

FULFILLING



OUR MANDATE



> Lee Kien Yun
Sabah



> Faridah Mohd Isa
Perak

2023

ANNUAL REPORT



> Leow Cheah Hooi
Sarawak



> Lau Weng Wuei
Melaka



> Noorawierina Abdul Ghani
Sabah



> Amir Syarizal Amri
Selangor



COVER RATIONALE

At Credit Guarantee Corporation Malaysia Berhad (CGC), we recognise Micro, Small, and Medium-sized Enterprises (MSMEs) as the cornerstone of Malaysia's economic prosperity. Our unwavering commitment is to champion their cause, propelling their growth and empowering them to thrive.

Our updated 5-Year Strategic Plan 2021-2025 (5SP+) strategically positions CGC to amplify our impact within the dynamic MSME ecosystem. Beyond mere financial access, we reinforce guarantee schemes, enhance internal capabilities and optimise human capital, advancing towards a holistic approach in supporting MSME growth.

Embracing the transformative power of technology, CGC advocates widespread digital adoption, empowering businesses to tackle challenges, seize opportunities and cultivate resilience. In forging stronger partnerships, together our united efforts will pave the path for a future where MSMEs flourish.

At CGC, we are steadfast in fulfilling our mandate, spearheading a brighter and more sustainable future for MSMEs, driving their growth, development and global competitiveness.

The cover design of CGC's Annual Report 2023 visually highlights our dedication to empowering MSMEs and fostering collaboration within the entrepreneurial ecosystem. Featuring CGC's management team alongside MSMEs, this portrayal spotlights the symbiotic relationship between CGC and the MSME community, where mutual support and trust fuel sustainable growth and prosperity.

ABOUT THIS REPORT

Since early 2020, businesses have transformed significantly to meet the challenges of an uncertain global economy. Conventional methods have given way to innovative approaches for adaptation, expansion and continuity.

Malaysia's economy is predicted to deliver 4%-5% GDP growth in 2024, higher than 3.7% in 2023. However, some MSMEs we interviewed for this report revealed that they faced persistent challenges from a slower economy in the first quarter of 2024. Most are strategising to stimulate growth to ensure sustainability amid the slowdown. While some more resilient enterprises thrive and innovate, others struggle with the economic realities.

In 2023, we strove towards Fulfilling Our Mandate to assist MSMEs, to be a catalyst in developing a strong MSME domain, particularly the unserved and the underserved sectors. Through these concerted efforts, we reaffirmed our commitment to advancing sustainable growth and resilience within the MSME ecosystem. Our strategy encompassed three key initiatives:

- We provided countercyclical assistance to MSMEs, helping them navigate the economic challenges in the aftermath of the pandemic
- We amplified CGC's internal readiness, ensuring alignment with the evolving needs of MSMEs amidst changing operating landscapes
- We extended support to emerging economic sectors such as the sharing/gig economy, ESG-linked guarantees, the agro-industry and Partner Financial Institutions offering microfinancing to previously neglected and underserved sectors

In this report, we have added new sections offering deeper insights into our sustainable initiatives, emphasising our proactive approach towards environmental and social responsibility. We disclose our efforts to integrate sustainability into our core operations, ensuring long-term positive impact. In empowering MSMEs, through customised financial solutions and strategic guidance, we aim to enhance their resilience and competitiveness in dynamic markets. Our expanded disclosures highlight specific measures undertaken to address MSME needs, reflecting our unwavering commitment to their success. This report encapsulates our journey towards building a more resilient and equitable future, where economic prosperity coexists with environmental stewardship and social well-being.

This annual report reflects our responsiveness to evolving market dynamics, our dedication to MSME empowerment and our commitment to sustainability. We invite you to explore the intricacies of our operations, the impact of our initiatives and our vision for a better future.

DATUK MOHD ZAMREE MOHD ISHAK
President & Chief Executive Officer



www.cgccom.my

SCOPE AND BOUNDARIES

The report reviews CGC's performance, both financial and non-financial, from 1 January 2023 to 31 December 2023. We have included all CGC's business operations within our reporting scope. Our goal is to detail the impact of internal and external factors, significant developments and potential operational risks or opportunities.

MATERIALITY

We prioritise applying the principle of materiality to determine the content for our Annual Report. Emphasising issues, opportunities and challenges that significantly affect CGC's business sustainability and value delivery to stakeholders, ensuring a balanced and cohesive report.

COMBINED ASSURANCE

We utilise a coordinated assurance model to evaluate and ensure diverse aspects of our business operations, including components of external reporting. Management and selected sustainability information provide these assurances.

WE APPRECIATE YOUR FEEDBACK

CGC is dedicated to enhancing our reporting standards and welcomes input from stakeholders. For queries or feedback on this report, please contact:

- Corporate Communications & Stakeholder Relations
ccsr@cgc.com.my

FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements regarding our future priorities, strategies and growth prospects. These are subject to uncertainties beyond our control, making them not conclusive about CGC's future performance and not reviewed by auditors.

STATEMENT FROM THE BOARD OF DIRECTORS

We acknowledge our responsibility in ensuring the integrity of the CGC Annual Report 2023. It is the Board's opinion that this annual report addresses all material issues and accurately portrays CGC's overall performance.

NAVIGATING OUR REPORT

The CGC Annual Report 2023 is our primary print report, complemented by a dedicated microsite for all stakeholders.

NAVIGATION ICON

OUR CAPITALS

- FC** Financial Capital
- HC** Human Capital
- IC** Intellectual Capital
- MC** Manufactured Capital
- NC** Natural Capital
- SRC** Social & Relationship Capital

STAKEHOLDERS

- ST1** Strategic Partners
- ST2** MSMEs
- ST3** Communities & NGOs
- ST4** Employees
- ST5** Suppliers
- ST6** Regulators

KEY RISKS

- BR** Business Risk
- CR** Credit Risk
- MR** Market Risk
- LR** Liquidity Risk
- OR** Operational Risk
- BCR** Business Continuity Risk
- ITCR** Information Technology and Cyber Risk
- CPR** Compliance Risk

STRATEGIC OBJECTIVES

- SO1** Assist MSMEs to access financing through strategic partnerships
- SO2** Drive MSMEs' excellence through targeted developmental support
- SO3** Become a digitally-savvy organisation to propel scale and speed of MSMEs' impact
- SO4** Facilitate sustainability agenda encompassing Economic, Environment, Social and Governance aspects

MATERIAL MATTERS

Environmental

- M1** Climate Change

Economic

- M2** Digitalisation and Innovation
- M3** Financially Inclusive Solutions
- M4** Environmentally Friendly Solutions
- M5** Responsible Sourcing
- M6** Positive Socio-economic Impacts
- M7** Customer Experience

Social (Employees)

- M8** Diversity and Inclusion
- M9** Employee Health, Safety and Well-being
- M10** Talent Attraction, Development, Retention and Engagement

Social (Community)

- M11** Promoting Financial Literacy
- M12** Community Investment and Development
- M13** Strategic Partnerships

Governance

- M14** Good Governance
- M15** Regulatory Compliance
- M16** Privacy, Data Protection and Cybersecurity
- M17** Economic Performance

UNSDG s



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SHAIROS INDUSTRIES SDN BHD

REMAINING RELEVANT

Shairos Industries, set up in 2020, had many external factors affecting its 2023 sales. Adopting an aggressive promotional campaign, they participated in 45 nationwide events to attract new customers.

CGC'S COMMITMENT

In making and marketing Avergold massage oils, the company's only source of support in 2021 was CGC's BizMula-i financing. Due to the CGC Developmental Programme's Access New Markets, they showcased their products at key exhibitions like Minggu Usahawan Negara and Minggu PMKS 2023. "With Datuk Mohd Zamree, CGC President & Chief Executive's support, we received significant attention, resulting in record sales. In just four years, we have 103 wholesalers and 3,500 retail outlets nationwide."

CATALYSING GROWTH

Meeting demand requires constantly finding new customers, but also the right ones. "Our improved production capacity through substantial investments in new machinery boosted efficiency and reduced costs. We have also introduced new and innovative products to expand our range."

“ With Datuk Mohd Zamree, CGC President & Chief Executive's support, we received significant attention, resulting in record sales. In just four years, we have 103 wholesalers and 3,500 retail outlets nationwide. ”



(From left to right)
Ahmad Zawawi Mohd Amin, Amir Syarizal Amri, Shukri Senafi
Shairos Industries Sdn Bhd
(formerly known as Afiat Gold Sdn Bhd)
Selangor

“ Leveraging the Access New Markets initiative, we've introduced our beauty products on TikTok Shop to tap into current trends and potentially attract new customers. ”



>**Lim Boon Hian**
RV Avenue Sdn Bhd
Selangor

RV AVENUE SDN BHD

REMAINING RELEVANT

Lim Boon Hian acquired valuable insights from the CGC Developmental Programme, particularly through its Advisory Workshops. "Leveraging the Access New Markets initiative, we've introduced our beauty products on TikTok Shop to tap into current trends and potentially attract new customers."

CGC'S COMMITMENT

With a decade of banking experience, Lim joined his wife's RV Skincare business, showcasing 60% repeat customers. Positive feedback spurred further product refinement at the factory. Featuring natural ingredients pearl powder and ginseng, RV Ginseng Pearl Beauty Cream is their most popular product. Scaling up in 2018, they became a Sendirian Berhad and secured BizMula-i financing in 2019/2020 to upgrade ingredient procurement, including cocoa butter and natural oils.

CATALYSING GROWTH

Lim dealt with the challenges of 2023 through extensive promotions, tailoring offers each month. The focus is on skin types, not age groups, with rising interest from male customers. He anticipates growth, with TikTok Shop boosting sales.



HANA NUR LEGACY RESOURCES

REMAINING RELEVANT

After three years, Faridah Mohd Isa’s Salaam Cat Shop must contend with several new local competitors. As the north’s premium Masha Cat Food distributor, Salaam prioritises quality and service. It stands out with its Buy Muslim First (BMF) approach, alongside pet boarding and grooming services.

CGC’S COMMITMENT

With the 2022 slowdown, Faridah needed capital for procurement. Previously, she paid in two instalments for 2-3-ton bulk purchases of cat food, but now must pay upfront. “I needed capital to ensure supply to my agents, so when I discovered imSME on Facebook, I used the platform to apply for financing.” Although initially rejecting Faridah’s application, CGC’s Financial Advisory team assisted, leading to a BSN Micro/i-Kasih award in September 2023.

