at the Taman Tugu Trail, Kuala Lumpur.



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21 DECEMBER 2022

Corporate Communications

Mohana Arumugam, Vice President, Corporate Communications Department, hosted a team lunch at Le Tien, Citta Mall.



22 DECEMBER 2022

Legal and Company Secretarial

The Legal and Company Secretarial Division team dinner at Seoul Garden, Paradigm Mall, was attended by Daeng Hafez Arafat Zuhud, General Counsel & Company Secretary.



28 DECEMBER 2022

Internal Audit

The Internal Audit Division with Fakrul Azmi Mohamad, Chief Internal Auditor, got together for a fun time at the Mission-Q Escape Room and for a spot of bowling at Sunway Mega Lanes.



SUSTAINABILITY PILLARS

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CGC Branch Gatherings

To build trust, improve morale and create a positive and supportive work environment, Branch team gatherings over meals and activities are an essential part of building a successful and cohesive team.



30 NOVEMBER 2022

Kuala Terengganu

Rosli Yahya, Kuala Terengganu Branch Manager, enjoyed a bowling session together with his team at Coral Crown Bowl, followed by dinner at Syrup Soda.



1 DECEMBER 2022

Sandakan

Adolf Anthony Lajinga, Branch Manager enjoyed a Christmas Dinner at Restaurant New King City with his team and exchanged gifts.



2 DECEMBER 2022

Batu Pahat

Mohd Zikhuan Mohd Miyan, Batu Pahat Branch Manager, and his team got together for a year-end meal at Leezo Containers and exchanged mystery gifts at the end of the evening.



2 DECEMBER 2022

Seremban

Together with the team, Azizi Ahmad, Branch Manager gathered at Mykori Dessert Café Seremban 2, for a sumptuous high tea.



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 3 DECEMBER 2022

Kuala Lumpur

Mohd Haniza Mohd Jaapar, Kuala Lumpur Branch Manager, gathered at Breakout, Escape Room Nu Sentral, with his team for a lively time outwitting each other.



 4 DECEMBER 2022

Alor Setar

Accompanied by Sri Atikah Mohd Saad, Alor Setar Branch Manager, the team headed off to Hat Yai, Thailand, for a fun-filled day trip.



 6 DECEMBER 2022

Prai

Nori Harni Juhari, Prai Branch Manager, and her team participated in an office bowling tournament at Ole Ole Superbowl Bukit Mertajam and then proceeded to Mydin Bukit Mertajam for dinner.



 9 DECEMBER 2022

Melaka

The Melaka Branch staff got together to enjoy high tea at the ibis Hotel, Melaka.



 17 DECEMBER 2022

Ipoh

Punitha Jeyabalan, Ipoh Branch Manager, and staff enjoyed a MP BBQ Steamboat dinner together.



 17 DECEMBER 2022

Kota Bharu

Norazlan Husain, Kota Bharu Branch Manager, and his team brushed up on their bowling skills at Pacific Bowl, KB Mall, before dinner at Payang Serai Restaurant.



ANNUAL
REPORT
2022

SUSTAINABILITY PILLARS

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SUSTAINABILITY



21 DECEMBER 2022

Kota Kinabalu

Adolf Anthony Lajinga, Kota Kinabalu Branch Manager, hosted a team Christmas Dinner at Upperstar, Kota Kinabalu. Staff exchanged mystery gifts with each other, in keeping with the spirit of the season.



21 DECEMBER 2022

Main Branch

Azizi Ahmad, Main Branch Manager, got his team together for high tea at Seoul Garden, Sunway.



23 DECEMBER 2022

Johor Bahru

Don Teriady Abd Jalil, Johor Bahru Branch Manager, and his team spent an evening bowling at the Angsana Bowling Center before indulging in their Christmas Dinner at Damai Seafood.



24 DECEMBER 2022

Kuantan

Rosmi Rizal Mamat, Kuantan Branch Manager, took his team out for a spot of bowling at Kuantan Mega Lanes before a well-earned dinner.



TALENT DEVELOPMENT

CGC provides talent development programmes in alignment with the United Nations Sustainable Development Goals (SDGs) of Quality Education (SDG 4), Decent Work and Economic Growth (SDG 8), and Reduced Inequalities (SDG 10). These programmes are designed to enable recent graduates to apply their learning in practical settings, enhance their leadership capabilities, and gain a competitive edge in securing permanent employment.

The internship programme and Financial Sector Talent Enrichment Programme (FSTEP) are talent development programmes that offer industry work experience, including opportunities to acquire new skills and interact with professionals. These programmes aim to provide an inclusive learning experience by combining theoretical knowledge with hands-on training, enabling new graduates to cultivate essential skills such as time management, organisation, adaptability, problem-solving, and teamwork.



INTERNSHIP PROGRAMME

CGC's Internship Programme is aimed at equipping recent university graduates with on-the-job training. This annual practice is designed to prepare young adults for their future careers by providing them with useful skills and enhancing their capabilities. During the programme, interns are placed in various divisions within CGC where they can apply their relevant education and gain practical experience. CGC ensures equal opportunities for all interns, regardless of where their future careers lead. At the same time, CGC, by providing meaningful work to help meet MSME needs, ensures success in the workforce.



MUHAMMAD HAZIM FAYYAD RAZALI | BILLING MANAGEMENT

Management & Science University Shah Alam, Bachelor of International Business



15 August 2022 - 10 February 2023

“My internship at CGC was an incredible opportunity to learn important skills that will benefit me throughout my career. Two of the key skills I developed were multitasking and time management. The fast-paced nature of the work environment allowed me to hone my ability to prioritise and manage my time efficiently. This skill will be invaluable as I pursue my future career goals and handle multiple tasks simultaneously. In addition, the friendly and supportive colleagues at CGC made my experience all the more enjoyable. Their guidance and encouragement helped me to succeed and grow as a professional. I feel fortunate to have had the opportunity to work with such a fantastic team at CGC.”



MUHAMMAD AMIRUDDIN MOHD KAMARI | FINANCE (OPERATIONS)

Universiti Teknologi Mara (UiTM), Bachelor of Business Administration (Hons) Finance



5 September 2022 - 10 February 2023

“During my internship, I learned the importance of communication skills and teamwork. These skills have helped me become a more competitive employee and increase my value in learning new things. Acquiring the ability to work in a team and becoming proficient in gaining new knowledge were the most important values I gained here. The internship provided me with exposure to daily financial operations, allowing me to apply and learn new skills such as SAP and Excel. The working environment at CGC was friendly, and everyone was willing to help. I appreciate all the kindness I received during my internship.”

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**SYAMIM NAJIHA MOHAMAD SAHIBULLAH | FINANCE**

Bachelor of Business Administration (Hons) Finance, Universiti Teknologi Mara (UiTM)



5 September 2022 - 10 February 2023

“At CGC, I gained deep exposure to finance, applying theoretical concepts in a professional setting. I learned skills, such as issuing Purchase Orders, that weren’t taught in university. The internship improved my communication skills, which are crucial in the workplace. The experience here and the skills I gained have prepared me for an agile environment, in the exposure to new experiences. I also learned the importance of teamwork and responsibilities, significant values that will enhance efficiency and effectiveness. My time at CGC was like a first step towards work-life preparation, giving me the guidance and skills necessary to succeed.”

**NURUL FAZLIANA BASIRUN | PROCUREMENT**

Bachelor of Business Administration (Hons) Finance, Universiti Teknologi Mara (UiTM)



5 September 2022 - 10 February 2023

“The best thing about my internship at CGC is that I learned two important skills: communication and how to utilise SAP Hana. Working with vendors allowed me to develop negotiation skills and become a confident communicator. The positive feedback from my team helped me improve in these areas. Strong communication and negotiation skills are valuable for building trust and creating a positive work environment. The most significant value I gained was exposure to real-life financial industry work experience. I learned how to use SAP and got to know the many friendly staff. Overall, my time at CGC was a great opportunity to develop skills that will help me in my future career.”

**UMI SYAHIRAH RAZALI | FINANCE**

Bachelor of Accountancy (Hons.), Universiti Teknologi Mara (UiTM)



3 October 2022 - 13 March 2023

“At CGC, I learned teamwork and collaboration, which are crucial skills that will be valuable in building my passion in auditing. These skills are essential as audit professionals work with people from diverse backgrounds, experiences, and viewpoints. Being flexible and adaptable is critical to becoming a leader in this profession. CGC provided me with valuable mentorship from experienced professionals who guided, supported, and gave feedback, which helped me grow personally and professionally. Additionally, I learned from observing their decision-making processes and learning from their experiences, which were beneficial to my growth.”



THE FINANCIAL SECTOR TALENT ENRICHMENT PROGRAMME (FSTEP)

The Financial Sector Talent Enrichment Programme (FSTEP) was established in 2007 as one of Bank Negara Malaysia's (BNM) strategies to enhance talent development in the financial services sector. The programme is managed by the Asian Banking School (ABS) in collaboration with BNM. It is an intensive graduate training initiative that equips participants with the necessary skills and knowledge to transition into the financial services industry. The FSTEP is also an industry-driven programme with the participation of banks and insurance companies in Malaysia.

The programme provides fresh graduates with three-month comprehensive theoretical training, followed by a nine-month on-the-job training stint with participating financial institutions. CGC, as part of its commitment to developing talent in the financial services sector, encourages participants to share their FSTEP 2022 experiences.

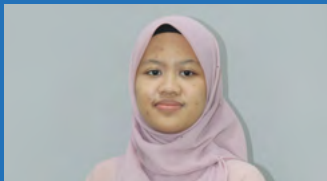


NAZIFA HANIS MUHAMAD NAHAR | IT APPLICATIONS

Bachelor of Computer Science (Hons), Universiti Teknologi Mara (UiTM)

 17 October 2022 - 16 October 2023

"As a Computer Science graduate, I was hesitant to enter the financial sector. However, during my three-month FSTEP training course, the trainers prepared me with the skills and knowledge necessary for any financial institution. I was given the opportunity to handle IRIS, a reporting system used in CGC, which allowed me to gain a deeper understanding of their services and products. I also learned how to construct a database from my colleagues. The company has a nurturing environment, and the hiring process was seamless. The people at CGC are welcoming, kind, and generous, making my time there rewarding and fulfilling. With the skills I've gained and guidance from my colleagues, I am confident that CGC will be a stepping stone towards achieving my goal of becoming a data analyst."



NUR AQILAH ABD JALIL | IT APPLICATIONS

Bachelor of Information Technology (Multimedia), Universiti Malaya

 17 October 2022 - 16 October 2023

"Working in IT support is hard and it's impossible to please everyone. I learned to not stress over little things, work well as a team, and ask lots of questions. FSTEP prepared me with communication skills, dress code and managing relations. The most important skill I learned throughout my internship is to never be afraid to ask lots of questions, as asking for help can lead to better results and connections with colleagues. The most significant value gained during my internship is knowledge, as my team members have been supportive in teaching me. I still have much to learn, but I am grateful for the experience and the opportunity to work with such a supportive team."



NUR AMANINA HAZIQAH KHAIRUL AZWA | RISK MANAGEMENT

Bachelor's Degree in Actuarial Sciences (Hons.), Universiti Teknologi MARA

 17 October 2022 - 16 October 2023

"The FSTEP Training at CGC was highly beneficial for me. In just two months, I learned new skills and gained knowledge that I struggled with during my university days. At the Asian Institute of Chartered Bankers (AICB) the courses I took covered basic skills and knowledge needed in the financial industry, such as risk management, ethics, and data analytics. Although I wish we had covered topics like financial economics, I find data analysis to be the most important skill I learned, especially differentiating between reporting data and analysing data. I am also confident that writing and reasoning eloquently, like my seniors, will be a compulsory skill in developing my career in the future. Additionally, teamwork is highly valued in my department, as evidenced by everyone contributing to a paper and taking responsibility for any mistakes."

SUSTAINABILITY PILLARS

Pillar 4 - Embedding Sustainability into CGC

ORGANISATIONAL LEARNING AND PEOPLE TRANSFORMATION FY2022

People are always our priority at CGC, and Human Capital drives various initiatives regarding learning & development. These provide employees with the necessary critical skills and knowledge to grow in their roles and perform their work effectively. Competent employees will create a high-performance culture in the organisation.

In 2022, Human Capital carried out numerous learning initiatives to ensure our people are fully equipped and competent to deliver excellent service to both internal and external customers.

These initiatives included the following:

A. LEADERSHIP CORE COMPETENCIES

1. All staff were assigned to complete the Leadership Core Competencies e-learning modules within a given period. **A total of six to ten modules were assigned** to various job levels, from non-executive to senior management, based on their required proficiency scale. Overall, **50 modules** were assigned to all employees with numerous topics covering three key areas of competencies:

- Operational Excellence
- Capitalise Opportunity
- Nurture Talent

2. A total of 14 staff from middle management and above participated in the ICLIF Leadership Programme with the Asia School of Business (ASB).

3. A total of 15 staff from various divisions, consisting of middle management and above attended Singapore Fintech Festival 2022 to gain new insights and information related to the latest financial technology.

B. TECHNICAL COMPETENCIES

Employees received further continuous support in enhancing their technical capability via learning & development in 2022. This took place through various learning modes like face-to-face, online, e-learning and hybrid.

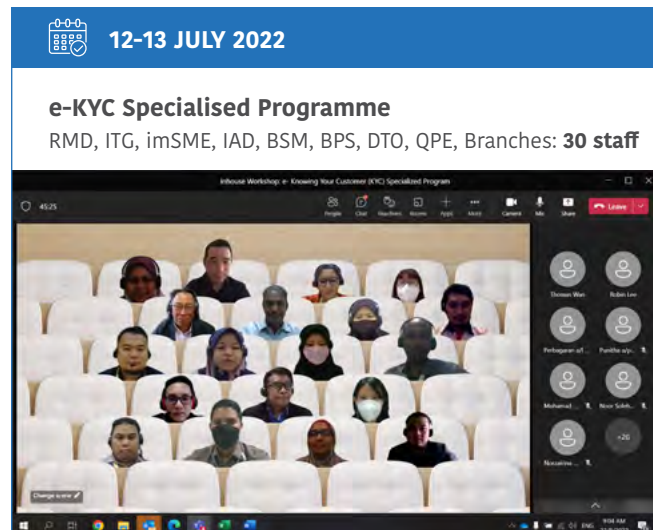
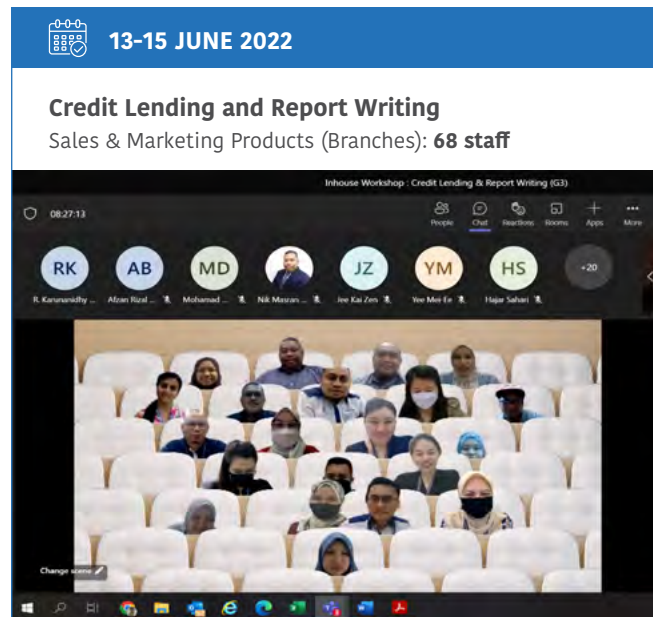
1. EXTERNAL TRAINING

No.	Programme	Number of Staff Attended
1.	MyFintech Week 2022	27
2.	Various Enhancement Certification Programmes for Information Technology Certifications i.e., DevOps, AWS, Red Hat	19
3.	Environmental, Social and Governance (ESG) Conference (Catalytic Changes for Business Sustainability)	5
4.	Performance and Rewards and Strategic Business Partners	2
5.	Digital Marketing: Strategies, Models and Frameworks	2
6.	National Conference on Integrity and Governance 2022	4
7.	PR Asia Conference 2022	2
8.	Muzakarah Cendiakawan Syariah Nusantara	1
9.	17 th KLIFF 2022 Main Forum	1
10.	The Essentials of Operational Risk Management	1
11.	Malaysian Banking Conference 2022	4
12.	Distressed Customer Engagement	1
13.	Professional Credit Certification	3
14.	Courses Related to Company Secretarial	6
15.	Microsoft Power BI Data Analyst (ILT)	1

2. INTERNAL TRAINING

In 2022, 18 training modules were conducted in-house through physical, online and e-learning modes.

No.	Programme	Number of Staff Attended
1.	High-Performing Culture Workshop	15
2.	Credit Lending and Report Writing	68
3.	e-Learning on Shariah Governance	553
4.	e-KYC Specialised Programme	30
5.	e-KYC Awareness Webinar	553
6.	Leadership Sharing Session by Dato' Haji Syed Moheeb Dato' Syed Kamarulzaman	99
7.	Amazing Macros with Microsoft Excel	15
8.	Understanding Employment Contracts, Employee Misconduct, Retrenchment and Industrial Court Procedures, including New Employment Amendment Act 2021	17
9.	Islamic Contracts by ISRA	8
10.	IT Risk Management Awareness e-Learning	553
11.	IT Security Awareness Training (Part 1 & 2)	553
12.	CGC Induction Programme (8 Sessions)	90
13.	SAP Hana Refresher (Finance Module, Procurement and Treasury Module)	60
14.	Weekly Chapter Huddle by QPE	15
15.	Negotiation Skills	15
16.	Credit Lending and Report Writing (Follow-up session)	26
17.	Business Credit Professional (BCP)	16
18.	ACL Certified Data Analyst (ACDA) Level 4	4
19.	Brown Bag Session with INCEIF	30



SUSTAINABILITY PILLARS

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INDUCTION & INTERNAL TRAINING

SUSTAINABILITY



JUNE – DECEMBER 2022

CGC Induction Programme

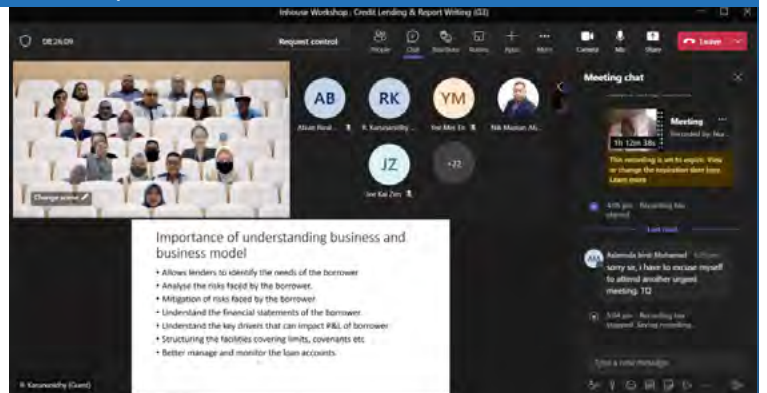
This programme is designed to provide comprehensive information to new staff about CGC, including its transformational journey and business aspects. Additionally, Human Capital will provide details on terms and conditions, as well as training and development opportunities.



GROUP 1: 17-19 MAY 2022 | GROUP 2: 8-10 JUNE 2022 | GROUP 3: 13-15 JUNE 2022

Online via Microsoft Teams Credit Lending and Report Writing Workshop

This programme is designed to enhance the necessary technical, analytical, and client-servicing skills for staff working in this portfolio. Mastering these elements is essential for optimal job performance and decision-making.

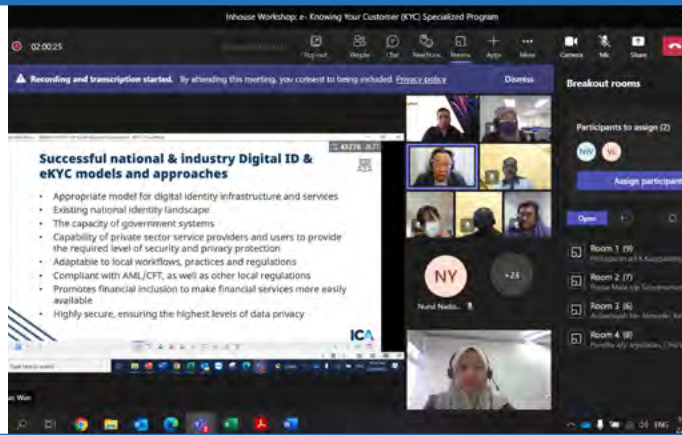




e-KYC SPECIALISED PROGRAMME • 12-13 JULY 2022 / 9AM-5PM | e-KYC AWARENESS WEBINAR • 14 JULY, 18-21 JULY 2022 / 9AM-1PM

Specialised Programme and Awareness Webinar on e-Knowing Your Customer (KYC)

The evolution of the ‘Know Your Customer’ (KYC) process has brought about digitalisation, enabling implementation of electronic KYC or ‘e-KYC’. This process enables digital onboarding of customers to occur any time and anywhere, making it essential for CGC staff to have an awareness of e-KYC and how to mitigate risks associated with business activities. This programme is designed to provide practical information on adoption and processes of e-KYC implementation.



2-3 NOVEMBER 2022 (HQ) | 24-25 NOVEMBER 2022 (BRANCHES)

Public Speaking and Professional Grooming Workshop

The Public Speaking & Professional Grooming workshop is designed to enhance a person’s ability to educate and influence the audience through effective communication and presentation skills. The workshop focuses on how a speaker’s personality can positively impact the message conveyed. It also covers professional grooming to ensure that the speaker’s appearance and body language enhance their credibility and confidence in front of the audience.

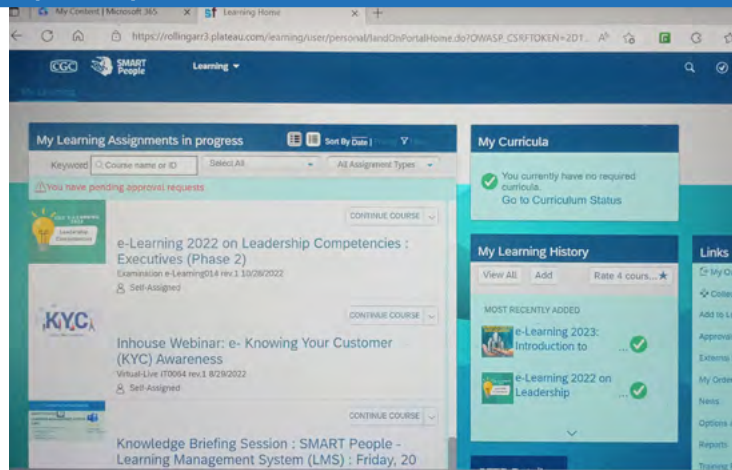


11 OCTOBER 2022 (PHASE 1) | 28 OCTOBER 2022 (PHASE 2)

Mandatory E-Learning: Leadership Modules

The E-Learning Module for Leadership and Digitalisation is an e-learning programme designed for all CGC staff. The content is selected to bridge competency gaps in leadership and digitalisation, as summarised below:

- Operational Excellence
- Capitalise Opportunities
- Talent Development
- Digitalisation



The aim of this programme is to bridge staff competencies based on the required proficiency level for different positions. The content modules will be assigned to respective levels, ranging from non-executive, executive, junior and middle managers to senior management.

5-YEAR FINANCIAL SUMMARY AND HIGHLIGHTS

GROUP

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Total Income	465,872	485,806	451,296	432,337	406,520
Profit Before Taxation	204,926	214,399	108,016	140,713	60,144
Net Profit for the Financial Year	262,540	215,339	108,541	140,713	60,144
Profit Attributable to Shareholders	263,095	215,451	108,541	140,713	60,144
Shareholders' Equity	3,711,288	3,993,960	4,145,740	4,200,968	4,211,572
Total Equity	3,712,704	3,995,264	4,145,740	4,200,968	4,211,572
Total Assets	5,023,319	5,344,053	5,612,552	5,194,324	4,958,877

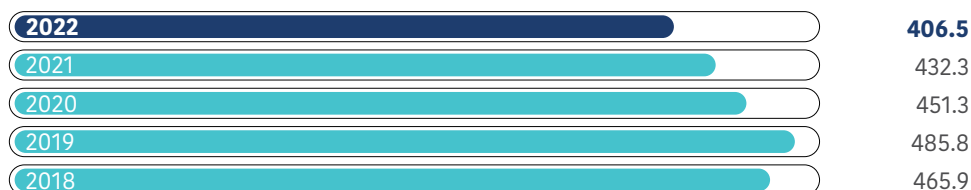
5-YEAR FINANCIAL SUMMARY AND HIGHLIGHTS



CREDIT
GUARANTEE
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MALAYSIA
BERHAD

GROUP
PERFORMANCE

Total Income (RM million)



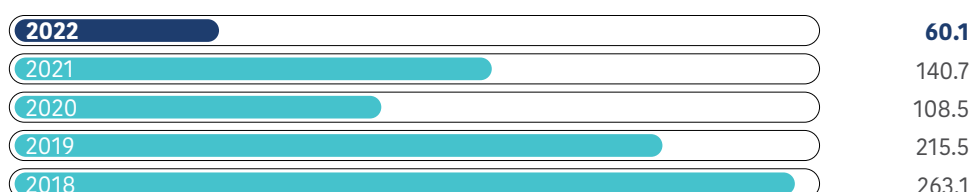
Profit Before Taxation (RM million)



Net Profit for the Financial Year (RM million)



Profit Attributable to Shareholders (RM million)



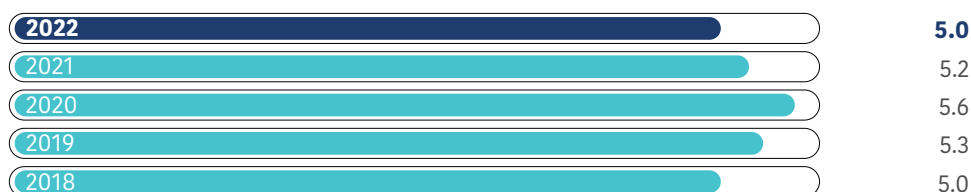
Shareholders' Equity (RM billion)



Total Equity (RM billion)



Total Assets (RM billion)



5-YEAR FINANCIAL SUMMARY AND HIGHLIGHTS

COMPANY

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Total Income	471,572	494,756	455,106	833,487	406,520
Profit Before Taxation	210,636	223,358	110,761	542,306	58,613
Net Profit for the Financial Year	210,636	223,358	110,761	542,306	58,613
Profit Attributable to Shareholders	210,636	223,358	110,761	542,306	58,613
Total Equity	3,311,293	3,589,510	3,743,510	4,200,331	4,209,404
Total Assets	4,620,019	4,935,604	5,210,322	5,193,687	4,956,678

5-YEAR FINANCIAL SUMMARY AND HIGHLIGHTS



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

GROUP
PERFORMANCE

Total Income (RM million)	2022	406.5
	2021	833.5
	2020	455.1
	2019	494.8
	2018	471.6
Profit Before Taxation (RM million)	2022	58.6
	2021	542.3
	2020	110.8
	2019	223.4
	2018	210.6
Net Profit for the Financial Year (RM million)	2022	58.6
	2021	542.3
	2020	110.8
	2019	223.4
	2018	210.6
Profit Attributable to Shareholders (RM million)	2022	58.6
	2021	542.3
	2020	110.8
	2019	223.4
	2018	210.6
Total Equity (RM billion)	2022	4.2
	2021	4.2
	2020	3.7
	2019	3.6
	2018	3.3
Total Assets (RM billion)	2022	5.0
	2021	5.2
	2020	5.2
	2019	4.9
	2018	4.6

SIMPLIFIED STATEMENTS OF FINANCIAL POSITION

GROUP

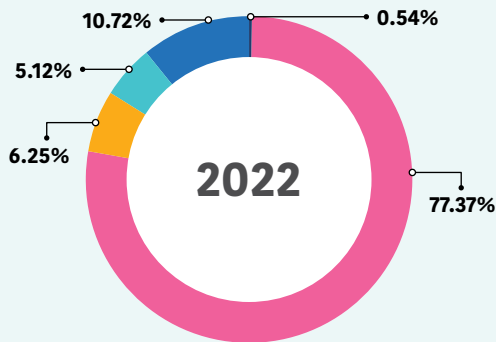
	2022		2021	
	RM'000	%	RM'000	%
Property, Plant & Equipment (PPE) and Intangible Assets	26,694	0.54%	30,972	0.60%
Financial Investments	3,836,490	77.37%	3,446,621	66.35%
Term Deposit	310,210	6.25%	1,075,693	20.71%
Financing, Loans and Advances	254,058	5.12%	230,530	4.44%
Others	531,425	10.72%	410,508	7.90%
Total	4,958,877	100.00%	5,194,324	100.00%

COMPANY

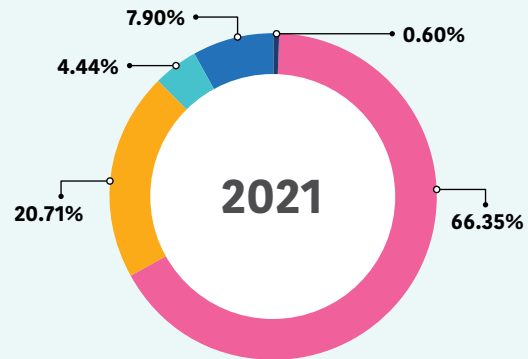
	2022		2021	
	RM'000	%	RM'000	%
PPE and Intangible Assets	26,694	0.54%	30,972	0.60%
Financial Investments	3,836,490	77.40%	3,446,621	66.36%
Term Deposit	310,210	6.26%	1,075,693	20.71%
Financing, Loans and Advances	254,058	5.13%	230,530	4.44%
Others	529,226	10.67%	409,871	7.89%
Total	4,956,678	100.00%	5,193,687	100.00%

TOTAL ASSETS

GROUP

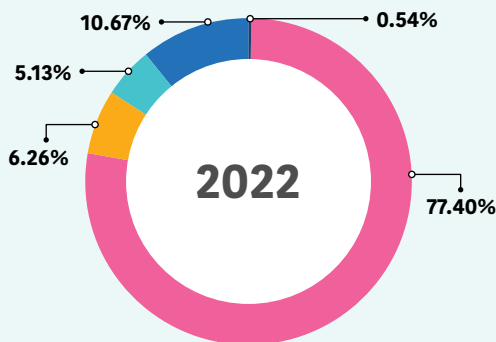


RM5.0 billion

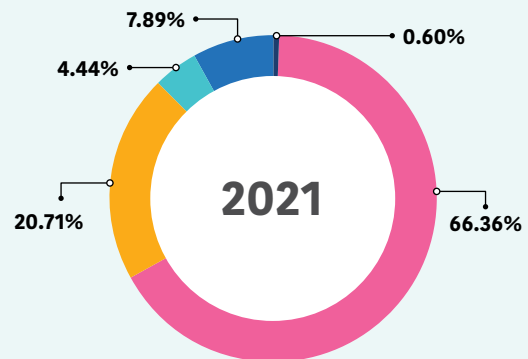


RM5.2 billion

COMPANY



RM5.0 billion



RM5.2 billion

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

OVERVIEW OF GUARANTEE AND FINANCING SCHEMES

In 2022, CGC managed a total of 24 guarantee/financing schemes; 22 of which fall under the Guarantee Schemes category, one (1) under the Direct Financing Schemes category, and one (1) under the Government-Backed Scheme category.

GUARANTEE SCHEMES

PORTFOLIO GUARANTEE SCHEME

WHOLESALE GUARANTEE SCHEME

- BizMaju
- BizSME
- BizJamin
- BizJamin-i
- BizJamin Bumi
- BizJamin Bumi-i
- BizJamin NRCC
- BizJamin-i NRCC
- BizJamin HTG
- BizJamin-i HTG
- BizJamin LCTF
- BizJamin-i LCTF
- BizJamin BRF
- BizJamin-i BRF
- Bizjamin DRF 2022
- BizJamin-i DRF 2022
- BizJamin TRRF
- BizJamin-i TRRF
- Flexi Guarantee Scheme (SME-All Economic Sectors)
- Flexi Guarantee Scheme-i (SME-All Economic Sectors)

GOVERNMENT-BACKED SCHEME

- Franchise Financing Scheme

DIRECT FINANCING SCHEMES

- Tabung Projek Usahawan Bumiputera-i (TPUB-i)

BEYOND GUARANTEE

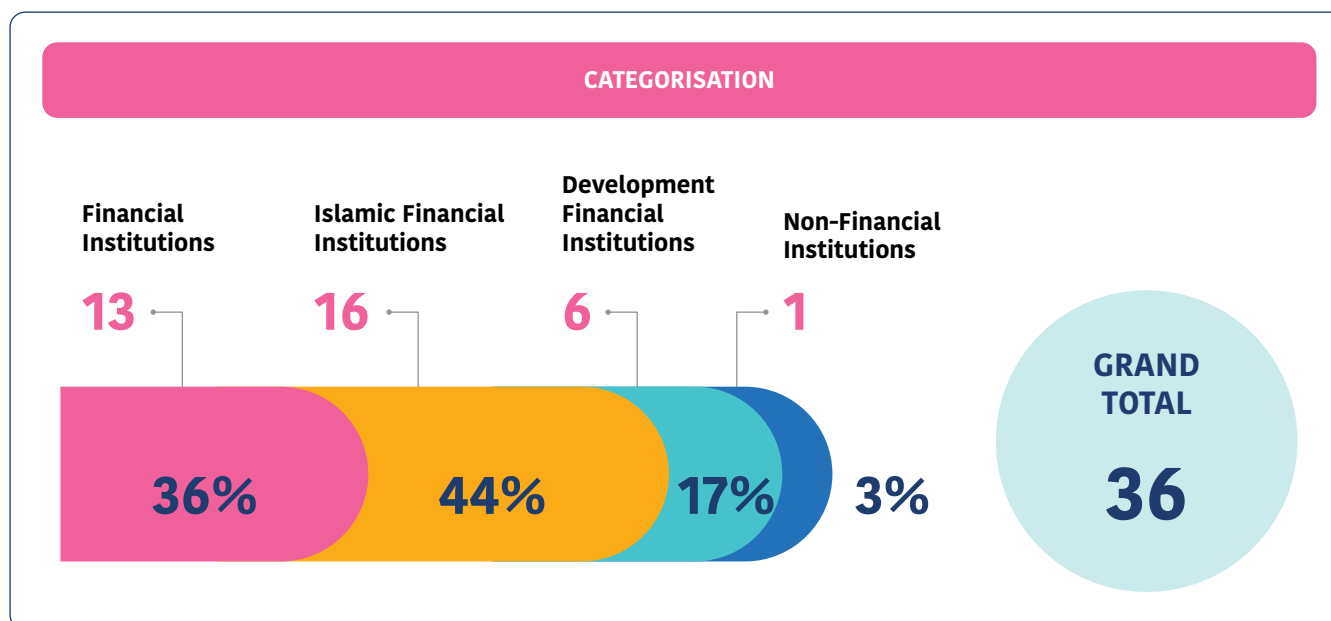
imsME

CGC DEVELOPMENTAL PROGRAMME®

- Financial Advisory
 - Non-Financial Advisory
-

MYKNP@CGC

OVERVIEW OF GUARANTEE AND FINANCING SCHEMES



DISTRIBUTION OF GUARANTEES & FINANCING

Sector	MSMEs (No. of Accounts)	RM million	% MSMEs (No. of Accounts)
Wholesale & Retail, Trade, Restaurants & Hotels	37,609	11,139.60	57.8%
Manufacturing	5,769	2,517.68	8.9%
Financing, Insurance, Real Estate & Business Services	7,938	2,494.15	12.2%
Electricity, Gas & Water	516	1,536.75	0.8%
Transport, Storage & Communication	4,314	1,452.77	6.6%
Community, Social & Personal Services	4,955	1,292.73	7.6%
Construction	3,071	1,158.91	4.7%
Agriculture, Hunting, Forestry & Fishing	826	248.13	1.3%
Mining & Quarrying	58	29.38	0.1%
Grand Total	65,056	21,870.09	100.0%

Top 3 States

Selangor	15,102	6,153.86	23.2%
Wilayah Persekutuan Kuala Lumpur	11,724	5,327.47	18.0%
Johor	7,496	2,636.98	11.5%
Others	30,734	7,751.78	47.2%
Grand Total	65,056	21,870.09	100.0%

Financing/Loan Range

100,000 & below	18,106	1,028.34	27.8%
100,001 - 500,000	38,417	11,937.99	59.1%
500,001 - 1,000,000	7,719	6,263.02	11.9%
1,000,000 - 2,000,000	644	955.02	1.0%
2,000,001 & above	170	1,685.72	0.3%
Grand Total	65,056	21,870.09	100.0%

BOARD OF DIRECTORS



73

DATE APPOINTED TO THE BOARD

1 May 2020

TENURE OF DIRECTORSHIP

3 years 2 months
(as at 50th AGM – 20 June 2023)

MEMBERSHIP OF BOARD COMMITTEE(S)

- Chairman of Board Nomination and Remuneration Committee (BNRC)

QUALIFICATION(S)

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

DATO' MOHAMMED HUSSEIN

FCB
Independent Non-Executive Director (Chairman)



**MEETING
ATTENDANCE**



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

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

He was previously the Chairman of Gamuda Berhad from 2013 to 2022, Danajamin Nasional Berhad from 2013 to 2018 and Quill Capita Management Sdn Bhd from 2008 to 2015. He had also served as a Director on the Board of Bank of America Malaysia Berhad, Tasek Corporation Berhad, CapitaLand Malls Malaysia Berhad, Hap Seng Consolidated Berhad, PNB Commercial Sdn Bhd and B2B Fingal Sdn Bhd.

