

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 awarders, 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

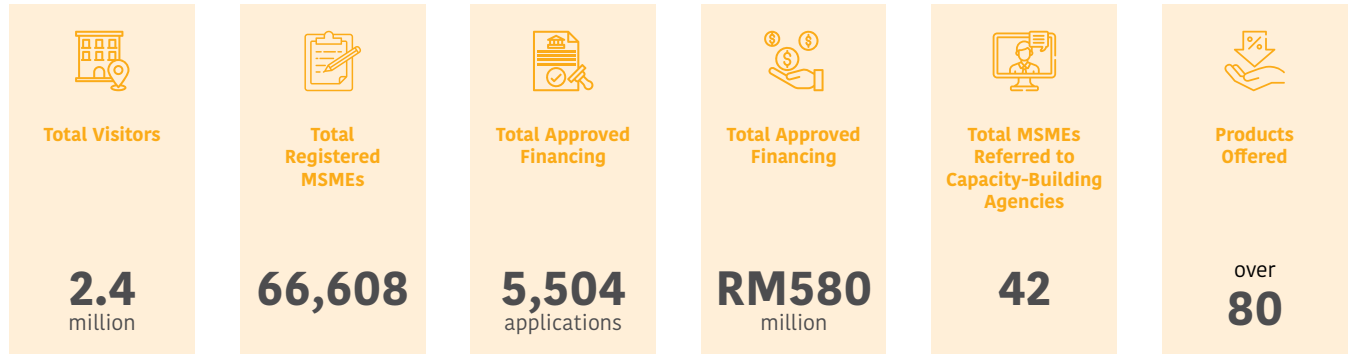


Wau Tradisi Enterprise

PERFORMANCE BY DIVISIONS

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.

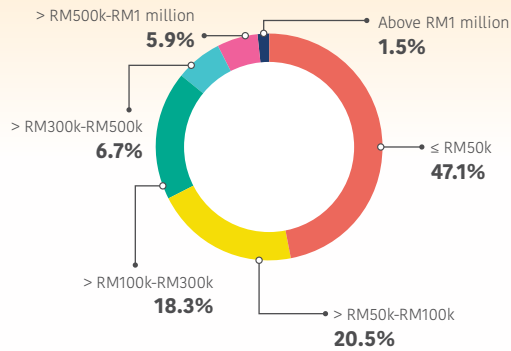
(a) imSME Performance



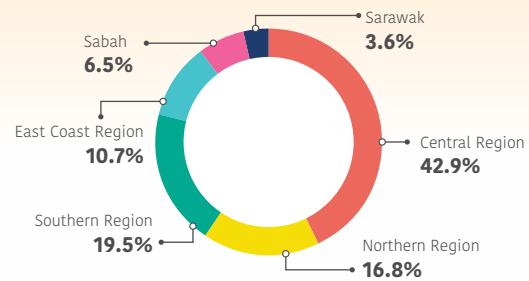
(b) imsME Customer Profile

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

FINANCING AMOUNT

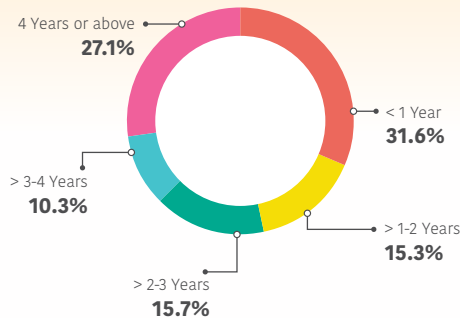


GEOGRAPHICAL

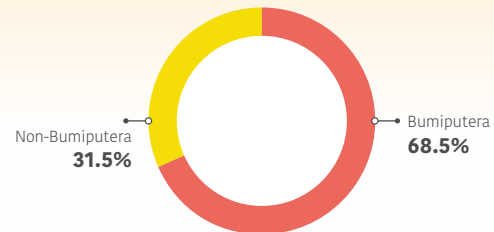


Central: Selangor, Kuala Lumpur and Putrajaya
Northern: Perlis, Perak, P. Pinang and Kedah
Southern: Negeri Sembilan, Melaka and Johor
East Coast: Kelantan, Terengganu and Pahang

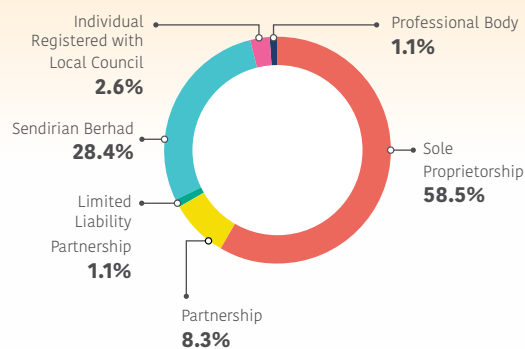
YEARS IN OPERATION



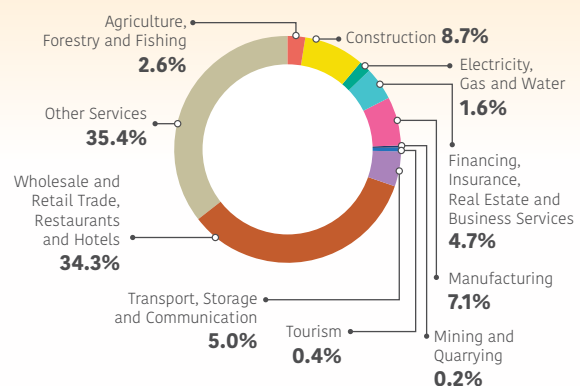
BUMI STATUS



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.

PERFORMANCE BY DIVISIONS



CREDIT
GUARANTEE
CORPORATION
MALAYSIA
BERHAD

PERFORMANCE
BY DIVISIONS

- 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.

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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.

PERFORMANCE BY DIVISIONS

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 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.