CATALYSING GROWTH

In 2024, her focus is on active agents, broader reach. Despite a social media deluge of low-quality, low-price products, she commits to educating new customers about quality, offering samples to ensure satisfied cats, pre-purchase.

“I needed capital to ensure supply to my agents, so when I discovered imSME on Facebook, I used the platform to apply for financing.”



> Faridah Mohd Isa
Hana Nur Legacy Resources
Perak

“Speaking as a customer since 2006, CGC offers very efficient and fast service.”

NIKMAT BEKAL SDN BHD

REMAINING RELEVANT

Mohamad Yusof’s business in 2023 was relatively unaffected by the pandemic. “Growth was good. I reinvested savings into each business.” All successful entrepreneurs, he believes, must at all times have, “integrity, trustworthiness and not compromise on staff welfare.”

CGC’S COMMITMENT

In business since 1994, Nikmat Bekal engages in wholesaling diesel and other petroleum products. Additionally, the company operates petrol stations and is involved in construction projects. A diverse portfolio spanning fuel distribution and construction, Mohamad’s businesses play a significant role in the local energy and infrastructure sectors. His relationship with CGC is long-standing, initially with Direct Access Guarantee Scheme (DAGS) and a top-up scheme in 2014, “Speaking as a customer since 2006, CGC offers very efficient and fast service.”

CATALYSING GROWTH

Mohamad believes diversification enhances a company’s competitive advantage. As a G7 contractor, the highest building construction and civil engineering construction grade in Malaysia, he already has a few projects lined up for 2024. He always ensures that the Nikmat Bekal companies “do not mix money. Each business must sustain itself.”



> Mohamad Yusof
Nikmat Bekal Sdn Bhd
Kelantan

WHO WE ARE

Established on July 5, 1972, Credit Guarantee Corporation Malaysia Berhad (CGC) creates a vital link between financial institutions and Micro, Small and Medium Enterprises (MSMEs), guaranteeing financing for unserved and underserved entrepreneurs.

Over 51 years, CGC has transformed from a traditional guarantor into a financially sustainable institution, 78.6% owned by Bank Negara Malaysia (BNM). Other collaborating stakeholders are Financial Institutions (FIs) and Development Financial Institutions (DFIs). Through circumspect alliances with various industry stakeholders, CGC has introduced initiatives like Portfolio Guarantee (PG) and Wholesale Guarantee (WG) schemes, and customised products to cater to and evolve with expanding MSMEs needs.

In meeting these requirements, CGC adopts a comprehensive strategy, prioritising MSMEs support. The required transformation addresses both internal and external factors to effectively satisfy evolving customer needs.

CGC's significant impact includes providing 532,302 guarantees and financing worth over RM95.4 billion, benefitting over 380,000 MSMEs. In 2018, CGC embarked upon digitalisation by establishing imSME, an innovative fintech platform connecting MSMEs with financing options from various sources. CGC is fully committed to reaching and supporting underserved MSMEs with its 16 branches strategically located nationwide.

FULFILLING OUR MANDATE



532,302

Number of Accounts



RM95.4 billion

Guarantee and Financing

380,000

MSMEs benefitted



16

branches nationwide



2018 **iMSME**

established imSME





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

ASPIRATION

Partner for MSME Growth across Life Stages

CORE VALUES



Teamwork



Hardworking



Integrity



Nurturing



Knowledgeable

WHAT WE OFFER

Staying true to its mandate to serve MSMEs, CGC extends financial assistance to them by providing guarantees through its Financial Institution and Development 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

➔ Products & Services

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 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 unserved and underserved 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**

> **Other Guarantee Schemes**

- BizMaju
- BizSME
- BizWanita-i
- BizBina-i
- BizMula-i
- BizJamin
- BizJamin-i
- BizJamin Bumi
- BizJamin Bumi-i
- BizJamin Non-Resident Controlled Companies
- BizJamin-i Non-Resident Controlled Companies
- Flexi Guarantee Scheme
(SME-All Economic Sectors)
- Flexi Guarantee Scheme-i
(SME-All Economic Sectors)

> **Government-backed Schemes**

- Franchise Financing Scheme
- Green Technology Financing Scheme 4.0
- Green Technology Financing Scheme-i 4.0
- BizJamin High Tech & Green Facility
- BizJamin-i High Tech & Green Facility
- BizJamin Low Carbon Transition Facility
- BizJamin-i Low Carbon Transition Facility
- BizJamin Business Recapitalisation Facility
- BizJamin-i Business Recapitalisation Facility
- BizJamin Disaster Relief Facility 2022
- BizJamin-i Disaster Relief Facility 2022
- BizJamin Targeted Relief and Recovery Facility
- BizJamin-i Targeted Relief and Recovery Facility

 **DIRECT FINANCING SCHEMES**

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

 **BEYOND GUARANTEE**

- > **imSME**
- > **CGC DEVELOPMENTAL PROGRAMME®**
 - Financial Advisory
 - Non-Financial Advisory
- > **MyKNP@CGC**

OUR PRESENCE

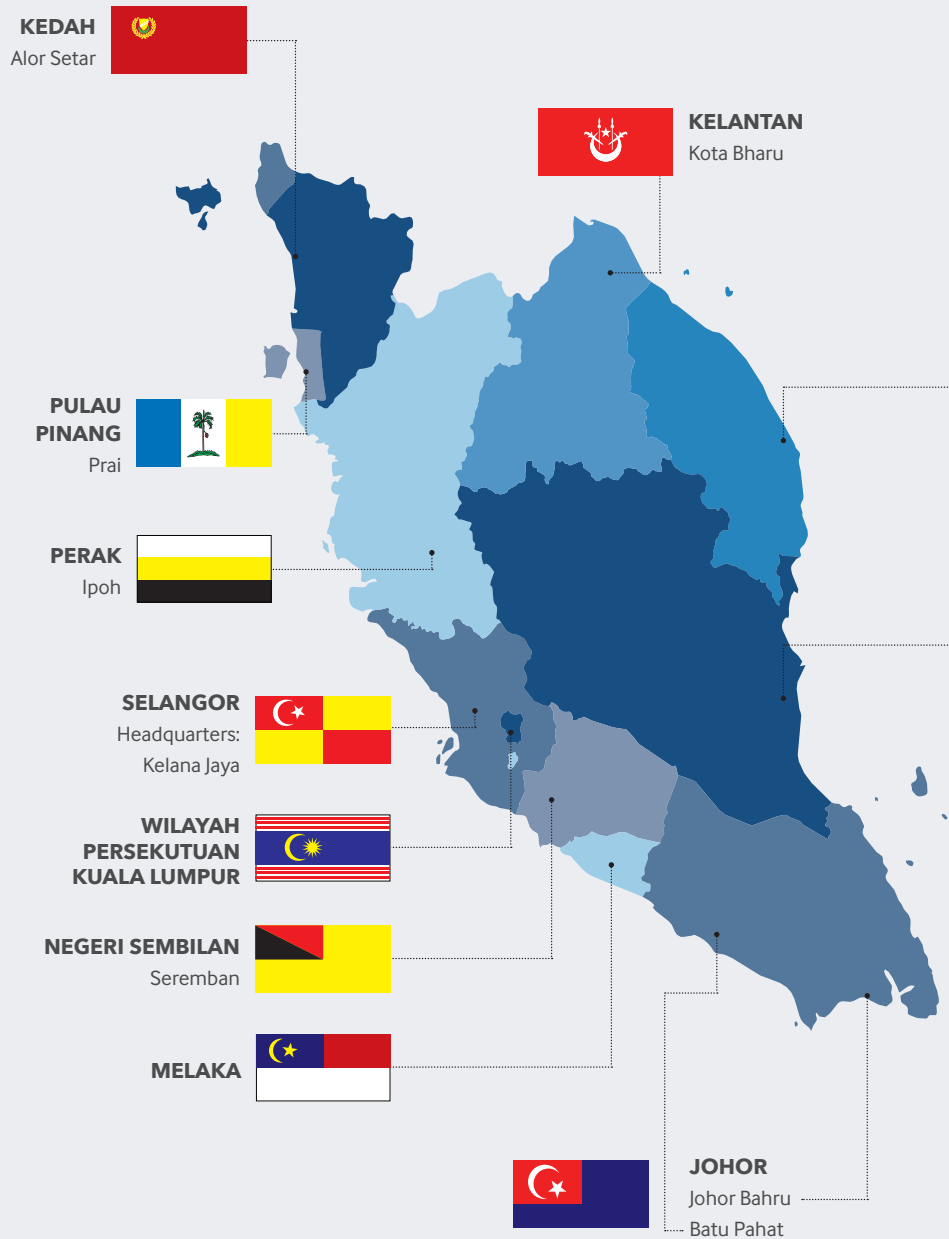
Our network spans 16 strategically located branches nationwide, meticulously positioned to ensure optimal coverage for our MSME customers. Committed to our financial inclusion agenda, CGC goes above and beyond physical boundaries to reach and support underserved MSMEs.