DECLARATION

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

MEETING
ATTENDANCE

DATO' HAJI SYED MOHEEB SYED KAMARULZAMAN

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



70



Dato' Haji Syed Moheeb's experience in the conventional insurance, reinsurance and takaful industry spans 44 years. During this time, he helmed several local and multi-national direct insurance, reinsurance and takaful companies.

Dato' Haji Syed Moheeb currently sits on the Board of Standard Chartered Saadiq Berhad (SCSB). He is also the Chairman of the Board Nomination & Remuneration Committee, Chairman of the Board Risk Management Committee and member of the Board Audit Committee in SCSB. He is the past Chairman of the Malaysian Takaful Association and a Management Committee member of the General Insurance Association of Malaysia. He was also the Chief Executive Officer (CEO) of Malaysian Insurance Institute (MII), ASEAN Insurance Training & Research Institute, Takaful Ikhlas Bhd., Gerling Global Reinsurance Malaysia Bhd., and South East Asia Insurance Bhd.

Having been on the CGC Board since 15 January 2014, Dato' Haji Syed Moheeb retired on 14 January 2023 after completion of his nine (9) years' service tenure as Director in CGC.

DECLARATION

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

DATE APPOINTED TO THE BOARD

15 January 2014

RETIRED

14 January 2023

MEMBERSHIP OF BOARD COMMITTEE(S)

- Member of Board Risk Management Committee (BRMC)
- Member of Board Investment Committee (BIC)
- Member of Board Digital Committee (BDC) (*Disbanded on 31 January 2023*)

QUALIFICATION(S)

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



60

DATE APPOINTED TO THE BOARD

27 June 2014

TENURE OF DIRECTORSHIP

9 years

*(as at 50th AGM – 20 June 2023)***MEMBERSHIP OF BOARD COMMITTEE(S)**

- Chairman of Board Investment Committee (BIC)

QUALIFICATION(S)

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

TEOH KOK LIN

CFA

Independent Non-Executive Director

**MEETING
ATTENDANCE**

Teoh Kok Lin is the founder and Chief Investment Officer of Singular Asset Management Sdn Bhd, a fund management company established in 2002, licensed by the Securities Commission of Malaysia. He is also the founder and Chief Investment Officer of Singular Asset Management (Singapore) Ltd, a registered fund manager with Monetary Authority of Singapore (MAS). He was appointed as Vice Chairperson of the Malaysian Association of Asset Managers (MAAM) in 2022.

Teoh Kok Lin is a former president of the Chartered Financial Analysts (CFA) Society Malaysia with over 36 years in Banking, Credit and Investment with financial institutions such as Citicorp Citibank Malaysia, Barings Malaysia, HSBC Research Malaysia, UOB Kay Hian Singapore and Singular Asset Management. He constantly travels across ASEAN and North Asia for research and company visits while managing funds for institutions and high net-worth clients.

Teoh Kok Lin sits on the Board of Credit Bureau Malaysia Sdn Bhd (CBM), an associate company of CGC. He also serves as an Independent Non-Executive Director of Institute of Capital Market Research Malaysia (ICMR), an affiliate of Securities Commission. He is currently a General Council Member of the National Chamber of Commerce and Industry of Malaysia (NCCIM). Teoh Kok Lin is the Chairman of the Environmental, Social and Governance (ESG) Committee and Advisor of the Digital Economy Committee of Associated Chinese Chamber of Commerce and Industry of Malaysia (ACCCIM).

DECLARATION

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



**MEETING
ATTENDANCE**

SURESH MENON

Independent Non-Executive Director



DATE APPOINTED TO THE BOARD

17 July 2014

TENURE OF DIRECTORSHIP

8 years 11 months

(as at 50th AGM – 20 June 2023)

MEMBERSHIP OF BOARD COMMITTEE(S)

- Member of Board Investment Committee (BIC)

QUALIFICATION(S)

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

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

Suresh Menon played a crucial role in setting up RAM Holdings Berhad (formerly known as Rating Agency Malaysia Berhad) and facilitated numerous services to ensure RAM reached its pinnacle. After 18 years, he retired from RAM as an Executive Director in 2010. He was also a member of RAM's Rating Committee.

Suresh Menon was the former Chairman of Credit Bureau Malaysia Sdn Bhd, an associate company of CGC. He was also the Non-Independent Non-Executive Director of Danajamin Nasional Berhad, Chairman of the Association of Credit Rating Agencies in Asia (ACRAA) Training Committee and a member of the Main Committee of the Malaysian Corporate Governance Index 2009, 2010 and 2011 for the Minority Shareholder Watchdog Group (MSWG).

DECLARATION

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



60

DATE APPOINTED TO THE BOARD

14 October 2014

TENURE OF DIRECTORSHIP8 years 8 months
*(as at 50th AGM – 20 June 2023)***MEMBERSHIP OF BOARD COMMITTEE(S)**

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

QUALIFICATION(S)

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

DATO' ONG ENG BIN

Independent Non-Executive Director

**MEETING
ATTENDANCE**

Dato' Ong Eng Bin is the Adviser to the Chairman of OCBC Bank (Malaysia) Berhad, having served as Chief Executive Officer (CEO) of OCBC from 2014 until 2022. He started his career at OCBC in 1988 and was appointed as Head of Corporate Banking in 2004 before being promoted to Head of Business Banking in 2012.

He is also a Council Member of Asian Institute of Chartered Bankers (AICB) and the Association of Banks in Malaysia (ABM). Dato' Ong Eng Bin is the Director of Asian Banking School (ABS), Chairman of PAC Lease Sdn Bhd and Chairman of E2 Power Sdn Bhd.

Dato' Ong Eng Bin brings vast experience in corporate banking, covering corporate and commercial, emerging business and transaction banking.

DECLARATION

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



**MEETING
ATTENDANCE**

CHOONG TUCK OON

Independent Non-Executive Director



DATE APPOINTED TO THE BOARD

20 January 2017

TENURE OF DIRECTORSHIP

6 years 5 months

(as at 50th AGM – 20 June 2023)

MEMBERSHIP OF BOARD COMMITTEE(S)

- Chairman of Board Digital Committee (BDC) (*Disbanded on 31 January 2023*)
- Member of Board Risk Management Committee (BRMC)

QUALIFICATION(S)

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



Choong Tuck Oon started his career in Petronas where he held executive positions in various upstream and downstream functions for more than 7 years. He had served Accenture for 26 years and retired as Senior Partner of Financial Services in the Asia-Pacific.

Choong Tuck Oon specialises in technology, strategy and transformation for banking and insurance industries. He led many strategic initiatives involving more than 20 large domestic and global banks, and insurers in Asia, including national payment projects in Malaysia and Singapore. He is also active in the ASEAN digital start-up ecosystem where his advice on digital and Fintech programmes is much in demand.

Choong Tuck Oon has also been active in NGO initiatives such as advising a consortium of international aid agencies on core systems for the launch of bank-of-banks microfinancing in Indonesia and advising a global wildlife/nature agency on a new growth strategy for 11 countries in Asia.

Choong Tuck Oon is the Non-Executive Chairman of CGC Digital Sdn Bhd, a subsidiary of CGC. He is also an Independent Non-Executive Director on the Boards of FIDE Forum Malaysia, Star Media Group Berhad and AXA Affin Life Insurance Berhad. He was previously an Independent Non-Executive Director of NTUC Income Insurance Cooperative Ltd Singapore, RHB Bank, RHB Islamic Bank, RHB Indochina Bank, RHB Indochina Securities and RHB Private Equity.

DECLARATION

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



60

DATE APPOINTED TO THE BOARD

1 December 2019

TENURE OF DIRECTORSHIP3 years 7 months
(as at 50th AGM – 20 June 2023)**MEMBERSHIP OF BOARD COMMITTEE(S)**

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

QUALIFICATION(S)

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

FAISAL BIN ISMAILFCA
Independent Non-Executive Director**MEETING
ATTENDANCE**

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

He serves as an Independent Non-Executive Director of BNP Paribas Malaysia Berhad since October 2020. Previously, he was inter-alia a Non-Independent Non-Executive Director of Danajamin Nasional Berhad, Independent Non-Executive Director of J.P. Morgan Chase Bank Berhad, Executive Director of Landmarks Berhad, Executive Director of BinaFikir Sdn Bhd, Director in the Investment division of Khazanah Nasional Berhad and Group Managing Director of Pantai Holdings Berhad.

DECLARATION

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



**MEETING
ATTENDANCE**

SALEHA M. RAMLY

Independent Non-Executive Director



70



DATE APPOINTED TO THE BOARD

1 December 2019

TENURE OF DIRECTORSHIP

3 years 7 months

(as at 50th AGM – 20 June 2023)

MEMBERSHIP OF BOARD COMMITTEE(S)

- Member of Board Audit Committee (BAC)
- Member of Board Nomination & Remuneration Committee (BNRC)

QUALIFICATION(S)

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

Saleha M. Ramly began her career as a lecturer in the Law Faculty of University of Malaya where she had served for more than 8 years. She then held various senior positions in legal and/or secretarial departments in government-linked and public-listed companies, namely Sime UEP Properties Berhad and its holding company Sime Darby Berhad and its other listed subsidiaries, Country Heights Holdings Berhad and Landmarks Berhad.

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

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

DECLARATION

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

**DATE APPOINTED TO THE BOARD**

1 April 2022

TENURE OF DIRECTORSHIP

1 year 3 months

*(as at 50th AGM – 20 June 2023)***MEMBERSHIP OF BOARD COMMITTEE(S)**

- Chairman of Board Risk Management Committee (BRMC)
- Member of Board Investment Committee (BIC)
- Member of Board Digital Committee (BDC) *(Disbanded on 31 January 2023)*

QUALIFICATION(S)

- Fellow of the Australian Institute of Banking and Finance
- Chartered Banker of the Asian Institute of Chartered Bankers
- Senior Leadership and Advanced Management Programs – Wharton School of Business, University of Pennsylvania, USA
- Senior Associate – Securities Institute of Australia
- Master of Applied Finance – Macquarie University, Australia

ANTHONY LIM CHOON ENG

FAIBF, CB

Independent Non-Executive Director

**MEETING
ATTENDANCE**

Anthony Lim Choon Eng has over 35 years of experience in the banking and finance industry, serving in key management positions covering treasury, business banking, investment banking and risk management.

Anthony Lim is the Non-Executive Director of CGC Digital Sdn Bhd, a subsidiary of CGC. He is also an independent director of Bank of America Malaysia Berhad and a member of the Investment Panel for the Kumpulan Wang Persaraan (Diperbadankan) (“KWAP”). He was an Independent Director of Sumitomo Mitsui Banking Corporation Malaysia Berhad (SMBC) from 2011 to 2015 and was later appointed as the Deputy Chief Executive Officer of the same bank from 2015 to 2020.

Anthony had served in various senior management positions with the Maybank group of companies from 1995 to 2009. He later joined Implico GmbH, Germany and Malaysia as private equity investor and director. Anthony had also worked in St. George Bank Limited and ANZ Bank Limited in Sydney, Australia.

DECLARATION

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



**MEETING
ATTENDANCE**

SUHAIMI ALI

Non-Independent Non-Executive Director



48



DATE APPOINTED TO THE BOARD

28 April 2022

TENURE OF DIRECTORSHIP

1 year 2 months

(as at 50th AGM - 20 June 2023)

MEMBERSHIP OF BOARD COMMITTEE(S)

Nil

QUALIFICATION(S)

- Bachelor of Accounting -
University of Notre Dame,
United States of America

Suhaimi Ali is currently an Assistant Governor of BNM, responsible for Financial Development and Innovation Department, Islamic Finance Department and Financial Inclusion Department. He has served BNM for 25 years in various areas, which include financial sector development, regulation and supervision, strategic planning, market conduct, international negotiations, and IT services, as well as in the Governor's Office.

Suhaimi Ali is the Non-Executive Director of CGC Digital Sdn Bhd, a subsidiary of CGC. He is a member of BNM's Management Committee, Risk Management Committee, Crisis Management Committee, Digital Technology Committee, Financial Development Committee, Financial Stability Committee, Joint Policy Committee, Reserve Management Committee and Financial Market Infrastructure Committee. He is also a member of the Board of Trustee for the International Centre for Leadership in Finance (ICLIF) Trust Funds.

DECLARATION

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

GROUP MANAGEMENT TEAM



DATE JOINED

1 January 2015

AWARD

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

DATUK MOHD ZAMREE MOHD ISHAK

President & Chief Executive Officer



QUALIFICATION(S)

- Bachelor of Science in Business Administration, Saint Louis University, USA
- Master in Business Administration (Finance), University of Hull, UK
- Asian International Executive Programme, INSEAD
- Chartered Professional in Islamic Finance
- Global Leadership Development Programme, ICLIF
- Advanced Management Programme (AMP 191), Harvard Business School, USA

EXPERIENCE

Over 33 years of experience in banking operations, corporate banking, consumer banking and Islamic finance. He has held the following key positions:

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

YUSHIDA HUSIN
Chief Executive Officer
CGC Digital Sdn Bhd



Date Joined: 1 April 2016

Qualification(s)

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

Experience

Yushida is leading CGC Digital, a digital start-up, to further aid MSMEs' access to financing and scale up their businesses using data- and technology-driven innovation.

Over 26 years of experience in various leading roles involving transformation, strategy, technology-led innovation, corporate support functions, operations and management consulting within the financial services industry. She has held the following key positions:

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

PERBAGARAN KUPPUSAMY
Chief Risk Officer



Date Joined: 1 August 2005

Qualification(s)

- Bachelor of Accountancy (Hons.), Universiti Utara Malaysia (UUM)
- Master of Business Administration, Cardiff Metropolitan University, UK
- Chartered Banker, AICB/(CB), Chartered Banker Institute UK & Asian Institute of Chartered Bankers
- Certified Internal Auditor (CIA) from Institute of Internal Auditors Malaysia
- Advanced Credit Enhancer (ACE) Certification, CGC - Institut Bank-Bank Malaysia (IBBM)
- Member, Institute of Internal Auditors Malaysia (IIAM)
- Member, Malaysian Institute of Accountants (MIA)

Experience

Over 24 years of experience in Audit & Risk Management. He has held the following key positions:

- Head of Branch Audit, Affin Bank Berhad
- Head of Internal Audit, CGC
- Senior Manager of Asset Management, CGC

DAENG HAFEZ ARAFAT ZUHUD
General Counsel & Company Secretary



Date Joined: 4 May 2015

Qualification(s)

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

Experience

Has accumulated 28 years of experience in various sectors such as financial services, oil & gas, telecommunications, aerospace, and hotel & property development. He has held the following key positions:

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

GROUP MANAGEMENT TEAM

ZARINA OSMAN

Chief Credit and Operations Officer

**Date Joined:** 3 April 2017**Qualification(s)**

- Bachelor of Accountancy (Hons.), University of Malaya
- Certified Credit Professional (CCP) from Institut Bank-Bank Malaysia (IBBM)
- Banking Credit Specialist from Islamic Banking and Finance Institute Malaysia (IBFIM)
- Islamic Professional Credit Certification from IBFIM

Experience

Over 28 years of combined experience in business and credit management covering the entire Business Banking portfolio, including Investment, Treasury and Capital Markets, Corporate, Commercial, SMEs and Retail Business.

In addition to investment and corporate business experience in Amanah Merchant Bank Bhd, she is an Islamic banking practitioner and pioneer member of RHB Islamic Bank Bhd team that established the first Islamic Window subsidiary in Malaysia.

She has held the following key positions and undertook credit transformation exercises as Head of Credit Management in:

- Bank Muamalat Malaysia Bhd
- Kuwait Finance House Malaysia Bhd

RAHIM RADUAN

Chief Corporate Officer

**Date Joined:** 2 May 2018**Qualification(s)**

- Bachelor of Arts (Hons.) Accounting & Finance, University of East London, UK
- Member of Financial Planning Association of Malaysia (FPAM)
- Member of Malaysian Financial Planning Council (MFPC)
- CIMB-INSEAD Leadership Programme, INSEAD France
- Member of the Malaysian Institute of Accountants (MIA)
- Fellow of the Association of Chartered Certified Accountants (ACCA), UK

Experience

Over 23 years of experience in many sectors including investment and consumer banking, wealth management, fund management, automotive, infrastructure, and property development. He has held the following key positions:

- General Manager/Head of Group Finance Division, PROTON Holdings Berhad
- Chief Operating Officer, CIMB Wealth Advisors Berhad
- Chief Operating Officer, CIMB-Principal Asset Management Berhad (now known as Principal Asset Management Berhad)
- Managing Director/Head of Consumer Banking's Operations & Service Support, CIMB Bank Berhad
- Director in Group MD/CEO's Office, UEM Group Berhad

SHAZMEER MOKHTAR

Chief Financial Officer

**Date Joined:** 2 May 2018**Qualification(s)**

- Bachelor of Arts (Hons.) Accounting & Finance, London South Bank University, UK
- Edward S. Mason Fellow, Harvard Kennedy School, USA
- Master in Public Administration, Harvard University, USA
- Member of the Malaysian Institute of Accountants (MIA)
- Member of the Malaysian Institute of Certified Public Accountants (MICPA)
- Member of the Institute of Chartered Accountants England & Wales (ICAEW)
- Fellow of the Association of Chartered Certified Accountants (ACCA), UK
- Negotiation & Influencing Skills Programme, London Business School, UK
- Digital Disruption: Digital Transformation Strategies, Cambridge Judge Business School

Experience

Over 20 years of professional experience in Central Banking (Supervision, Regulation, Investments and Corporate Strategy) and Commercial sector (Finance and Procurement). He was instrumental in implementing several strategic initiatives to position Malaysia as an International Islamic Finance marketplace. This includes his involvement in the BNM-SC-World Bank technical working group which facilitated the issuance of the world's first Green Sukuk in 2017. He also led the origination and structuring of the world's first liquidity instruments based on mudharabah. He has held the following key positions:

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

Award

Academic Excellence Award, BNM (2006)

FAKRUL AZMI MOHAMAD

Chief Internal Auditor



Date Joined: 2 October 2018

Qualification(s)

- Bachelor of Arts (Accounting & Financial Management), University of Sheffield, UK
- Certified Internal Auditor (CIA) from the Institute of Internal Auditors Malaysia
- Certified Credit Professional (CCP) from Institut Bank-Bank Malaysia (IBBM)
- Chartered Global Management Accountant (CGMA) from the American Institute of Certified Public Accountants
- Associate Chartered Management Accountant (ACMA) from the Chartered Institute of Management Accountants, UK

Experience

Over 24 years of internal audit experience in the financial services sector. He has held the following key positions:

- Chief Internal Auditor, Malaysia Debt Ventures Berhad
- Chief Internal Auditor, Malaysia Development Bank Berhad
- Chief Internal Auditor, Asian Finance Bank Berhad

SEAN TAN

Chief Business Officer



Date Joined: 5 April 2023

Qualification(s)

- Bachelor of Commerce, Major in Finance and Marketing, Curtin University of Technology, Perth, Australia

Experience

Over 22 years of banking, corporate and PropTech experience ranging from Product Development, Business Strategy, Credit Collection and Recovery, Portfolio Management, Marketing, Data and Software Solutions and Distribution Channels to Sales within Consumer, Business, Commercial Banking and B2B business. He has held the following key positions:

- Head of Business Development, Data and Software Solutions Division, PropertyGuru Group
- Head of Sales and Partnership, Business Banking, UOB Bank Malaysia
- Head of Sales, Retail SME, Standard Chartered Bank Malaysia
- Head of Personal Loan, Personal Loan, Hong Leong Bank
- Head of Propositions, Strategy and Channels, Commercial Banking, HSBC Bank Malaysia

SUM LENG KUANG

Advisor Investment



Date Joined: 1 September 2015

Qualification(s)

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

Experience

Over 39 years of experience in fund management, particularly in managing fixed income investment portfolios, credit evaluation, and credit risk management. She has held the following key positions:

- Senior Vice President, Head of Fixed Income Investment, Great Eastern Life Assurance (Malaysia) Berhad
- Acting CEO, Hong Leong Asset Management Berhad

GROUP MANAGEMENT TEAM

WAI KO-CHI

Head, Information Technology



Date Joined: 15 June 2017

Qualification(s)

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

Experience

Over 25 years of experience with various national and international organisations, involved in global and regional projects in applications development, systems integration, enterprise architecture, and managed services delivery. He has held the following positions:

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

MOHANA ARUMUGAM

Head, Corporate Communications



Date Joined: 5 July 2018

Qualification(s)

- Bachelor of Communication with Honours, Universiti Sains Malaysia (USM)

Experience

Over 23 years of experience in the financial industry, including corporate communications, sales and distribution, wealth management and retirement services. At CGC, she currently oversees Brand Management, Public Relations and Media, Events, Social and Digital Media, and Corporate Social Responsibility. She has held the following positions:

- Director, Private Retirement Services, CIMB-Principal Asset Management Berhad (now known as Principal Asset Management)
- Assistant Director, Retail Funds Marketing, CIMB-Principal Asset Management Berhad (now known as Principal Asset Management)
- Manager, Knowledge Management, CIMB Investment Bank Berhad
- Assistant Manager, Corporate Resources (Communications), CIMB Investment Bank Berhad

MOHD SUKERI ISMAIL

Head, Operations



Date Joined: 6 May 1996

Qualification(s)

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

Experience

Over 26 years of experience in Shared/Full Risk and Financing applications. He has held the following positions:

- Branch Executive, Hong Leong Finance Berhad
- Branch Manager, Hong Leong Finance Berhad
- Assistant Manager, Guarantee, CGC
- Manager, Credit Evaluation, CGC
- Senior Manager, Operations, CGC
- Senior Manager, Credit, CGC
- Assistant General Manager, Credit, CGC

MOHAMED AZMAN MOHAMED TAUFIK
Head, Business Development & Products



Date Joined: 4 February 2015

Qualification(s)

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

Experience

Over 33 years of experience in the banking and financial sectors, both in Malaysia and Indonesia. Has extensive experience in corporate banking, SME banking, and branch management. Held the following key positions:

- Senior Account Manager, Malayan Banking Berhad
- Associate Director, Danajamin Nasional Berhad
- Associate Director, The Bank of Nova Scotia Berhad

NILAMMASRI JA'AFAR
Head, Bumiputera Development & Sales Management



Date Joined: 20 September 2021

Qualification(s)

- Advanced Diploma in Business Studies (Finance), Universiti Teknologi MARA (UiTM)
- Executive Development Programme, Wharton School, University of Pennsylvania
- Certified Professional Coach, Malaysian Institute of Management

Experience

Over 25 years of experience in banking and asset management with exposure to credit management, and recovery of both retail and corporate loans. She has held the following key positions:

- Pioneer team member of Pengurusan Danaharta Nasional Berhad and Prokhas Sdn Bhd
- Senior Vice President/Head, Business Banking, Bank Pembangunan Malaysia Berhad
- Senior Vice President/Head, Business Financing & Development, Bank Simpanan Nasional
- Senior Specialist, Axiata Digital Capital Sdn Bhd

AZMAN IDRUS
Head, Strategic Management



Date Joined: 12 September 2022

Qualification(s)

- Master of Business Administration, University of Hull, United Kingdom
- Bachelor of Information Science, MARA University of Technology (UiTM)

Experience

Over 25 years of experience in consumer banking strategy development, operations, channels, and change management leadership within financial institutions, including those with regional presence.

- Head of Channel Operations & Services, Al Rajhi Bank Malaysia
- Head of Channel Operations & Head of Strategic Management, Consumer Banking, CIMB Bank Berhad
- Senior Manager, AmBank (M) Berhad/AmBank Islamic
- Consultant & Consulting Manager, Cap Gemini Ernst & Young Malaysia and Asia Pacific
- Research Officer & Junior Analyst, Citibank Berhad

GROUP MANAGEMENT TEAM

ENG CHUN MUNChief Growth Officer
CGC Digital Sdn Bhd**Date Joined:** 11 November 2022**Qualification(s)**

- Master of Business Administration (Distinction) from Alliance Manchester Business School, The University of Manchester, UK

Experience

Chun Mun has over 20 years of experience in the financial services industry, with experience in areas including strategy, business development, capability development, governance, and operations.

At CGC Digital Sdn Bhd, Chun Mun is leading a vibrant team focussing on Strategy, Ecosystem Partnerships, Digital Platform-based Business Development, Digital Product & Process Innovation, Data Analytics, Design Thinking & The Digital Customer Experience, Integrated Marketing (especially Digital Marketing) and Corporate Communications.

ILA DIXITChief Innovation Architect
CGC Digital Sdn Bhd**Date Joined:** 15 March 2023**Qualification(s)**

- Master of Computer Management, Devi Ahilya Vishwavidyalaya, Indore, India

Experience

With over 19 years of experience in multi-channel, project delivery and management positions, Ila has expertise in executing digital transformation projects. She has a proven track record of leading transformational programmes that significantly improve customer experience and operational efficiency.

Ila held the following key positions:

- Head, Digital Channels and Products, Celcom Axiata Berhad
- Head, Digital Operations, Celcom Axiata Berhad
- Digital Delivery Lead and Consultant, Tata Consultancy Services, Malaysia Sdn Bhd
- IT Billing and Operations, IBM, India

DISCOVERY ENGINEERING & SUPPLIER



To address these challenges, I applied for CGC's BizMula-i in 2022, which helped improve my cash flow. I used half of the financing to pay my suppliers and the other half to pay staff salaries.



Raddy Sarim

Kota Kinabalu, Sabah
Stationery

MANAGING RECOVERY

For the past six years, Raddy Sarim has been running a business that supplies and rents out office equipment and stationery, and offers contracting and maintenance services. He gained valuable experience in the industry while working as an employee in a similar business before venturing out on his own. Fortunately, the Covid-19 pandemic did not significantly affect his company, as his school contracts for photocopier machine rentals continued. Indeed, thanks to the strong relationships he has built with these schools, they offer him additional work. This includes small construction jobs, along with air-conditioner servicing and maintenance.

Raddy manages four staff in the Penampang office and has eight employees working outstation in places like Kota Belud, Pitas and Kota Marudu. In Sabah, it is common to change contractors every two years. Therefore, Raddy collaborates with his competitors, forming a consortium to take turns securing contracts. As his competitors are also friends, they work well together and offer good service, leading to many repeat customers.

CGC'S COMMITMENT

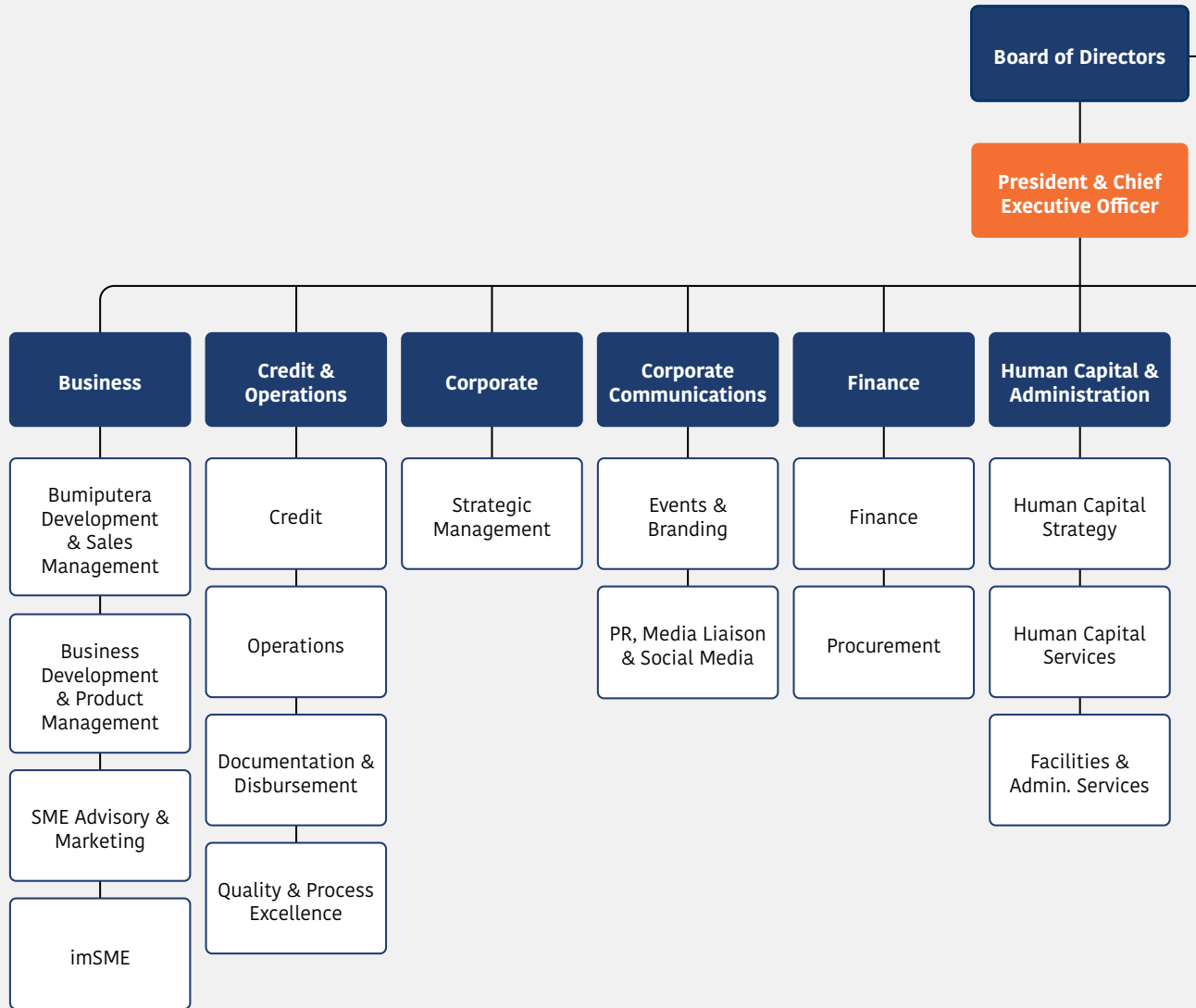
Raddy's biggest challenge is securing enough capital to invest in sufficient up-to-date equipment. Without this investment, he could not generate revenue through rentals. He also mentions that staff costs are high, as his employees travel frequently outstation and claim transport fuel fees. "To address these challenges, I applied for CGC's BizMula-i in 2022, which helped improve my cash flow. I used half of the financing to pay my suppliers and the other half to pay staff salaries."

Raddy constantly explores ways to reduce costs, while ensuring his employees' productivity and job satisfaction remain intact. In his efforts to grow and market his business, he sometimes has to reduce staff bonuses and be mindful of not overspending on overheads. Despite these challenges, he remains optimistic about the future of Discovery Engineering & Supplier and is committed to finding innovative solutions to overcome obstacles and thrive in an increasingly competitive market.

NURTURING RESILIENCE

"One effective approach to overcome challenges is to explore all potential options through collaboration. For instance, I maintain positive relationships with my competitors and work together with them to ensure fair distribution of business opportunities."