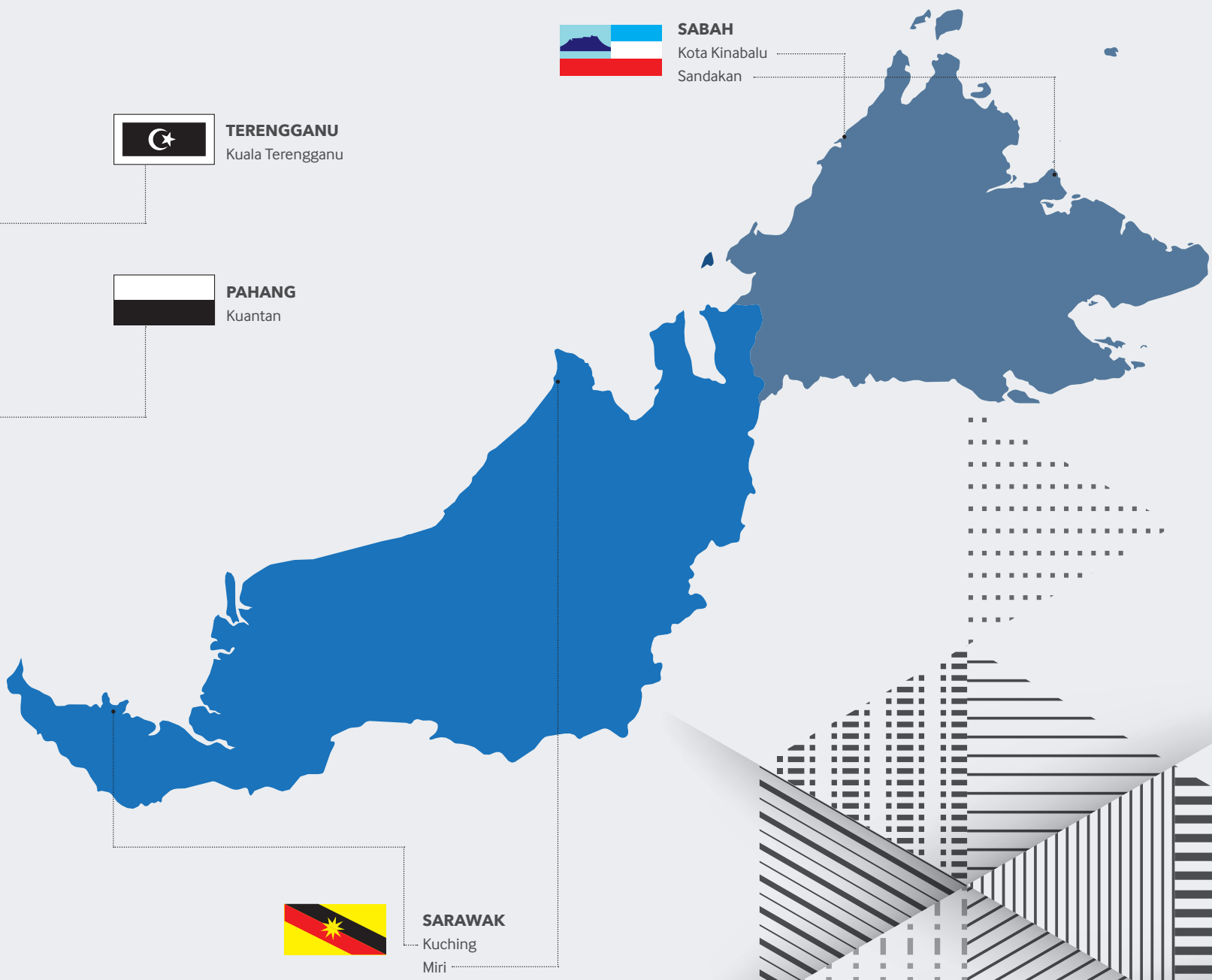


12 BRANCHES
PENINSULAR MALAYSIA



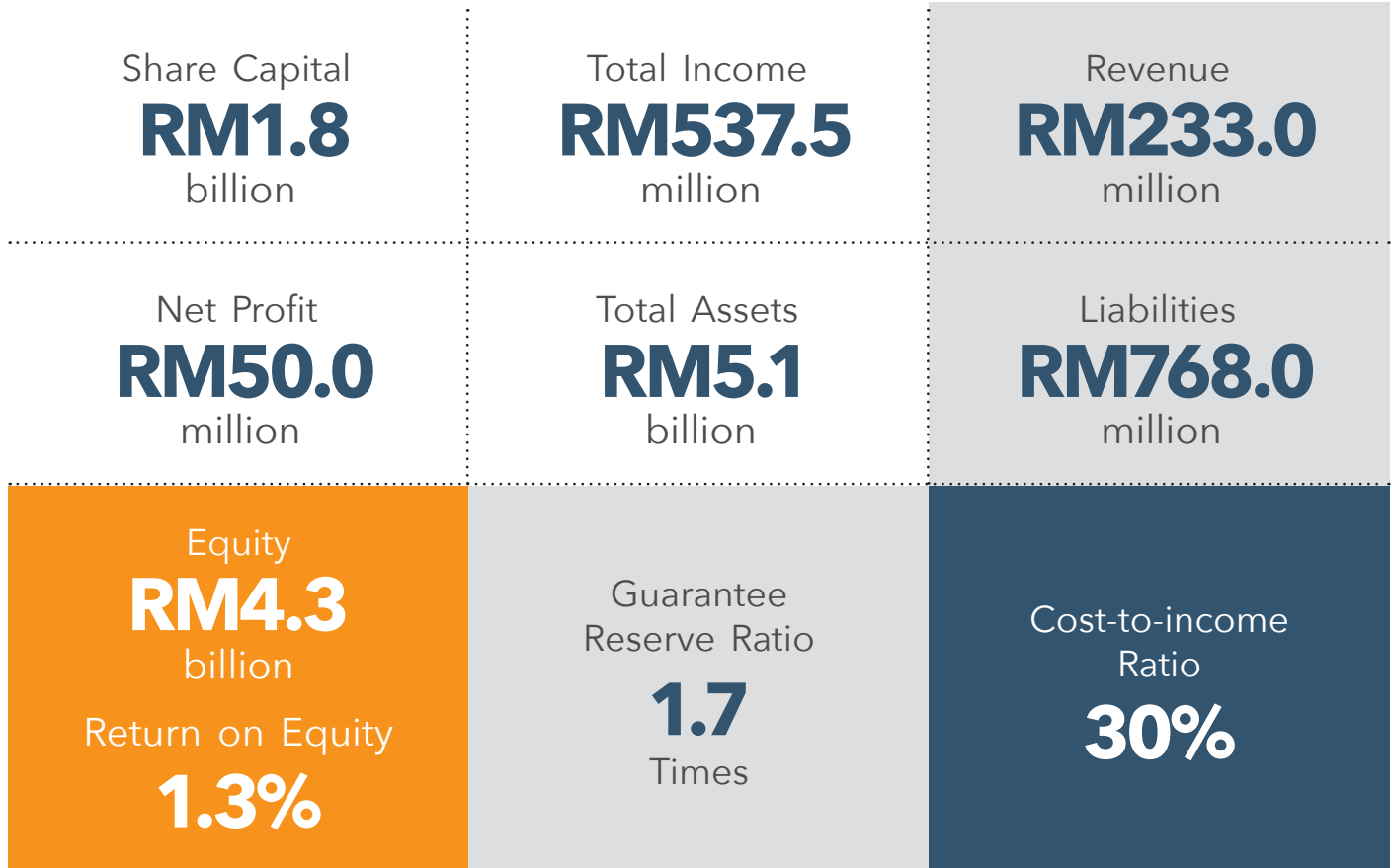
4 BRANCHES
SABAH & SARAWAK





2023 KEY HIGHLIGHTS

→ FINANCIAL



→ SUSTAINABILITY

We are committed to upholding good Economic, Environmental, Social and Governance (EESG) practices which include the promotion of sustainable products. We aim to create a sustainable future for all, through striking a strategic balance between remaining attentive to the implications of our actions on the communities we serve and to the needs of our different stakeholders. Our ultimate ambition is to embed sustainability across all our operations to drive change for a better world for the good of humanity. CGC Sustainability Framework was established in 2022 and in 2023 we have completed a number of initiatives that support our Economic, Environmental, Social and Governance Sustainability pillars.

PILLAR 1 

Sustainable Solutions

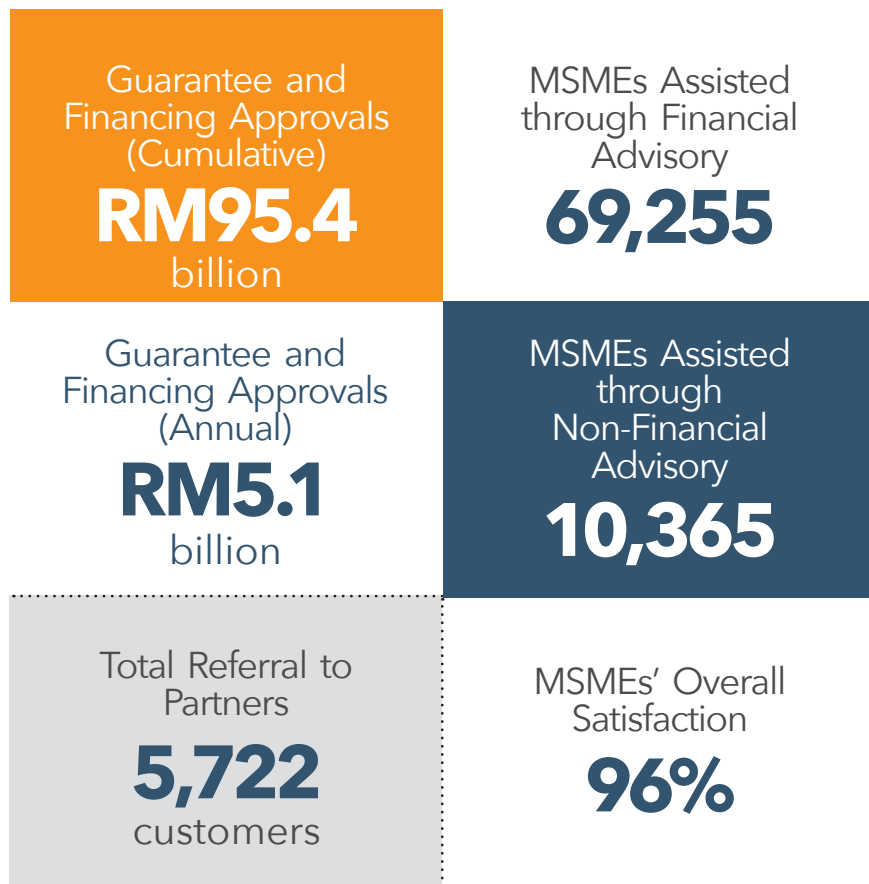
- **6,600** MSMEs assisted by CGC Developmental Programme®
- **12,372** imSME total visitors
- **RM36.9 million** imSME total approved financing

PILLAR 2 

Towards a Low-Carbon Economy

- Established CGC's **SCOPE 1** and **SCOPE 2** emissions
- **45%** of light fittings in CGC Headquarters were retrofitted to LED
- Launched **RM100 million PG ESG** schemes
- **Green Technology Financing Scheme (GTFS 4.0)** administrator