ORGANISATIONAL STRUCTURE

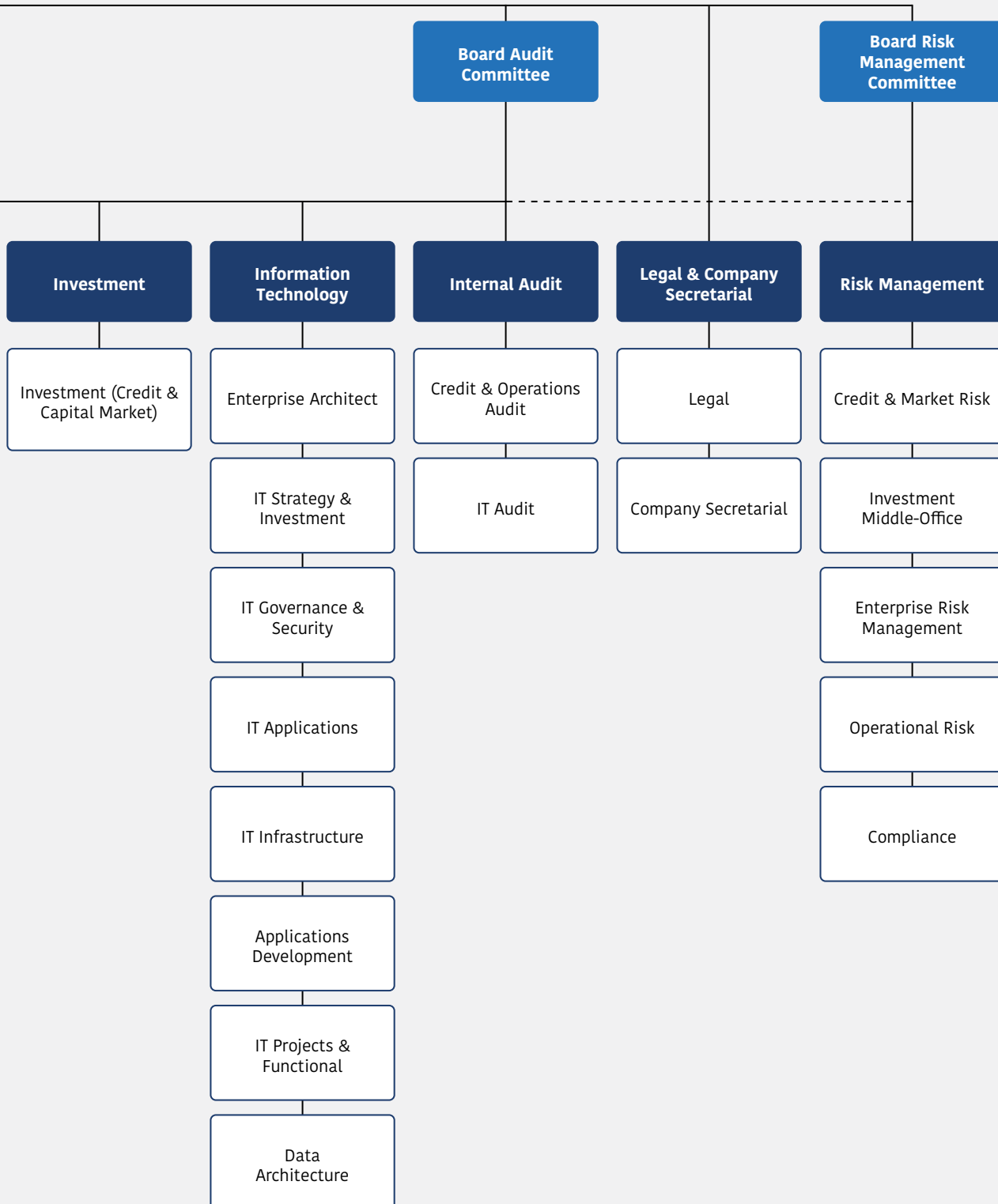


ORGANISATIONAL STRUCTURE



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

CORPORATE
GOVERNANCE



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Despite expectations of an economic recovery in 2022, the global economy remained unpredictable, resulting in a slowdown that impacted countries worldwide. However, Malaysia's economy grew by 8.7%, exceeding its forecast performance. The challenges faced included rising living costs, labour shortages, currency fluctuations, stricter financial regulations, supply chain issues, and the emergence of Covid-19 variants. In response, CGC remained committed to Building Resilience and Enhancing Sustainability for our MSMEs. We aimed to improve their knowledge and encourage innovative collaboration while promoting ESG principles, particularly with regard to climate change, biodiversity, and natural resource limitations. Our dedication to providing exceptional value to our customers, partners, and stakeholders remained unwavering.

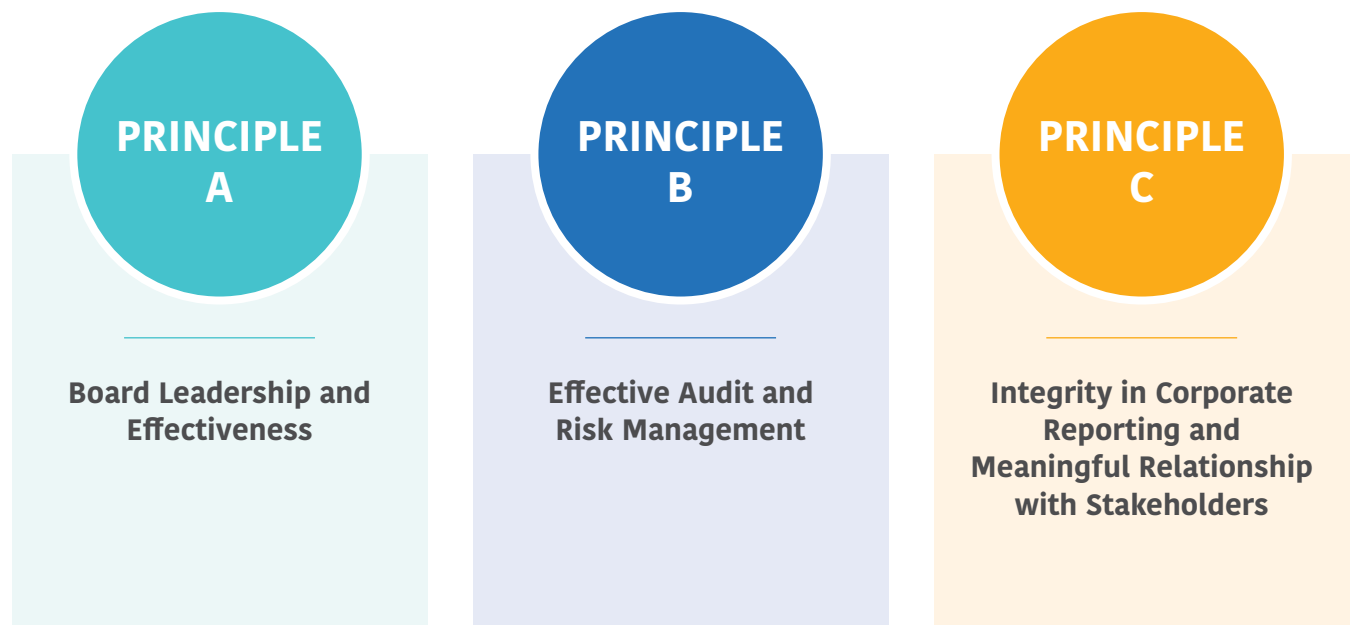
CGC's Board and Management remain committed to maintaining its high corporate governance standards by dedicating significant effort to identify and formalise the best corporate governance practices. CGC always considers the environmental, sustainability and governance aspects during the decision-making process in developing and implementing CGC's strategies, business plans and risk management. CGC believes that upholding sound and effective practices is fundamental to operations, as well as maintaining integrity and professionalism across CGC.

As governance requirements evolve amid the challenging environment, the Board strives to ensure that CGC complies with the Companies Act 2016 and CGC's Constitution whilst conforming to best corporate governance practices. This statement will provide an overview of the corporate governance practices adopted by CGC for FY2022 based on the following policy and guideline:

- Policy on Corporate Governance issued by Bank Negara Malaysia (BNM CG Policy)
- Malaysian Code on Corporate Governance 2021 issued by Securities Commission Malaysia (Code)

The Board and Management of CGC strive to ensure that the principles and best practices of the Code are well understood and adopted to strengthen CGC's governance system, processes, business conduct and ethics.

This Statement on Corporate Governance emphasises, and provides an overview of, CGC's application of the three (3) key principles set out in the Code, which are:



PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS**I. BOARD ROLES AND RESPONSIBILITIES**

The Board is accountable and responsible for the direction, performance and affairs of CGC. The CGC Board is accountable for the long-term performance of CGC, overseeing its business strategy and monitoring CGC's operations through its effective leadership and management of CGC's business. The Board is dedicated to good stewardship and acting in a professional manner, as well as upholding CGC's core values with due regard to their fiduciary duties and responsibilities.

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

- Championing the highest standards of corporate governance
- Upholding a strong corporate performance management approach
- Supporting CGC's human capital development
- Ensuring CGC has the necessary resources, processes, controls and culture established to deliver its strategy and promote long-term growth

The formal schedule for reserved matters specifically for the Board's decision is specified in the Board Charter.

The Board appreciates and acknowledges the importance of clear division of responsibility between the Chairman and the President & Chief Executive Officer ("PCEO"). The separation of roles and responsibilities of the Chairman and PCEO is clearly defined and exercised by separate individuals to ensure optimal balance and thus resulting in increased accountability and enhanced decision-making. The Chairman is responsible for leading and ensuring smooth functioning of the Board.

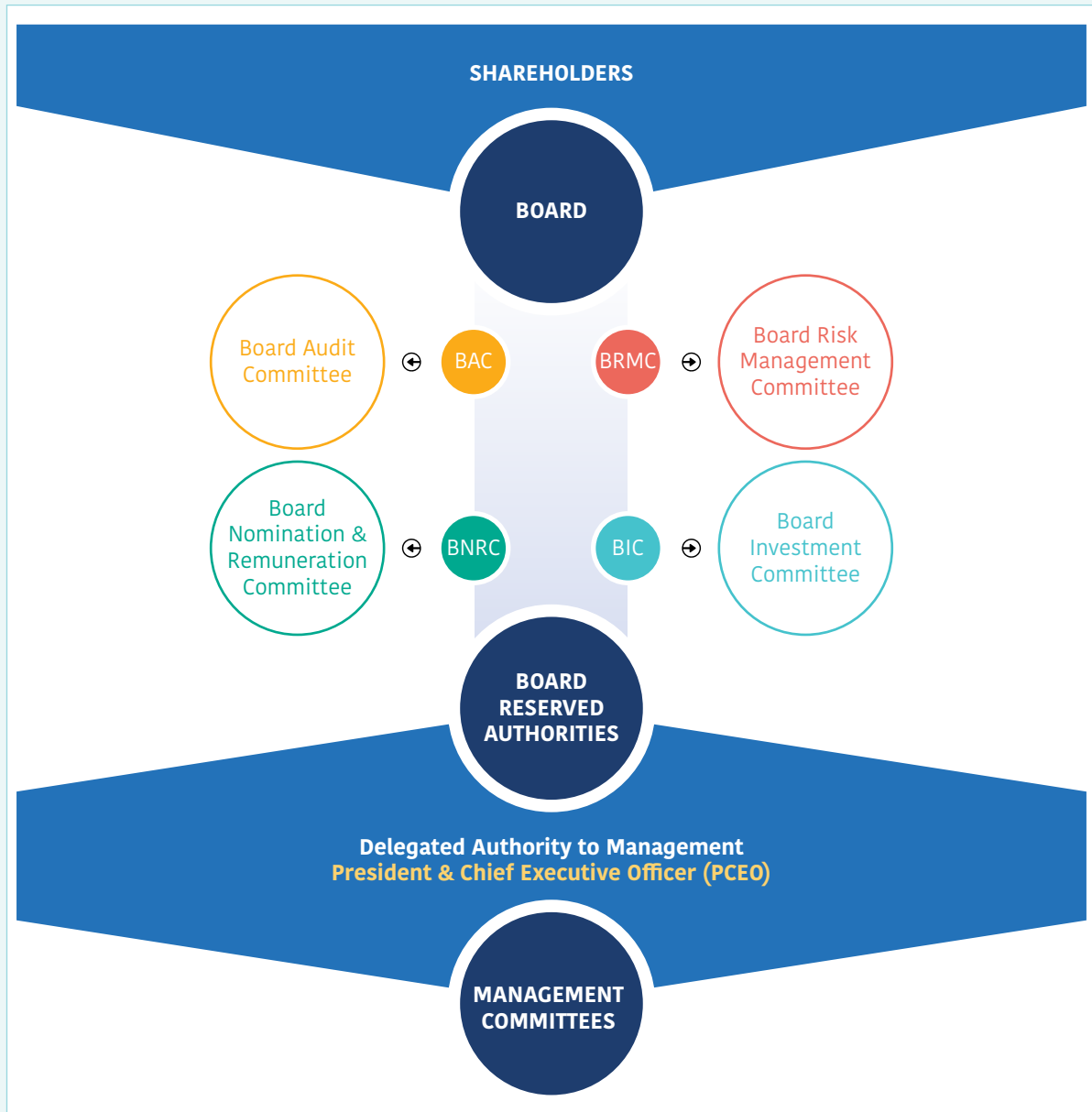
The Board is helmed by Dato' Mohammed Hussein, an Independent Non-Executive Director, who plays a key role providing leadership and guidance to the Board in achieving corporate goals, along with managing the processes in ensuring the Board fully discharges its legal and regulatory responsibilities. As the Chairman, he also leads the Board in inculcating the right culture, values and behaviours, throughout the entire organisation.

Datuk Mohd Zamree Mohd Ishak, CGC's PCEO, is responsible for overall day-to-day management of the Group's business, operations and implementation of Board strategies, policies and decisions. He is responsible for ensuring the execution of strategic goals, effective CGC operations, and to explain to, clarify to and inform the Board on key matters pertaining to CGC. As CGC's PCEO, he also acts as the intermediary between the Board and Management. The Management Committees support the PCEO in such role.

II. BOARD GOVERNANCE FRAMEWORK

The Board delegates authority to various Board Committees to enable them to oversee certain specific responsibilities based on their Terms of Reference (“TOR”).

The Board Governance Framework (“the Framework”) is established to ensure orderly and effective discharge of the functions and responsibilities of the Board wherein the Board delegates specific roles and responsibilities to its four (4) principal Board Oversight Committees (“BOCs”):



The Framework allows strategic alignment and efficient decision-making in CGC and is supported by the Board Charter and TOR, which are available at CGC’s website, www.cgc.com.my.

III. KEY RESPONSIBILITIES**Chairman**

- Is responsible for the leadership and management of the Board and ensuring its overall effectiveness.
- Encourages all Directors to maximise their contributions to the Board by drawing on their skills, experience, knowledge and, where appropriate, independence.
- Promotes a culture of openness, challenge and debate, especially for complex and critical issues.
- Engages and consults with major shareholders and principal stakeholders.
- Leads the Board in establishing and monitoring good CG practices in CGC.
- Promotes constructive and respectful relationships among Directors and between the Board and Management.
- Sets the Board agenda and ensures that Directors receive complete and accurate information in a timely manner.

Non-Executive Director

- Contributes sound judgement and objectivity and provides constructive challenge to the Board's discussions and decision-making.
- Supports the Chairman and Senior Management by instilling appropriate culture and values in the boardroom and throughout CGC.
- Scrutinises performance of Management.

President & Chief Executive Officer

- Is responsible for CGC's executive leadership and day-to-day management of its business, within the authority delegated by the Board.
- Executes strategic direction of CGC as set out by the Board.
- Ensures that CGC's businesses are properly and efficiently managed with the executive team implementing the policies and strategies adopted by the Board and BOCs.
- Ensures that operational planning and control systems are in place, monitoring performance results against plans and, where necessary, taking remedial action.

Company Secretary

- The General Counsel & Company Secretary (GC&CS) is responsible for ensuring that the Board procedures and applicable rules are observed. The GC&CS, together with the Company Secretarial Section, is responsible for providing sound governance advice, full support and appropriate guidance and compliance to the Board, policies and procedures, rules and regulations as well as advocating the adoption of CG best practices.
- The GC&CS works closely with the Chairman, Chairs of the BOC and PCEO to set meeting agendas and ensure timely presentation of high-quality information to the Board. All Directors have power to propose items for discussion at Board meetings and regularly did so during the year.
- The GC&CS is also responsible for advising the Directors of their obligations and duties to disclose their interest in securities and disclosure of any conflict of interest in transactions involving CGC.

IV. ATTENDANCE AT BOARD MEETINGS

Throughout FY2022, ten (10) Board meetings were held to deliberate on and/or review a variety of significant matters that required the Board's guidance and approval. To ensure all Directors are able to attend the Board and BOC Meetings, the corporate calendar for the Board and BOC Meetings is determined well in advance in the last quarter of the preceding financial year to allow the Directors to plan their schedules. The Board is mindful of the significance of allocating sufficient time and effort to carry out their responsibilities. Special meetings may be convened as and when urgent issues and important decisions are required to be taken between the scheduled Board Meetings.

Senior Management members have also been invited to attend Board meetings to assist the Board on the matters being deliberated on, such as providing updates on specific developments or proposals. Their participation provides an additional opportunity for the Board to engage directly with the management team.

All Directors attended more than 75% of all Board Meetings in FY2022. The Board is satisfied with the level of commitment given by the Directors in discharging their responsibilities via the full attendance record of the Directors set out in the table below:

ATTENDANCE					
1	Dato' Mohammed Hussein Independent Non-Executive Director (Chairman)	10/10	7	Saleha M. Ramly Independent Non-Executive Director	10/10
2	Teoh Kok Lin Independent Non-Executive Director	10/10	8	Anthony Lim Choon Eng¹ Independent Non-Executive Director	7/7
3	Suresh Menon Independent Non-Executive Director	9/10	9	Suhaimi Ali² Non-Independent Non-Executive Director	3/6
4	Dato' Ong Eng Bin Independent Non-Executive Director	10/10	10	Datuk David Chua Kok Tee³ Independent Non-Executive Director	1/1
5	Choong Tuck Oon Independent Non-Executive Director	10/10	11	Adnan Zaylani Mohamad Zahid⁴ Non-Independent Non-Executive Director	4/4
6	Faisal Ismail Independent Non-Executive Director	10/10	12	Dato' Haji Syed Moheeb Syed Kamarulzaman⁵ Independent Non-Executive Director	10/10

¹ Appointed as Director on 1 April 2022.

² Appointed as Director on 28 April 2022.

³ Retired as Director on 14 February 2022.

⁴ Resigned as Director on 19 April 2022.

⁵ Retired as Director on 14 January 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

CORPORATE
GOVERNANCE

The Board and its BOCs continued to use interactive technology for Board meetings in 2022, although Malaysia had shifted to the endemic phase for Covid-19. The meetings were either fully virtual or hybrid, whilst observing the relevant Standard Operating Procedures (SOP). The Board encourages the wearing of face masks for those attending meetings who have symptoms such as fever, flu or cough, and arrangement of meeting venue with social distancing in the absence of wearing face masks.

The table below summarises the Directors' attendance at BOC Meetings for FY2022:

Directors	Date of Appointment	Date of Resignation	BAC (Quarterly)	BIC (Quarterly)	BRMC (Quarterly)	BNRC (Quarterly)	Board Digital Committee (Bimonthly) (Formerly known as Board imSME Committee) (Disbanded on 31 January 2023)
Dato' Mohammed Hussein	01.05.2020	-	-	-	-	6/6 (Chairman)	-
Teoh Kok Lin	27.06.2014	-	-	4/4 (Chairman)	-	-	-
Suresh Menon	17.07.2014	-	-	4/4	-	-	-
Dato' Ong Eng Bin	14.10.2014	-	7/7	-	-	6/6	-
Choong Tuck Oon	20.01.2017	-	-	-	6/6	-	7/7 (Chairman)
Faisal Ismail	01.12.2019	-	7/7 (Chairman)	-	-	-	-
Saleha M. Ramly	01.12.2019	-	7/7	-	-	-	-
Anthony Lim Choon Eng ⁽¹⁾	01.04.2022	-	-	-	5/5 (Chairman)	-	4/4
Suhaimi Ali ⁽²⁾	28.04.2022	-	-	-	-	2/3	2/4
Adnan Zaylani Mohamad Zahid ⁽³⁾	18.10.2018	19.04.2022	-	-	-	3/3	3/3
Dato' Haji Syed Moheeb Syed Kamarulzaman ⁽⁴⁾	15.01.2014	14.01.2023	-	3/4	6/6	-	7/7
Number of Meetings held in FY2022			7	4	6	6	7

Chairman Member

¹ Appointed as Chairman of BRMC on 1 April 2022 and appointed as BDC member on 20 June 2022.

² Appointed as BNRC and BDC member on 28 April 2022.

³ Ceased as BNRC and BDC member on 19 April 2022.

⁴ Ceased as BIC, BRMC and BDC member on 14 January 2023.

V. BOARD ACTIVITIES AND DISCUSSIONS

The topics or activities conducted and/or deliberated by the Board during FY2022 were as follows:

**Finance**

- Financial Performance Update
- Audited Financial Statements FY2021
- FY2022 Mid-Year Review
- Revision to MFRS 9 Classification & Impairment Accounting Policy
- Proposal for Management Overlay (MO) Methodology for FY2022 Expected Credit Loss
- Seed Capital for CGC Digital Sdn Bhd

**Strategy**

- Participation in BNM's Disaster Relief Facility 2022
- Participation in BNM's Low Carbon Transition Facility (LCTF)
- Proposal to Participate in BNM's Business Recapitalisation Facility (BRF)
- Upsizing of BizBina-i, BizMula-i and BizWanita-i
- Allocation of Investment Income for Beyond Guarantee Initiatives
- Product Profitability Analysis
- Corporate Scorecard for Financial Year 2022
- Corporate KPIs for FY2021
- Divestment of the Bank of Nova Scotia Berhad Shareholding in CGC
- Medium Term Strategy 2022-2025
- Going Forward Strategy for Tabung Usahawan Bumiputera-i Scheme
- Portfolio Guarantee (PG) Pricing Initiative

**Governance**

- Board Evaluation Exercise for Year 2021
- Appointment of New Directors
- Re-election of Directors Retiring Pursuant to Articles 76A and 76B of CGC's Constitution
- Review of Board Charter
- Establishment of Advisory Council
- Digital CGC Entity Setup
- Reappointment of External Auditor for Financial Year Ending 2022



Risk Management/Compliance

- Risk Management & Compliance Report
- Corporation Level Risk Appetite Statement for FY 2022
- Approving/Enhancement of the Authority Matrix (“AAM”)
- Annual Review of Investment Policy Statement and Tactical Asset Allocation for Year 2022
- CGC Connected Party Policy
- Credit Risk Management Framework
- Credit Concentration Limit (“CCL”)
- CGC Risk Maturity Survey
- Revision of Stress Testing Framework
- Establishment/Revision of Credit-Related Policies:
 - a) Credit Underwriting Policy for Guarantee and Financing
 - b) Credit Risk Monitoring Policy for Guarantee and Financing
 - c) Credit Risk Management Policy for Guarantee and Financing
 - d) Rescheduling and Restructuring (R&R) Policy for Guarantee and Financing
 - e) Write-Off Policy for Guarantee and Financing



Technology

- imSME Performance Update
- 5SP Rationalisation & Reprioritisation
- Cybersecurity Assessment Report for BNM



People & Culture

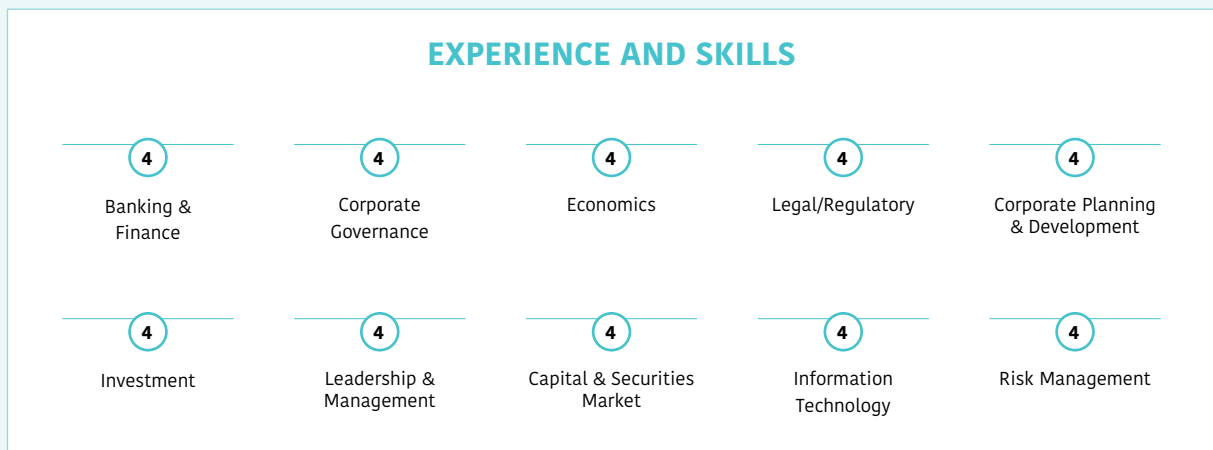
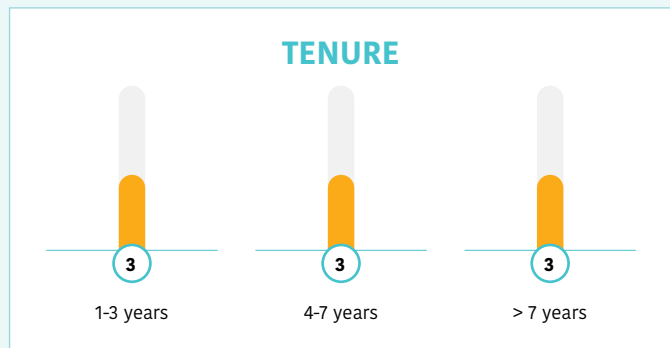
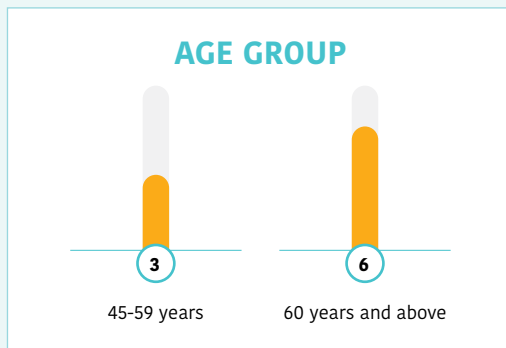
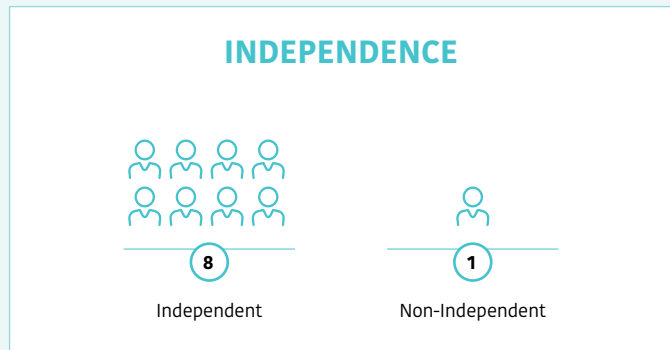
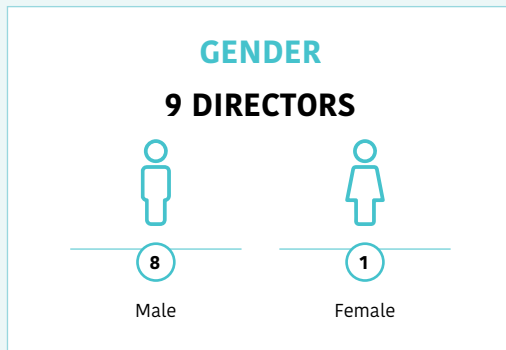
- CGC Corporate Social Responsibility (“CSR”) FY2022
- 2022 Employee Engagement Survey
- CGC – Macrostructure Realignment – Phase 1

VI. BOARD COMPOSITION

The current Board comprises a strong combination of experienced individuals, with the majority of Board members being Independent Non-Executive Directors. They offer external perspectives on the business and constructively challenge the Management, particularly in developing CGC's business strategies.

The Board currently comprises (9) Directors, eight (8) male and one (1) female, of whom eight (8) are Independent and one (1) Non-Independent. The Non-Independent Director represents Bank Negara Malaysia, who is the major shareholder of CGC.

Dato' Haji Syed Moheeb Syed Kamarulzaman retired on 14 January 2023 as an Independent Non-Executive Director due to his completion of nine (9) years tenure on the Board. This is in line with Practice 5.4 of the Code, which limits the tenure of its Independent directors to nine (9) years without further extension.



(a) Board Diversity

The composition of the Board is essential to its success in providing strong and effective leadership. The composition of the Board and its BOCs is reviewed from time to time to ensure they comprise experienced and dynamic individuals to ensure sufficient diversity, efficiency and independence in the decision-making process.

In 2021, the Board reviewed the composition of BOCs and agreed to limit most BOCs' membership to three (3) members only. The membership of BOCs will be rotated among Directors from time to time as recommended by the Board Nomination Remuneration Committee ("BNRC") and approved by the Board. The new composition of BOCs is expected to bring new skills and perspectives to the boardroom.

The current Board consists of individuals with diverse age, gender and backgrounds. They are recognised for their mix of skills, education, knowledge, expertise, professional experience and business acumen relating to investment and banking, credit analysis and rating, business management, insurance, legal and secretarial, finance, accounting, information technology and corporate governance, as well as asset management. Most Board members are Independent Non-Executive Directors who offer external perspectives on the business and constructively challenge the Management, particularly in developing CGC's business strategies.

The current Board reflects a well-balanced group, appropriate in size to facilitate diversity of views, constructive deliberation and decision-making to achieve effective stewardship and management.

The Board is certain that the existing appointment process and requirements for selecting new Board members are adequate in promoting diversity, gender equity and opportunities, as the diversified Board embraces positive, value-relevant impact to CGC.

The Board recognises that its diversity improves the decision-making capability and quality of its performance. The Board is also aware of the need to re-balance its composition to allow 30% representation of women Directors. Nevertheless, appointments to the Board will be based first on the objective, criteria and merits.

(b) Board Independence

The Board on 15 August 2022 approved the revision to the Board Charter, where the maximum tenure of directorship of the independent directors had been reduced from three (3) terms (nine (9) years in total) to two (2) terms (six (6) years in total).

In the event that the service of an Independent Director is extended further, beyond nine (9) years, such a term shall be subject to the Board's recommendation and shareholders' approval respectively. Based on Clause 2.2(ix) of CGC's Board Charter, if the Board intends to retain an Independent Director beyond nine (9) years, the Board shall seek annual shareholders' approval through a two-tier voting process.

VII. TERMS OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

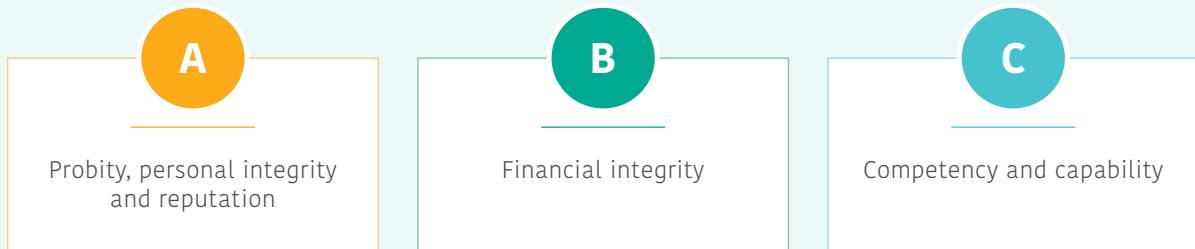
In the spirit of effective corporate governance, nurturing a culture of ethical behaviour and promoting integrity and respect, CGC developed a formal, transparent procedure for new appointment and re-appointment of a Director to the CGC Board.

Appointment and qualification criteria of a Director are governed by:

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

BNRC is entrusted with the task of identifying, assessing and nominating potential candidates to fill the Board's vacancies and for succession planning. Currently, BNRC leverages the Directors' wide network of professional and business contacts, as well as numerous channels to identify suitable and qualified candidates. These candidates will be recommended based on BNRC's assessment of the expertise, skills and attributes of the current Board members and the needs of the Board. For future director recruitment, CGC will use independent resources to identify suitably qualified candidates from a wider talent pool.

As part of the initial screening and selection process, BNRC is responsible for considering the following criteria with respect to assessment of a director candidate's fitness and propriety:

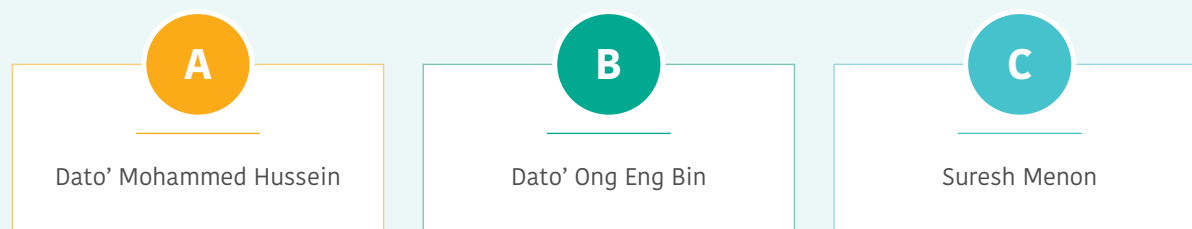


VIII. RETIREMENT AND RE-ELECTION OF DIRECTORS

BNRC is responsible for assessing the Directors recommended to be re-elected at the Annual General Meeting (“AGM”) and the retiring Directors are required to give their consent on their re-election. The assessment conducted by BNRC shall include the retiring Director’s contribution, competencies, commitment, personality and performance based on BNM’s Fit and Proper Criteria. In addition, the assessment includes background screening and verification by an independent agent and the Company Secretary. Upon conclusion of the assessment, BNRC shall submit its recommendations to the Board for endorsement and, thereafter, to shareholders for approval.

At each AGM, one-third of the Directors or if their number is not three or a multiple of three the number nearest to one-third shall retire from office by rotation pursuant to Article 76A of CGC’s Constitution. The retiring Directors shall be the Directors who have been longest in office since the Directors’ last election, as set out in Article 76B of the Constitution. A retiring Director shall be eligible for re-election based on Article 76C of the Constitution.

The following three (3) Directors have served the longest in office since their last election and shall retire by rotation at the forthcoming AGM:



However, Suresh Menon does not wish to seek re-election. Having served on the CGC Board for almost nine (9) years, he will be due for retirement on 16 July 2023. Hence, he shall retain office until the close of the 50th AGM and retire in accordance with Article 76A and 76B of the Company’s Constitution.

BNRC and the Board therefore recommended for shareholders’ approval on the re-election of Dato’ Mohammed Hussein and Dato’ Ong Eng Bin, who have given their consent to be re-elected at the 50th AGM.

IX. TIME COMMITMENT

In order to effectively discharge their responsibilities, Non-Executive Directors must commit sufficient time to their role. Directors’ commitment, resources and time allocated to the Group are evident from the attendance record, with full participation in Board activities and meetings throughout 2022.

The Chairman maintains commitment of considerable time to fulfilling his duties and responsibilities at CGC, which takes priority over other business commitments.

During the FY2022, the Chairman and Non-Executive Directors also spent sufficient time to enhance their knowledge of CGC. The Board also continues to keep abreast of CGC’s dynamic business environment. This includes briefing meetings with Senior Management, as well as regular training sessions to ensure continuing business awareness.

X. DIRECTORS' REMUNERATION

The fees and benefits payable to Non-Executive Directors are subject to shareholders' approval at the AGM of CGC. CGC's Board shall assess any revision to Directors' remuneration based on benchmarking among organisations similar in industry and size prior to shareholders' approval.

Directors' Remuneration Framework

The Remuneration Framework sets out the following factors before proposing a revision to the Directors' remuneration:



Details of the remuneration received by the Directors from CGC during FY2022 are as follows:

Non-Executive Directors	Directors' Fees (RM'000)	Meeting Allowance (RM'000)	Benefit-in-kind (RM'000)	Total (RM'000)
Dato' Mohammed Hussein	180	95	109	384
Teoh Kok Lin	72	66	6	144
Suresh Menon	72	53	6	131
Dato' Ong Eng Bin	72	88	6	166
Choong Tuck Oon	72	98	6	176
Faisal Ismail	72	77	6	155
Saleha M. Ramly	72	70	6	148
Anthony Lim Choon Eng ¹	54	74	5	133
Suhaimi Ali ²	41	14	-	55
Datuk David Chua Kok Tee ³	9	4	1	14
Adnan Zaylani Mohamad Zahid ⁴	18	20	-	38
Dato' Haji Syed Moheeb Syed Kamarulzaman ⁵	72	103	6	181
Total	806	762	157	1,725

¹ Appointed as Director w.e.f. 1 April 2022

² Appointed as Director w.e.f. 28 April 2022

³ Retired as Director w.e.f. 14 February 2022

⁴ Resigned as Director w.e.f. 19 April 2022

⁵ Retired as Director w.e.f. 14 January 2023

XI. PERFORMANCE EVALUATION

In 2016, CGC engaged an independent consultant, Malaysian Directors Academy (MINDA), to conduct a Directors' Evaluation Exercise for the Board and BOCs.