➔ BUSINESS



➔ AWARDS & RECOGNITIONS

Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) Development Awards 2023



- CGC Developmental Programme® appeared under the Financial Inclusion category

MARC Ratings



- MARC Ratings affirmed its AAA rating for CGC with a stable outlook

GRADUAN Brand Awards



- Top 50 under Malaysia's Most Preferred Employers

National Annual Corporate Report Awards (NACRA)



- CGC won Silver in the Excellence Awards Non-listed Organisation category

PILLAR 3



Fostering Meaningful Partnerships

- ➔ **30** aspiring young entrepreneurs trained under CGC100 Programme
- ➔ Incorporated **ESG module** in CGC100 Programme
- ➔ Initiated **ESG training** in CGC Developmental Programme®

PILLAR 4





























Embedding Sustainability into CGC

- ➔ Sustainability-related training for all staff
- ➔ Adopted Sustainability practices in **Procurement** Process

STRATEGIC PARTNERSHIPS

FINANCIAL INSTITUTIONS

NON-FINANCIAL INSTITUTIONS



TPUB-i Greenlane: Onboarded Contract Awarders

- Agensi Penguatkuasaan Maritim Malaysia
- Civil Aviation Authority of Malaysia
- Dewan Bandaraya Kuala Lumpur
- Indah Water Konsortium Sdn Bhd
- Jabatan Kerja Raya Perak
- Jabatan Pengairan dan Saliran
- Jabatan Pengairan dan Saliran Negeri Perak
- Jabatan Pengairan dan Saliran Negeri Pulau Pinang
- Kementerian Belia dan Sukan
- Kementerian Pembangunan Kerajaan Tempatan
- Kementerian Perdagangan Dalam Negeri dan Kos Sara Hidup
- Majlis Bandaraya Alor Setar
- Majlis Bandaraya Ipoh
- Majlis Bandaraya Johor Bahru
- Majlis Perbandaran Kluang
- Majlis Bandaraya Melaka Bersejarah
- Majlis Bandaraya Seberang Perai
- Majlis Bandaraya Shah Alam
- Majlis Perbandaran Sandakan
- Majlis Perbandaran Seberang Prai
- Malaysian Resources Corporation Berhad
- MRCB Builders Sdn Bhd
- Pengurusan Air Pahang Berhad
- Perbadanan Kemajuan Negeri Selangor
- Pertubuhan Keselamatan Sosial
- Radio Televisyen Malaysia
- Sabah Electricity Sdn Bhd
- SIRIM Berhad
- Suruhanjaya Syarikat Malaysia
- Syarikat Air Terengganu
- Syarikat Perumahan Negara Berhad
- Telekom Malaysia Berhad
- Tenaga Nasional Berhad
- TNB Research Sdn Bhd
- Universiti Teknologi MARA



MSME SUCCESS STORIES

REEYNA BEAUTY PARLOUR

REMAINING RELEVANT

In the beauty and wellness industry, trends constantly evolve, along with advances in skills, training, products, machines and treatments. Noorawierina Abdul Ghani stays updated through market studies, adjusting pricing competitively and customising promotions to customer clusters, sometimes segmented by profession.

CGC'S COMMITMENT

Noorawierina takes advantage of CGC's online programmes, when time permits. "The CGC Developmental Programme® seminars and workshops have provided valuable knowledge for me about business management." She especially appreciates the beneficial marketing insights that help her services reach a wider audience. BizMula-i financing in 2019 bolstered her working capital, elevating her business prospects. CGC's resources and financial support equip her with the confidence to navigate and thrive in this dynamic industry.

CATALYSING GROWTH

Other than capital, transforming markets and customer needs are consistently demanding responses, "In six years of business, I've continually upgraded my skills and stayed up-to-date with trends." Noorawierina prides herself on always raising her service quality, while expanding her customer base through marketing.

“The CGC Developmental Programme® seminars and workshops have provided valuable knowledge for me about business management.”



>Noorawierina Abdul Ghani
Reeyna Beauty Parlour
Sabah

“Thanks to CGC, I'm back on track. With BizMula-i's working capital in 2022 post-Movement Control Orders (MCO), I was able to revive and expand my business.”

SHIRAZ ENTERPRISE

REMAINING RELEVANT

"The pandemic was challenging for everyone," acknowledges Cyrus Anak Jelai. To progress, he intensified efforts in general services like wiring, supply, electrical installation and maintenance. Networking, forming alliances and expanding sales channels became key strategies for advancing amidst adversity.

CGC'S COMMITMENT

"Thanks to CGC, I'm back on track. With BizMula-i's working capital in 2022 post-Movement Control Orders (MCO), I was able to revive and expand my business." Now with 25 staff, along with expanded facilities with increased stock capacity, Cyrus diligently strives to increase his client roster. With new high-value clients scheduled for 2024, he hopes to become one of Sarawak's best Bumiputera wiring service providers, as well as a Sarawak Energy Berhad certified electrician provider.

CATALYSING GROWTH

"I'm lucky that I enjoy what I do," Cyrus admits. "That helps me spur my company forward." In late 2023, after five years in business, Shiraz Enterprise diversified into small-scale truck and machinery repair, aiming to expand this sector.



>Cyrus Anak Jelai
Shiraz Enterprise
Sarawak

HONG LIM TRANSPORTATION SDN BHD

REMAINING RELEVANT

In 2023, Voon Jan Lim’s transport company faced various challenges, including supply chain disruptions, regulatory changes and fuel price fluctuations. He overcame these challenges by focusing on “optimising our operations, enhancing efficiency and leveraging technology to streamline processes.”

CGC’S COMMITMENT

Voon initially followed up a relative’s recommendation. Now he has three facilities with CGC: BizBina-i, BizSME, and BizMaju. “CGC’s crucial role in assisting us with financing and advisory services provided us with the necessary capital and strategic insights to navigate the turbulent economic landscape.” The company, a specialist in various stages of palm oil product delivery throughout Sarawak, invested in fleet upgrading, implemented advanced logistics, and expanded their market reach with the aim of becoming East Malaysia’s preferred global player.

CATALYSING GROWTH

The catalyst that helped Voon’s business grow last year was the team’s proactive approach to adapting to market changes. “By embracing innovation, diversifying our services and forging strategic partnerships, we positioned ourselves to capitalise on emerging opportunities to stay ahead of the competition.”

“CGC’s crucial role in assisting us with financing and advisory services provided us with the necessary capital and strategic insights to navigate the turbulent economic landscape.”



> **Voon Jan Lim**
Hong Lim Transportation Sdn Bhd
Sarawak

“CGC’s BizWanita-i and BizBina-i financing, when I was still selling online, enabled continued growth despite my capital-intensive operations with four-month payment cycles.”



> **Leow Cheah Hooi**
TLE Trading Sdn Bhd
Sarawak

TLE TRADING SDN BHD

REMAINING RELEVANT

Even as the organic food industry grows exponentially, Leow Cheah Hooi feels that, “My products are challenged every year. If I don’t have new stock, my customers get bored.” Through analysis and customer feedback, all her outlets carefully cater to diverse demographic tastes.

CGC’S COMMITMENT

Ten years ago, Leow launched her online natural and organic food business, initially seeking extra income. She then became a wholesale supplier, filling the gap in East Malaysian supermarkets, catering to disparate clients. While MCO periods increased sales, post-lockdown cooking decline prompted her to seek financing to expand her business. “CGC’s BizWanita-i and BizBina-i financing, when I was still selling online, enabled continued growth despite my capital-intensive operations with four-month payment cycles.” Leow is taking proactive steps to improve her digital marketing and business skills through CGC Developmental Programme’s Advisory Workshops. Onboarding Grab and TikTok Shop via Access New Markets has expanded her company’s reach and kept them current with industry trends.

CATALYSING GROWTH

In the post-pandemic era, Leow worked hard to control her costs and manage her budget, stabilising sales. Despite revenues being unaffected, she had to counter slower business by opening new outlets, although costs increased as a result of her expansion efforts.

KEY MILESTONES 2023

→ FEBRUARY

- Celebrated imSME's 5th Anniversary
- CGC Developmental Programme® launched its first Networking Session

→ MARCH

- Graduated 20 participants under CGC100 Fast Track Programme and launched Comprehensive Track Programme
- Signed Portfolio Guarantee Strategic Partnership for RM400 million with AmBank (M) Berhad

→ JUNE

- Signed RM1 billion Portfolio Guarantee MOU with Alliance Bank Malaysia Berhad
- Held 50th Annual General Meeting

→ JULY

- Hosted the 28th FI/DFI & SME Awards 2022, graced by Yang Berhormat Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz, Minister of Investment, Trade and Industry (MITI)
- Participated in 31st Asian Credit Supplementation Institution Confederation (ACSIC) Training Programme at Ayana Midplaza, Jakarta, Indonesia

→ SEPTEMBER

- Relocation of CGC Kuala Terengganu branch
- Signed MOU with Tune Protect Group to provide innovative digital insurance solutions for MSMEs
- CGC Developmental Programme® launched Intermediate Advisory Workshops in collaboration with Sunway University Business School
- Bestowed CGC-MyPAC Scholarship Award 2023 on six deserving scholars

→ NOVEMBER

- Signed first Digital RM100 million Portfolio Guarantee with OCBC Bank (Malaysia) Berhad
- Won Silver for Excellence Awards: Non-listed Organisations category at the National Annual Corporate Report Awards (NACRA) 2023

→ APRIL

- Inked RM10 million SME Portfolio Guarantee with Funding Societies

→ MAY

- Won Financial Inclusion: Outstanding Development Project Awards for CGC Developmental Programme® from Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)
- Co-sponsored Golden Eagle Award 2023 by Nanyang Siang Pau, CGC participating for the sixth consecutive year

→ AUGUST

- CGC Digital signed MOU with Funding Societies
- Inked Strategic Partnership of RM500 million Portfolio Guarantee with Maybank
- Participated in 35th Asian Credit Supplementation Institution Confederation (ACSIC) Conference, hosted by the Credit Guarantee Fund of Mongolia (CGFM)

→ OCTOBER

- Collaborated with 18 participating banks to offer RM1 billion Portfolio Guarantee scheme on ESG Financing to Malaysian SMEs, supporting the Joint Climate Change Committee
- Signed MOU with Sunway University to provide capability- and capacity-building for Micro, Small and Medium-Sized Enterprises (MSMEs)
- Appointed Kellee Kam Chee Khiong as an Independent Non-Executive Director of CGC

→ DECEMBER

- Malaysian Rating Corporation Berhad (MARC) affirms AAA ratings for CGC with stable outlook

CORPORATE EVENTS

JAN

17 January 2023



Role of Credit Guarantee Schemes in SMEs' Development in Cambodia and ASEAN

CGC attended Credit Guarantee Corporation Cambodia's annual 2023 seminar, themed Role of Credit Guarantee Schemes in SMEs' Development in Cambodia and ASEAN. Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, delivered his presentation, 'The Experience of Credit Guarantee Schemes in Malaysia Supporting SMEs' Development.'