During the Covid-19 endemic period in 2022, CGC continued to take precautions to avoid any risk to relevant parties. Therefore, the Board Evaluation exercise for the year 2022 was conducted internally without engaging an independent party. The performance evaluation of the Board, BOCs and individual Directors was conducted through BNRC with the assistance of the Company Secretary.

In compliance with the Code and BNM's Policy on Corporate Governance, the CGC Board Evaluation exercise for year 2022 was conducted via online questionnaire. It comprises the following:



Overall, the assessment results of the Board, BOCs and individual Directors were 'Exceed Expectations', reflecting effective discharge of Directors' roles and responsibilities.

XII. BOARD INDUCTION AND TRAINING

All new Directors are provided with comprehensive and tailored induction following their appointment to the Board. The combination of office visits and technical briefings, along with introductory meetings through the CGC Board Induction Programme is intended to assist new Directors to understand CGC, the business environment in which it operates, its people and their role in making the organisation a success.

The CGC Board also continuously observes the frequency and quality of training sessions attended by its members. It ensures that all Directors receive ongoing training and development and fully participate to enhance their roles as Board members. Some of them even became panel speakers on several programmes.

In FY2022, our Board members attended various training programmes in leadership, technology, risk management, strategy and economic outlook, governance, financial industry and sustainability.

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

	TRAINING COURSES ATTENDED (A) LEADERSHIP
	<ul style="list-style-type: none"> FIDE FORUM – Leadership Perspectives Forum on Board Effectiveness in Conjunction with the Launch of FIDE FORUM Board Effectiveness Evaluation Guidebook
	<ul style="list-style-type: none"> FIDE FORUM – Board Effectiveness Evaluation
	<ul style="list-style-type: none"> Standard Chartered Bank – Directors' Duties and Conflicts Management

**TRAINING COURSES ATTENDED
(B) TECHNOLOGY**

- Bank of America – Bank of America Malaysia Berhad & MLMA Training on Global Information Security (“GIS”)
- BNM – Session with Industry on How Banks Manage Online Fraud/Scam Matters
- BNM – Getting It Right: Securing Results from Digital Transformation; Web 3.0 and The Future of Finance; Deep Dive into Decentralised Finance (“DeFi”)
- BNM and the Financial Association of Malaysia – The Future is Now: Digitalising the Motor Claims Ecosystem Workshop
- BNM – Launch of National Scam Awareness Campaign
- Monetary Authority of Singapore (“MAS”) and the Bank for International Settlements Innovation Hub (“BIS”) – IMF-MAS-BIS Peer-Learning Series on Digital Technologies and Digital Money in Asia: Cross Border Digital Payment Systems, the case of Singapore, Thailand, Malaysia and Beyond
- OCBC – Cyber and Information Risk Awareness
- OCBC – Annual Cyber Security Training and Drill Exercise 2022
- OCBC – MYCybersecurity Training and Crisis Simulation Exercise
- Standard Chartered Bank – Cybersecurity

**TRAINING COURSES ATTENDED
(C) RISK MANAGEMENT**

- Asian Institute of Chartered Bankers (“AICB”) – International Financial Crime and Terrorism Financing Conference – The Plenary Session 2: Digital Banks and the Banking Sector
- BNP Paribas (“BNPP”) – Anti Money Laundering and Counter Terrorism Financing
- CLIF – Market Risk Management for Banking Sector
- FIDE FORUM – Climate Risk Management and Scenario Analysis
- FIDE FORUM – The Emerging Trends, Threats and Risks to the Financial Services Industry – Managing Global Risk, Investment and Payment System
- OCBC – Combined Module of Anti-Bribery/Slavery/Tax Evasion
- OCBC Group Financial Crime Compliance (“GFCC”) to Senior Management
- OCBC – Anti-Money Laundering for Board of Directors and Management Community 2022
- Standard Chartered Bank – ASA Directors’ Training on ASEAN Sustainability Taxonomy, Introduction to Climate Scenario Analysis and Climate Risk Stress Testing. Directors’ Training
- Standard Chartered Bank – Walkthrough of the Directors and Officers (“D&O”) Liability Insurance
- Standard Chartered Bank – Model Risk Annual Refresher
- Standard Chartered Bank – Briefing on Climate Risk and ESG Initiatives



TRAINING COURSES ATTENDED (D) STRATEGY/ECONOMIC OUTLOOK

- Association of Malaysian Economics Undergraduates (“AMEU”) – Malaysia Disrupted: Inclusivity in the Digital Economy
- ASIA School of Business (“ASB”) – Inflation, Looming Recession & Climate Change: A Tricky Balancing Act?
- BNPP – The Economist Corporate Network – Malaysia Moving Forward – A 2022 Mid – Year Review
- FIDE FORUM – MetaFinance: The Next Frontier of the Global Economy
- FIDE FORUM – Masterclasses on Fostering Market Dynamism
- FIDE FORUM – MetaFinance: The Next Frontier of the Global economy
- FIDE FORUM – Recovery and Resolution Planning Sharing Session
- OCBC – Reimagining Business Models & Strategies
- OCBC – Mid-Year Market Outlook



TRAINING COURSES ATTENDED (E) GOVERNANCE

- BNM – Policymaking: Mindset and Behavior in Action for Digital License and Digital Banking
- Institute of Corporate Directors Malaysia (“ICDM”) and Climate Governance Malaysia–Conversation with Chairmen on Climate Governance – A Standing Item in Board Agendas
- Standard Chartered Bank – ASA Directors’ Training on Data Governance and Geo-political updates



TRAINING COURSES ATTENDED (F) FINANCIAL INDUSTRY

- Association of Islamic Banking and Financial Institutions Malaysia (“AIBIM”) – Global Islamic Finance Forum
- AICB & BNM – The 12th International Conference on Financial Crime and Terrorism Financing (“IFCTF”) 2022
- AICB & ABM – Malaysian Banking Conference 2022
- BNPP – The Time Value of Money; An Islamic Perspective
- BNM – MyFintech Week 2022 (MyFW 2022)
- Centre for Research and Training (“CERT”) – 17th Kuala Lumpur Islamic Finance Forum (KLIFF)
- CERT – 15th Muzakarah for Shariah Advisors of Islamic Financial Institutions
- CGC – Islamic Finance Training for CGC Board and Senior Management 2022
- Credit Lyonnais Securities Asia (“CLSA”) – CITIC CLSA Flagship Investors’ Forum
- FIDE FORUM – Engagement Session with Board Members of General Insurers and Takaful Operators on Motor Claims Reforms
- FIDE FORUM – Licensing Framework for Digital Insurers and Takaful Operators
- IIUM Consultancy – Certificate in Shariah for Takaful Practitioners (“CSTP”)
- KPMG & Hap Seng – Insights into Task Force on Climate-Related Financial Disclosures (“TCFD”)
- MIDA & Hap Seng – Malaysia’s Corporate Taxes and Incentives Updates
- Nomura Investment Forum Asia
- OCBC – E-Assessment Foreign Exchange Notices (“FE Notices”) – Senior Management
- OCBC Global Treasury Forum 2022
- Perbadanan Insurans Deposit Malaysia (“PIDM”) – PIDM Industry Forum 2022
- Syarikat Takaful Keluarga Malaysia Berhad – MFRS17 Refresher Course
- STMB – Shariah Audit in Islamic Finance
- Singapore Fintech Festival: Building Cross-Border Payments for an Interconnected World
- The Monetary Authority of Singapore and the Swiss National Bank – Point Zero Forum

**TRAINING COURSES ATTENDED
(G) SUSTAINABILITY**

- BNM – Fostering Market Dynamism: Advance the Development of Open Data Ecosystem and Potential Shared Data Infrastructures
- Chartered Accountants Australia New Zealand – Board Benchmarking for Sustainability
- Gamuda Excellence Team (“GET”) – Inside the World’s Largest Tidal Energy Project
- International Financial Services Board (“IFSB”) and Qatari Financial Authorities (Qatar Central Bank and Qatar Financial Centre) – 4th IFSB Innovation Forum: Innovation for Sustainability and Regulation of Financial Services
- Islamic Banking and Finance Institute Malaysia (“IBFIM”) and the University of Cambridge Institute for Sustainability Leadership (“CISL”) – The Sustainability Leadership Programme for Financial Institutions
- Standard Chartered Bank and Malaysia International Halal Showcase (“MIHAS”) – Standard Chartered Sustainability Conference

**TRAINING COURSES ATTENDED
(H) OTHERS**

- BNM – JLPB’s Engagement Session with Banking Institutions (“Bis”)
- CGC – 2022 Branch Managers Session with Chairman & PCEO
- Institute of Chartered Accountants in England and Wales (“ICAEW”) – Coffee with Tan Sri Dato’ Hanafiah Hussain
- ICAEW – Coffee with Dato’ Abdul Rahman Ahmad – Organisational Transformation and Change: A Personal Perspective
- Khazanah Megatrends – Development and Its Complexities – Steering Our Way Through a Perfect Storm
- Korea Credit Guarantee Fund (“KODIT”) – 34th Asian Credit Supplementation Institution Confederation (“ACSIC”) Conference
- OCBC – OCBC Compulsory Training Refresher for Malaysia Staff
- Standard Chartered Saadiq Bank – Shariah Committee Dialogue

XIII. BOARD OVERSIGHT COMMITTEES

In an effort to focus and spend additional time deliberating on pertinent issues, the Board has delegated authority to its respective BOCs to support and assist in discharging its fiduciary duties and responsibilities whilst ensuring independent oversight.

Each BOC's TOR set out its responsibilities and the conduct of meetings including quorum, voting requirements and Board Committee membership. BOCs operate under the approved TORs set by the Board, which are reviewed and updated from time to time. The deliberations and recommendation of BOCs are reported to the Board, where the ultimate decision lies, except for matters which specifically confer powers and authorisation on a committee.

As part of the Board's initiative to encourage its subsidiary, CGC Digital Sdn Bhd, to step up and take the lead on digital transformation initiatives/projects, the Board agreed to disband the Board Digital Committee (BDC) (formerly known as Board iMSME Committee (BimSMEC)) effective 31 January 2023.

The Board currently has a total of four (4) BOCs. A description of each BOC is established by the Board as follows:

**Board
Audit
Committee
(BAC)**

- To establish cost-effective controls; assess risks; review the financial condition of CGC, its internal controls, information system, performance and findings of the internal and external auditors, and to recommend appropriate remedial action.
- To provide oversight to CGC Digital Sdn Bhd on audit-related matters.

**Board Risk
Management
Committee
(BRMC)**

- To assist the Board to deliberate on CGC's risk management practices.
- To ensure effectiveness of identification, measurement, monitoring and control of risks, as well as compliance with applicable laws, regulations and guidelines for good corporate governance.
- To provide oversight on any matters related to the management of risks and compliance associated with the operations of CGC Digital Sdn Bhd as and when required by the Board of CGC Digital Sdn Bhd.

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

- To assist the Board on the following:
 - (i) Appointment and remuneration of Directors and President & Chief Executive Officer and/or Executive Director (if any), as well as assessment of effectiveness of individual Directors, Board, BOCs and assessment of the performance of PCEO and/or Executive Directors (if any) and Senior Management Officers.
 - (ii) CGC's human resource strategies, policies, performance and reward systems, as well as ethical business conduct of employees.
- To provide oversight on the appointment, removal and fixing of remuneration of directors and CEO of CGC Digital Sdn Bhd, as and when required by the Board of CGC Digital Sdn Bhd.

**Board
Investment
Committee
(BIC)**

- To review investment policies, strategies, policies and guidelines.
- To provide strategic direction governing CGC investment activities.

XIV. EXTERNAL ADVICE

In discharging Director's duties, each Director may seek independent professional advice in respect of their duties to the Board and its BOCs, at the cost of CGC, to assist and enable the Directors to make independent and informed decisions. However, no Directors sought external advice during the year under review.

XV. DIRECTORS' CONFLICT OF INTEREST

The Directors acknowledge their responsibility for avoiding an actual or potential conflict of interest. Any Director shall immediately disclose and declare to the Board any interest (actual, potential or perceived) which is in conflict with CGC, based on the procedure set out in the Board Charter, as well as the Companies Act 2016.

XVI. SUPPLY OF AND ACCESS TO INFORMATION

The Board has full and timely access to information pertaining to CGC's business and affairs to enable them to make informed decisions and to discharge their duties effectively.

To ensure Board members are well informed and have sufficient information prior to meetings, the Board materials including the agenda and reports are circulated in advance of the meeting date. Such practice enables Directors to seek explanation and clarification on Board matters, if required, to effectively expedite the decision-making process.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT**I. AUDIT COMMITTEE**

The Board has in place a Board Audit Committee (BAC), which comprises three (3) members. All three BAC members are Independent Non-Executive Directors. The BAC is chaired by Faisal Ismail. The Board is satisfied that at least one (1) BAC member has the relevant financial experience and that all members bring extensive expertise to the Committee. The BAC as a whole is deemed to be competent in the sectors in which CGC operates.

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

The BAC has the authority to request an audit or investigation into any entity within CGC, or any matters within its Terms of Reference (TOR). Further information on the BAC, including Internal Audit function, can be found in the BAC report on pages 202 to 204 of this Annual Report.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

- Identifying, assessing, evaluating and managing material risks faced by CGC.
- Determining CGC's overall risk appetite and level of risk tolerance to achieve its strategic objectives, while adopting a long-term view on its ability to meet its obligations.

The above is demonstrated by the Board through:

- Regularly reviewing the effectiveness of CGC's risk management and internal control system. It is pertinent to note that such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, and not absolute, assurance against material mis- statement or loss.
- Reviewing reports from Management and assessing if significant risks are identified, managed and mitigated. This includes financial reports where the Board's oversight includes forecast variance analysis and authority limits.
- Ensuring that significant weaknesses are promptly addressed, remedied and, where relevant and required, impose a need for more extensive monitoring.

As in the previous year, throughout the reporting period, the Board has not identified, nor been advised of, any failings or weaknesses which it has determined to be significant.

Further details on our Risk Management and Internal Control Framework can be found in our Risk Management and Internal Control Statement on pages 207 to 212.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS**I. RELATIONSHIP WITH STAKEHOLDERS**

CGC recognises the importance of maintaining a satisfactory and fulfilling relationship with its various stakeholders and is committed to promoting transparency, disclosure and accountability with them.

II. RELATIONSHIP WITH EMPLOYEES

The year 2022 marked itself as unique when physical distancing disrupted conventional employee interaction. As we transition from pandemic to endemic phase, CGC continues to enforce Work From Home (WFH) policy and Split Workforce arrangements. Effective 7 February 2022, Work In Office (WIO) attendance was introduced, gradually increasing from 20% to 50% by July 2022.

In August 2022, the revised WIO/WFH Arrangement began, by which staff are allowed to WFH once a week with approval from the Head of Division. Flexible working hours were also introduced where staff can clock in anytime between 8:30am and 9:30am, and complete the 9 working hours, including lunch break.

Microsoft Office 365 remains a secure communication channel, ensuring that information-sharing, communication flow and collaboration continue, albeit virtually.

Quarterly townhall sessions were conducted hybrid – physical and virtual - via Microsoft Teams. These sessions continue to serve as a two-way communication platform for employees to obtain the latest information on CGC's performance and important corporate announcements.

- Align with CGC 5-Year Strategic Plan (5SP), and its digital and operational transformation.
- Align with the new way of working transition from pandemic to endemic phase.
- Address the culture change that drives employee motivation and performance, and rewards transformation.
- Complement the new Human Resource Management System (HRMS) (SMART People) as the platform for employee management.

As part of CGC's transformation journey, the new HR Management System known as SMART People, enables enhanced employee experience through automation of HR-related tasks.

HC continues leveraging e-Learning to facilitate learning any time, anywhere. The content was selected, based on the mapping of approved core competencies.

III. RELATIONSHIP WITH CUSTOMERS

The Client Service Centre (CSC) assists CGC in providing excellent customer service experience via its omnichannel such as call, email, letter, chatbot, walk-in and social media with timely response to received inquiries. Alternatives and solutions to customer issues are also made available in a timely way to heighten the customer's experience and expectations.

- CSC continued to serve the customer via its omnichannel and support the chain of customer experience for imSME. This helps them complete their journey on the platform, as well as providing advisory for MyKNP@CGC through inbound and outbound calls.
- CSC attended to 13,836 inquiries and resolved them accordingly within our Client Charter. CSC also recorded 86.39% rate of First Call Resolution (FCR) which exceeded the Target of 80.00%.

- Facing the unpredictable nature of the pandemic, CSC is to set up a Call Centre System that helps continuously serve customers, even during a pandemic. It could also increase productivity and efficiency.

- As an additional, virtual communication channel, CSC continuously leads the Chatbot project, also known as imSME Digital Assistant (iDA) under the imSME Portal. This provides virtual assistance to customers in reaching CGC. It also helps customers with their enquiries related to CGC and imSME.

- Overall, the Chatbot attended to 28,884 users with 97,796 interactions.

- CSC intends to add communication channels for more outreach. At the same time, this will increase productivity and efficiency to improve customer experience and satisfaction.

IV. RELATIONSHIP WITH SUPPLIERS

The role of Facilities and Administration Services (FAS) is to ensure efficiency and effectiveness in managing building facilities, general administration and the Corporation's office security and safety. FAS engaged with suppliers in providing office/building facilities, maintenance services and general office administration services.

A summary of the FAS operational manual when engaging external vendors is as below:

1. Request for Information (RFI)

2. Request for Quotation (RFQ) in line with Company's standard guidelines following the procurement process

3. Tendering Process, where necessary

4. Preparation of business case paper for approval (based on Approving Authority Matrix)

5. Issuance of Purchase Order

Our responsibilities are to carry out administration duties pertaining to general administration, renovation and security of the office. It is essential to maintain good relations with suppliers. This is to ensure that they meet and sustain the quality of both the service they render and the products they supply to us.

V. RELATIONSHIP WITH SHAREHOLDERS

The Board recognises the importance of being transparent and accountable to the Group's stakeholders and acknowledges the need for shareholders to be informed of all material business matters affecting the Group.

The General Meetings are an important platform for direct two-way interactions between the shareholders, the Board and CGC's Senior Management. Attendance, active participation and dialogue by shareholders are encouraged in the Question and Answer (Q&A) session of General Meetings on the proposed resolutions or CGC's operations in general. Directors, Senior Management or External Auditors of CGC will respond accordingly during the meeting.

Other communication modes or channels through publication of the Annual Report and CGC's website, www.cgc.com.my, have been made available to shareholders to conveniently access the key information or any updates on CGC's financial performance and major initiatives for the year.

While CGC strives to provide sufficient information to its shareholders and stakeholders, CGC is also wary of the legal and regulatory framework governing the release of material and price-sensitive information to the public.

VI. ANNUAL GENERAL MEETING

Although Malaysia had shifted to the endemic phase, the 49th AGM was held virtually by leveraging technology in accordance with Section 327(1) of the Companies Act 2016 and the Securities Commission Malaysia's directives for companies to consider the use of relevant technology to facilitate shareholders' participation and improve the conduct of general meetings (adopted by CGC as best practice). A virtual AGM platform benefits shareholders by enabling them to participate remotely, from any location.

The CGC Board ensure that shareholders are given sufficient notice and time to deliberate on the resolutions that will be discussed and decided at the AGM. The AGM Notice includes details of the resolutions proposed, along with any relevant information and reports. In line with CG's best practice, the shareholders are notified of the AGM vide the Notice of 50th AGM and a copy of CGC's Annual Report, circulated twenty-eight (28) days before the date of the meeting to provide shareholders sufficient time to read the Annual Report and resolutions proposed.

The Directors are committed to attend the scheduled AGM, approved in advance by the Board, save for unforeseeable circumstances beyond their control.



BOARD AUDIT COMMITTEE REPORT

COMMITTEE MEMBERSHIP

The following table shows the committee members throughout the year:

Faisal Ismail (Chairperson/Independent Non-Executive Director)	Dato' Ong Eng Bin (Independent Non-Executive Director)	Saleha M. Ramly (Independent Non-Executive Director)
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The Board is satisfied that at least one member of the BAC has the relevant financial experience and that all members bring extensive expertise to the Committee in the areas in which CGC operates.

The table on page 183 shows the Director's meeting attendances during the year.

The BAC has the resources required to discharge its oversight functions effectively, which includes the authority to obtain advice from independent professional advisors. The BAC also has the authority to direct the Internal Audit Division (IAD) to conduct audits and investigations on any entities within CGC Group on any matters within its Terms of Reference.

COMMITTEE MEMBERSHIP

The BAC assists the Board by providing an oversight role on CGC Group's financial reporting, business governance, risk management and internal control systems. The BAC is also responsible for overseeing whistleblowing within the remit of the Board. The BAC's roles and responsibilities are defined in its Terms of Reference.

PRINCIPAL ACTIVITIES

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



INTERNAL AUDIT

- Approved the 2022 Internal Audit Plan and the Internal Audit Budget on 7 December 2021. In approving the Audit Plan, the BAC reviewed the risk-based methodology used by the IAD when preparing the plan. The BAC also reviewed the staffing and organisation of the IAD to ensure the internal audit resources required to implement the Audit Plan were adequate. A revision of the 2022 Audit Plan was conducted and approved on 14 July 2022.
- Approved the Key Performance Indicators (KPIs) of the Chief Internal Auditor (CIA) on 22 February 2022 and evaluated the CIA's 2022 performance on 1 March 2023 and 7 April 2023.
- Considered and approved the 3-Year Internal Audit Strategy (2022-2024) on 7 December 2021. The Strategy's focus areas are:
 - a) people - realign IAD structure and competency development strategy for IAD staff.
 - b) process - enhance communication with stakeholders and audit efficiency e.g., Audit Report turn-around-time.
 - c) technology - enhance the use of technology in IAD to enhance the efficiency and effectiveness of IAD processes.

- Deliberated on the audit reports, the audit recommendations, and the Management's responses. The BAC met seven (7) times in 2022 to deliberate audit reports and financial reporting matters.

- The Audit Compliance Committee (ACC) is a BAC-delegated committee. The ACC was established to monitor the progress of Management action in addressing business governance, risk management, and internal control issues highlighted in the Internal Audit reports and other internal control reports issued by external parties such as External Auditors and Bank Negara Malaysia Auditors. The ACC met twelve (12) times in 2022. The BAC reviewed the ACC status of actions taken by Management during every BAC meeting.



EXTERNAL AUDIT

- Reviewed and approved the External Auditor's 2022 Audit Plan and scope of work on 22 March 2022. The Audit Plan highlighted areas that will receive special consideration and the resources to execute the Audit Plan. The BAC also evaluated the objectivity and independence of the Auditor.

- Management presented the following significant accounting matters for the BAC's consideration and assessment:
 - a) Accounting of special reserves on 22 February 2022 and 7 October 2022.
 - b) Management overlay (accounting estimates) on Expected Credit Loss on 22 March 2022.
 - c) Distribution of Dividends for the Financial Year Ended 31 December 2021 on 5 April 2022.

- Completed the annual assessment of the External Auditor, which encompasses Auditor's performance, independence and objectivity, before recommending to the Board to re-appoint the Auditor.

- Met the Auditor without the presence of the Management on 5 April 2022 to discuss matters that should be discussed privately and to communicate and obtain open and transparent feedback for further improvements.

- As part of its evaluation, the BAC considered and discussed the results of the Management's assessment of the Auditor's performance in 2022.

- Assessed the performance and effectiveness of the Auditor and the audit processes, including an assessment of the audit quality, Auditor's handling of key judgements, and Auditor's response to questions from the BAC.

- Reviewed and recommended to the Board for approval of the fee for the audit services provided by the Auditor.

- No non-audit service was contracted with the Auditor in 2022.

BOARD AUDIT COMMITTEE REPORT

FINANCIAL REPORTING

Received and reviewed comprehensive reports from the External Auditor which included the audited financial statements, accounting policies and judgement, and disclosure requirements.

INTERNAL AUDIT DEPARTMENT

The IAD helps CGC Group accomplish its goals by bringing an objective and disciplined approach to evaluating and improving the effectiveness of governance, risk management and control processes. IAD serves as an important source of advice for the BAC in these three areas.

The CIA reports directly to the BAC to ensure that the Internal Audit function is independent of the Management and is thus able to perform its activities objectively.

IAD established a risk-based Annual Internal Audit Plan. The Plan considered CGC Group's objectives (which include financial and operational objectives) and the risks (current and emerging) that can affect the accomplishment of the objectives. The Audit Plan was approved by the BAC.

IAD leveraged technology to enhance the effectiveness and efficiency of its audit. Specifically, data analytics has enabled IAD to review a larger number of transactions than it previously could with sampling, increase efficiency through automation and derive greater insights from its audits.

A new organisation structure, designed to improve the efficiency and effectiveness of audit activities, was approved by the BAC in July 2022. The new total approved headcount is twenty-three (23).

IAD's work involves assessing the adequacy and effectiveness of CGC Group's governance, risk management and internal control processes in meeting its strategic objectives. In assessing these, IAD adopted the Committee of Sponsoring organisation of the Treadway Commission (COSO) Integrated Internal Control Framework and the Control Objectives for Information and Related Technologies (COBIT) Framework. COSO and COBIT are internationally recognised frameworks, providing thought leadership and guidance on internal control, enterprise risk management and fraud deterrence.

IAD's activities were carried out in accordance with the International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors and the relevant regulatory guidelines issued by Bank Negara Malaysia.

IAD had unrestricted access to information required to complete the audits.

IAD presented the internal audit reports to the BAC seven (7) times in 2022. The reports highlighted gaps in governance, risk management and controls practice, and provided recommendations for improvement.

SUMMARY OF AUDIT ACTIVITIES DURING THE YEAR

- Carried out its activities according to the approved Audit Plan. A total of twenty-seven (27) audit assignments were completed in 2022, including five (5) investigations.
- Out of twenty-seven (27) audit assignments completed, nine (9) audits were performed using the data analytics audit approach. In 2022, IAD also achieved a new milestone in its transformation journey. It developed thirty-two (32) audit bots using Robotic Process Automation software. The bots helped IAD perform the audits more effectively and efficiently.
- Monitored and followed up on the implementation of the audit recommendations and reported the status of outstanding audit findings at all BAC and ACC meetings.

KEDAI EMAS BAIZURAH NAIM



“

In 2022, I received financing through CGC BizWanita-i, which I used to top up my stock. I worked closely with my suppliers to source trendy designs that had gone viral, and were both visually appealing and reasonably priced.

”

Nor Baizurah Naim
Bandar Melaka, Melaka
Gold Jewellery

MANAGING RECOVERY

Five years ago, Nor Baizurah Naim established her gold jewellery shop, after a year of selling items online. Despite having no prior experience in the gold-selling business, having previously marketed and sold makeup items online, she ventured into the industry. Initially, Nor Baizurah sourced jewellery from other agents. However, as her business grew, suppliers from across the states started visiting her shop to sell their products. Her Kedai Emas now exclusively sells 916 gold, including necklaces, bracelets together with smaller, budget-friendly pieces.

In 2022, Nor Baizurah experienced a surge in sales after the KWSP disbursement. Although she did not encourage customers to spend their money, they perceived gold jewellery as a valuable investment that they could pawn during challenging times. Due to her online sales, her customer base extended beyond Melaka to all other states, including East Malaysia. However, from September to December, business slowed, causing her to worry about six staff salaries and outstanding loans, although stock levels remained adequate.

CGC'S COMMITMENT

“In 2022, I received financing through CGC BizWanita-i, which I used to top up my stock. I worked closely with my suppliers to source trendy designs that had gone viral, and were both visually appealing and reasonably priced.”

Nor Baizurah leverages her expertise in social media marketing to promote her business on platforms such as TikTok and Facebook. She makes it a point to post regular updates, particularly when new stocks arrive. In addition to marketing her products, she and her team focus on providing exceptional customer service and stocking up on budget-friendly items to ensure that customers return. This approach has earned her a loyal customer base, with some patrons having supported her business for the past five years.

NURTURING RESILIENCE

“At times, we will face challenges that test our strength and resilience. In my area, there is stiff competition from businesses selling the same type of jewellery, but I remain steadfast in my faith and continue to persevere. I focus on taking care of our regular customers, as they are the backbone of our business.”

WATERLINE CE



“

I took on CGC’s BizBina-i and BizMaju financing to ensure that I have enough working capital to keep my projects running, as I need to manage my overhead costs and purchase material.

”

Kasrul Pulai

Kuching, Sarawak
Construction

MANAGING RECOVERY

With a diploma in Quantity Surveying and a degree in Construction Science, Kasrul Pulai established his business 13 years ago. Waterline CE specialises in general contracting, general services, and marine architecture and drawing. Kasrul takes great pleasure in being a business owner, as it allows him to work independently, as well as providing him with a more adaptable schedule.

Despite the impact of Covid-19 on his company, Kasrul was fortunate enough to have secured enough government projects to sustain operations during the pandemic. At present, although the market has marginally improved, the pace remains sluggish. Kasrul perceives that it is not the pandemic but rather the political environment that affects their business. This is because election years tend to bring in many projects, while activity slows down once elections are over.

In order to sustain business growth, he prefers to act as the main contractor. Sarawak’s state government has a rural transformation programme that awards projects below RM1 million through a draw system, rather than via tender. Fortunately, he has won a project every year for the past four years. Securing one project per year is sufficient for Waterline CE. Additionally, he submits tenders and typically manages to acquire 2-3 projects annually, enough to keep his business operational.

CGC’S COMMITMENT

“I took on CGC’s BizBina-i and BizMaju financing to ensure that I have enough working capital to keep my projects running,” Kasrul explains, “as I need to manage my overhead costs and purchase material.” CGC has been extremely beneficial for entrepreneurs like himself, he admits. CGC seminars and webinars have proved quite useful, so he makes an effort to participate whenever he has free time. Additionally, he finds their services excellent, while their officers go above and beyond to provide guidance.

His future plan is to purchase a warehouse if his business improves. Currently, he has an office, but it is becoming increasingly challenging to store materials, scaffolding, generators, and water pumps there.

NURTURING RESILIENCE

“It is crucial to maintain a steady flow of projects, regardless of their size. A business cannot afford to be without projects for any extended period. It is essential to consistently seek out new projects.”

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

CORPORATE
GOVERNANCE

OUR APPROACH

The Board is committed to maintaining sound risk management and internal control systems for CGC, and continuously reviews system adequacy and effectiveness. The Management is responsible for assisting the Board in implementing policies and procedures, governance structure and processes for identifying, evaluating, monitoring, managing and reporting significant risks and adequacy of internal controls to achieve strategic objectives.

With an Enterprise Risk Management (ERM) framework in place, CGC is well positioned to manage its key risks. These include strategic, business, credit, market, liquidity, financial, operational (including cyber and legal), compliance and reputational risks. This articulates risk appetite and capital management, and details their drill-down into risk tolerance and limits for various risk categories. The risk governance structure ensures oversight and accountability, continuous monitoring for vulnerability mapping and integrated evaluation for effective risk management.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

With the enhanced ERM Framework in place, the focus of enterprise risk management has moved towards implementation of key policies of the ERM framework. During the year under review, we are encouraged to note the increasing adoption of these policies at CGC to further enhance risk governance and the robustness of risk management capabilities. CGC is moving towards the next level of risk maturity, as the application of ERM continues to strengthen.

The risk management and internal control system is embedded in all the Corporation's strategic planning, projects, change management and decision-making processes. CGC has established comprehensive frameworks, policies and procedures to identify, measure, monitor and control risk. We have adequate internal controls, driven through various policies and procedures, which are reviewed periodically. The Business Lines assess the efficacy of the controls put in place and sufficiently mitigate the identified risks.

The Board is supported by various sub-Board and Management Committees as part of the governance structure. The Risk Management function provides an independent and integrated assessment of risks across various business lines. Additionally, CGC has Internal Audit and Compliance functions responsible for:

- Independently evaluating adequacy of all internal controls.
- Ensuring that Business Lines reasonably adhere to internal processes and procedures, as well as regulatory and legal requirements.

Risk Strategy

Our risk management strategy addresses:

- Scope of risk management efforts, methods and tools used for risk assessment, risk analysis, risk mitigation, risk monitoring and communication of risk information.
- Setting of risk appetite and tolerance parameters, comprising risk matrix with equitable thresholds to identify risk mitigation techniques used on identified risks.

Risk Governance

We have a well-established risk governance structure with an active and engaged Board and management committees, supported by the three-lines-of-defence model at the enterprise-wide level. Proper governance provides the direction and structures required to make well-informed decisions to meet strategic objectives.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

Risk Culture

The risk culture at CGC is supported through the 'Tone from the Top', with clear and consistent communication from the Board on risk behaviour expectations. This culture is embedded throughout the organisation. The Corporation's risk culture is continuously reinforced through mandatory and customised training for all employees.

Risk Management Policies and Procedures

Our effective risk management provides policies, procedures and processes that enable CGC to function effectively in a changing environment. It is a process of:

- identifying and assessing risks that may affect the ability to achieve objectives.
- determining the risk response strategies and controls, with implementation of risk management framework, policies, guidelines and processes in line with the risk appetite.

Adherence to Compliance Standards

Reasonable adherence to compliance standards on internal and external requirements enables CGC to operate in accordance with strategic objectives and meeting stakeholder commitments.

CGC RISK MANAGEMENT FRAMEWORK

The primary goals of the risk management framework are to ensure that:

The outcomes of risk-taking activities are consistent with our strategies and risk appetite.

There is an appropriate balance between risk and reward in order to maximise MSME and shareholder value.

The risk management framework outlines the following components for effective risk management across CGC:

RISK APPETITE

The risk appetite was set by the Board. It is a top-down process which consists of specific quantitative and qualitative factors. In addition, it provides an enforceable risk statement on the amount of risk that CGC is willing to accept in support of its strategic objectives, while considering its obligations towards MSMEs, shareholders and other stakeholders. Risk appetite forms a key input to the business and capital planning process by linking risk strategy to the business strategy.

Capital	<ul style="list-style-type: none"> • Guarantee Reserve Ratio (GRR) • Capital Adequacy Ratio (CAR)
Liquidity	<ul style="list-style-type: none"> • Liquidity Gap
Financial Risk	<ul style="list-style-type: none"> • Credit • Market
Non-Financial Risk	<ul style="list-style-type: none"> • Operational • People • Business Continuity Plan (BCP)
Compliance	<ul style="list-style-type: none"> • AML/CFT • Regulatory • Shariah Non-Compliance Risk
Business Related Risk	<ul style="list-style-type: none"> • Reputation • Investment • Strategy

Capital Management

Capital Management is integrated into the governance processes. It involves an on-going review to maintain a strong capital base to support long-term stability, planned business growth and risks inherent in various businesses. CGC has a sound Capital Management Framework that measures and monitors its available capital and assesses its adequacy. The framework outlines the requirements to allocate sufficient capital to support its operations, and perform mandated roles at all times. Strong capital positions help CGC to withstand potential business and operational losses or shocks.