APR

13 April 2023



MOU Signing Ceremony with Funding Societies

CGC signed its first MOU with Funding Societies, enabling the first tranche of financing up to RM10 million under the SME Portfolio Guarantee Scheme.

MAY

11 May 2023



Riang Ria Aidilfitri Bersama CGC

CGC hosted a Riang Ria Aidilfitri event for nearly 1,000 guests from Financial Institutions and Development Financial Institutions, alongside strategic business partners.

MAR

15 March 2023



MOU Signing Ceremony with AmBank (M) Berhad

CGC signed an MOU with AmBank (M) Bhd entailing additional financing of RM400 million under the SME Portfolio Guarantee Scheme, enhancing growth opportunities for AmBank's Retail SME customers.

16 May 2023



Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) Awards

CGC received the Outstanding Development Project Award at the ADFIAP Awards 2023 for its CGC Developmental Programme®.

JUN

1 June 2023



MOU Signing Ceremony with Alliance Bank Malaysia

➔ CGC signed an MOU with Alliance Bank Malaysia Berhad to extend their partnership on Portfolio Guarantee (PG) Schemes, aiming to introduce a series of new PG schemes, totalling RM1 billion in financing.

20 June 2023



CGC 50th Annual General Meeting

➔ CGC convened its 50th Annual General Meeting, attended by CGC shareholders and Board of Directors.

27 June 2023



First Financial Inclusion meeting with FIs and DFIs

➔ The first 2023 CGC Financial Inclusion meeting was held to promote better synergy and knowledge of CGC's products and system enablers to assist more MSMEs. The discussions revolved around YTD guarantee performance, sustainability, beyond guarantee initiatives, new iGuarantee portal and bank campaigns with senior management of FIs and DFIs.



➔ CGC expressed its gratitude to two retiring Board Members, Teoh Kok Lin (fourth from left) and Suresh Menon (fourth from right), for their dedicated service as Independent Non-Executive Directors.

JUL

7 July 2023



CGC 28th FI/DFI & SME AWARDS 2022

➔ CGC presented awards in 13 categories, including seven for leading FIs and DFIs, one for a non-FI partner, and five for SMEs, honouring a total of 27 award recipients.

16 - 21 July 2023



31st Asian Credit Supplementation Institution Confederation (ACSIC) Training Programme

➔ CGC presented 'Creating Value through Sustainability', highlighting various initiatives to assist Malaysian MSMEs to grow and sustain their businesses.

CORPORATE EVENTS

AUG

2 August 2023



MOU Signing Ceremony with Funding Societies

CGC Digital signed an MOU with Funding Societies, enabling development of a new digital credit guarantee product for financing up to RM4 million as a start, initially benefiting 100 creditworthy micro and small enterprises.

4 August 2023



MOU Signing Ceremony with Maybank

CGC signed an MOU with Maybank for a RM500 million PG, marking the launch of a first-of-its-kind direct application programming interface platform for SME Digital Financing.

6 August 2023



Harmonising a World of Three Zeros by Professor Muhammad Yunus

CGC sponsored Harmonising a World of Three Zeros (Zero Global Warming, Zero Wealth Concentration and Zero Unemployment), presented by Professor Muhammad Yunus, organised by Sunway University.

7 - 11 August 2023



35th ACSIC Conference, Ulaanbaatar, Mongolia

CGC participated in the 35th ACSIC Conference, where as a panellist Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, discussed about 'Balancing Act: Money, Infrastructure, and Solutions'.

SEP

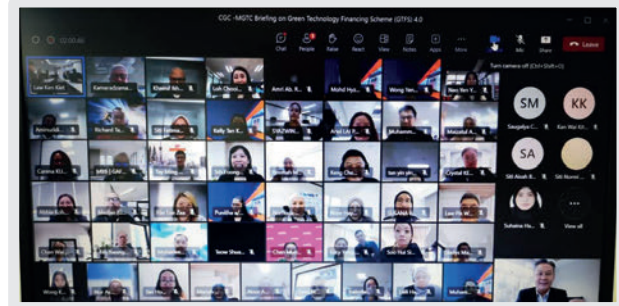
5 September 2023



Relocation of CGC Kuala Terengganu Branch

CGC relocated from Jalan Batas Baru to Perkedaian Ladang Tok Pelam.

7 September 2023



Green Technology Financing Scheme (GTFS 4.0) Briefing with Participating Financial Institutions (PFIs)

As the Ministry of Finance's GTFS 4.0 administrator, CGC briefed PFIs on financing features, processes and requirements, benefiting green technology producers and users.

SEP

14 September 2023



MOU Signing Ceremony with Tune Protect Group

➔ CGC signed an MOU with Tune Protect Group, safeguarding MSMEs' businesses and employees with innovative digital insurance solutions.

20 September 2023



CGC-MyPAC Scholarship Award Ceremony

➔ CGC, in collaboration with Malaysia Professional Accountancy Centre (MyPAC), bestowed the CGC-MyPAC Scholarship Award 2023 on six deserving scholars.

NOV

6 November 2023



MOU Signing Ceremony with OCBC Bank Malaysia

➔ CGC signed its first Digital PG with OCBC Bank (Malaysia) Berhad to provide up to RM100 million in PG, available in both conventional and Islamic banking tranches. With this, OCBC Bank surpassed the RM1 billion mark in PG schemes with CGC.

8 November 2023



Second Financial Inclusion Meeting with FIs and DFIs

➔ The second 2023 CGC Financial Inclusion meeting update on YTD Guarantee Performance, BizJamin 2.0, CGC Developmental Programme®, and Digital Initiatives with senior management of FIs and DFIs.



CHAIRMAN'S STATEMENT

DATO' MOHAMMED HUSSEIN
Chairman



DEAR SHAREHOLDERS,

During the Covid-19 pandemic and the immediate post-pandemic stage, we committed ourselves to three courses of action:

- 1 Performing our countercyclical role to assist MSMEs to cope with the economic lockdown caused by the pandemic.
- 2 Enhancing CGC's internal readiness to ensure congruence between CGC's organisational readiness and MSMEs' changing demands caused by new and different operating conditions.
- 3 Targeting growth areas like the sharing/gig economy, ESG-linked guarantees and the agro-industry that received increased Budget 2024 allocation, as well as Partner Financial Institutions (PFIs) offering microfinancing for unserved and underserved sectors.

In pursuing these three objectives, CGC is and will always be conscious of the imperative in maintaining our financial sustainability to further carry out our mandate.

FULFILLING OUR MANDATE

Based on Bank Negara Malaysia's (BNM) Annual Report 2023, Malaysia's economy is anticipated to deliver 4% - 5% GDP growth in 2024, higher than 3.7% in 2023. Notwithstanding this growth forecast, MSMEs still need to overcome several challenges if they are to take advantage of the growth scenario.

Whilst the pandemic officially ended in 2022, it has turned out to be overly optimistic for us to assume that, after two years of enduring economic lockdown and depleting cash reserves, the process of resuming operations will be seamless. The pandemic changed the game, forcing businesses to confront their vulnerabilities as well as build on their strengths. Many MSMEs continue to face problems rehabilitating their business and achieving pre-pandemic business levels.

The Financial Institutions (FIs) and Development Financial Institutions (DFIs) have been most helpful in granting loan moratoriums and rescheduling loan commitments, as well as providing 'breather loans' from special funding schemes from the government and BNM.

“ DURING THE PANDEMIC, THE MALAYSIAN GOVERNMENT ENSURED ESSENTIAL FINANCIAL LIQUIDITY FOR BUSINESSES TO WEATHER THE STORM, SURVIVE AND INVENT. ”

Many MSMEs managed to tap these funds and, though with difficulty, succeeded in resuming and rehabilitating their businesses. Unfortunately, many could not cope with both the financial and operational impacts and had to cease operations. That is the reality of any economic slowdown. Some businesses are more resilient than others.

Whilst having to manage the change, CGC must also manage the constant - i.e. our mandate to support these MSMEs, especially the unserved and the underserved.

In ensuring smoother access to a crucial lifeline to the MSMEs, the guarantee approval process was streamlined. Our Rescheduling & Restructuring (R&R) assistance provided a pragmatic response to the evolving needs of businesses requiring flexible, customised interventions. Furthermore, our CGC Developmental Programme® represents a forward-looking approach to laying the groundwork for future MSMEs growth.

During the pandemic, the Malaysian Government ensured essential financial liquidity for businesses to weather the storm, survive and invent. Looking ahead, the MSME ecosystem demands a broader technical support framework for businesses experiencing transformative shifts. Businesses require not only financial assistance, but also technical assistance and enhanced business planning. We can learn from countries like South Korea, who went through the same economic pains during the pandemic, where robust technical assistance facilitated successful integration of new technologies, demonstrating the crucial role of collaborative ecosystems in fostering resilience and commercial viability.

CHAIRMAN'S STATEMENT

PERFORMING OUR COUNTERCYCLICAL ROLE

Performing our countercyclical role comes with a price. In 2023, we experienced a higher claims ratio, which was not unexpected. It attested to CGC's efforts to provide support and relief to MSMEs who were struggling to survive and rehabilitate their businesses.

Government-backed schemes aimed at supporting pandemic-affected MSMEs drove substantial guarantee approval values in 2020 and 2021. The year 2022 witnessed a modest decline as these schemes - Targeted Relief & Recovery (TRRF), Business Recapitalisation Facility (BRF) and Disaster Relief Facility (DRF) - concluded. However, 2023 guarantee approvals surpassed the pre-pandemic average, illustrating the Government's commitment to empower and support MSMEs in the country.

The Government also pledged to empower MSMEs by amplifying business capacity and enhancing participation in both domestic and global supply chains. This includes ESG compliance to ensure MSMEs actively participate in a sustainable global supply chain. CGC fortifies its commitment to sustainability by incorporating ESG criteria into loan/financing evaluations.