Material Risk Assessment

CGC has enhanced its current practice of risk assessment with a broader range of risk categories that focus on business, strategic and financial risks. The Material Risk Assessment (MRA) Framework has been established to identify all risks material to CGC, including risk mitigation and controls. Using the MRA approach, CGC has a holistic view of potential threats or risks it may face and can assess if it is sufficiently capitalised to absorb financial losses from any unexpected events.

Stress Tests and Reverse Stress Tests

Stress Testing is a forward-looking element of capital adequacy management and an integral tool in the risk management framework to understand the risk profile under exceptional but plausible and worst-case scenarios. Reverse Stress Testing is used to identify a range of adverse scenarios which could threaten the viability of CGC. The results could be used as the input to develop or select appropriate strategies for mitigating such risks. The results of stress tests are interpreted in the context of internal risk appetite for capital adequacy and periodically reported to the Board and Management.

Business Continuity Management

BCM culture is embedded and integrated within CGC's strategic plans to ensure its alignment with business priorities. CGC's Business Continuity Management (BCM) Framework aims to strengthen the Corporation's preparedness and resilience during crisis or disasters. This enables the Corporation to prepare for, respond to and recover from disruptive incidents.

Covid-19 has increased the need for continued operational resilience of our people, processes and infrastructure through established crisis management and business continuity policies and procedures. Continuous assessments are also necessary to ensure business continuity and recovery strategies are evaluated and tested and in working order.

Crisis Management

The aim of Crisis Management (CM) is to develop CGC's capability to prepare for, anticipate, respond to and recover from crisis. CGC is committed to safeguarding the interests of its key stakeholders, the environment, reputation, brand and value in the event of emergency, incident or crisis. The Corporation has established a comprehensive Crisis Management and Business Continuity Programme to protect staff, safeguard the Corporation's assets and ensure continuous availability of its products and services.

Authority Limit

CGC's Approving Authority Limit (AAM) outlines accountability and responsibility. It serves as a reference tool to identify the appropriate approving authority at

various levels of management, including matters that require Board approval. A full review of AAM is undertaken annually and realignment of AAM is performed. This caters to changes in organisational structure to ensure effective decision-making.

Compliance Framework

The compliance framework approved by the Board broadly sets out the compliance risk management processes and tools used by the Management and Compliance functions in managing compliance risks throughout the Corporation. The Compliance team supports the Board and Management, supervises the compliance framework and provides compliance advisory to various business lines.

CGC Shariah Governance Framework (SGF)

The SGF is a blueprint for Shariah governance in the Corporation. It provides a holistic, integrated and coherent approach in managing Shariah compliance risk, specifically in Islamic Guarantee Schemes and Direct Financing Schemes. In this way, SGF becomes an integral part of the organisational and individual decision-making instead of a stand-alone activity. Thus, the SGF applies at every strategic cycle, operational, business, or project level of Shariah-compliant schemes/products offered by the Corporation.

Anti-Bribery and Anti-Corruption Policy

CGC is committed to conducting business in accordance with high ethical standards, integrity and accountability. We have adopted a zero-tolerance policy against all forms of bribery and corruption by the Board and its employees or any person or companies acting for CGC or on its behalf. In recognition of this commitment, the Board and Management have implemented and enforced a comprehensive anti-bribery and corruption programme to prevent, deter and monitor bribery and corruption in the Corporation's activities. CGC is guided by the Malaysian Anti-Corruption Commission Act 2009, adequate procedures and guidelines issued by the Prime Minister's Department, its own internal ABC Policy and best practices recommended by ISO 37001:2016 Anti-Bribery Management System.

Anti-Money Laundering and Countering Financing of Terrorism

CGC, as a non-prescribed DFI, is also required to combat money laundering and terrorism financing activities. Therefore, it is CGC's responsibility to ensure that funds from money laundering and for terrorism financing activities are prevented from entering Malaysian financial systems. CGC shall be guided by the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, applicable policy documents issued by BNM, and its own internal AML/CFT policy and procedures, as well as best practices recommended by the Financial Action Task Force.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

Personal Data Protection Act

As a user of personal data, CGC is under a statutory duty to comply with the principles of the Personal Data Protection Act 2010 (PDPA) and its code of practice. CGC shall be guided by the PDPA, applicable codes of practice and its own internal policy based on the Act.

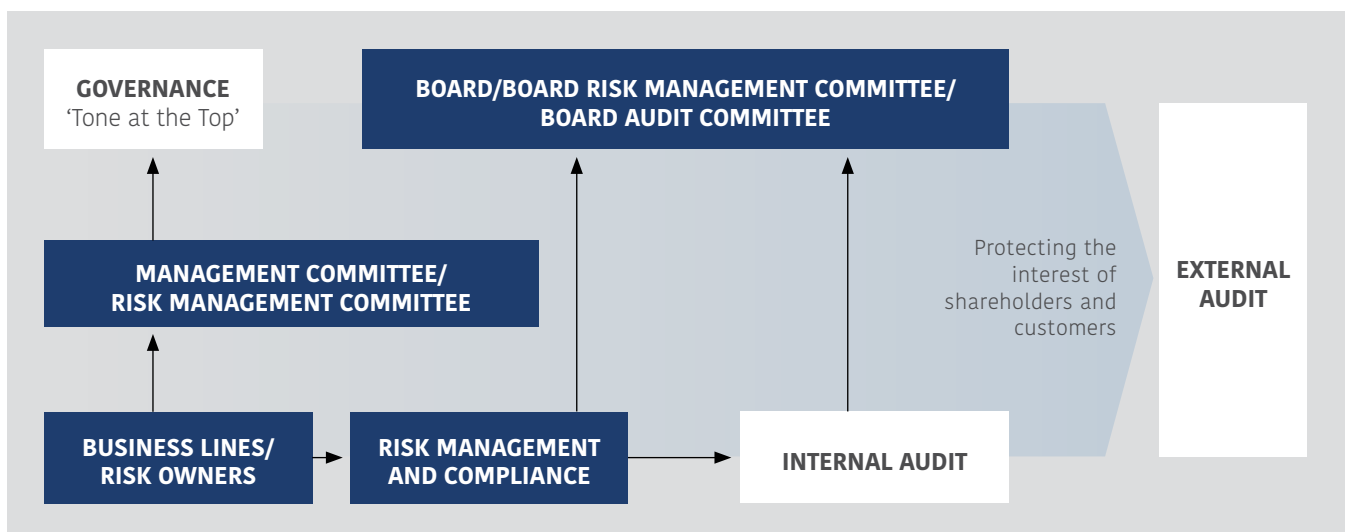
RISK MANAGEMENT PROCESSES

Risk Management involves the management of all possible risks that may influence the achievement of business goals and that can cause financial or reputational damage. The policy on risk management is drafted and periodically reviewed to ensure the relevance of the policy towards business goals. The risk management process is applied at strategic, operational and project levels. An effective risk management process supports CGC in achieving its performance and strategic objectives by providing risk information to enable better decision-making.



CGC THREE-LINES-OF-DEFENCE MODEL

We have adopted the three-lines-of-defence model in which business lines and independent risk management and compliance functions work in collaboration to ensure that business strategies and activities are consistent with policies and limits. Clear accountabilities and robust controls are vital to help manage risks and build trust. This reinforces CGC's risk management capabilities and compliance culture across all divisions and departments.



RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT



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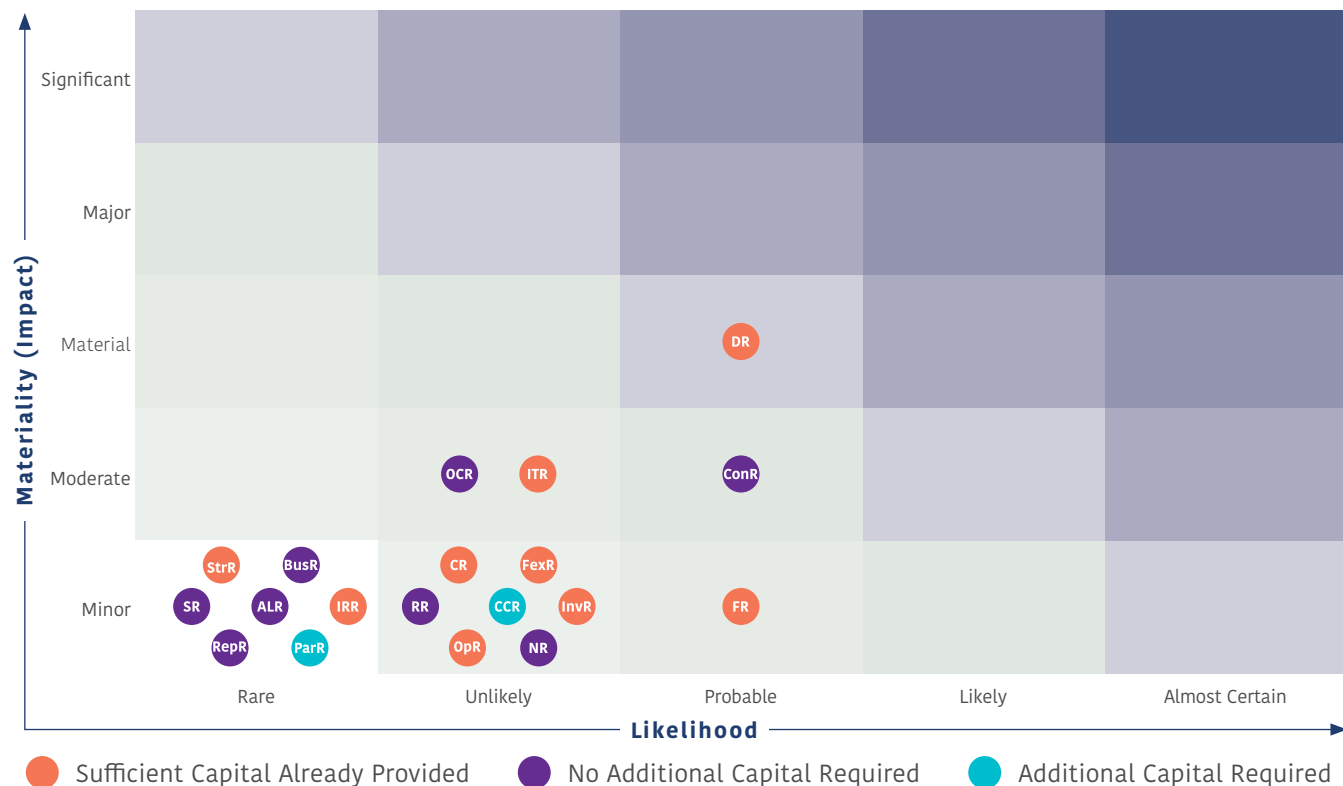
The model aims to reinforce CGC's risk management capabilities and compliance culture throughout the organisation. The responsibilities of each of the defence lines are as follows:

1st Line of Defence	Business lines/risk owners are accountable for effective management of risks within their business areas through identifying, assessing, mitigating, monitoring and reporting risks and actively implementing effective internal controls to manage risk and maintain activities within risk appetite and policies.
2nd Line of Defence	Independent risk management and compliance functions are responsible for maintaining an effective risk management and compliance framework that resonates through all levels of the organisation. The Risk Management function is responsible for providing reasonable assurance to the Board and Management that risks are actively identified, managed and communicated to all key stakeholders. The Compliance function acts as a consultant on regulatory compliance, internal policies and procedures. It is responsible for conducting ongoing risk-based enterprise-wide assessments, monitoring, testing and other activities to gain reasonable assurance as to the adequacy of, adherence to, and effectiveness of, CGC's Compliance Programme.
3rd Line of Defence	The Internal Audit function provides independent assurance on the design and operating effectiveness of the governance, risk management and internal control framework. It also facilitates enhancement, where appropriate.

Governing and Oversight Functions

The Board provides oversight directly and indirectly through its sub-committees to satisfy itself that decision-making aligns with CGC's strategies and risk appetite. The Board receives regular updates on risk information, and periodically reviews and approves the risk management framework, policies and limits. Management Level Committees comprise senior management responsible for supporting Board sub-committees in implementing an effective risk management framework, embedded throughout the Corporation.

SIGNIFICANT MATERIAL RISKS OF CGC



ANNUAL
REPORT
2022

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

Legend

ALR Asset Liquidity Risk

BusR Business Risk

CR Country Risk

ConR Concentration Risk

CCR Counterparty Credit Risk

DR Default Risk

FR Fraud Risk

FExR Foreign Exchange Risk

InvR Investment Risk

IRR Interest Rate Risk

ITR IT Risk

NR Name Risk

OpR Operational Risk (excluding Fraud)

OCR Opportunity Cost Risk

ParR Participation Risk

RepR Reputation Risk

RR Recovery Risk

SR Settlement Risk

StrR Strategic Risk

Default Risk

The Corporation is exposed to this inherent risk due to its business of providing credit guarantees and financing. It is a material risk primarily due to the relatively riskier segment of MSMEs that the Corporation serves as part of its developmental and countercyclical role. In managing the default risk, risk appetite/threshold has been set according to the type of portfolio. Credit risk-related policies and procedures governing the end-to-end credit processes are established to facilitate the Corporation operating within its risk appetite.

Operational Risk

Risk of loss due to inadequate or failed internal processes, people and systems, or from external events. Currently the Corporation has several projects already under way to mitigate technology risk that has been identified.

Opportunity Cost Risk

Due to the large investment portfolio, which generates significant revenue, the Corporation is exposed to this risk. This is also due to the number of securities currently held to maturity. Hence, any significant increase in yield may affect the Corporation in the sense that a potentially higher yield cannot be achieved as the Corporation is locked into these positions.

Credit Concentration Risk

Due to the business environment of MSMEs, the Corporation is exposed to micro, small and medium-sized enterprises with high variability in performance. Therefore, the Corporation is exposed to credit concentration risks at the portfolio level in various segments. However, these can be homogeneously grouped based on similar risk characteristics. Statistically derived thresholds by FI, Sectors, Constitutions and others are in place to guide business and manage concentration risk.

BYSMI ICE CREAM



“

CGC was introduced to me by a friend, and now I have another friend who is also seeking financing through them. When I decided to expand my business by opening another branch in Kerteh, I opted for BizMula-i financing from CGC.

”

Mohd Syukran Abdullah
Kemaman, Terengganu
F&B Retail

MANAGING RECOVERY

At the age of 21, Mohd Syukran Abdullah realised that he could not become a millionaire by working for someone else. So, four years ago, he decided to go into business selling homemade frozen yoghurt and ice cream. He has installed machines in his shop to ensure quality. He promises that Bysmi Ice Cream tastes better than that of his competitors, as he only uses premium ingredients. Above all, he always relies on customer feedback. Apart from that, Bysmi offers new, inventive tastes such as crunchy Famous Amos biscuits and Nestum among their 24 toppings. And, of course, new flavours.

Despite encountering numerous challenges in his business, Syukran remains driven and perseveres regardless of any obstacles. He expresses his greatest satisfaction when many regular customers purchase and appreciate his ice cream. During the pandemic, sales did decline and Bysmi did not recover immediately. Still, he appreciates the significance of generating new ideas regularly to ensure faster business growth. Although he uses social media for marketing, he admits he is still learning and has room for improvement.

CGC'S COMMITMENT

“CGC was introduced to me by a friend, and now I have another friend who is also seeking financing through them,” Syukran says. “When I decided to expand my business by opening another branch in Kerteh, I opted for BizMula-i financing from CGC.” For him, CGC is a great institution for young entrepreneurs to get a head start in business, as it simplifies the necessary processes and regulations to obtain financing.

With four staff members, Syukran runs two shops - one in Kemaman and the other in Kerteh. His future plans are to focus on improving business systems and processes, acquiring more customers. He also is keen on becoming a major industry player, much like the bigger brands. However, his ultimate goal is worldwide recognition. Once he is able to sustain his current branches, he hopes to add more shops to his stable.

NURTURING RESILIENCE

“During the time when customers did not visit our shop, I had to go out to find them. I sold my ice cream by the roadside where people gather, from a cabin container that served as a drive-thru stop.”

JL MOBILE WORLD



I received the CGC BizMula-i financing in 2019, two years after starting my business, to facilitate its expansion. I gradually grew my business from four outlets and beyond with the skills and knowledge gained from my experience.



Simon Lim Chin Aun
Kuala Terengganu, Terengganu
Telecommunications

MANAGING RECOVERY

As a Maxis area manager for several years, Simon Lim Chin Aun gained extensive experience in working with service providers and mobile telecommunications dealers. Despite not actively seeking to start his own business, he recognised an opportunity and realised that he possessed the industry expertise necessary to take the plunge. Thus, in 2017, he launched his first JL Mobile World outlet. Over the past six years, leveraging his accumulated knowledge and experience, Simon has successfully expanded his enterprise, growing to 12 outlets in Kuala Terengganu and one in Jerteh.

In 2020, amid the pandemic, the mobile phone sector continued to thrive. Lim noted that people's purchasing power remained strong. However, in 2021 and 2022, he observed a slowdown in mobile phone sales, coinciding with the increased costs of living and goods.

CGC'S COMMITMENT

"I received the CGC BizMula-i financing in 2019, two years after starting my business, to facilitate its expansion. I gradually grew my business from four outlets and beyond with the skills and knowledge gained from my experience." Lim also expressed gratitude towards Juliana, a CGC staff member who assisted him with his application, as she continues to keep in touch, updating him on upcoming online programmes.

Lim's business witnessed steady growth in early 2022 but, by the third quarter, unpredictable fluctuating sales rendered the situation unsustainable. Most of his outlets were located in shopping malls, to capture walk-in customers. Consequently, he had to shut down six, leaving only seven. However, he managed to retain all his staff, only closing down the unprofitable outlets. In fact, he expanded the profitable outlets by converting some from one-shop to two-shop outlets, thereby improving their size and services.

NURTURING RESILIENCE

"It was a tough decision to shut down those shops, and I deeply regret having to do so. I had invested a considerable amount of resources in renovating and equipping them. Initially, I attempted to cut costs, but when it was no longer feasible, I had to make the difficult decision to let them go, in the hope of achieving long-term benefits for my business."

FINANCIALS

Directors' Report	216
Statements of Financial Position	222
Statements of Comprehensive Income	224
Statements of Changes in Equity	226
Statements of Cash Flows	228
Notes to the Financial Statements	234
Statement by Directors	356
Statutory Declaration	356
Independent Auditors' Report	357

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and the Company for the financial year ended 31 December 2022.

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' Syed Moheeb bin Syed Kamarulzaman - retired on 14 January 2023
 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 - resigned on 19 April 2022
 Encik Faisal bin Ismail
 Puan Saleha binti M. Ramly
 Encik Lim Choon Eng - appointed on 1 April 2022
 Encik Suhaimi bin Ali - appointed on 28 April 2022

The Directors of the Company's subsidiary who has held office during the financial year and during the period from the end of the financial year to the date of this report (not including those Directors listed above) are:

CGC Digital Sdn. Bhd.
 Encik Choong Tuck Oon - appointed on 5 July 2022
 Datuk Mohamad Zamree bin Mohamad Ishak - appointed on 5 July 2022
 Encik Lim Choon Eng - appointed on 1 February 2023
 Encik Suhaimi bin Ali - appointed on 8 February 2023

PRINCIPAL ACTIVITIES

The principal activities of the Group are provision of guarantees, financing and loans and other internal services.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	60,144	58,613

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 16 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 Group and 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 have been 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 2022.

DIRECTORS' REMUNERATION

The remuneration in aggregate for Directors of the Group and the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Directors of the Group and the Company		
Directors' fees	806	806
Directors' other emoluments	916	916

During the financial year, Directors and Officers are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacities as Directors and Officers subject to the terms of the policy. The total amount of Directors' & Officers' Liability Insurance effected for the Directors & Officers was RM15.0 million. The total amount of contribution paid for the Directors' & Officers' Liability Insurance paid by the Company was RM0.1 million (2021: RM0.1 million).

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 Group and the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written-off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including the value of current assets as shown in the accounting records of the Group and the Company, had been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written-off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in the Group and the Company which has arisen since the end of the financial year.
- (d) No contingent or other liability of the Group and 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 Group and the Company to meet its obligations when they fall due.
- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Directors:
- (i) the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

AUDITOR'S REMUNERATION

Auditors' remuneration of the Group and the Company are RM467,000 and RM462,000. Details of auditors' 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

Malaysia has not been spared from a few turbulent years, just like the other countries around the world facing multiple overlapping challenges like the Covid-19 pandemic, climate change and political tensions, which hindered and affected economic growth. Despite these challenges, Malaysia recorded a Gross Domestic Product (GDP) growth of 8.7% in 2022, exceeding the forecast of 6.5% - 7.0%, driven by strong domestic demand, recovery of private spending and investment, better labour market and the strengthening of the ringgit.

CGC which celebrated its 50th Anniversary on 5 July 2022, is a key player in the Micro, Small and Medium Enterprise (MSME) financing ecosystem. In 2022, CGC continued providing guarantees to support MSME financing especially through Targeted Relief and Recovery Facility (TRRF), High Tech Facility (HTF) and Disaster Relief Facility (DRF). CGC has also partnered with Agensi Kaunseling dan Pengurusan Kredit (AKPK) to elevate MSMEs' financial literacy. This partnership enables CGC to refer its MSME customers to AKPK's e-learning courses, workshops and webinars on topics related to financial literacy and financial management. In addition, when necessary, these MSME customers will be referred to AKPK for debt management initiatives.

CGC100, a collaboration between CGC and PINTAR Foundation was launched in 2022. This is a youth entrepreneurship programme, which aims to inculcate entrepreneurship in the youth and encourage entrepreneurship as a career option.

(a) Overall Performance

CGC continued to record higher total revenue, which grew by 5% to RM214.5 million (2021: RM205.1 million), mainly contributed by the guarantee fees on Portfolio Guarantee (PG)/Wholesale Guarantee (WG) schemes.

During the year, CGC approved more than 13,000 new guarantee and financing accounts with an aggregate approval value of RM3.5 billion. As CGC continued the focus to assist MSMEs to sustain their businesses in 2022, the guarantees provided for TRRF, DRF and HTF contributed 28% of the total guarantee scheme approval value. PG/WG schemes continued to be the significant contributors with over 60% of the year's total guarantee approval value.

In enhancing financial inclusion through CGC's direct financing schemes, over 1,300 accounts amounting to RM175.0 million were approved. TPUB-i contributed to nearly 50% of the direct financing approval value, while financing schemes such as start-up financing including BizMula-i, BizWanita-i and BizBina-i contributed to 92% of the total number of accounts.

The CGC Beyond Guarantee pillar which provides targeted developmental support to MSMEs 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 70,000 MSMEs have been assisted through the CGC Developmental Programme®. Apart from that, more than 5,500 accounts or RM580.0 million have been approved through the imSME platform, which enables MSMEs to secure financing products conveniently online, anywhere, at any time. Significant improvement was also seen with the Khidmat Nasihat Pembiayaan (MyKNP@CGC), which has received more than 2,800 enquiries from MSMEs since it was established in August 2019.

BUSINESS REVIEW (CONTINUED)**(b) Key Performance Indicators (“KPIs”)**

2022 marked the second year of the 5-Year Strategic Plan 2021-2025 (5SP). CGC managed to record more than 90% achievement in four Headline Targets set in the 5SP i.e. Guarantee & Financing Base, Number of MSMEs Assisted, Guarantee Reserve Ratio and Cost to Income Ratio.

(c) Key Risks and Mitigations

CGC practices management of credit risk and portfolio risk through consistent monitoring, data analytics and insightful reporting in line with the standards imposed by the Malaysian Financial Reporting Standards (MFRS) and BNM Internal Capital Adequacy Assessment Process (ICAAP).

In addition, CGC continuously enhances its Enterprise Risk Management (ERM) Framework to further fortify both its risk management capabilities and its governance structure.

The Corporation successfully initiated a business continuity plan, enabling it to continue to provide critical business functions while protecting staff and customer health and well-being. Nevertheless, increased exposure to cyber-attack risk from teleworking arrangements, greater reliance on digital platforms, and risk of data and information leakage from conducting operations in home-based environments. Cybersecurity risk profiles and IT strategies were reassessed to manage digital risk, while key risks are closely monitored. CGC stays abreast of regulatory and legal requirements to comply with all applicable laws, regulations and guidelines issued by regulators.

CGC manages compliance risk by involving the Board of Directors, Senior Management and the Compliance Department. Their involvement is based on their roles and responsibilities set forth in CGC's Compliance Charter. Compliance risk in CGC encompasses, among other things, risk of legal or regulatory sanctions, material financial loss or reputational damage resulting from failure to comply with laws, regulations, rules and ethical standards regarding its customers and products. Apart from implementing comprehensive compliance policies and processes, the team ensure constant staff awareness of compliance risks and topics through a variety of training courses and knowledge-sharing sessions.

(d) Human Capital Development

Forming the basis of our Employee Value Proposition, attracting, nurturing and retaining talent remain vital to developing CGC's people. CGC created an enterprise-wide Change Management Programme to guarantee our staff's skills enhancement and continuous learning. This keeps their skills and knowledge relevant to both internal and external stakeholders. Our investment in our people also enables them to better manage our business as it rapidly develops, in line with evolving automation and financial technology (fintech).

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 Human Resource (HR) Practices. These themes have been reinforced through multiple deliverables since 2018. In the next 12 months, the Human Capital focus areas remain, with new initiatives planned to accelerate the CGC Transformation Journey and more focus on accelerating the alignment of new capabilities with digital transformation.

BUSINESS REVIEW (CONTINUED)

(e) Corporate Social Responsibility (“CSR”)

In 2022, CGC resumed its Corporate Social Responsibility (CSR) activities with vigour and enthusiasm, after two years of intermittent in-person events. Through strategic sustainable initiatives, CGC aimed to uplift marginalised communities by delivering long term, positive impact. This included programmes aimed at elevating the socioeconomic status of underprivileged communities adversely affected by annual floods and the prolonged pandemic. Initiatives ranged from providing festive cheer and contributing to physical and mental health to aiding social and welfare homes, disaster victims and B40 families. These are all aligned with the United Nations Sustainable Development Goals (SDGs).

A key innovation programme was started to empower young adults with business education and skills, along with mentorships. The CGC100: Youth Entrepreneurship Programme, in collaboration with PINTAR Foundation and supported by the Ministry of Education was launched in October 2022. The pioneering batch of young entrepreneurs in the 6-month Fast Track Programme could not emphasise enough the importance of confidence, quick decision-making, branding, communication, and experienced mentors in fast-tracking their current businesses.

AUDITORS

Ernst & Young PLT has expressed its willingness to accept appointment as auditors and will be nominated for appointment as the external auditors of the Company and its subsidiary in place of the retiring auditors, PricewaterhouseCoopers PLT, at the forthcoming Annual General Meeting.

This report was approved by the Board of Directors on 18 April 2023. 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 2022

FINANCIALS

	Note	Group		Company	
		31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
ASSETS					
Property, plant and equipment	4	12,737	12,070	12,737	12,070
Intangible assets	5	13,957	18,902	13,957	18,902
Right-of-Use ("ROU") assets	6	2,328	3,580	2,328	3,580
Investment in subsidiary	7	-	-	-	-
Investments in associates	8	10,020	7,978	7,141	7,341
Investment securities: Fair value through profit or loss ("FVTPL")	9	1,078,990	1,076,439	1,078,990	1,076,439
Investment securities: Fair value through other comprehensive income ("FVOCI")	10	2,563,981	2,100,065	2,563,981	2,100,065
Investment securities: Amortised cost	11	181,266	262,868	181,266	262,868
Derivative financial assets	12	12,253	7,249	12,253	7,249
Term deposits	13	310,210	1,075,693	310,210	1,075,693
Financing, loans and advances	14	254,058	230,530	254,058	230,530
Amount due from a subsidiary		-	-	680	-
Amount due from an associate		16	157	16	157
Other receivables	15	30,903	22,436	30,903	22,436
Deferred tax assets	39	-	-	-	-
Cash and cash equivalents		488,158	376,357	488,158	376,357
TOTAL ASSETS		4,958,877	5,194,324	4,956,678	5,193,687

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

FINANCIALS

	Note	Group		Company	
		31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
EQUITY AND LIABILITIES					
Equity attributable to the Shareholders of the Company					
Share capital	16	1,785,600	1,785,600	1,785,600	1,785,600
Reserves	17	925,110	1,010,745	925,110	1,010,745
Retained earnings		1,510,647	1,364,868	1,508,479	1,364,231
FVOCI reserve	18	(9,785)	39,755	(9,785)	39,755
		4,211,572	4,200,968	4,209,404	4,200,331
Non-controlling interest		-	-	-	-
TOTAL EQUITY		4,211,572	4,200,968	4,209,404	4,200,331
Amount due to Bank Negara Malaysia ("BNM")	19	30,194	11,672	30,194	11,672
Funds from BNM	20	225,786	499,122	225,786	499,122
Small Entrepreneurs Guarantee Scheme ("SEGS")	21	-	3,873	-	3,873
Tabung Usahawan Kecil ("TUK")	22	38,858	45,046	38,858	45,046
Government funds	23	14,605	22,930	14,605	22,930
Small Entrepreneurs Financing Fund ("SEFF")	24	-	6	-	6
Derivative financial liabilities	25	13,544	5,116	13,544	5,116
Expected credit losses for guarantee schemes	26	282,685	242,163	282,685	242,163
Claims payable		4,417	8,682	4,417	8,682
Other payables	27	134,774	151,007	134,743	151,007
Lease liability	6	2,442	3,739	2,442	3,739
Deferred tax liabilities	39	-	-	-	-
TOTAL LIABILITIES		747,305	993,356	747,274	993,356
TOTAL EQUITY AND LIABILITIES		4,958,877	5,194,324	4,956,678	5,193,687

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

ANNUAL
REPORT
2022

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	30	214,523	205,147	214,523	205,147
Investment income	31	117,135	139,681	117,135	139,681
		331,658	344,828	331,658	344,828
Other operating income	32	74,862	87,509	74,862	488,659
Total income		406,520	432,337	406,520	833,487
Staff costs	33	(88,126)	(79,648)	(87,447)	(79,648)
Depreciation on property, plant and equipment		(4,464)	(6,203)	(4,464)	(6,203)
Amortisation of intangible assets		(6,524)	(7,353)	(6,524)	(7,353)
Interest expense for Government loans		(1,500)	(3,032)	(1,500)	(3,032)
Other operating expenses		(60,283)	(45,032)	(60,235)	(45,032)
Total operating expenses		(160,897)	(141,268)	(160,170)	(141,268)
Total operating income before expected credit losses		245,623	291,069	246,350	692,219
Expected credit losses for guarantee schemes		(169,177)	(44,762)	(169,177)	(44,762)
Expected credit losses of financing, loans and advances		(18,945)	(4,376)	(18,945)	(4,376)
Expected credit gain/(losses) for investment securities and others		385	(100,775)	385	(100,775)
Total operating income		57,886	141,156	58,613	542,306
Share of profit/(loss) after tax of an associate		2,258	(443)	-	-
Profit from continuing operations		60,144	140,713	58,613	542,306
Taxation	39	-	-	-	-
Net profit for the financial year		60,144	140,713	58,613	542,306

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

FINANCIALS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss				
- Net fair value loss on FVOCI investments	(49,480)	(186,556)	(49,480)	(186,556)
- Changes in expected credit losses ("ECL") for FVOCI investments	(60)	101,071	(60)	101,071
Other comprehensive loss for the financial year	(49,540)	(85,485)	(49,540)	(85,485)
Total comprehensive income for the financial year	10,604	55,228	9,073	456,821
Net profit for the financial year attributable to:				
Shareholders of the Company	60,144	140,713	58,613	542,306
	60,144	140,713	58,613	542,306
Total comprehensive income for the financial year attributable to:				
Shareholders of the Company	10,604	55,228	9,073	456,821
	10,604	55,228	9,073	456,821

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

← Attributable to Shareholders of the Company →

Group	Note	Attributable to Shareholders of the Company								Total equity RM'000
		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	
Balance as at 1 January 2022		1,785,600	363,821	17,471	188,177	441,276	39,755	1,364,868	-	4,200,968
Total comprehensive (loss)/income for the financial year		-	-	-	-	-	(49,540)	60,144	-	10,604
Transfer between reserves	17	-	(363,821)	(17,471)	270,068	25,589	-	85,635	-	-
Balance as at 31 December 2022		1,785,600	-	-	458,245	466,865	(9,785)	1,510,647	-	4,211,572
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	17	-	15,605	66	(525,956)	441,276	-	69,009	-	-
Deemed disposal of associates	18	-	-	-	-	-	(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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

FINANCIALS

Company	Note	Non-Distributable					Distributable			Total equity RM'000
		Share capital RM'000	Special Programme reserve RM'000	Skim Perbankan Islam ("SPI") reserve RM'000	Special reserve RM'000	Special Purpose reserve RM'000	FVOCI reserve RM'000	Retained earnings RM'000		
Balance as at 1 January 2022		1,785,600	363,821	17,471	188,177	441,276	39,755	1,364,231	4,200,331	
Total comprehensive (loss)/income for the financial year		-	-	-	-	-	(49,540)	58,613	9,073	
Transfer between reserves	17		(363,821)	(17,471)	270,068	25,589	-	85,635	-	
Balance as at 31 December 2022		1,785,600	-	-	458,245	466,865	(9,785)	1,508,479	4,209,404	
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	17	-	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	

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

FINANCIALS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	60,144	140,713	58,613	542,306
<u>Adjustments for:</u>				
Depreciation on property, plant and equipment	4,464	6,203	4,464	6,203
Depreciation on ROU assets	1,679	1,755	1,679	1,755
Amortisation of intangible assets	6,524	7,353	6,524	7,353
Gain on disposal of property, plant and equipment	-	(126)	-	(126)
Write-off of property, plant and equipment	216	182	216	182
Write-off of intangible assets	3,242	116	3,242	116
Interest expense for lease liability	151	113	151	113
Realised gain on FVOCI investments	-	(2,910)	-	(2,910)
Realised gain on FVTPL investments	14,245	(7,863)	14,245	(7,863)
Realised gain on disposal of Danajamin	-	(38,906)	-	(440,056)
Unrealised fair value loss on FVTPL investments	44,904	44,903	44,904	44,903
Amortisation of premium on FVTPL investments	(485)	960	(485)	960
Amortisation of premium on FVOCI investments	1,570	2,008	1,570	2,008
Realised gain on derivatives	17,353	(1,479)	17,353	(1,479)
Unrealised loss on derivatives	3,423	6,341	3,423	6,341
Expected credit losses for guarantee schemes	169,177	44,762	169,177	44,762
Expected credit losses of financing, loans and advances	18,945	4,376	18,945	4,376
Expected credit (gain)/losses for investment securities	(385)	100,775	(385)	100,775
Derecognition of Government fund	(8,325)	-	(8,325)	-
Accretion of Government loans	1,939	2,245	1,939	2,245
Interest expense on Government loans	1,500	3,032	1,500	3,032