Dato' Mohammed Hussein at the CGC Kota Bharu branch relocation event

To encourage MSMEs to embrace sustainability, CGC Malaysia with partner FIs agreed to provide RM1 billion for Portfolio Guarantee (PG) ESG schemes, in addition to the Low Carbon Transition Facility (LCTF) and Green Technology Financing Scheme (GTFS) that are still available. The CGC Developmental Programme® also now includes sustainability workshops to augment overall developmental assistance, while sustainability is also integrated into the CGC100 Youth Entrepreneurship Programme module.

In 2024, the Climate Change and Principle-based Taxonomy (CCPT) will be integral to assessing PG ESG, ensuring that only MSMEs meeting specific ESG standards qualify for these guarantees.

GETTING OUR ACT TOGETHER

Our internal organisational readiness must be congruent with evolving customer needs. This requires a parallel transformation within CGC. In 2023 we focused on ensuring our readiness through reskilling and upskilling initiatives. Throughout 2024, we will focus on advancing staff development and optimisation by nurturing talented employees' potential and activities to cultivate a growth mentality.

Leveraging the capabilities of our learning management system, we proactively championed digital learning, guaranteeing a cutting-edge, inclusive training environment. Our strategic endeavours were specifically intended to harmonise with the goals

“PERFORMING OUR COUNTERCYCLICAL ROLE COMES WITH A PRICE. IN 2023, WE EXPERIENCED A HIGHER CLAIMS RATIO, WHICH WAS NOT UNEXPECTED.”

of our FY2023 Business Plan, particularly ensuring employees acquire knowledge and skills, then seamlessly integrate them into our organisation’s day-to-day functions.

CATALYST FOR RECOVERY

In fostering resilience, we need a culture of continuous risk management, entailing vigilance. This includes managing the rising trend in non-performing loans and coping with the imminent danger of cyberattacks.

As a catalyst for recovery and growth, we set up CGC Digital Sdn Bhd in mid-2022. This not only enhances our internal capabilities, but also catalyses the digital economy - an important area of growth post-pandemic. Khazanah Nasional Bhd and CGC Digital’s strategic investment in Funding Societies represents a bold commitment to expanding financial inclusivity for Malaysian MSMEs.

In 2024, CGC will embark on further strategic alliances with partners to ensure alignment with the National Budget 2024 as well as the New Industrial Master Plan (NIMP) 2030. MSMEs and businesses navigating the ecosystem require a comprehensive approach to 2024’s likely challenges.

“ IN FOSTERING RESILIENCE, WE NEED A CULTURE OF CONTINUOUS RISK MANAGEMENT, ENTAILING VIGILANCE. ”

Resilience, essential for survival, extends beyond financial and governmental responsibility to individual companies. Competency in business operations is fundamental, as some struggle due to over-reliance on special privileges. Resilience can only be built by enhancing business competency.

ACKNOWLEDGEMENTS

On behalf of the Board and management, we extend our heartfelt gratitude to the Ministry of Finance and Bank Negara Malaysia for their steadfast support for CGC. Our 2023 achievements are testament to the close collaboration with stakeholders and strategic partners within the MSME ecosystem. On behalf of the Board, I also thank Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer of CGC, and his management team for their resolute and united efforts in these testing times.

I would like to take this opportunity also to acknowledge the valued contributions of three Independent Non-Executive Directors who concluded their 9-year terms on the Board in 2023, i.e. Dato’ Ong Eng Bin, whose extensive corporate banking experience significantly contributed to CGC, along with his commitment to serving on various committees; Teoh Kok Lin, the dedicated Chairman of the Board Investment Committee (BIC), and his unwavering commitment to fulfilling our mandate, and Suresh Menon, whose wealth of experience enriched CGC in realising our mission.

I would like to welcome Kellee Kam Chee Khiong, who joined our Board as Independent Non-Executive Director on 16 October 2023. We look forward to tapping his valuable experience.

My sincere appreciation extends to all Board members, Management and CGC employees for their unwavering resolve. Looking ahead, I am confident that our determination to attain strategic objectives and deliver value to all our stakeholders and MSME customers will continue to steer us towards successfully Fulfilling Our Mandate.

Dato’ Mohammed Hussein
Chairman



With Finance Minister II, Datuk Seri Amir Hamzah Azizan, on a working visit



“OUR AVERAGE GUARANTEE ISSUED TRIPLED FROM RM1.8 BILLION TO RM5.2 BILLION. THIS TREND CONTINUED IN 2023, WHEN THE TOTAL APPROVALS FOR GUARANTEE AND FINANCING SCHEMES REACHED RM5.1 BILLION, EXCEEDING OUR TARGET BY 125% AS WE CONTINUED WITH OUR COUNTERCYCLICAL ROLE.”

**DATUK MOHD ZAMREE
MOHD ISHAK**
President &
Chief Executive Officer

**PRESIDENT &
CHIEF EXECUTIVE
OFFICER'S
OVERVIEW**



DEAR SHAREHOLDERS,

In CGC’s 2022 Annual Report, I reaffirmed the Corporation’s commitment to continuing to deliver our mandate by providing both financial and non-financial assistance to the unserved and underserved Malaysian MSMEs as we continue to play a pivotal role in Malaysia’s economic growth and development, job creation and poverty reduction.

In this 2023 Annual Report, I wish to highlight that we continued to fulfil this important mandate both in good times as well as in challenging times. We ensured that MSMEs had access to financial assistance during the most challenging time in recent history and this was shown when our average guarantee issued tripled from RM1.8 billion to RM5.2 billion. This trend continued in 2023, when the total approvals for guarantee and financing schemes reached RM5.1 billion, exceeding our target by 125% as we continued with our countercyclical role.

CGC is dedicated to empowering MSMEs, in recognition of their vital role in the Malaysian economic landscape. In July last year, the Malaysian Department of Statistics (DOSM) reported that MSMEs comprised 97.4% of registered businesses, employed 48.2% of the workforce, and contributed 38.4% to GDP. Therefore, success of our Malaysian MSMEs is essential for our nation’s prosperity and ensuing economic growth.

In this annual report, we feature several MSME stories. I personally had the opportunity to meet Zainab Asrie, founder of Benoni Textile Enterprise in Papar, Sabah who, against all odds,

ensured her business thrived during the pandemic. To meet market needs, she pivoted immediately from selling carpets and textiles to selling essential goods online. Upon receiving cash-on-delivery orders online, she and her team delivered to her clients, with relevant authorities providing approval during the Movement Control Order (MCO) periods. She was also grateful

that CGC granted a 6-month moratorium on her 2019 BizWanita-i financing for her Sahabat 1 Enterprise mini market in Kinarut.

Zainab’s story is an inspiring one. Of someone who started a business during the pandemic, pivoting to selling essential goods online, obtained clearance to deliver goods during MCO and was provided with a 6-month moratorium to navigate the pandemic. When I met her recently, she told me that her business was more resilient than before. With her second financing, CGC BizMula-i (start-up direct financing) approved in September 2022, she bought more fabric and sewing machines for her small factory that produces bedsheets and blankets, adding volume to her diverse products, for retail and wholesale customers. For us in CGC, Zainab epitomises a forward-thinking, adaptable and resilient MSME owner, and we are honoured to be a part of her business journey.



Meeting Benoni Textile Enterprise founder in Papar, Sabah

PRESIDENT & CHIEF EXECUTIVE OFFICER'S OVERVIEW

PERFORMANCE 2023

Q1 Reflecting on the year, what were the Corporation's most noteworthy achievements?

My colleagues and I take pride in assisting unserved and underserved MSMEs and, in 2023, we provided financial assistance to over 10,000 MSMEs, and non-financial assistance to over 8,800 MSMEs.

With 2023 marking the third year of the 5-Year Strategic Plan 2021-2025 (5SP+) for its four Headline Targets, CGC recorded a 90% achievement in Guarantee & Financing Base of the set target of RM24.7 billion. Guarantee Reserve Ratio recorded a 100% achievement in meeting its 2023 target. The Cost-to-income Ratio recorded an achievement of 123% against its yearly target.

A review of the 5SP+ was conducted in mid-2023, focusing on four key areas. These are: Business, House of CGC, Strategic Initiatives, and Headline Targets, with special attention to Group Operating Model and introduction of

Strategic Enablers. Following the comprehensive 5SP Mid-Term Review, efforts will be focused on fulfilling the remainder of the plan and enhancing our business trajectory. CGC is set to transition gradually toward a digital operating model, with CGC Digital spearheading the broader digital transformation within CGC.

In swiftly adapting to market dynamics in 2023, the House of CGC and strategic objectives were refined to emphasise collaboration and to leverage partners' platforms for assisting MSMEs. The addition of S.O. 4, focusing on sustainability, and revisions to Headline Targets, incorporating ESG-linked guarantees and segmenting customers for targeted developmental support and financial assistance, reinforce our commitment to a holistic approach. Strategic Initiatives have been honed down to eight, complemented by eight Strategic Enablers, streamlining focus for the successful realisation of our 5SP+, while reaffirming our dedication to innovation, collaboration, sustainability, and digital transformation.

In order to achieve the RM1 billion ESG-linked guarantee target by 2025, RM100 million PG ESG was launched in 2023 on top of the commitment to support the Green Technology Financing Scheme (GTFS 4.0) and the Low Carbon Transition Facility (LCTF). Over 43,600 MSMEs have been assisted via targeted developmental support, besides 65,218 MSMEs via financial assistance mentioned earlier. Key Strategic Enablers have been developed to support the implementation of 5SP, including Strategic Workforce Planning, Guarantee Management System and Enterprise Data Warehouse.

Q2 How have CGC's key countercyclical measures played a role in contributing to economic development during economic setbacks?

In his statement, CGC Chairman Dato' Mohammed Hussein spoke about our countercyclical role, the not unexpected outcome, and reaffirmed our unwavering support for MSMEs in need of assistance. We do so by facilitating MSME financing through our credit guarantee mechanism, aiding businesses in both good as well as challenging economic times. MSMEs resilience is gauged by CGC's claim payments to financial institutions in MSMEs default scenarios.

From 2015 to 2023, the claim payment ratio (claim payment as a percentage of guarantee fee earned) averaged 69%. Post-Covid, MSMEs face ongoing recovery challenges, reflected in increased claim payments. In 2023, CGC's claim payment ratio surged to 98%, surpassing the 9-year average.