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

FINANCIALS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)				
Loss on disposal of an associate	19	-	3	-
Share of (profit)/loss after tax of associate	(2,258)	443	-	-
	338,042	314,996	338,753	314,996
Increase in interest receivable for investments	(3,366)	(7,965)	(3,366)	(7,965)
Increase in amount due from a subsidiary	-	-	(680)	-
Increase in ROU	(427)	(3,029)	(427)	(3,029)
Increase in lease liability	1,153	3,051	1,153	3,051
(Increase)/decrease in other receivables	(8,467)	9,367	(8,467)	9,367
Increase in financing, loans and advances	(42,475)	(41,457)	(42,475)	(41,457)
Decrease in claims payable	(132,920)	(71,141)	(132,920)	(71,141)
Increase/(decrease) in amount due from an associate	141	(126)	141	(126)
(Decrease)/increase in other payables	(16,233)	9,292	(16,264)	9,292
Cash generated from operations	135,448	212,988	135,448	212,988
Tax paid	-	-	-	-
Net cash inflows from operating activities	135,448	212,988	135,448	212,988

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(8,445)	(1,807)	(8,445)	(1,807)
Purchase of intangible assets	(1,723)	(5,719)	(1,723)	(5,719)
Repayment of lease liability	(2,600)	(1,777)	(2,600)	(1,777)
Purchase of FVTPL investments	(439,760)	(495,027)	(439,760)	(495,027)
Purchase of FVOCI investments	(594,921)	(290,783)	(594,921)	(290,783)
Proceeds from liquidation of investments in associate	197	-	197	-
Redemption 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	85,000	316,357	85,000	316,357
Proceeds from disposal of FVTPL investments	378,794	448,710	378,794	448,710
Decrease in derivative financial liabilities - net	(17,352)	1,219	(17,352)	1,219
Decrease/(increase) in term deposits - net	765,483	(753,839)	765,483	(753,839)
Net cash inflows from investing activities	244,673	157,517	244,673	157,517

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

FINANCIALS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of Small Entrepreneurs Guarantee Scheme	(4,000)	(10,000)	(4,000)	(10,000)
Repayment of Tabung Usahawan Kecil (“TUK”)	(8,000)	-	(8,000)	-
Repayment of Hawkers and Petty Traders (“HPT”) & New Investment Fund (“NIF”)	-	(3,191)	-	(3,191)
Payment of interest on Government funds	-	(3,032)	-	(3,032)
Repayment of Small Entrepreneurs Financing Fund	(6)	(19)	(6)	(19)
Increase in amount due to BNM	18,522	10,024	18,522	10,024
Increase in BizMula-i and BizWanita-i funds from BNM	26,664	40,986	26,664	40,986
Repayment of loan due to BNM	(301,500)	(500,000)	(301,500)	(500,000)
Net cash outflows from financing activities	(268,320)	(465,232)	(268,320)	(465,232)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	111,801	(94,727)	111,801	(94,727)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	376,357	471,084	376,357	471,084
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	488,158	376,357	488,158	376,357
Cash and cash equivalents comprise the following:				
Cash and bank Balances	106,114	127,771	106,114	127,771
Term deposits	382,044	248,586	382,044	248,586
	488,158	376,357	488,158	376,357

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group	At	Cash flows	Non-cash changes		At
	1 January 2022 RM'000		RM'000	Interest accretion RM'000	Interest accrual RM'000
Amount due to Bank Negara Malaysia ("BNM")	11,672	18,522	-	-	30,194
Funds from BNM	499,122	(274,836)	-	1,500	225,786
Small Entrepreneurs Guarantee Scheme ("SEGS")	3,873	(4,000)	127	-	-
Tabung Usahawan Kecil ("TUK")	45,046	(8,000)	1,812	-	38,858
Government funds	22,930	-	(8,325)	-	14,605
Small Entrepreneurs Financing Fund ("SEFF")	6	(6)	-	-	-
	582,649	(268,320)	(6,386)	1,500	309,443

	At	Cash flows	Non-cash changes		At
	1 January 2021 RM'000		RM'000	Interest accretion RM'000	Interest accrual 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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

FINANCIALS

Company	At	Non-cash changes		At	
	1 January 2022 RM'000	Cash flows RM'000	Interest accretion RM'000	Interest accrual RM'000	31 December 2022 RM'000
Amount due to Bank Negara Malaysia ("BNM")	11,672	18,522	-	-	30,194
Funds from BNM	499,122	(274,836)	-	1,500	225,786
Small Entrepreneurs Guarantee Scheme ("SEGS")	3,873	(4,000)	127	-	-
Tabung Usahawan Kecil ("TUK")	45,046	(8,000)	1,812	-	38,858
Government funds	22,930	-	(8,325)	-	14,605
Small Entrepreneurs Financing Fund ("SEFF")	6	(6)	-	-	-
	582,649	(268,320)	(6,386)	1,500	309,443

	At	Non-cash changes		At	
	1 January 2021 RM'000	Cash flows RM'000	Interest accretion RM'000	Interest accrual RM'000	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

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

ANNUAL
REPORT
2022

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

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 providing services and provision on guarantees, financing and loans. 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 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”), and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying Group 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 Group and the Company have applied the following standards and amendments for the first time for the financial year beginning on 1 January 2022:

- Amendment to MFRS 16 ‘Covid-19-Related Rent Concessions beyond 30 June 2021’
- Amendments to MFRS 116 ‘Proceeds before Intended Use’
- Amendments to MFRS 137 ‘Onerous Contracts – Cost of Fulfilling a Contract’
- Annual Improvements to MFRS 9 ‘Fees in the ‘10 per cent’ test for Derecognition of Financial Liabilities’

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.1 Basis of preparation (continued)****(a) Standards, amendments to published standards and interpretations that are effective. (continued)**

- Annual Improvements to MFRS 1 'Subsidiary as First-time Adopter'
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives
- Annual Improvements to MFRS 141 'Taxation in Fair Value Measurements'
- Amendments to MFRS 3 'Reference to the Conceptual Framework'

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.

Amendments to MFRS 116 'Proceeds before intended use'

The amendments prohibit the Group and the Company 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 are instead 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.

Amendments to MFRS 137 'Onerous Contracts – Cost of Fulfilling a Contract'

The amendments 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. Before recognising a separate provision for an onerous contract, the Group recognises any impairment loss that has occurred on assets used in fulfilling the contract.

The Group and the Company applies the amendments to the contracts for which it has not yet fulfilled all of its obligations at the date of initial application of 1 January 2022.

Annual Improvements to MFRS 9 'Fees in the '10 per cent' test for Derecognition of Financial Liabilities'

The amendment 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 for derecognition of financial liabilities.

The Group and the Company applies the amendment to financial liabilities that are modified or exchanged on or after the date of initial application of 1 January 2022.

Annual Improvements to MFRS 1 'Subsidiary as First-time Adopter'

The amendments provide subsidiaries that adopt MFRS later than the parent an optional exemption to measure the cumulative translation differences for all their foreign operations which are aligned to the carrying amounts included in the parent's consolidated financial statements (adjusted for consolidation adjustments).

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.1 Basis of preparation (continued)****(a) Standards, amendments to published standards and interpretations that are effective. (continued)**Annual Improvements to MFRS 1 'Subsidiary as First-time Adopter' (continued)

An entity shall apply the amendments retrospectively for annual periods beginning on or after 1 January 2022. Earlier application is permitted.

Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives

The amendments removed the illustration on the reimbursement relating to leasehold improvements by the lessor to avoid potential confusion as the example had not explained clearly enough the conclusion as to whether the reimbursement would meet the definition of as lease incentive in MFRS 16.

Annual Improvements to MFRS 141 'Taxation in Fair Value Measurements'

The amendments removed the requirement to exclude cash flows for taxation when measuring fair value to align with the requirements in MFRS 13 Fair Value Measurements.

An entity shall apply the amendments retrospectively for annual periods beginning on or after 1 January 2022. Earlier application is permitted.

Amendments to MFRS 3 'Reference to the Conceptual Framework'

The amendments replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The Group adopted the amendments, which did not change its current accounting for business combinations on acquisition date.

The Group and the Company shall apply the amendments prospectively to business combinations for which the acquisition date is on or after 1 January 2022.

The amendments provide an exception for the recognition of liabilities and contingent liabilities within the scope of MFRS 137 'Provisions, contingent liabilities and contingent assets' and IC Interpretation 21 'Levies'. It also clarifies that contingent assets should not be recognised at the acquisition date.

The Group applies the amendments prospectively to business combinations for which the acquisition date is on or after 1 January 2022.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(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 2022. None of these are expected to have a significant effect on the financial statements of the Group, except for the following set out below:

- 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.
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback' (effective 1 January 2024) specify the measurement of the lease liability arises in a sale and leaseback transaction that satisfies the requirements in MFRS 15 'Revenue from Contracts with Customers' to be accounted for as a sale. In accordance with the amendments, the seller-lessee shall determine the "lease payments" or "revised lease payments" in a way that it does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use it retains.

The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

- Amendments to MFRS 101 'Classification of liabilities as current or non-current' (effective 1 January 2024) 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 based on its compliance with the conditions required on or before the reporting date (even if tested only after period end). Conditions that an entity is required to comply only within 12 months after the reporting period do not affect the classification of liability as current or non-current at reporting 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 adoption of other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current and future periods.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.2 Consolidation, subsidiaries and associates****(a) Subsidiaries**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations when the acquired sets of activities and assets meet the definition of a business. The Group 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 Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair value at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in 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 Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in the profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-Group 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation, subsidiaries and associates (continued)

(a) Subsidiaries (continued)

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of financial position, statements of comprehensive income and statements of changes in equity respectively.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to the owners of the Group.

(c) Disposal of subsidiaries

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the statements of comprehensive income. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group 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.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(d) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in the statements of comprehensive income, and the Group's share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.2 Consolidation, subsidiaries and associates (continued)****(d) Associates (continued)**

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount. The Group presents the impairment loss in share of profit after tax of associates in statements of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group 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 Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the 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 Group's separate financial statements, investments in subsidiaries 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 Group does not expect repayment in the foreseeable future is considered as part of the Group'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 Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in the statements of comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in 'other operating income' in the statements of comprehensive income.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight-line method to allocate the cost or the revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

Building	25 years
Leasehold land	Over the remaining lease period
Motor vehicles	5 years
Office equipment	5 years
Furniture, fittings and fixtures	5 years
Renovation	5 years
Computer equipment	5 years

At the end of the reporting period, the Group and the Company 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

Acquired software costs and development costs that are directly associated with identifiable software products controlled by the Group and the Company that will generate probable future economic benefits exceeding costs beyond one year are recognised as intangible assets.

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.

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:

Application software	5 years
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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Intangible assets (continued)

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

At the end of the reporting period, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A written down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 2.6 on impairment of non-financial assets.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs.

2.6 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

2.7 Financial assets

Classification

The Group 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.

Recognition of financial assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

Measurement

At initial recognition, the Group 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 Group’s and the Company’s business model for managing the asset and the cash flow characteristics of the asset. The Group and the Company reclassify debt investments when and only when the business model for managing those assets changes.

There are three measurement categories into which the Group and the Company classify the debt instruments:

(i) *Amortised cost*

Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest (“SPPI”) are measured at amortised cost. Interest income from these financial assets is included in investment income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statements of comprehensive income and presented in investment income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

(ii) *Fair value through other comprehensive income (“FVOCI”)*

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statements of comprehensive income and recognised in investment income. Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in investment income and impairment expenses are presented as a separate line item in the statement of comprehensive income.

(iii) *Fair value through profit or loss (“FVTPL”)*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes are recognised in the statement of comprehensive income and presented net within investment income in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.7 Financial assets (continued)****Equity instruments**

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's and the Company's management 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 Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in investment income in the statement of comprehensive income.

Impairment for debt instruments and financial guarantee contracts

The Group and the Company assess on a forward-looking basis the expected credit loss ("ECL") associated with 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 Group and the Company have four types of financial instruments that are subject to the ECL model:

- Other receivables
- Loans to subsidiaries
- Contract assets
- Financial guarantee contracts

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss 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 Group and the Company expect to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group and the Company expect to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.7 Financial assets (continued)****Impairment for debt instruments and financial guarantee contracts (continued)***(i) General 3-stage approach for other receivables and financial guarantee contracts issued*

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12-month ECL if credit risk on a financial instrument or a Group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

(ii) Simplified approach for other receivables, contract assets and lease receivables

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all other receivables and contract assets. Note 40 sets out the measurement details of ECL.

Significant increase in credit risk (“SICR”)

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available, reasonable and supportable forward-looking information.

The following indicators are incorporated:

- Default risk

The Group and the Company shall compare the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default as at the date of initial recognition.

- Forward looking information

When more forward-looking than past-due information is available, it must be used to assess SICR. 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.

- Past-due information

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

- Collective assessment

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

- Low credit risk at reporting date

Financial instruments with low credit risk at reporting date could be considered as no SICR.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.7 Financial assets (continued)****Significant increase in credit risk (“SICR”) (continued)**

- 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 informations (such as unemployment rates, gross domestic product and others) 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 Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria:

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

Qualitative criteria:

The debtor meets unlikelihood-to-pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtor’s financial difficulty;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and
- the debtor is insolvent.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets (continued)

Groupings of instruments for ECL measured on collective basis

(i) *Collective assessment*

To measure ECL, other receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the other receivables for the same types of contracts. The Group and the Company have therefore concluded that the expected loss rates for other receivables are a reasonable approximation of the loss rates for the contract assets.

(ii) *Individual assessment*

Other receivables and contract assets which are in default or credit-impaired are assessed individually.

Write-off

(i) *Other receivables*

The Group and the Company write off financial assets, in whole or in part, when 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 Group and the Company may write off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written-off will result in impairment gains.

Modification of loans and financing

The Group and the Company sometimes renegotiate or otherwise modify the contractual cash flows of loans and financing to customers. When this happens, the Group and the Company assess whether or not the new terms are substantially different to the original terms. The Group and the Company do this by considering, among others, the following factors:

- If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay;
- Whether any substantial new terms are introduced, such as a profit share or equity-based return that substantially affects the risk profile of the loan;
- Significant extension of the loan term when the borrower is not in financial difficulty;
- Significant change in the interest rate;
- Change in the currency the loan is denominated in; and
- Insertion of collaterals, other securities or credit enhancements that significantly affect the credit risk associated with the loan.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.7 Financial assets (continued)****Modification of loans and financing (continued)**

If the terms are substantially different, the Group and the Company derecognise the original financial asset and recognise a 'new' asset at fair value and recalculate a new EIR for the asset. However, the Group and the Company also assess whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments. Differences in the carrying 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 Group and the Company recalculate the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in the income statements. The new gross carrying amount is recalculated by discounting the modified cash flows at the original EIR.

Reclassification of financial assets

The Group and the Company reclassify financial assets when and only when their business model for managing those assets changes.

Derecognition of financial assets

A financial asset is derecognised when there is substantial modification of terms and conditions or factors other than substantial modification.

(a) Derecognition due to substantial modification of terms and conditions

The Group and the Company derecognise a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss. The newly recognised financing 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 Group and the Company record a modification gain or loss, to the extent that an impairment loss has not already been recorded.

(b) Derecognition other than for substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group and the Company transfer substantially all the risks and rewards of ownership, or (ii) the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and the Group and the Company have not retained control.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Other financial liabilities measured at amortised cost

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

Other financial liabilities measured at amortised cost are 'amount due to BNM', 'funds from BNM', 'SEGS', 'TUK', 'Government funds', 'SEFF', '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.

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

The Group's and the Company's derivatives do not qualify for hedge accounting. They are classified as FVTPL and accounted for in accordance with the accounting policy set out in Note 2.7.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.11 Financial guarantee contracts**

Financial guarantee contracts are contracts that require the Group or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

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

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

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

2.12 Leases in which the Group and the Company is a lesseeThe Group and the Company as a lessee

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

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 Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Company are a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

(a) Lease term

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affects whether the Group and the Company are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to (d) below).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Leases in which the Group and the Company is a lessee (continued)

The Group 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 Group and the Company are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

(c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- The exercise price of a purchase and extension options if the Group and the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.12 Leases in which the Group and the Company is a lessee (continued)**

The Group and the Company as a lessee (continued)

(c) Lease liabilities (continued)

The Group and the Company present the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the finance cost in the statements of comprehensive income.

(d) Reassessment of lease liabilities

The Group and the Company are also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

(e) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line bases as an expense in the statements of comprehensive income.

2.13 Leases in which the Group and the Company is a lessor

The Group and the Company as a lessor

As a lessor, the Group and the Company determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group and the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(a) Finance leases

The Group and the Company classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment (refer to Note 2.7 on impairment of financial assets). In addition, the Group and the Company reviews regularly the estimated unguaranteed residual value.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Leases in which the Group and the Company is a lessor (continued)

The Group and the Company as a lessor (continued)

(a) Finance leases (continued)

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group and the Company revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

(b) Operating leases

The Group and the Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company recognise lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statements of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

(c) Sublease classification

When the Group and the Company are an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group and the Company applies the exemption described above, then it classifies the sublease as an operating lease.

(d) Separating lease and non-lease components

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.14 Trade and other receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group and the Company.

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.

2.15 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.

2.16 Share capital

Ordinary shares 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.

2.17 Trade and claims payables

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

Trade and claims payables are 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.

2.18 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)

2.18 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 Group 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.

2.19 Employee benefits

Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other payables in the statements of financial position.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.19 Employee benefits (continued)***Defined contribution plans*

The Group and the Company contribute to the Employees' Provident Fund ("EPF"), a defined contribution plan. The Group's and the Company's contributions to the defined contribution plan are charged to the statements of comprehensive income in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

2.20 Government grants

The benefit of a Government loan at a below-market rate of interest is treated as a Government grant. The Government loan is recognised as a financial liability, and measured in accordance with MFRS 9 'Financial Instruments'. The Government grant is measured as the difference between the initial carrying value of the Government loan determined in accordance with MFRS 9 and the proceeds received. The Government grant is presented as deferred income in the statements of financial position.

Government grants are recognised when there is a reasonable assurance that the grants will be received, and the Group and the Company will comply with the conditions attached to the grants. Government grants are recognised in the statements of comprehensive income on a systematic basis over the periods in which the Group and the Company recognise as expenses the related costs for which the grants are intended to compensate.

The Group and the Company have applied the transitional provisions in MFRS 120 'Accounting for Government Grants and Disclosure of Government Assistance' and Amendment to MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standard' on Government Loans whereby the accounting provisions of MFRS 120 shall be applied prospectively to grants receivable or repayable after the effective date of the standard. The grants are TUK and SEGs.

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.

2.21 Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Where the Group and the Company expect a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Provisions (continued)

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.

2.22 Contingencies

The Group and the Company do not recognise contingent assets and liabilities, but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

2.23 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's and the Company's activities. Revenue is shown net of goods and services tax, returns, rebates and discounts and amounts collected on behalf of third parties and after eliminating sales within the Group and the Company.

The Group and the Company base its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

- (i) Guarantee fees are recognised on an accrual basis proportionately over the period of the respective guarantees.
- (ii) Interest/profit income is recognised using the effective interest/profit method. When a loan and receivable is impaired, the Group and the Company reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest/profit rate of the instrument, and continues unwinding the discount as interest/profit income. Interest/profit income on impaired loans and receivables are recognised using the original effective interest/profit rate.
- (iii) Other interest income, including amortisation of premiums or accretion of discounts, is recognised on a time proportion basis that takes into account the effective yield of the asset.
- (iv) Rental income is recognised on a time proportion basis except where default in payment of rent has already occurred and the rent due remains outstanding, in which case recognition of rental income is suspended. Subsequent to suspension, rental income is recognised on the receipt basis until all arrears have been paid.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.23 Revenue recognition (continued)**

The Group and the Company base its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. (continued)

- (v) Sales of services is engages in provision of credit reference services, credit scoring and such other services related to a credit bureau. These services are provided as a fixed-price contract, with contract terms generally ranging from less than one year to three years.
- (vi) Sales of services is engages in distributing and engaging in digital and advisory services.
- (vii) 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 Deferred income (excluding Government grants)

Deferred income comprises subscription fees paid in advance and fees from prepaid package. Deferred income is recognised as revenue in the statements of comprehensive income based on amortisation over period for subscription fees and based on utilisation of the prepaid package or the expiry of the agreement for prepaid package, whichever comes first.

2.25 Foreign currencies

- (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Group's and the Company's functional and presentation currency.

- (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. However, exchange differences are deferred in other comprehensive income when they arose from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Foreign currencies (continued)

(b) Transactions and balances (continued)

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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period, or in the period of revision and future periods if the revision affects both current and future periods. The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results.

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

(a) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group and the Company use its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Refer to Note 40(d) for key assumptions used to determine the fair values of financial instruments.

(b) Measurement of expected credit losses allowances

The measurement of ECL allowance for financial assets measured at amortised cost and at FVOCI, and guarantee schemes is an area that requires the use of significant assumptions about future economic conditions and credit behaviour of customers 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

- (b) Measurement of expected credit losses allowances (continued)

Management Overlay

As the current MFRS 9 models are not expected to generate levels of expected credit loss with sufficient reliability in view of the unprecedented and on-going Covid-19 pandemic, overlays and post-model adjustments have been applied to determine a sufficient overall level of ECLs for the year ended and as at 31 December 2022.

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

The overlays and post-model adjustments involved significant level of judgement and reflect the management's views of possible severities of the pandemic and paths of recovery in the forward looking assessment for ECL estimation purposes.

- (c) Allowance for impairment on investment in an associate Group

In the Group's separate financial statements, investments in associates are carried at cost less accumulated impairment losses. The Group assesses the impairment on investment in an associate Group on an annual basis in accordance with its accounting policy in Note 2.6 to the financial statements. On disposal of investments in associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

- (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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

FINANCIALS

4. PROPERTY, PLANT AND EQUIPMENT

The Group 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 2022	39,081	5,010	144	4,103	1,871	22,867	6,499	941	80,516
Additions	-	-	-	327	33	4,115	330	3,640	8,445
Disposals	-	-	-	(528)	(22)	(16)	-	-	(566)
Reclassification	-	-	-	9	353	(362)	-	-	-
Write-off	-	-	-	-	-	(307)	-	-	(307)
Transfer from work in progress	-	-	-	-	-	55	-	(55)	-
Reclassification to intangible assets (Note 5)	-	-	-	-	-	-	-	(3,098)	(3,098)
As at 31 December 2022	39,081	5,010	144	3,911	2,235	26,352	6,829	1,428	84,990
Less: Accumulated depreciation									
As at 1 January 2022	39,080	2,978	143	3,140	1,544	16,721	4,840	-	68,446
Charge for the financial year	-	29	-	390	201	3,143	701	-	4,464
Disposals	-	-	-	(528)	(22)	(16)	-	-	(566)
Reclassification to expenses	-	-	-	-	102	(102)	-	-	-
Write-off	-	-	-	-	-	(91)	-	-	(91)
As at 31 December 2022	39,080	3,007	143	3,002	1,825	19,655	5,541	-	72,253
Net book value									
As at 31 December 2022	1	2,003	1	909	410	6,697	1,288	1,428	12,737

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

FINANCIALS

4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group 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

5. INTANGIBLE ASSETS

The Group and The Company	Software RM'000	Total RM'000
Cost		
As at 1 January 2022	75,618	75,618
Additions	1,723	1,723
Write-off	(3,321)	(3,321)
Reclassification from property, plant and equipment (Note 4)	3,098	3,098
As at 31 December 2022	77,118	77,118
Less: Accumulated amortisation		
As at 1 January 2022	56,716	56,716
Amortisation charge during the financial year	6,524	6,524
Write-off	(79)	(79)
As at 31 December 2022	63,161	63,161
Net book value		
As at 31 December 2022	13,957	13,957
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		
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

6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

	Group/Company	
	2022 RM'000	2021 RM'000
Right-of-Use assets:		
Properties	2,154	3,257
Machineries	174	323
	2,328	3,580
Lease liabilities:		
Properties	(2,207)	(3,339)
Machineries	(235)	(400)
	(2,442)	(3,739)

The statements of comprehensive income as at 31 December 2022 shows the following amounts relating to leases:

	Group/Company	
	2022 RM'000	2021 RM'000
Depreciation charge on right-of-use assets		
Properties	1,530	1,606
Machineries	149	149
	1,679	1,755
Accumulated Depreciation during the financial year:		
Properties	2,467	2,482
Machineries	571	422
	3,038	2,904

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

FINANCIALS

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

Future minimum lease payments at 31 December are as follows:

Group/Company	Within 1 year RM'000	1 – 3 years RM'000	More than 3 years RM'000	Total RM'000
31.12.2022				
Lease payment	1,270	1,329	-	2,599
Finance cost	(89)	(68)	-	(157)
Net present value	1,181	1,261	-	2,442
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

Included in property, plant and equipment, there is RM2,003,000 (2021: RM2,032,000) of right of use assets in relation to leasehold land.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

7. INVESTMENT IN SUBSIDIARY

Details of the subsidiary which is incorporated in Malaysia are as follows:

Name of subsidiary	Percentage of equity held			
	Group		Non-controlling interest	
	2022	2021	2022	2021
CGC Digital Sdn. Bhd. ("CGC Digital")	100%	-	-	-

The principal activity of CGC Digital Sdn. Bhd. is distributing and providing internal services to Credit Guarantee Corporation Malaysia Berhad.

In 2022, as part of CGC's digital initiative, CGC Digital Sdn. Bhd. has been formed as an independent entity to spearhead CGC's digital process with a share capital investment by CGC amounting to RM1.

8. INVESTMENTS IN ASSOCIATES

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares, at cost	7,341	7,341	7,341	7,341
Group's share of post-acquisition reserves	2,895	637	-	-
Liquidation of associate	(216)	-	(200)	-
	10,020	7,978	7,141	7,341

8. INVESTMENTS IN ASSOCIATES (CONTINUED)

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. (continued)

Details of the associates are as follows:

Name of associates	Principal activities	Percentage of equity held	
		2022	2021
Aureos CGC Advisers Sdn. Bhd. ("Aureos CGC")	Advisory services	0%	40%
Credit Bureau Malaysia Sdn. Bhd. ("CBM")	Credit reference services, credit rating and such other services related to a credit bureau	49%	49%

The principal activity of CBM is provision of credit reference services, credit rating and such services related to a credit bureau. CBM completed its restructuring exercise on 3 June 2020 which eventually changed the shareholding in CBM. With Dun & Bradstreet (D&B) Malaysia Sdn. Bhd. and ABM Investment Sdn. Bhd. exiting from CBM, CGC's shareholding diluted from 71.7% to 49% and Sunway Holdings Sdn. Bhd. ("SHSB") became the majority shareholder with 51% shareholding in CBM.

Aureos CGC Advisers Sdn. Bhd. had completed its voluntary liquidation in the financial year ended 2022. Hence, CGC no longer has investment in Aureos CGC Advisers Sdn. Bhd.

(a) Summarised financial information of the associates which are accounted for using the equity method is as follows:

(i) Summarised statements of financial position

	Aureos CGC [^]		CBM		Total	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assets						
Current assets	-	628	15,236	13,142	15,236	13,770
Non-current assets	-	-	10,445	6,990	10,445	6,990
Total assets	-	628	25,681	20,132	25,681	20,760
Liabilities						
Current liabilities	-	(86)	(4,844)	(4,129)	(4,844)	(4,215)
Non-current liabilities	-	-	(387)	(163)	(387)	(163)
Total liabilities	-	(86)	(5,231)	(4,292)	(5,231)	(4,378)
Net assets	-	542	20,450	15,840	20,450	16,382

8. INVESTMENTS IN ASSOCIATES (CONTINUED)

(ii) Summarised statements of comprehensive income

	Aureos CGC [^]		CBM		Total	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	-	-	11,301	9,216	11,301	9,216
Net profit/(loss) for the financial year	-	-	4,608	(905)	4,608	(905)
Total comprehensive income/(loss) for the financial year	-	-	4,608	(905)	4,608	(905)

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

	Aureos CGC [^]		CBM		Total	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net assets as at 1 January	-	542	15,840	16,745	15,840	17,287
New share subscription as at 3 June	-	-	-	-	-	-
Net profit/(loss) for the financial year	-	-	4,610	(905)	4,610	(905)
Dividend paid	-	-	-	-	-	-
Other comprehensive income for the financial year	-	-	-	-	-	-
Net assets as at 31 December	-	542	20,450	15,840	20,450	16,382
Opening carrying value	216	216	7,762	8,205	7,978	8,421
Net profit/(loss) for the financial year	-	-	2,258	(443)	2,258	(443)
Liquidation of associate	(216)	-	-	-	(216)	-
Closing carrying value	-	216	10,020	7,762	10,020	7,978

[^] No financial information available for financial year ended 31 December 2022. The last financial information received from the Company was for financial year ended 31 December 2019. The Company has completed the liquidation process in financial year ended 31 December 2022.

9. INVESTMENT SECURITIES: FVTPL

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
At fair value		
Money market instruments:		
<u>Unquoted in Malaysia</u>		
Malaysian Government Securities (MGS)	28,927	40,249
Government Investment Issues ("GII")	29,941	36,404
	58,868	76,653
Unquoted securities:		
<u>In Malaysia</u>		
Private debt securities	637,220	599,141
<u>Outside Malaysia</u>		
Private debt securities	255,438	283,089
	892,658	882,230
Quoted securities:		
<u>In Malaysia</u>		
Real Estate Investment Trusts (REITs)	28,841	14,631
<u>Outside Malaysia</u>		
Real Estate Investment Trusts (REITs)	98,623	102,925
	127,464	117,556
	1,078,990	1,076,439

10. INVESTMENT SECURITIES: FVOCI

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
At fair value		
Money market instruments:		
<u>Unquoted in Malaysia</u>		
Cagamas bonds	70,813	57,501
MGS	101,116	71,084
GII	132,897	83,062
Other Bonds	306,576	347,120
	611,402	558,767
Unquoted securities:		
<u>In Malaysia</u>		
Private debt securities	1,952,579	1,541,298
	2,563,981	2,100,065

Movements in allowance for impairment of FVOCI

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
(i) Expected credit losses - Stage 3		
Balance as at 1 January	140,025	-
Allowance made during the financial year	-	140,025
Balance as at 31 December	140,025	140,025

10. INVESTMENT SECURITIES: FVOCI (CONTINUED)
Movements in allowance for impairment of FVOCI (continued)

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
(ii) Expected credit losses - Stage 2		
Balance as at 1 January	-	38,479
Amount written-back during the financial year	-	(38,479)
Balance as at 31 December	-	-

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
(iii) Expected credit losses - Stage 1		
Balance as at 1 January	1,222	1,697
Amount written-back during the financial year	(60)	(475)
Balance as at 31 December	1,162	1,222

11. INVESTMENT SECURITIES: FINANCIAL ASSETS AT AMORTISED COST

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
At amortised cost		
Unquoted securities:		
<u>In Malaysia</u>		
Private debt securities	182,649	264,576
Peer-to-peer ("P2P")	5	5
	182,654	264,581
Less: Expected credit loss	(1,383)	(1,713)
Amount written-off	(5)	-
	181,266	262,868

11. INVESTMENT SECURITIES: FINANCIAL ASSETS AT AMORTISED COST (CONTINUED)**Movements in allowance for Impairment of amortised cost**

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
(i) Expected credit losses - Stage 3		
Balance as at 1 January	5	5
Amount written-off during the financial year	(5)	-
Balance as at 31 December	-	5

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
(ii) Expected credit losses - Stage 2		
Balance as at 1 January	241	241
Allowance written-back during the financial year	(3)	-
Balance as at 31 December	238	241

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
(iii) Expected credit losses - Stage 1		
Balance as at 1 January	1,467	1,602
Allowance written back during the financial year	(322)	(135)
Balance as at 31 December	1,145	1,467

12. DERIVATIVE FINANCIAL ASSETS

	Group/Company			
	31.12.2022		31.12.2021	
	Contract/ notional amount RM'000	Assets RM'000	Contract/ notional amount RM'000	Assets RM'000
Derivative assets				
- Currency forward contracts	295,370	12,253	324,980	7,249

13. TERM DEPOSITS

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
At amortised cost		
Licensed banks	20,164	212,801
Licensed Islamic banks	249,631	243,969
Other financial institutions	-	-
Other Islamic financial institutions	40,415	618,923
	310,210	1,075,693

14. FINANCING, LOANS AND ADVANCES**(i) By schemes**

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
Redemption of Direct Access Guarantee Scheme (“DAGS”) loans	12,342	22,963
Tabung Pemulihan dan Pembangunan Usahawan (“TPPU”)	2,052	2,052
Tabung Pemulihan Peniaga Kecil (“TPPK”)	144	144
Tabung Projek Usahawan Bumiputra-i (“TPUB-i”)	31,141	29,598
BizMula-i	203,684	179,315
BizWanita-i	42,543	49,693
BizBina-i	42,741	22,475
BizMikro-i	981	2,055
Staff loans	1,045	1,119
Gross financing, loans and advances	336,673	309,414
Less: Expected credit losses		
- Stage 3	(63,146)	(49,991)
- Stage 2	(14,285)	(25,833)
- Stage 1	(5,184)	(3,060)
Total net financing, loans and advances	254,058	230,530

(ii) By maturity structure

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
Maturity within one year	32,853	38,231
One year to three years	62,701	58,668
Three years to five years	204,249	177,249
Over five years	36,870	35,266
	336,673	309,414

14. FINANCING, LOANS AND ADVANCES (CONTINUED)
(iii) By interest rate/profit rate sensitivity

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
Fixed rate		
- Redemption of DAGS loans	12,342	22,963
- Tabung Pemulihan dan Pembangunan Usahawan	2,052	2,052
- Tabung Pemulihan Peniaga Kecil	144	144
- Tabung Projek Usahawan Bumiputra-i	31,141	29,598
- BizMula-i	203,684	179,315
- BizWanita-i	42,543	49,693
- BizBina-i	42,741	22,475
- BizMikro-i	981	2,055
- Staff loans	1,045	1,119
	336,673	309,414

(iv) By economic sectors

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
Construction	24,091	22,584
Education, health and others	20,828	19,359
Electricity, gas & water supply	1,141	2,588
Financing, insurance, real estate & business services	58,210	48,386
Manufacturing	27,260	29,319
Mining & quarrying	41	49
Others	3,284	3,314
Primary agriculture	3,919	4,029
Transport, storage & communication	11,964	10,359
Wholesale, retail trade, restaurants & hotels	185,935	169,427
	336,673	309,414

14. FINANCING, LOANS AND ADVANCES (CONTINUED)**(v) By economic purpose**

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
Working capital	335,628	308,295
Others	1,045	1,119
	336,673	309,414

(vi) By geographical distribution

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
Johor	49,006	43,696
Kedah	14,483	14,235
Kelantan	16,767	15,599
Melaka	15,606	12,465
Negeri Sembilan	10,511	10,655
Pahang	19,008	16,724
Perak	23,104	21,845
Pulau Pinang	18,598	20,035
Sabah	20,804	20,704
Sarawak	36,207	31,453
Selangor	54,601	55,232
Terengganu	20,163	16,536
Wilayah Persekutuan - Kuala Lumpur	37,815	30,235
	336,673	309,414

14. FINANCING, LOANS AND ADVANCES (CONTINUED)**(vii) Movements in impaired gross financing, loans and advances**

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
Balance as at 1 January	49,991	76,340
Add: Classified as impaired	33,113	7,204
Less: Reclassified as non-impaired	(415)	(2,358)
Less: Amount written-back	(4,329)	(3,990)
Less: Amount written-off/waived	(15,214)	(27,205)
Balance as at 31 December	63,146	49,991

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

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
Working capital	62,992	49,837
Others	154	154
	63,146	49,991

14. FINANCING, LOANS AND ADVANCES (CONTINUED)**(ix) Impaired financing, loans and advances by geographical distribution**

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
Johor	8,788	9,919
Kedah	1,720	806
Kelantan	5,348	3,250
Melaka	1,485	1,120
Negeri Sembilan	2,297	2,120
Pahang	2,740	1,204
Perak	2,222	742
Pulau Pinang	3,442	2,963
Sabah	5,090	3,442
Sarawak	4,687	4,197
Selangor	14,113	13,869
Terengganu	4,411	3,478
Wilayah Persekutuan - Kuala Lumpur	6,803	2,881
	63,146	49,991

14. FINANCING, LOANS AND ADVANCES (CONTINUED)
(x) Movements in expected credit losses for impairment of financing, loans and advances

	Group/Company	
	2022 RM'000	2021 RM'000
Expected credit losses - Stage 3		
Balance as at 1 January	49,991	76,340
Allowance made during the financial year	33,113	7,204
Amount written-back during the financial year	(4,744)	(6,348)
Amount written-off/waived during the financial year	(15,214)	(27,205)
Balance as at 31 December	63,146	49,991
Expected credit losses - Stage 2		
Balance as at 1 January	25,833	20,793
Allowance made during the financial year	7,768	18,252
Amount written-back during the financial year	(19,316)	(13,212)
Balance as at 31 December	14,285	25,833
Expected credit losses - Stage 1		
Balance as at 1 January	3,060	4,580
Allowance made during the financial year	3,381	2,392
Amount written-back during the financial year	(1,257)	(3,912)
Balance as at 31 December	5,184	3,060
Total	82,615	78,884

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

FINANCIALS

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Receivables due from financial institutions	13,265	14,068	13,265	14,068
Deposits	1,158	1,168	1,158	1,168
Prepayments	9,218	5,788	9,218	5,788
Other receivables	648	267	648	267
Invoice accrual for guarantee fees	6,614	1,145	6,614	1,145
	30,903	22,436	30,903	22,436

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.

16. SHARE CAPITAL

	Group/Company		Group/Company	
	Number of ordinary shares		Amount	
	2022 '000	2021 '000	2022 RM'000	2021 RM'000
Issued and fully paid ordinary shares:				
As at 1 January/31 December at no par value	1,585,600	1,585,600	1,785,600	1,785,600

17. RESERVES

	Group		Company	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Special Programme reserve (a)	-	363,821	-	363,821
Skim Perbankan Islam (SPI) reserve (b)	-	17,471	-	17,471
Special reserve (c)	458,245	188,177	458,245	188,177
Special Purpose reserve (d)	466,865	441,276	466,865	441,276
	925,110	1,010,745	925,110	1,010,745

17. RESERVES (CONTINUED)

In the financial year ended 31 December 2022, the Group had made a transfer from SPI and Special Programme reserve to Special Reserve for a more general scope of utilisation for the purpose of claims.

(a) Special Programme reserve

	Group/Company	
	2022 RM'000	2021 RM'000
As at 1 January	363,821	348,216
Transfer to Special Reserve during the financial year	(363,821)	-
Transfer from retained earnings during the financial year	-	15,605
As at 31 December	-	363,821

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 Bumiputra 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). As the schemes are no longer active, the Group had transferred the balances into Special reserve during the year.

(b) Skim Perbankan Islam (SPI) reserve

	Group/Company	
	2022 RM'000	2021 RM'000
As at 1 January	17,471	17,405
Transfer to Special reserve during the financial year	(17,471)	-
Transfer from retained earnings during the financial year	-	66
As at 31 December	-	17,471

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. As the schemes under Islamic Guarantees are no longer active, the Group had transferred the balances into Special reserve during the year.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

17. RESERVES (CONTINUED)**(c) Special reserve**

	Group/Company	
	2022 RM'000	2021 RM'000
As at 1 January	188,177	714,133
Transfer to retained earnings during the financial year	(111,224)	(525,956)
Transfer from Special Programme and SPI reserves during the financial year	381,292	-
As at 31 December	458,245	188,177

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

	Group/Company	
	2022 RM'000	2021 RM'000
As at 1 January	441,276	-
Transfer from retained earnings during the financial year	25,589	441,276
As at 31 December	466,865	441,276

The Special purpose reserve was created from the gain on the disposal of Danajamin. The reserve may be utilised to meet potential claim in respect of all other reason due to the disposal transaction should the need arise. 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. During the year, the Group had recovered RM14.6 million from Danajamin and this had been ringfenced in Special purpose reserve.

18. FVOCI RESERVE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
As at 1 January	39,755	141,539	39,755	125,240
Fair value loss during the financial year	(49,480)	(186,556)	(49,480)	(186,556)
ECL allowance (written back)/made during the financial year	(60)	101,071	(60)	101,071
Deemed disposal of associates	-	(16,299)	-	-
As at 31 December	(9,785)	39,755	(9,785)	39,755

19. AMOUNT DUE TO BANK NEGARA MALAYSIA (“BNM”)

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
Amount due to BNM	30,194	11,672

The amount due to BNM comprises:

- Claims paid by the Company for Special Relief Facility (“SRF”), Disaster Recovery Fund (“DRF”), which are reimbursable by BNM;
- Management fees payable by BNM for services rendered by the Company in administering the SME Assistance Guarantee Scheme (“SMEAGS”); and
- Recoveries from claims received from third parties payable to BNM which can be set-off against (a) and (b) above.
- Income generated from SRF which is to be utilised for claims payment.

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

20. FUNDS FROM BNM

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
TPUB-i (a)	-	301,500
BizWanita-i (b)	36,633	40,892
BizMula-i (b)	189,153	156,730
	225,786	499,122
Repayable within 12 months	70,198	363,500
Repayable after 12 months	155,588	135,622
	225,786	499,122

Details of the movement and balance outstanding as at 31 December 2022 are as follows:

(a) RM300 million for TPUB-i Fund

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

On 30 June 2022, the Group had fully paid the principal and interest amounting to RM300.0 million and RM1.5 million respectively to BNM.

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

Starting from 2018, the Small and Medium Enterprise (“SME”) financing for BizMula-i and BizWanita-i is funded by BNM. The funding cost is 1.5% per annum and payable to BNM twice a year based on the outstanding amount of financing as at 30 June and 31 December each year. The principal amount is repayable to BNM within 10 working days upon receiving repayments of principal from SMEs. The Company acts as the financier for these schemes.

21. SMALL ENTREPRENEURS GUARANTEE SCHEME (“SEGS”)

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
Repayable within 12 months	-	3,873
Repayable after 12 months	-	-
	-	3,873

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 as the financier 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.

On 22 December 2022, the Group had paid the SEGS loan amounting RM3.9 million to MOF.

22. TABUNG USAHAWAN KECIL (“TUK”)

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
Repayable within 12 months	11,102	8,127
Repayable after 12 months	27,756	36,919
	38,858	45,046

The scheme seeks to assist small entrepreneurs to obtain financing of between RM2,000 to RM20,000 for the purposes of working capital and/or asset acquisition with financing for working capital not exceeding RM10,000.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

22. TABUNG USAHAWAN KECIL (“TUK”) (CONTINUED)

On 10 December 1998, the Company entered into an agreement as the financier with the Government who contributed RM50 million to a fund known as TUK. This loanable fund is to be repaid in one lump sum either at the end of 10 years or when the scheme is wound down, whichever is earlier.

The Company ceased to disburse new loans under the TUK Fund as decided by the Minister of Entrepreneur and Cooperative Development effective from 1 January 2000. However, the Company continues to manage the loans disbursed under this scheme prior to the said date.

The earnings from the unutilised portion of the Fund has been transferred to the Special Programme Reserve and will be used to absorb possible losses on loans granted under this scheme.

On 15 June 2011, MOF agreed to reschedule the repayment of RM50 million with interest free to 2025. The funds will be repaid in accordance with a repayment arrangement with fund providers.

23. GOVERNMENT FUNDS

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
As at 1 January	22,930	26,121
Repayment during the financial year	-	(3,223)
Interest payable	-	32
Derecognition of principal amount	(8,325)	-
As at 31 December	14,605	22,930
Repayable within 12 months	14,605	4,218
Repayable after 12 months	-	18,712
	14,605	22,930

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

- (i) RM50 million for HPT 1992 and is subject to interest at 1% per annum.

The Hawkers and Petty Traders (HPT) Loan Scheme was introduced in 1986 with the Company as the financier. The scheme was aimed at helping to boost economic activity post the mid-1980's recession other than to serve BNM's financial inclusion agenda to draw the underserved segments of the community into the financial system. Financial assistance (RM10,000 and below) was provided to encourage and assist the unemployed in generating income through hawking and petty trading. Traders included tailors, barbers and those in motor repair and tourism related industries.

23. GOVERNMENT FUNDS (CONTINUED)

- (ii) RM100 million for the NIF and is subject to interest at 1% per annum.

The New Investment Fund (NIF) Loan Scheme was introduced in 2010 with the Company as the financier. The scheme was aimed at serving BNM's financial inclusion agenda to draw the underserved segments of the community into the financial system.

On 14 December 2008, MOF had agreed to reschedule the repayment table by instalment until 2023 as provided by Jabatan Akauntan Negara.

24. SMALL ENTREPRENEURS FINANCING FUND ("SEFF")

	Group/Company	
	2022 RM'000	2021 RM'000
As at 1 January	6	25
Repayment during the financial year	(6)	(25)
Recovery during the financial year	-	6
As at 31 December	-	6
Repayable within 12 months	-	6

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

In 1996, the Company entered into an agreement with Permodalan Nasional Berhad ("PNB") who agreed to contribute RM200 million to the fund of which RM50 million was received in 1996. The RM50 million was subject to repayment by way of 5 equal annual instalments commencing on the 5th anniversary of the disbursement of each advance. In 2001, the Company shall on demand refund all unutilised sums advanced by PNB without interest. The Company had applied for an extension of the repayment for another 5 years. The Company has paid RM10 million in 2006 and 2007 respectively. In year 2008, the Company as an agent, was requested to repay on the unutilised portion of the fund and upon recovery of the loans from the small entrepreneurs. As at to date, 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 was transferred to the Special Programme Reserve to be used to absorb possible losses on loans granted under this scheme (Note 17).

25. DERIVATIVE FINANCIAL LIABILITIES

	Group/Company			
	31.12.2022		31.12.2021	
	Contract/ notional amount RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Liabilities RM'000
Derivative financial liabilities				
- currency forward contracts	61,918	13,544	50,024	5,116

26. EXPECTED CREDIT LOSSES FOR GUARANTEE SCHEMES

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
(i) Expected credit losses - Stage 3		
Balance as at 1 January	23,677	17,276
Allowance made during the financial year	214,631	84,540
Transfer to claims payable during the financial year	(128,655)	(78,139)
Balance as at 31 December	109,653	23,677
(ii) Expected credit losses - Stage 2		
Balance as at 1 January	138,550	134,851
Allowance (written-back)/made during the financial year	(40,883)	3,699
Balance as at 31 December	97,667	138,550
(iii) Expected credit losses - Stage 1		
Balance as at 1 January	79,936	123,413
Allowance written-back during the financial year	(4,571)	(43,477)
Balance as at 31 December	75,365	79,936
Total	282,685	242,163

27. OTHER PAYABLES

	Group		Company	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Guarantee fee due unearned	77,585	85,170	77,585	85,170
Refundable proceed TPUB and TPUB-i	702	564	702	564
Sinking fund - TPUB-i	346	346	346	346
Deferred income				
- ERF	39	39	39	39
- Government grant	3,142	5,081	3,142	5,081
Green Technology Financing Scheme	13,653	21,914	13,653	21,914
Accruals	28,663	26,073	28,653	26,073
Other payables	10,644	11,820	10,623	11,820
	134,774	151,007	134,743	151,007

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 receipt from MECD in the form of guarantee fund and subsidy interest to borrowers as follow:

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

29. PROJEK USAHAWAN BUMIPUTRA DALAM BIDANG PERUNCITAN (“PROSPER”)

The PROSPER scheme was introduced in August 2000 in an effort to encourage more Bumiputra entrepreneurs to be involved in the retail business throughout Malaysia. Under this scheme, four main parties are involved:

- (i) Perbadanan Usahawan Nasional Berhad (“PUNB”)
- (ii) TPPT Sdn. Bhd.
- (iii) Participating Financial Institutions (currently only Malayan Banking Berhad is involved), and
- (iv) The Company

PROSPER scheme facilities are provided under CGC’s Flexi Guarantee Scheme (“FGS”) with 100% guarantee coverage. On 3 March 2005, the Company received an amount of RM30 million as a grant from the MOF. The fund is to be used to meet possible loan losses under the scheme.

30. REVENUE

	Group/Company	
	2022 RM’000	2021 RM’000
Guarantee fees - portfolio guarantee scheme	171,340	163,158
Guarantee fees - wholesale guarantee scheme	3,588	3,495
Guarantee fees - other schemes	22,644	22,634
Interest income - Redemption schemes	1,188	2,286
Profit income - TPUB-i	1,023	980
Profit income - BizMula-i	11,321	9,444
Profit income - BizWanita-i	2,500	2,534
Profit income - BizBina-i	699	504
Profit income - BizMikro-i	220	112
	214,523	205,147

During the current financial year, the Company has offered relief facilities i.e Flood Relief Assistance (FRA) on financing, loans and advances to individuals and SMEs in comparison to Financial Relief Assistance, Targeted Relief Assistance (TRA) and PEMULIH during prior year. As a result of the payment moratorium, the Company has recognised a modification loss of RM3,281 (2021: RM1.2 million) during the financial year. Significant reduction of modification loss recognised were mainly due to the minimal number of customers affected.

31. INVESTMENT INCOME

	Group/Company	
	2022 RM'000	2021 RM'000
Interest income		
- Investment securities: amortised cost	15,101	15,838
- Investment securities: FVOCI	101,920	98,101
- Investment securities: FVTPL	50,656	46,797
- Term deposits	30,468	20,905
	198,145	181,641
Realised (loss)/gain on disposal		
- Derivatives	(17,353)	1,479
- Investment securities: FVOCI	-	2,910
- Investment securities: FVTPL	(14,245)	7,863
	(31,598)	12,252
Unrealised fair value loss		
- Derivatives	(3,423)	(6,341)
- Investment securities: FVTPL	(44,904)	(44,903)
	(48,327)	(51,244)
Accretion/(amortisation) of premium/discount		
- Investment securities: FVOCI	(1,570)	(2,008)
- Investment securities: FVTPL	485	(960)
	(1,085)	(2,968)
	117,135	139,681

32. OTHER OPERATING INCOME

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Rental income	40	262	40	262
Management fees	2,015	2,381	2,015	2,381
Dividend income from an associate	-	3,800	-	3,800
Administrative fee – TPUB-i	421	401	421	401
Recovery income	43,522	35,227	43,522	35,227
Amortisation of deferred income - Government grant	1,939	2,251	1,939	2,251
Gain on disposal of investment in associate	-	38,906	-	440,056
Recovery from Danajamin	14,575	-	14,575	-
Other income	12,350	4,281	12,350	4,281
	74,862	87,509	74,862	488,659

33. STAFF COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries	53,862	51,870	53,455	51,870
Bonus	13,810	10,992	13,810	10,992
Employees' Provident Fund	10,119	9,612	10,056	9,612
Others	10,335	7,174	10,126	7,174
	88,126	79,648	87,447	79,648

34. PROFIT BEFORE TAXATION

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before taxation is arrived at after charging/(crediting):				
Computer maintenance	10,667	8,934	10,667	8,934
Recovery expenses	2,044	2,168	2,044	2,168
Accretion of Government loans	1,939	2,251	1,939	2,251
Fund managers expenses	1,672	2,035	1,672	2,035
Rental	198	174	198	174
Electricity	854	516	854	516
Directors remuneration excluding benefit-in-kind	806	816	806	816
Directors meeting allowance	761	757	761	757
Promotional expenses	1,320	800	1,320	800
Auditors remuneration:				
- statutory audit	467	414	462	414
Write-off of property, plant and equipment (Note 4)	216	182	216	182
Write-off of intangible asset (Note 5)	3,242	116	3,242	116
Depreciation on property, plant and equipment (Note 4)	4,464	6,203	4,464	6,203
Amortisation of intangible assets (Note 5)	6,524	7,353	6,524	7,353
Expected credit losses for guarantee schemes	169,177	44,762	169,177	44,762
Expected credit losses made on:				
- financing, loans and advances	18,945	4,376	18,945	4,376
- investment securities	(385)	100,775	(385)	100,775
Interest expense for Government loans	1,500	3,032	1,500	3,032
Gain on disposal of investment in associate	-	(38,906)	-	(440,056)
Recovery from Danajamin	(14,575)	-	(14,575)	-

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 Group are as follows:

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
Financial guarantees	11,284,111	10,870,557
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	280,438	255,888
Foreign exchange related contracts:		
- maturity not exceeding one year	357,288	375,004
	11,921,837	11,501,449

Out of the total financial guarantees balances of RM11.3 billion as at 31 December 2022 (2021: RM10.9 billion), RM1.0 billion (2021: RM1.2 billion) is reimbursable under Government-Backed Schemes ("GBS") arrangement.

(i) Commitments and Contingencies

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
Full Risk		
(a) Conventional		
DAGS	23,900	35,176
BizSME	9,473	13,670
(b) Islamic		
DAGS	75	-
Shared Risk		
(a) Conventional		
BizJamin	448,300	416,969
Flexi Guarantee Scheme	79,320	147,613
Portfolio Guarantee	3,006,615	3,217,659
Wholesale Guarantee	125,971	186,654

35. COMMITMENTS, CONTINGENCIES AND GOVERNMENT-BACKED SCHEMES (CONTINUED)
(i) Commitments and Contingencies (Continued)

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
(b) Islamic		
BizJamin	181,235	143,204
Flexi Guarantee Scheme	86,225	47,700
Portfolio Guarantee	2,853,083	2,476,204
Wholesale Guarantee	35,599	65,401
Gross Full/Shared Risk Financial guarantees	6,849,796	6,750,250
Less: Expected credit losses		
- Stage 3	(109,653)	(23,677)
- Stage 2	(97,667)	(138,550)
- Stage 1	(75,365)	(79,936)
Full / Shared Risk Financial guarantees	6,567,111	6,508,087

(ii) Government-Initiated Schemes

Other Shared Risk - Government-Initiated Schemes		
(a) Conventional	1,782,480	1,658,810
(b) Islamic	1,947,490	1,519,570
Others Shared Risk - Government-Initiated Schemes Guarantees	3,729,970	3,178,380

35. COMMITMENTS, CONTINGENCIES AND GOVERNMENT-BACKED SCHEMES (CONTINUED)**(iii) Government-Backed Schemes**

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
Other Shared Risk - Government-Backed Schemes		
(a) Conventional	436,320	542,090
Green Technology Financing Scheme	403,190	505,640
Disaster Relief Facility	29,870	32,800
Franchise Financing Scheme	3,260	3,650
(b) Islamic	550,710	642,000
Green Technology Financing Scheme	537,290	627,510
Disaster Relief Facility	13,420	14,490
Others Shared Risk - Government-Backed Schemes Guarantees	987,030	1,184,090
Total financial guarantees	11,284,111	10,870,557

The disclosed amount above are inclusive of RM3.7 billion resulting from CGC's participation in Government-Initiated Schemes.

36. CAPITAL COMMITMENTS

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
Capital expenditure not provided for in the financial statements:		
Authorised and contracted for	8,343	2,588
Authorised and not contracted for	4,416	10,409
	12,759	12,997

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Other significant related parties are as follows:

<u>Name of Company</u>	<u>Relationship</u>
Bank Negara Malaysia (“BNM”)	Substantial shareholder of the Company
CGC Digital Sdn. Bhd.	Wholly-owned subsidiary
Credit Bureau Malaysia Sdn. Bhd.	Associate
Aureos CGC Advisers Sdn. Bhd.	Associate (Liquidated in 2022)
Danajamin Nasional Berhad	Associate (Disposed in 2021)

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

	Group		Company	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Non-Executive Directors' fees	1,724	1,730	1,724	1,730
Other key management personnel (including President/CEO):				
- Short-term employee benefits	6,107	6,124	5,909	6,124
- Contribution to Employees' Provident Fund	1,035	1,058	1,014	1,058
Total compensation	8,866	8,912	8,647	8,912

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

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 Group are as follows:

The Group and The Company 2022	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 bin Haji Che Hussein	-	180	95	109	384
Datuk David Chua Kok Tee	-	9	4	1	14
Dato' Syed Moheeb bin Syed Kamarulzaman	-	72	103	6	181
Encik Teoh Kok Lin	-	72	65	6	143
Encik Suresh Kumar a/l T.A.S. Menon	-	72	53	6	131
Dato' Ong Eng Bin*	-	72	88	6	166
Encik Choong Tuck Oon	-	72	98	6	176
Encik Adnan Zaylani bin Mohamad Zahid	-	18	20	-	38
Encik Faisal bin Ismail	-	72	77	6	155
Puan Saleha binti M. Ramly	-	72	70	6	148
Encik Lim Choon Eng	-	54	74	5	133
Encik Suhaimi bin Ali	-	41	14	-	55
Total Directors' remuneration	-	806	761	157	1,724

37. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

(i) Directors' fees and remuneration (continued)

Total remuneration (including benefit-in-kind) of the Directors of the Group are as follows: (continued)

The Group 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 bin Haji Che Hussein	-	180	75	109	364
Datuk David Chua Kok Tee	-	72	95	6	173
Dato' Haji Syed Moheeb bin Syed Kamarulzaman	-	72	98	6	176
Encik Teoh Kok Lin	-	72	76	6	154
Encik Suresh Kumar a/l T.A.S. Menon	-	72	70	6	148
Dato' Ong Eng Bin*	-	72	74	6	152
Encik Choong Tuck Oon	-	72	75	6	153
Encik Adnan Zaylani bin Mohamad Zahid	-	60	42	-	102
Encik Faisal bin Ismail	-	72	78	6	156
Puan Saleha binti M. Ramly	-	72	74	6	152
Total Directors' remuneration	-	816	757	157	1,730

* Director's fees payable to OCBC Bank (M) Berhad

During the financial year, Directors and Officers are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers subject to the terms of the policy. The total amount of Directors' & Officers' Liability Insurance effected for the Directors & Officers was RM15.0 million. The total amount of contribution paid for the Directors' & Officers' Liability Insurance paid by the Company was RM0.1 million (2021: RM0.1 Million).

37. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

Amount due to BNM:

	Group/Company	
	31.12.2022 RM'000	31.12.2021 RM'000
(i) SRGF, SRGF-2, SRF and SME AGS (Note 19)	(30,194)	(11,672)
(ii) Government funds (Note 23)	(14,605)	(22,930)
(iii) TPUB-i (Note 20)	-	(301,500)
(iv) BizMula-i (Note 20)	(189,153)	(156,730)
(v) BizWanita-i (Note 20)	(36,633)	(40,892)

Amount due from CGC Digital Sdn. Bhd.:

	Company	
	31.12.2022 RM'000	31.12.2021 RM'000
Payment on behalf	680	-

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

	Company	
	31.12.2022 RM'000	31.12.2021 RM'000
Report fees charged by an associate	402	555
Office rental charged to an associate	30	(251)
Staff cost paid on behalf of a subsidiary	680	-
Interest expense on loan charged by BNM	1,500	3,032

38. CAPITAL MANAGEMENT

The primary objective of the Group 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 Group 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 2022.

The Group monitors its capital and ability to guarantee by reference to its GRR, which stands at 1.7 times as at 31 December 2022 (2021: 1.7 times). The Company’s policy is to maintain a GRR of less than 6.0 times.

39. TAXATION AND DEFERRED TAX ASSETS/(LIABILITIES)

The Company has been exempted from income tax by the Ministry of Finance based on the ruling under Section 127(3A), Income Tax Act, 1967 from the year of assessment upon its establishment, 1972 to 2024.

40. FINANCIAL RISK MANAGEMENT

In the normal course of business, the Group and the Company are subjected to four main areas of risk, namely credit risk, market risk, liquidity risk and operational risk.

(a) Credit Risk

Credit risk is the risk of loss of principal or income that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group’s and the Company’s exposure to credit risk arises primarily from other receivables, Sukuk, bond investments as well as financing, loans and advances.

The Group and the Company trade only with recognised and creditworthy third parties. It is the Group’s and the Company’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

As for financing and loans redeemed and guaranteed, the Group and the Company manage the credit risk by evaluating borrowers based on an in-house credit-scoring model. The Group and the Company use this model to measure the viability of financing and loans vis-à-vis established thresholds.

For other financial assets (including investment securities and placements with fund managers), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

For financial assets recognised in the statements of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Group and the Company would have to pay if the guarantees were to be called upon. For credit related commitments and contingencies, the maximum exposure to credit risk is full amount of the undrawn credit facilities granted to customers.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

In the normal course of business, the Group and the Company are subjected to four main areas of risk, namely credit risk, market risk, liquidity risk and operational risk. (continued)

(a) Credit Risk (continued)**Expected Credit Loss (“ECL”)**

The Group and the Company 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 Group’s and the Company’s ECL model is as follows:

Category	Definition of category	Basis for recognising ECL
Stage 1 (Performing)	<u>Debt Securities</u> Debt securities with strong credit and financial support with minimum risk of debt service payment.	12-month ECL
	<u>Loans/Financing and Financial Guarantees</u> Newly purchased or issued financing/loans.	
Stage 2 (Underperforming)	<u>Debt Securities</u> Significant Increase in Credit Risks is determined by the following: <ul style="list-style-type: none"> - External rating watch or downgrade; - External market indicators i.e. significant widening of credit spread; - Credit watch list, breach of covenants, unusual behaviour of borrowers i.e. deteriorating financial position; or - Forward looking factors e.g macro indicators, credit trend, etc. 	Lifetime ECL
	<u>Loans/Financing and Financial Guarantees</u> <ul style="list-style-type: none"> - All restructured and rescheduled accounts; - All Arrears Account (1MIA and 2MIA), or - Watchlist accounts (internal or external) 	

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

In the normal course of business, the Group and the Company are subjected to four main areas of risk, namely credit risk, market risk, liquidity risk and operational risk. (continued)

(a) Credit Risk (continued)

Expected Credit Loss (“ECL”) (continued)

The Group 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 Group’s and the Company’s ECL model is as follows: (continued)

Category	Definition of category	Basis for recognising ECL
Stage 3 (Impaired)	<p><u>Debt Securities</u> Determination of non-performing or credit-impaired assets:</p> <ul style="list-style-type: none"> - 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” <p><u>Financing/Loans and Financial Guarantees</u></p> <p>(i) Obligatory triggers:</p> <ul style="list-style-type: none"> - 90 days past due; - Leakage, cessation of contracts or cessation in business for TPUB-i product. - Rating downgrade as follows: <ol style="list-style-type: none"> 1. Default in paying principal or interest/profit according to the repayment schedule; 2. Cease operation/filing of bankruptcy; 3. Winding up order (upon notice, includes borrowers and parties who provide source of repayment)/Receiver & Manager appointed; 4. Company classified under PN17 (or the equivalent classification for foreign capital markets); or 5. Material fraud with publicised news or upon appointment of financial advisor. <p>(ii) Judgemental triggers:</p> <ul style="list-style-type: none"> - Significant deterioration of financial performance of the company: (Negative tangible net worth; Net loss for continuous 2 financial years; Negative operating cash flows for continuous 2 financial years); - Evidence of any other indebtedness of the issuer/borrower becomes due and payable prior to its stated maturity/substantial litigation by other parties against the issuer/borrower; - Request for rescheduling/restructuring (Request for 2 times or more and will be reclassified to AP if customer had met the 6-month consecutive prompt payment condition); - Qualified auditors’ report; or - Failure to remedy any list of events constituting default in reference to the trust deed, loans/financing agreement or any relevant security documents. 	Lifetime ECL

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

In the normal course of business, the Group and the Company are subjected to four main areas of risk, namely credit risk, market risk, liquidity risk and operational risk. (continued)

(a) Credit Risk (continued)**Expected Credit Loss (“ECL”) (continued)**

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

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

A summary of the assumptions underpinning the Group’s and the Company’s ECL model is 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 Group and the Company might lose in case the borrower defaults.

EAD: an estimate of the Group’s and the Company’s exposure to its counterparty at the time of default.

*For financial guarantee contracts, EAD is lower of guarantee cover or outstanding amount x guarantee rate.

EIR: discount rate computed based on Original Effective Profit Rate (“OEPR”) / Effective Interest Rate (“EIR”) or approximation thereof at time t.

In deriving the PD and LGD, the Group and the Company consider historical data by each debtor by category and adjusts for forward-looking macroeconomic data. The Group and the Company have used macroeconomic informations such as unemployment rate, gross domestic product and others, and accordingly adjusts the historical loss rates based on expected changes in this factor. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

The ECL computation is expected to include forward looking adjustment for the expected future macroeconomic conditions (“MEV”).

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

In the normal course of business, the Group and the Company are subjected to four main areas of risk, namely credit risk, market risk, liquidity risk and operational risk. (continued)

(a) Credit Risk (continued)
Maximum exposure to credit risk

The maximum credit risk exposure of the Group and the Company equal their carrying amount in the statements of financial position as at reporting date, except for the following:

	Group		Company	
	2022 Maximum credit exposure RM'000	2021 Maximum credit exposure RM'000	2022 Maximum credit exposure RM'000	2021 Maximum credit exposure RM'000
Credit risk exposures of on-balance sheet assets:				
Investment securities: FVTPL *	951,526	958,883	951,526	958,883
Other receivables #	21,685	16,648	21,685	16,648
Cash and cash equivalents ^	488,138	376,337	488,138	376,337
Credit risk exposure of off-balance sheet items:				
Financial guarantees	11,284,111	10,870,557	11,284,111	10,870,557
Credit related commitments and contingencies	280,438	255,888	280,438	255,888
Total maximum credit risk exposure	13,025,898	12,478,313	13,025,898	12,478,313

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

- * Investment in REITS
- # Prepayments
- ^ Cash in hand

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit risk concentration

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

Group	Primary agriculture RM'000	Education, health and others RM'000	Construction RM'000	Financing, real estate & business services RM'000	Manufacturing RM'000	Mining and quarrying RM'000	Transport, storage & communication RM'000	Wholesale, retail trade, restaurants & hotels RM'000	Government RM'000	Electricity, gas & water supply RM'000	Other RM'000	Total RM'000
Investment securities: FVTPL *	-	58,576	6,092	381,078	157,141	-	82,900	-	88,577	170,649	6,513	951,526
Investment securities: FVOCI	-	5,018	5,078	670,280	74,453	51,070	438,344	-	698,984	520,617	100,137	2,563,981
Investment securities: Amortised cost	-	-	-	131,082	-	-	-	-	-	-	50,184	181,266
Derivative financial assets	-	-	-	12,253	-	-	-	-	-	-	-	12,253
Term deposits	-	-	-	310,210	-	-	-	-	-	-	-	310,210
Financing, loans and advances	3,264	16,128	11,924	43,585	19,810	-	9,006	148,481	-	935	925	254,058
Other receivables #	-	-	46	19,902	-	-	-	-	163	-	1,574	21,685
Cash and cash equivalents ^	-	-	-	488,138	-	-	-	-	-	-	-	488,138
	3,264	79,722	23,140	2,056,528	251,404	51,070	530,250	148,481	787,724	692,201	159,333	4,783,117
Financial guarantees	109,151	723,169	543,237	1,167,251	1,190,689	12,634	776,938	5,847,012	-	914,030	-	11,284,111
Credit related commitments and contingencies	290	728	131,264	64,775	28,224	-	4,102	40,033	-	11,022	-	280,438
Total off balance sheet	109,441	723,897	674,501	1,232,026	1,218,913	12,634	781,040	5,887,045	-	925,052	-	11,564,549

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit risk concentration (continued)

Group	Primary agriculture	Education, health and others	Construction	Financing, insurance, real estate & business services	Manufacturing	Mining and quarrying	Transport, storage & communication	Wholesale, retail trade, restaurants & hotels	Government	Electricity, gas & water supply	Other	Total
2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Investment securities: FVTPL *	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	-	-	-	1,075,693	-	-	-	-	-	-	-	1,075,693
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 ^	-	-	-	376,337	-	-	-	-	-	-	-	376,337
	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

Excludes prepayments of RM9,218,000 (2021: RM5,788,000)

^ Excludes cash in hand of RM19,600 (2021: RM19,600)

* Excludes investment in REITs of RM127,464,000 (2021: RM117,556,000)

40. FINANCIAL RISK MANAGEMENT (CONTINUED)
(a) Credit Risk (continued)
Credit risk concentration (continued)

Company 2022	Primary agriculture RM'000	Education, health and others RM'000	Construction RM'000	Financing, insurance, real estate & business services RM'000	Manufacturing RM'000	Mining and quarrying RM'000	Transport, storage & communication RM'000	Wholesale, retail trade, restaurants & hotels RM'000	Government RM'000	Electricity, gas & water supply RM'000	Other RM'000	Total RM'000
Investment securities: FVTPL *	-	58,576	6,092	381,078	157,141	-	82,900	-	88,577	170,649	6,513	951,526
Investment securities: FVOCI	-	5,018	5,078	670,280	74,453	51,070	438,344	-	698,984	520,617	100,137	2,563,981
Investment securities: Amortised cost	-	-	-	131,082	-	-	-	-	-	-	50,184	181,266
Derivative financial assets	-	-	-	12,253	-	-	-	-	-	-	-	12,253
Term deposits	-	-	-	310,210	-	-	-	-	-	-	-	310,210
Financing, loans and advances	3,264	16,128	11,924	43,585	19,810	-	9,006	148,481	-	935	925	254,058
Amount due from a subsidiary	-	-	-	-	-	-	-	-	-	-	680	680
Other receivables #	-	-	46	19,902	-	-	-	-	163	-	1,574	21,685
Cash and cash equivalents ^	-	-	-	488,138	-	-	-	-	-	-	-	488,138
	3,264	79,722	23,140	2,056,528	251,404	51,070	530,250	148,481	787,724	692,201	160,013	4,783,797
Financial guarantees Credit related commitments and contingencies	109,151	723,169	543,237	1,167,251	1,190,689	12,634	776,938	5,847,012	-	914,030	-	11,284,111
Total off balance sheet	109,441	723,897	674,501	1,232,026	1,218,913	12,634	781,040	5,887,045	-	925,052	-	11,564,549

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 and quarrying RM'000	Transport, storage & communication RM'000	Wholesale, retail trade, restaurants & hotels RM'000	Government RM'000	Electricity, gas & water supply RM'000	Other RM'000	Total RM'000
Investment securities: FVTPL *	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	-	-	-	1,075,693	-	-	-	-	-	-	-	1,075,693
Financing, loans and advances	3,528	15,674	5,774	36,574	20,993	36	8,286	137,847	-	853	965	230,530
Amount due from a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
Other receivables #	-	-	46	15,236	-	-	-	-	163	-	1,203	16,648
Cash and cash equivalents ^	-	-	-	376,337	-	-	-	-	-	-	-	376,337
	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

Excludes prepayments of RM9,218,000 (2021: RM5,788,000)

^ Excludes cash in hand of RM19,600 (2021: RM19,600)

* Excludes investment in REITs of RM127,464,000 (2021: RM117,556,000)

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 financing/loans refer to financing/loans that are overdue by one day or more. Impaired financing/loans are financing/loans with months-in-arrears more than 3 months (i.e. 90 days) or with impairment allowances.