Our core belief centres on playing a countercyclical role, providing vital support to MSMEs in accessing financing during challenging periods. This, in turn, contributes significantly to the nation's economic development.



International engagement with Korea Credit Guarantee Fund during the 35th ACSIC Conference in Ulaanbaatar, Mongolia (7 August 2023)

FULFILLING OUR MANDATE

Q3 What specific strategies or plans were executed in 2023 to broaden market reach or to access new segments?

In 2023, we led with an expansion strategy, to elevate our market reach and tap into new segments through our strategic initiatives and collaborations. This resulted in our total approvals for the guarantee and financing scheme exceeding our target by 125%.

Firstly, we fortified our presence in the PG digital domain by introducing the RM600 million PG SME Online with several Participating Financial Institutions (PFIs). Secondly, we initiated PG totalling RM10 million with peer-to-peer (P2P) players. Thirdly, we intensified our CGC Developmental Programme®, covering both financial and non-financial advisory services, to include networking sessions, which strategically connected MSMEs with industry players within the MSME ecosystem. The programme enabled over 2,000 businesses to secure financing successfully. Finally, CGC Digital's Feasibility Project was specifically designed to support unserved and underserved MSMEs, catering to the needs of digital native partners.

These strategic moves underscore our dedication to innovation, collaboration, and a comprehensive approach to market expansion.

Q4 What key risks and challenges did CGC encounter in executing planned initiatives in 2023?

In compounding the prevailing uncertainty in both global and domestic economic conditions, geopolitical events such as international conflicts continue to impact global supply chains. These events lead to disruptions of essential resources for MSMEs.

Key challenges posed a formidable hurdle, impacting asset quality and leading to the tightening of credit for specific segments. Furthermore, we encountered challenges related to concerns in entering higher-risk MSME segments, such as the gig/sharing economy and food security. Consequent to our countercyclical roles, CGC experienced higher Expected Credit Loss in 2023 because of deteriorating asset quality. This was evident through higher Claim Ratio in 2023 of 98.1%, as compared to 66.9% in 2022. Notwithstanding this, our capital base remains strong with Guarantee Reserve Ratio of 1.7x and Capital Adequacy Ratio of 39.6% in 2023, supporting CGC in withstanding potential business and operational losses, as well as pay claims on our guarantees. Further, the Claim Ratio showed a downward trend in Q1 2024.

In relation to the above trend, CGC continually enhances its Enterprise Risk Management (ERM) Framework to further fortify both its risk management capabilities and its governance structure. We enhanced our business continuity plan enabling continuous provision of critical business functions, while protecting staff and customer health and well-being.

As we continue with our digital transformation journey, we remain vigilant against cybersecurity risks emerging from teleworking arrangements due to greater reliance on digital platforms, and risk of data and information leakage from conducting operations in home-based environments. We continuously reassess our cybersecurity risk profiles and IT strategies to manage digital risk, while key risks are closely monitored. In addition, we keep abreast of regulatory and legal requirements to comply with all applicable laws, regulations and guidelines issued by regulators.

Q5 What specific mitigation strategies did CGC employ to address these obstacles and ensure successful implementation?

We collaborate closely with our strategic partners, working together to proactively manage asset quality amid economic uncertainty. Acknowledging the necessity for strategic growth, we worked on new partnerships and collaborations within the MSME ecosystem. This approach aims to enhance our outreach and enter into the higher-risk MSME segments. On the ground, our 16 branches nationwide have been instrumental in assisting MSMEs at every business stage, such as referring them to our partner financial institutions and/or partner developmental financial institutions through CGC Branch Referral Programme. Further, we augmented our branch role by offering enhanced financial advisory and personalised consultation services to MSMEs. This not only supported MSMEs

“ WE ENHANCED OUR BUSINESS CONTINUITY PLAN ENABLING CONTINUOUS PROVISION OF CRITICAL BUSINESS FUNCTIONS, WHILE PROTECTING STAFF AND CUSTOMER HEALTH AND WELL-BEING. ”

PRESIDENT & CHIEF EXECUTIVE OFFICER'S OVERVIEW

in their rehabilitation efforts, but also strengthened our commitment to providing comprehensive, tailored solutions. To address the market gap for underserved contractors, our branches intensified their efforts to promote Tabung Projek Usahawan Bumiputera-i (TPUB-i), which resulted in total financing approval of over RM110 million for projects awarded by the government, GLCs and reputable PLCs.

EXPANDING POTENTIAL

Q6 Detailing 2023 initiatives, how did CGC strategically strengthen its internal capacity to ensure operational readiness and adaptability?

Our strategic focus to enhance our internal capacity was to meticulously focus on People, Process (inclusive of risk management), Data and Technology to guide our approach. We heightened internal capability through targeted employee training in critical areas such as cybersecurity, digitalisation, sustainability, credit family, and leadership.

In 2023, we focused on continuous learning through cross-training, job rotation, and microlearning to advance adaptable skill sets, along with mobility and nurturing potential talent to create pathways for leadership roles. Reflecting the positive work environment and organisational stability, the attrition rate has reduced significantly from the previous year. Furthermore, recognition from Graduan Brand Awards as one of the top 50 in Malaysia's Most Preferred Employer 2023 highlights our commitment to fostering a workplace that attracts and retains top talent.

For Process, Data and Technology, we successfully implemented Enterprise Data Warehouse (EDW) infrastructure enabling us to create value from centralised data management. Our Portfolio Guarantee Application

Programming Interface (API) was successfully deployed with several partner banks throughout 2023 to enhance operational efficiency. This has resulted in a swifter and a more streamlined guarantee and financing approval process.

As the cybersecurity threat landscape evolves, CGC builds resilience by continually reviewing and improving our cybersecurity posture and practices. We work with reputable cybersecurity service providers to monitor our environment, while adopting Bank Negara Malaysia's Risk Management in Technology (RMiT) Guidelines to minimise the risk of cyberattack. CGC is also improving our capability to prevent and to recover quickly in the unfortunate event of a cyberattack.

Q7 Which significant partnerships or collaborations in 2023 would you highlight, in terms of their contribution to the Corporation's objectives?

During CGC Digital's foundational stage, we engaged extensively with key stakeholders in the digital ecosystem to identify areas for collaboration to advance our commitment to the financial

inclusion mandate. As a start-up, CGC Digital has progressed well and, on 3 January 2024, CGC Digital jointly with Khazanah Nasional Berhad announced a strategic investment in Funding Societies to broaden access to financing for MSMEs. Funding Societies is Southeast Asia's largest unified MSME digital finance platform, which has disbursed over RM16 billion to over 100,000 MSMEs across Malaysia, Indonesia, Singapore, Thailand and Vietnam. Given the future potential of this collaboration, I am excited about this strategic investment, a launch pad to assist thin-file MSMEs with access to financing.

Another significant collaboration that I wish to share is the partnership on ESG Jumpstart for MSMEs, which was announced during the Joint Committee on Climate Change (JC3) Journey to Zero Conference, to accelerate both climate action and the shift of MSMEs to low-carbon practices. There are two initiatives in this collaboration, which is coordinated by the SME Focus Group under the JC3, namely the Environment Social and Governance (ESG) Jumpstart Portal and RM1 billion CGC Portfolio Guarantee Scheme ESG financing for MSMEs.



ESG Jumpstart for SMEs

REMAINING RELEVANT

Q8 As forecasts indicate another challenging year for the economy in 2024, what strategies can CGC and the MSMEs it supports employ to remain relevant?

In 2024, we all will continue to face challenges amid global uncertainties. Thus, it is important that we continue to embrace digital transformation, use technology and big data, and adopt generative Artificial Intelligence (AI) to execute strategies to better serve the market’s needs and requirements. The winners will be those who execute and implement their strategy well. The usage of AI reshapes operations, and highlights the importance of human skills like emotional intelligence and collaborative problem-solving. CGC’s HR strategy prioritises a high-performing, future-ready culture, employing data-driven evaluations and competency-based training. Emphasising emotional intelligence and collaboration, CGC aims for personal and professional growth. Recruitment and data-driven performance management will elevate organisational capabilities. This approach ensures that CGC remains dynamic, fosters continuous growth, and is better prepared for the future.

The road ahead requires MSMEs to be adaptable, innovative, and socially and environmentally conscious to thrive. Embracing the data economy becomes crucial for strategic decision-making, customer understanding, and operational improvements. The trajectory of businesses hinges on integrating digital transformation through technology, big data, and adopting Generative AI. For us, this approach allows for market-centric strategies that complement our steadfast commitment to spearheading initiatives that level up not only CGC, but also the MSMEs we serve.

WHAT’S NEXT?

Q9 How does CGC foresee imSME’s transformation with CGC Digital, leveraging technology to meet evolving MSME needs in a dynamic environment?

In view of the rapidly evolving global landscape influenced by technological progress, it was vital for us to transform imSME, Malaysia’s first online SME financing/loan referral platform, launched in February 2018. From its inception to the end of December 2023, the imSME platform received more than 2.5 million unique visitors, with more than 78,000 registered MSMEs. With the inception of CGC Digital, we are actively leading imSME’s evolution into a marketplace with the first initiative of platform refresh to facilitate future scalability and flexibility, which went live on 31 March 2024.

imSME, embedded in Malaysia’s New Industrial Master Plan (NIMP) 2030, serves as an essential enabler (NIMP Enabler 1.6), consolidating data on government grants, capital markets, and industry assistance programmes. This facilitates MSMEs’ access to financing, supporting the NIMP 2030 aim of boosting the manufacturing industry and its related services to be competitive on a global level.

Among the transformative enhancements that imSME is poised to undergo is its scalability, ensuring unparalleled service to MSMEs, designed with focus on MSMEs, fostering personalised service through intuitive interfaces to strengthen customer experience. With focus on actionable insights, the platform will revolutionise data collection and analysis, empowering us to make informed decisions, as well as anticipate market shifts and opportunities. With CGC Digital championing a digital-first approach, the enhanced imSME will facilitate an integrated work environment, cross-functional teamwork and increased innovation potential within CGC.