Distribution of financing, loans and advances by credit quality**Group/Company**

	2022			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Carrying amount of financing, loans and advances by credit quality:				
Neither past due nor impaired (A)	213,413	6,743	-	220,156
Past due but not impaired (B)	-	53,371	-	53,371
Impaired (C)	-	-	63,146	63,146
Gross financing, loans and advances	213,413	60,114	63,146	336,673
Less: Allowances for impairment losses				
- Expected credit losses (ECL)	(5,184)	(14,285)	(63,146)	(82,615)
Net financing, loans and advances	208,229	45,829	-	254,058

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 financing/loans refer to financing/loans that are overdue by one day or more. Impaired financing/loans are financing/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)**Group/Company**

	2021			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Carrying amount of financing, loans and advances by credit quality:				
Neither past due nor impaired (A)	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)****Neither past due nor impaired (A)**

Analysis of financing, loans and advances that are neither past due nor impaired analysed based on the Group's and the Company's internal grading system is as follows:

Group/Company	2022			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
<u>Quality classification</u>				
Satisfactory	213,413	6,743	-	220,156
Total	213,413	6,743	-	220,156
Group/Company	2021			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
<u>Quality classification</u>				
Satisfactory	135,766	68,240	-	204,006
Total	135,766	68,240	-	204,006

Quality classification definitions:

Satisfactory: Exposures demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default and/or levels of expected loss.

Collateral and other credit enhancement obtained

During the financial year, there is no repossessed collateral as the Group and the Company do not have possession of collateral held as security or other credit enhancement.

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(i) Financing, loans and advances (continued)

Past due but not impaired (B)

Group/Company	2022			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Past due up to 30 days	-	34,573	-	34,573
Past due 30-60 days	-	18,798	-	18,798
Total	-	53,371	-	53,371

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

Impaired (C)

Group/Company	2022			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Gross impaired financing/loans	-	-	63,146	63,146
Individually impaired financing/ loans	-	-	63,146	63,146

40. FINANCIAL RISK MANAGEMENT (CONTINUED)**(a) Credit Risk (continued)****Credit quality (continued)****(i) Financing, loans and advances (continued)****Impaired (C) (continued)**

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

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

Investment securities: FVTPL and investment securities: FVOCI are measured on a fair value basis. The fair value will reflect the credit risk of the issuer.

Most listed and some unlisted investment securities are rated by external rating agencies. The Group and the Company mainly use external ratings provided by Rating Agency Malaysia Berhad ("RAM"), Malaysian Rating Corporation Berhad ("MARC"), Moody's or Standard & Poor's ("S&P").

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:

Group/Company

	2022			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Investment securities: FVTPL				
Sovereign (no rating)	58,868	-	-	58,868
Investment grade (AAA to BBB-)	742,768	-	-	742,768
Non-investment grade (BB+ and below)	40,735	-	-	40,735
Unrated	109,155	-	-	109,155
Total	951,526	-	-	951,526
	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
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

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

^ Investment in REITS amounting to RM127,464,000 (2021: RM117,556,000)

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)

Group/Company (continued)

	2022			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Investment securities: FVOCI				
Sovereign (no rating)	540,589	-	-	540,589
Investment grade (AAA to BBB-)	2,023,392	-	-	2,023,392
Total	2,563,981	-	-	2,563,981
	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
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

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)

Group/Company (continued)

	2022			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Investment securities: Amortised cost				
Unrated	132,228	50,421	-	182,649
Expected credit losses ("ECL")	(1,145)	(238)	-	(1,383)
Total	131,083	50,183	-	181,266
	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

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)

Group/Company (continued)

	2022			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Derivative financial assets				
Investment grade (AAA to BBB-)	12,253	-	-	12,253
Total	12,253	-	-	12,253
	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)

Group/Company (continued)

	2022			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Term deposits				
Investment grade (AAA to BBB-)	279,702	-	-	279,702
Unrated	30,508	-	-	30,508
Total	310,210	-	-	310,210
	2021			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Investment grade (AAA to BBB-)	1,049,562	-	-	1,049,562
Unrated	26,131	-	-	26,131
Total	1,075,693	-	-	1,075,693

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)

Group

	2022			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Cash and cash equivalents				
Investment grade (AAA to BBB-)	437,700	-	-	437,700
Unrated	50,438	-	-	50,438
Total	488,138	-	-	488,138
	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-)	366,266	-	-	366,266
Unrated	10,071	-	-	10,071
Total	376,337	-	-	376,337

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

^ Cash in hand of RM19,600 (2021: RM19,600)

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)

Company

	2022			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Cash and cash equivalents				
Investment grade (AAA to BBB-)	437,700	-	-	437,700
Unrated	50,438	-	-	50,438
Total	488,138	-	-	488,138

	2021			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Investment grade (AAA to BBB-)	366,266	-	-	366,266
Unrated	10,071	-	-	10,071
Total	376,337	-	-	376,337

The following have been excluded for the purpose of maximum credit risk exposure calculations:
 ^ Cash in hand of RM19,600 (2021: RM19,600)

There are no investment securities, term deposits and cash and cash equivalents which are past due but not impaired or impaired.

40. FINANCIAL RISK MANAGEMENT (CONTINUED)**(a) Credit Risk (continued)****Credit quality (continued)****(iii) Other financial assets**

The carrying amount of other financial assets of the Group and the Company are summarised as below:

Group

	2022			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
<u>Neither past due nor impaired</u>				
Other receivables #	8,047	-	-	8,047
Total	8,047	-	-	8,047
	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
<u>Neither past due nor impaired</u>				
Other receivables #	12,587	-	-	12,587
Total	12,587	-	-	12,587

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 Group and the Company are summarised as below:
(continued)

Group (continued)

	2022			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
<u>Past due but not impaired</u>				
Other receivables #	13,638	-	-	13,638
Total	13,638	-	-	13,638
	2021			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
<u>Past due but not impaired</u>				
Other receivables #	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 Group and the Company are summarised as below:
(continued)

Company

	2022			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
<u>Neither past due nor impaired</u>				
Other receivables #	8,047	-	-	8,047
Total	8,047	-	-	8,047
	2021			Total RM'000
	12 - Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
<u>Neither past due nor impaired</u>				
Other receivables #	12,587	-	-	12,587
Total	12,587	-	-	12,587

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 Group and the Company are summarised as below:
(continued)

Company (continued)

	2022			
	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
<u>Past due but not impaired</u>				
Other receivables #	13,638	-	-	13,638
Total	13,638	-	-	13,638
	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
<u>Past due but not impaired</u>				
Other receivables #	4,061	-	-	4,061
Total	4,061	-	-	4,061

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

- # Prepayments for the Group and the Company amounting RM9,218,000 (2021: RM5,788,000) and RM9,218,000 (2021: RM5,788,000) respectively.

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 Group and the Company are summarised as below:
(continued)

All other financial assets are categorised into 'neither past due nor impaired', 'past due but not impaired' and 'past due and impaired'. For financial assets categorised as 'neither past due nor impaired', there is a high likelihood of these assets being recovered in full and therefore, of no cause for concern to the Group and the Company. Financial assets categorised as 'past due but not impaired' are receivables due from financial institutions with overdue more than 30 working days for the Company and 45 days for the subsidiary. Financial assets categorised as 'past due and impaired' are receivables deemed irrecoverable after assessment by the Group and the Company.

(iv) Movement in expected credit losses

The expected credit losses recognised in the period is impacted by a variety of factors:

- (a) Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period.
- (b) Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models.

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 is impacted by a variety of factors: (continued)**

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

Financing, loans and advances

Group/Company	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Loss allowance as at 1 January 2022	3,060	25,833	49,991	78,884
Movements with P&L impact				
Transfers				
<u>Change due to change in credit risk:</u>				
Transfer from Stage 1 to Stage 2	(351)	3,271	-	2,920
Transfer from Stage 1 to Stage 3	(115)	-	5,163	5,048
Transfer from Stage 2 to Stage 3	-	(7,627)	24,718	17,091
Transfer from Stage 3 to Stage 2	-	44	(230)	(186)
Transfer from Stage 3 to Stage 1	5	-	(185)	(180)
Transfer from Stage 2 to Stage 1	950	(10,045)	-	(9,095)
New financial assets originated or purchased	2,426	4,452	3,010	9,888
Financial assets derecognised during the financial year other than write-offs	(791)	(1,419)	(4,329)	(6,539)
Written-off/waived during the financial year	-	(224)	(14,992)	(15,216)
	5,184	14,285	63,146	82,615

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 is impacted by a variety of factors: (continued)**

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

Financing, loans and advances (continued)

Group/Company	2021			
	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				
<u>Change due to change in credit risk:</u>				
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 is impacted by a variety of factors: (continued)**

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

Investment securities: FVOCI

Group/Company	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Loss allowance as at 1 January 2022	1,222	-	140,025	141,247
Movements with P&L impact				
Change due to change in credit risk	(157)	-	-	(157)
New financial assets originated or purchased	97	-	-	97
	1,162	-	140,025	141,187
	2021			
Group/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

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 is impacted by a variety of factors: (continued)

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

Investment securities: Amortised cost

Group/Company	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Loss allowance as at 1 January 2022	1,467	241	5	1,713
Movements with P&L impact				
Change due to change in credit risk	(322)	(3)	-	(325)
Amount written-off	-	-	(5)	(5)
	1,145	238	-	1,383
	2021			
Group/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

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

Group/Company	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2022	135,765	123,658	49,991	309,414
Movements with P&L impact				
Transfers				
<u>Change due to change in credit risk:</u>				
Transfer from Stage 1 to Stage 2	(17,727)	14,402	-	(3,325)
Transfer from Stage 1 to Stage 3	(5,783)	-	5,165	(618)
Transfer from Stage 2 to Stage 3	-	(28,275)	24,622	(3,653)
Transfer from Stage 3 to Stage 2	-	178	(234)	(56)
Transfer from Stage 3 to Stage 1	157	-	(185)	(28)
Transfer from Stage 2 to Stage 1	45,438	(57,769)	-	(12,331)
New financial assets originated or purchased	92,881	18,388	3,010	114,279
Financial assets derecognised during the financial year other than write-offs	(37,319)	(10,242)	(4,232)	(51,793)
Written-off/waived during the financial year	-	(224)	(14,992)	(15,216)
Gross carrying amount as at 31 December 2022	213,412	60,116	63,145	336,673

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)**

Group/Company	2021			Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	
Gross carrying amount as at 1 January 2021	172,721	46,101	76,340	295,162
Movements with P&L impact				
Transfers				
<u>Change due to change in credit risk:</u>				
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)**

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

	2022				
	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	49,991	33,114	(4,745)	(15,214)	63,146
	49,991	33,114	(4,745)	(15,214)	63,146
	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

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**

Group/Company	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2022	2,100,065	-	-	2,100,065
Movements with P&L impact				
Change due to change in credit risk	(11,609)	-	-	(11,609)
New financial assets originated or purchased	560,525	-	-	560,525
Maturity/Disposal during the year	(85,000)	-	-	(85,000)
Gross carrying amount as at 31 December 2022	2,563,981	-	-	2,563,981
Group/Company	2021			
	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
Maturity/Disposal during the year	(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: Amortised cost

Group/Company	2022			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2022	214,208	50,368	5	264,581
Movements with P&L impact				
Change due to change in credit risk	(1,980)	53	-	(1,927)
Maturity/Disposal during the year	(80,000)	-	(5)	(80,005)
Gross carrying amount as at 31 December 2022	132,228	50,421	-	182,649
Group/Company	2021			
	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
Maturity/Disposal during the year	-	-	-	-
Gross carrying amount as at 31 December 2021	214,208	50,368	5	264,581

40. FINANCIAL RISK MANAGEMENT (CONTINUED)**(b) Market risk**

Market risk is defined as the risk of losses to the Group's and the Company's portfolio positions arising from movements in market factors such as interest rates, foreign exchange rates and changes in volatility. The Group and the Company are exposed to market risks from its trading and investment activities.

The Group's and the Company's exposure to market risk stems primarily from interest rate risk. Interest rate risk arises mainly from differences in timing between the maturities or repricing of assets, liabilities and derivatives.

Net interest income sensitivity analysis

The table below shows the profit after tax net interest income sensitivity for the financial assets and financial liabilities held at reporting date.

	Group			
	31.12.2022		31.12.2021	
	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")	49,269	48,414	54,556	53,701
- 100 bps	(49,269)	(48,414)	(54,556)	(53,701)
	Company			
	31.12.2022		31.12.2021	
	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	49,269	48,414	54,556	53,701
- 100 bps	(49,269)	(48,414)	(54,556)	(53,701)

40. FINANCIAL RISK MANAGEMENT (CONTINUED)**(b) Market risk (continued)****Interest/Profit rate risk**

The table below summarise the Group's and the Company's exposure to interest/profit rate risks. Included in the table are the Group's and the Company's financial assets and liabilities at their carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The net interest sensitivity gap for items not recognised in the statements of financial position represents the net notional amounts of all interest/profit rate sensitivity derivative financial instruments. As interest rate yield curves change over time, the Group and Company may be exposed to loss in earnings due to the effects of interest rates on the structure of the statements of financial position. Sensitivity to interest/profit rates arises from mismatches in the repricing dates, cashflows and other characteristic of the financial assets and their corresponding financial liabilities funding.

Group/Company 2022	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	10,217	232,666	825,461	10,646	1,078,990
Investment securities: FVOCI	196,966	1,124,052	1,242,963	-	2,563,981
Investment securities: Amortised cost	50,183	131,083	-	-	181,266
Derivative financial assets	12,253	-	-	-	12,253
Term deposits	309,206	-	-	1,004	310,210
Financing, loans and advances - not impaired*	8,418	234,469	30,641	(19,470)	254,058
Amount due from an associate	-	-	-	16	16
Other receivables^	-	-	-	21,685	21,685
Cash and cash equivalents	381,053	-	-	107,105	488,158
Total financial assets	968,296	1,722,270	2,099,065	120,986	4,910,617

40. FINANCIAL RISK MANAGEMENT (CONTINUED)**(b) Market risk (continued)****Interest/Profit rate risk (continued)**

	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	70,198	155,588	-	-	225,786
Small Entrepreneurs Guarantee Scheme	-	-	-	-	-
Tabung Usahawan Kecil	11,102	27,756	-	-	38,858
Government Funds	14,605	-	-	-	14,605
Small Entrepreneurs Financing Fund	-	-	-	-	-
Derivative financial liabilities	13,544	-	-	-	13,544
Other liabilities [®]	-	-	-	454,481	454,481
Total financial liabilities	109,449	183,344	-	454,481	747,274
Net interest sensitivity gap	858,847	1,538,926	2,099,065		

40. FINANCIAL RISK MANAGEMENT (CONTINUED)**(b) Market risk (continued)****Interest/Profit rate risk (continued)**

Group/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	1,070,757	-	-	4,953	1,075,710
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	248,569	-	-	127,771	376,340
Total financial assets	1,597,849	1,422,796	1,994,327	131,034	5,146,006

40. FINANCIAL RISK MANAGEMENT (CONTINUED)**(b) Market risk (continued)****Interest/Profit rate risk (continued)**

Group/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		

* The negative balance represents collective allowance for financing, loans and advances

^ Excludes prepayment amounting to RM9,218,000 (2021: RM5,788,000)

@ Other liabilities includes amount due to BNM, expected credit losses, claims payable, other payables and lease liabilities

40. FINANCIAL RISK MANAGEMENT (CONTINUED)**(b) Market risk (continued)****Foreign exchange risk**

The Group and the Company are exposed to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Limits are set on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily. The table summarises the Group's and the Company's exposure to foreign currency exchange rate risk at reporting date. Included in the table are the Group's and the Company's financial instruments at carrying amounts, categorised by currency.

Group/Company 2022	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	195,844	129,504	14,398	6,730	1,385	6,200	354,061
Derivatives	1,928	10,190	88	47	-	-	12,253
Cash and cash equivalents	6,258	2,201	15	156	54	49	8,733
Net on-balance sheet financial position	204,030	141,895	14,501	6,933	1,439	6,249	375,047
Liability							
Derivatives	41	13,306	76	-	11	110	13,544
Net on-balance sheet financial position	41	13,306	76	-	11	110	13,544
Off-balance sheet commitments	192,292	137,396	14,648	6,237	1,785	6,221	358,579

40. FINANCIAL RISK MANAGEMENT (CONTINUED)**(b) Market risk (continued)****Foreign exchange risk (continued)**

Group/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)
Foreign exchange risk sensitivity analysis

The following table sets out the analysis of the exposure to assess the impact of a 1% change in the exchange rates to the profit after tax:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
+ 1%				
United States Dollar	3,963	4,424	3,963	4,424
Singapore Dollar	2,645	2,809	2,645	2,809
Australian Dollar	291	278	291	278
Renminbi	32	100	32	100
Great Britain Pound	132	171	132	171
Euro	124	55	124	55
- 1%				
United States Dollar	(3,963)	(4,424)	(3,963)	(4,424)
Singapore Dollar	(2,645)	(2,809)	(2,645)	(2,809)
Australian Dollar	(291)	(278)	(291)	(278)
Renminbi	(32)	(100)	(32)	(100)
Great Britain Pound	(132)	(171)	(132)	(171)
Euro	(124)	(55)	(124)	(55)

40. FINANCIAL RISK MANAGEMENT (CONTINUED)**(c) Liquidity risk**

Liquidity risk is the risk which arises when the Group and the Company have difficulty in raising funds to meet their financial obligations at a reasonable cost and in time. The liquidity risk is managed by diversifying its placements over various tenures based on maturity gaps. The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date.

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

The table below provides analysis of cash flow payables for financial liabilities based on remaining contractual maturities on undiscounted basis. The balances in the table below do not agree directly to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments.

Group 2022	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Liabilities				
Amount due to BNM	30,194	-	-	30,194
Funds from BNM	70,198	155,588	-	225,786
Small Entrepreneurs Guarantee Scheme	-	-	-	-
Tabung Usahawan Kecil	11,102	27,756	-	38,858
Government Funds	14,605	-	-	14,605
Small Entrepreneurs Financing Fund	-	-	-	-
Expected credit losses for guarantee schemes	29,016	215,663	38,006	282,685
Claims payable	4,417	-	-	4,417
Other payables	134,774	-	-	134,774
	294,306	399,007	38,006	731,319

40. FINANCIAL RISK MANAGEMENT (CONTINUED)**(c) Liquidity risk (continued)****Liquidity risk disclosure table which is based on contractual undiscounted cash flows (continued)**

The table below provides analysis of cash flow payables for financial liabilities based on remaining contractual maturities on undiscounted basis. The balances in the table below do not agree directly to the balances reported in the statements of financial position as the table incorporates all contractual cash flows, on an undiscounted basis, relating to both principal and interest payments. (continued)

Group 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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

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

Company 2022	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
Liabilities				
Amount due to BNM	30,194	-	-	30,194
Funds from BNM	70,198	155,588	-	225,786
Small Entrepreneurs Guarantee Scheme	-	-	-	-
Tabung Usahawan Kecil	11,102	27,756	-	38,858
Government Funds	14,605	-	-	14,605
Small Entrepreneurs Financing Fund	-	-	-	-
Expected credit losses for guarantee schemes	29,016	215,663	38,006	282,685
Claims payable	4,417	-	-	4,417
Other payables	134,743	-	-	134,743
	294,275	399,007	38,006	731,288

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

40. FINANCIAL RISK MANAGEMENT (CONTINUED)**(c) Liquidity risk (continued)****Derivative financial liabilities based on contractual undiscounted cash flows:**

Group/Company 2022	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
<u>Derivatives settled on a gross basis</u>				
Foreign exchange derivatives:				
- outflow	75,462	-	-	75,462
- inflow	(61,918)	-	-	(61,918)
	13,544	-	-	13,544

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

40. FINANCIAL RISK MANAGEMENT (CONTINUED)**(d) Fair value of financial instruments**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities as well as fixed income securities such as government securities and corporate bonds.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Company determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. For structured investments, the fair value is obtained from the counterparty bank.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

The Group and the Company recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial year (2021: Nil).

40. FINANCIAL RISK MANAGEMENT (CONTINUED)**(d) Fair value of financial instruments (continued)**

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

Recurring fair value measurements

Group/Company 31.12.2022	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Assets</u>				
Investment securities: FVTPL				
- Money market instruments	-	58,868	-	58,868
- Private debt securities	-	892,658	-	892,658
Investment securities : REITS				
- REITS	127,464	-	-	127,464
Investment securities: FVOCI				
- Private debt securities	-	1,952,579	-	1,952,579
- Money market instruments	-	611,402	-	611,402
Derivative financial assets	-	12,253	-	12,253
	127,464	3,527,760	-	3,655,224
<u>Liabilities</u>				
Small Entrepreneurs Guarantee Scheme	-	-	-	-
Tabung Usahawan Kecil	-	38,858	-	38,858
Derivative financial liabilities	-	13,544	-	13,544
	-	52,402	-	52,402

40. FINANCIAL RISK MANAGEMENT (CONTINUED)**(d) Fair value of financial instruments (continued)**

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy: (continued)

Recurring fair value measurements (continued)

Group/Company 31.12.2021	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Assets</u>				
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
<u>Liabilities</u>				
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

40. FINANCIAL RISK MANAGEMENT (CONTINUED)**(d) Fair value of financial instruments (continued)****Effect of changes in significant unobservable assumptions to reasonably possible alternatives**

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

Group/Company 31.12.2022	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Financial assets</u>					
Investment securities: amortised cost	181,266	-	179,674	-	179,674
Financing, loans and advances	254,058	-	249,257	-	249,257
<u>Financial liabilities</u>					
Funds from BNM	225,786	-	225,786	-	225,786
Government funds	14,605	-	15,487	-	15,487

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

Other than as disclosed above, the fair value of each financial asset and liability presented on the statements of financial position as at the reporting date approximates the carrying amount.

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

40. FINANCIAL RISK MANAGEMENT (CONTINUED)**(d) Fair value of financial instruments (continued)****Effect of changes in significant unobservable assumptions to 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 to banks with similar credit ratings and maturities.

Financing, loans and advances

The fair values of performing fixed rate loans are arrived at using the discounted cash flows based on the prevailing market rates of loans and advances with similar credit ratings and maturities.

The fair values of impaired loans and advances, whether fixed or floating are represented by their carrying values, net of expected credit losses, being the reasonable estimate of recoverable amount.

Funds from BNM, Government funds, SEGS, TUK, Small Entrepreneurs Financing Fund and loan due to non-controlling interest

The estimated fair values of funds and borrowings with maturities of less than twelve months approximate the carrying values. For other funds and borrowings with maturities of more than twelve months, the fair values are estimated based on discounted cash flows using prevailing market rates for such instrument with similar risk profile.

Other assets and liabilities

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

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 Group and the Company mitigate operational risk by having comprehensive internal control systems and procedures, which are reviewed regularly and subjected to periodical audits by internal auditors.

41. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

In accordance with MFRS 132 “Financial Instruments: Presentation”, the Group and the Company report financial assets and financial liabilities on a net basis on the statements of financial position only if there is a legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangement on:

- All financial assets and liabilities that are reported net on statements of financial position; and
- All financial assets and liabilities that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for statements of financial position netting.

The table identifies the amounts that have been offset in the statements of financial position and also those amounts that are covered by enforceable netting arrangements but do not qualify for netting under the requirements of MFRS 132 described above.

The “Net amounts” presented below are not intended to represent the Group’s and the Company’s actual exposure to credit risk.

Group/Company 2022	Gross amounts of recognised financial assets RM’000	Gross amounts of recognised financial liabilities set off in the statement of financial position RM’000	Net amounts reported on statement of financial position RM’000
Financial assets			
Amount due from BNM	-	-	-
Financial liabilities			
Amount due to BNM	-	30,194	(30,194)

41. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONTINUED)

The “Net amounts” presented below are not intended to represent the Group’s and the Company’s actual exposure to credit risk.

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

42. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Modification Loss

During the current financial year, the Company has offered relief facilities i.e Flood Relief Assistance (FRA) on financing, loans and advances to individuals and SMEs. As a result of the payment moratorium, the Company has recognised a modification loss of RM388,000 during the current financial year.

Group’s position in Aureos CGC Advisers Sdn. Bhd.

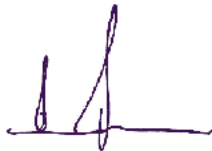
Aureos CGC Advisers Sdn. Bhd. had completed its voluntary liquidation in the financial year ended 2022. Hence, CGC no longer has investment in Aureos CGC Advisers Sdn. Bhd.

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 222 to 355 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of the financial performance and the cash flows of the Group and of the Company for the financial year ended 31 December 2022 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 2023.



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 222 to 355 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.

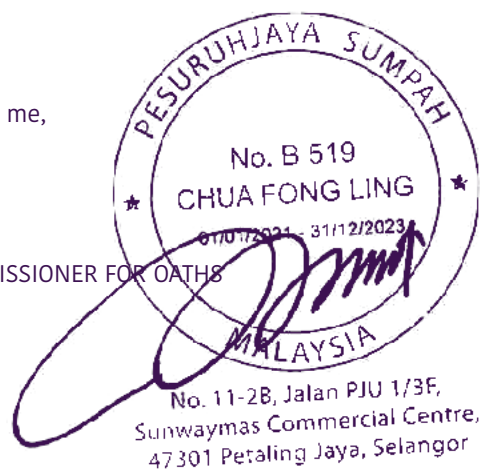


SHAZMEER BIN MOKHTAR

Subscribed and solemnly declared by the abovenamed Shazmeer bin Mokhtar at Petaling Jaya, Selangor in Malaysia on 18 April 2023.

Before me,

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”) and its subsidiary (“the Group”) give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 222 to 355.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors’ report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors’ Report and Annual Report, but does not include the financial statements of the Group and of the Company and our auditors’ report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



CREDIT
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MALAYSIA
BERHAD

FINANCIALS

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 Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD



CREDIT
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MALAYSIA
BERHAD

FINANCIALS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

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

Kuala Lumpur
18 April 2023

CORPORATE INFORMATION

ADDITIONAL
INFORMATION

BOARD OF DIRECTORS

Dato' Mohammed Hussein

Independent Non-Executive Director
(Chairman)

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)

**Dato' Haji Syed Moheeb Syed
Kamarulzaman**

Independent Non-Executive Director
(Retired on 14 January 2023)

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

BOARD RISK MANAGEMENT COMMITTEE

Anthony Lim Choon Eng

Independent Non-Executive Director
(Appointed as Chairman on
1 April 2022)

Choong Tuck Oon

Independent Non-Executive Director

Faisal Ismail

Independent Non-Executive Director
(Appointed as Member on
15 January 2023)

Datuk David Chua Kok Tee

Independent Non-Executive Director
(Retired on 14 February 2022)

**Dato' Haji Syed Moheeb Syed
Kamarulzaman**

Independent Non-Executive Director
(Retired on 14 January 2023)

BOARD NOMINATION & REMUNERATION COMMITTEE

Dato' Mohammed Hussein

Independent Non-Executive Director
(Chairman)

Dato' Ong Eng Bin

Independent Non-Executive Director

Saleha M. Ramly

Independent Non-Executive Director
(Appointed as Member on
20 February 2023)

Suhaimi Ali

Non-Independent Non-Executive
Director
(Appointed as Member on 28 April
2022 and ceased on 20 February
2023)

Adnan Zaylani Mohamad Zahid

Non-Independent Non-Executive
Director
(Ceased as Member on 19 April 2022)

BOARD INVESTMENT COMMITTEE
Teoh Kok Lin

Independent Non-Executive Director (Chairman)

Anthony Lim Choon Eng

 Independent Non-Executive Director
*(Appointed as Member on
 15 January 2023)*
Suresh Menon

Independent Non-Executive Director

Dato' Haji Syed Moheeb Syed Kamarulzaman

 Independent Non-Executive Director
(Retired on 14 January 2023)
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, Menara TH 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

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

REGISTERED OFFICE

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

 Tel : (6)03-7806 2300
 Fax : (6)03-7803 0458

Social Media


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: CGC Malaysia

NOTICE OF 50TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 50th 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, 20 June 2023, 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 2022 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire by rotation in accordance with Articles 76A and 76B of CGC’s Constitution and who being eligible offer themselves for re-election:
 - a) Dato’ Mohammed bin Haji Che Hussein; and **Resolution 1**
 - b) Dato’ Ong Eng Bin. **Resolution 2**

Encik Suresh Kumar T.A.S Menon who also retires by rotation in accordance with Articles 76A and 76B of CGC’s Constitution, has expressed his intention not to seek for re-election. Hence, he will retain office as a Director of the Company until the conclusion of the 50th AGM.
3. To approve the Directors’ fees amounting to RM180,000 per annum for the Non-Executive Chairman and RM72,000 per annum for each Non-Executive Director from the 50th AGM to the 51st AGM of CGC, payable in a manner as the Board of Directors may determine. **Resolution 3**
4. To approve the Directors’ benefits up to an amount of RM1,031,520 payable to the Non-Executive Chairman and Non-Executive Directors from the 50th AGM to the 51st AGM of CGC, payable in a manner as the Board of Directors may determine. **Resolution 4**
5. To appoint Messrs. Ernst & Young PLT as Auditor of CGC in place of the retiring Auditor, Messrs. PricewaterhouseCoopers PLT and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors. **Resolution 5**
6. 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
 22 May 2023

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 2022

5. The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 (“CA 2016”) for discussion only under Agenda 1 which do not require shareholders’ approval and hence, will not be put for voting.

Ordinary Resolutions 1 and 2 - Re-election of Directors who retire in accordance with Articles 76A and 76B of CGC’s Constitution

6. The Board had on 18 April 2023 endorsed the Board Nomination and Remuneration Committee Meeting (“BNRC”)’s recommendation for re-election of the following directors who have been the longest in office since their last election to retire and shall be eligible for re-election in accordance with Articles 76A and 76B of CGC’s Constitution:
 - (i) Dato’ Mohammed bin Haji Che Hussein;
 - (ii) Dato’ Ong Eng Bin; and
 - (iii) Encik Suresh Kumar T.A.S Menon.

Encik Suresh Kumar T.A.S Menon will reach his 9-year term with CGC at this AGM. He has expressed his intention not to seek for re-election and will be retiring as an Independent Director at this AGM in accordance with Clause 2.2(viii) of the Board Charter of the Company. Hence, he will retain office as a Director of the Company until the conclusion of the 50th AGM.

A brief profile of the abovementioned Non-Executive Directors is set out in pages 158, 161 and 162, respectively of CGC Annual Report 2022.

The said Directors abstained from deliberations and decision on their eligibility to stand for re-election at the BNRC meeting (save for Encik Suresh Kumar T.A.S Menon) and at the Board Meeting.

Ordinary Resolution 3 - Directors' Fees

7. Section 230(1) of CA 2016 states that amongst others “the fees” of the Directors and “any benefits” payable to the Directors of a public company shall be approved at a general meeting. In this regard, the Board had agreed to seek shareholders' approval at the 50th AGM.

The proposed fees to be paid to Non-Executive Chairman and Non-Executive Directors from this AGM to the next AGM is the same as the fee structure which had been approved by the shareholders as follows:

	Chairman	Member	Date of Shareholders' Approval
Directors' Fees	RM180,000 per annum	RM72,000 per annum	Approved at the 45 th AGM held on 25 June 2018

Ordinary Resolution 4 - 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 per month	√	√
Car Allowance	RM6,000 per month	√	
Entertainment Allowance	RM2,000 per month	√	
Company Driver	RM7,200 per annum (based on taxable rate)	√	
Other benefits	Medical coverage, travel & communication, working tool and other claimable benefits	√	√

The proposed Directors' Benefit amounting to RM1,031,520 will be paid to Non-Executive Chairman and Non-Executive Directors from the 50th AGM until the 51st AGM. Payment of Directors' Benefit will be made by CGC on monthly basis and/or as and when incurred.

The estimated amount of the Directors' Benefit is calculated based on an estimated number of scheduled Board and Board Oversight Committees Meetings, training organised for the Board, and also number of Non-Executive Directors involved in these meetings/trainings.

Ordinary Resolution 5 - Appointment of Auditor

9. Messrs. PricewaterhouseCoopers PLT (“PwC”) has served as the auditor of CGC since 2013 and has last been re-appointed at the 49th AGM on 21 June 2022 to hold office until the conclusion of this AGM. PwC has served as the auditor of CGC for ten (10) consecutive audits since the financial year ended 31 December 2012.
10. The Board, at its meeting held on 17 October 2022, endorsed the Board Audit Committee's recommendation for the shareholders' approval to be sought at the 50th AGM on the appointment of Messrs. Ernst & Young PLT as CGC's auditor for the financial year ending 31 December 2023, in place of PwC.

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 50th 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, 20 June 2023 at 12.00 p.m. and at any adjournment thereof for the following resolutions as set out in the Notice of the 50th 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 and who being eligible offered themselves for re-election:		
1	Dato' Mohammed bin Haji Che Hussein		
2	Dato' Ong Eng Bin		
3	To approve the Directors' fees amounting to RM180,000 per annum for the Non-Executive Chairman and RM72,000 per annum for each Non-Executive Director from the 50 th AGM to the 51 st AGM of CGC, payable in a manner as the Board of Directors may determine.		
4	To approve the Directors' benefits up to an amount of RM1,031,520 payable to the Non-Executive Chairman and Non-Executive Directors from the 50 th AGM to the 51 st AGM of CGC, payable in a manner as the Board of Directors may determine.		
5	To appoint Messrs. Ernst & Young PLT as Auditor of CGC in place of the retiring Auditor, Messrs. PricewaterhouseCoopers PLT and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors.		

(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 2023.

.....
Signature(s)/Common Seal of Member(s)

Notes:

1. A member entitled to attend, participate, speak and vote is entitled to appoint a proxy to attend, participate, speak and vote on his behalf. A proxy may but need not be a member of CGC and there shall be no restriction as to the qualification of a proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or if the appointer is a company under the hand of an officer or attorney of the company.
3. A company member having a share capital may appoint more than one proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.
4. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarial certified copy of that power of authority shall be deposited at the Registered Office of CGC - Level 14, Bangunan CGC, Kelana Business Centre, 97, Jalan SS7/2, 47301 Petaling Jaya, Selangor Darul Ehsan or email to CompanySecretarial@cgc.com.my, not less than 48 hours before the time for holding the meeting or any adjournment thereof.

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STAMP

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

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1972-2022



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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

Tel: 603 7806 2300 | Fax: 603 7806 3308