“ WITH THE INCEPTION OF CGC DIGITAL, WE ARE ACTIVELY LEADING imSME’S EVOLUTION INTO A MARKETPLACE WITH THE FIRST INITIATIVE OF PLATFORM REFRESH TO FACILITATE FUTURE SCALABILITY AND FLEXIBILITY, WHICH WENT LIVE ON 31 MARCH 2024. ”

PRESIDENT & CHIEF EXECUTIVE OFFICER'S OVERVIEW

Q10 What are CGC's Key Focus Areas in 2024?

Our primary focus remains on our core offerings, expanding our outreach through product innovation, and cultivating new partnerships, exploring avenues for integration with emerging platforms within our ecosystem.

We are prioritising initiatives aimed at driving significant impact in what we term 'Needle Movers'. These deliberate efforts slated for initiation this year are strategically designed to deliver tangible results, both medium and long-term.

All-encompassing key enablers are critical to support these business strategies. In alignment with our steadfast commitment to resilience, resources will be directed towards enhancing operational efficiency and technological prowess. This includes bolstering defences against cybersecurity threats while harnessing the transformative potential of artificial intelligence and data analytics.

CGC will continuously leverage our workforce potential, nurturing personal development, to ultimately elevate overall performance. The focus will be on fostering a culture of high performance, aligning roles with our 5SP+ Strategic Objectives and facilitating impactful learning experiences.

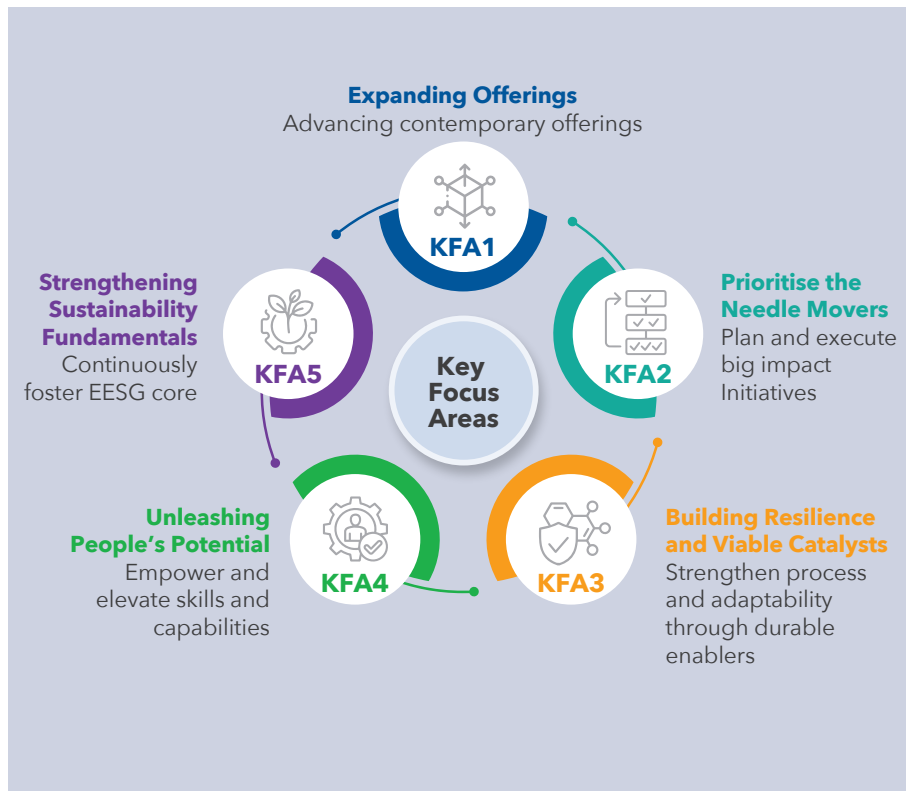
Lastly, our unwavering dedication to sustainability underscores our efforts to strengthen governance in the Corporation. Apart from managing our greenhouse gas (GHG) emissions, more effort will be dedicated to supporting MSMEs on their own sustainability journey.

ACKNOWLEDGEMENTS

As we navigate the future, let us all collectively recognise the importance of effective collaboration and leveraging among all stakeholders in our MSMEs ecosystem. It is incumbent upon each of us to play our part with diligence and efficiency to ensure our MSMEs' enduring success, the premise of our economic vitality.

In closing, I wish to extend my profound gratitude to all our esteemed stakeholders, namely our valued MSMEs, Federal and State Governments, Bank Negara Malaysia, and our strategic partners in our MSME ecosystem. My sincere appreciation goes to our insightful Board of Directors for their wise counsel and guidance. Heartfelt thanks to my dedicated colleagues in CGC for their unrelenting commitment. Together, we forge ahead, building a sustainable and resilient CGC in Fulfilling Our Mandate to serve Malaysian MSMEs in both good and challenging times.

DATUK MOHD ZAMREE MOHD ISHAK
President & Chief Executive Officer



WIRA KERJAYA SDN BHD

REMAINING RELEVANT

Survival is Mohamad Fadhilillah Mahmood's priority amid ongoing economic turbulence. Despite slight improvements in 2023, insufficient work volume persists alongside rising material costs and trust issues among suppliers. Securing profitable contracts also proves challenging due to unfavourable pricing and slim margins, highlighting the importance of maintaining cash flow.

CGC'S COMMITMENT

The 24-year-old construction company prioritises timely, budget-conscious project completion, mainly various government and private company projects. "To increase our capital spending, especially with rising material costs, we applied for and received CGC's TPUB-i financing in 2023. That helped us complete our projects." While financing eased some strains, he had expected seamless coordination between CGC's branch offices and Headquarters to hasten processes and make them more efficient.

CATALYSING GROWTH

Amid desperation for work and rampant price undercutting despite poor margins, Mohamad Fadhilillah calls for increased government investment in infrastructure to stimulate participation. "The industry needs to take a turn for the better in 2024, especially in supporting local contractors."

“To increase our capital spending, especially with rising material costs, we applied for and received CGC's TPUB-i financing in 2023. That helped us complete our projects.”



> Mohamad Fadhilillah Mahmood
Wira Kerjaya Sdn Bhd
Selangor

“Our second financing, BizMula-i, not only helped us increase our sales but purchase our POS system, pay our suppliers and partly cover our cost for the new branch.”

TOLLY PETS



> Chong Jia Hui
Tolly Pets
Sarawak

REMAINING RELEVANT

With a vision for 'Tradigital Retail', Chong Jia Hui revamped the family pet care business in 2021. Implementing modern systems and services, they aimed to enhance business management, transitioning from traditional to innovative practices by tracking sales and collecting customer data to understand spending patterns.

CGC'S COMMITMENT

The BizWanita-i financing that Chong received in 2021 helped her expand product range and increase stock. "Our second financing, BizMula-i, not only helped us increase our sales but purchase our POS system, pay our suppliers and partly cover our cost for the new branch." Chong was then able to monitor staff and, critically, manage inventory. Besides that, management can "view real-time analytics and up-to-date reports any time, anywhere."

CATALYSING GROWTH

To ensure customer connection, Tolly Pets remains accessible, welcoming orders and enquiries with messaging. "Our dedicated team is eager to assist with pet-related queries and resolve issues promptly, prioritising customer satisfaction."

OUR APPROACH

Our ability to create value is closely tied to the global economic environment and its impact on the financial industry. By thoroughly analysing the factors influencing our business operations, we identify trends and opportunities, enabling us to adapt our strategies and make informed decisions that optimise value creation.

Assessing Our Context

Assess and Evaluate Our Operating Context

Evaluating our operating context entails scrutinising a range of internal and external elements that may influence our success and efficiency. Internally, factors such as financial capacity, expertise, resources, operational infrastructure, risk management frameworks, and legal and regulatory compliance must be considered. Externally, economic conditions, industry and market trends, interest rates, funding costs, government policies and support, as well as stakeholder engagement, form part of the assessment and evaluation of the CGC operating context.

Stakeholder Engagement Relationship

[Read » 42 – 44](#)

Engaging with stakeholders and cultivating relationships in the context of CGC is crucial for our long-term success. Establishing positive and collaborative interactions with various stakeholders is essential to ensure effective communication, address concerns, and garner support for CGC initiatives. Stakeholders in this context may include financial institutions, government bodies, businesses, borrowers, regulatory authorities, and the broader community.



Risk and Opportunities

[Read » 255 – 261](#)

At CGC, our strategic decision-making is aligned to our Enterprise Risk Management (ERM) Framework, ensuring the growth and sustainability of our business and operations. We diligently manage risks such as liquidity, market, credit and operational risks, which are intrinsic to our financial ecosystem, while also identifying and leveraging opportunities that drive innovation and growth for the MSMEs we serve.

Our ERM approach is attuned to the evolving dynamics of the financial sector, fostering resilience and value creation. Through this framework, we align our risk management practices with strategic enablers and initiatives that reinforce our mission to unlock new pathways for financial empowerment and inclusive growth.

By integrating risk mitigation with proactive opportunity identification, CGC upholds a robust value proposition for our stakeholders. We are committed to a future where our risk-aware culture and strategic agility continue to underpin our contribution to a thriving, sustainable economy.

Sustainability at CGC

[Read » 137 & 138](#)

Our Sustainability Framework will guide and shape our strategy, initiatives, operations and efforts moving forward. As part of our commitment to sustainability, we recognise the economic, environmental and social risks and opportunities that our business practices entail. We are determined to align our strategy with UNSDGs, and we have identified 10 that we can actively support through our business operations. To ensure accountability and to measure our progress, we actively track our impact on these 10 SDGs.



Identify and Prioritise Our Material Matters

[Read » 50 – 55](#)

Focus Areas	Material Matters
Unlocking innovative pathways	M2 M3
Strengthening customer engagement	M7
Managing CGC's climate impact	M1
Introducing environmentally friendly solutions	M4
Empowering MSMEs to drive growth	M6 M11 M13
Supporting local socio-economic development	M12
Enhancing workforce readiness	M8 M9 M10
Upholding responsible business practices	M5 M14 M15 M16 M17

Formulating Strategies & Strengthening Our Business Model

Formulate Business Strategy

[Read » 72](#)

The strategic objectives are underpinned by strategic initiatives driven at the Group and divisional levels. With our digital-focused strategy, renewed ambitions and digital strength, CGC Group is well-placed to move forward with our strategic objectives to continue to support MSMEs and deliver long-term sustainable success.

- SO1** Assist MSMEs to access financing through strategic partnerships
- SO2** Drive MSMEs' excellence through targeted developmental support
- SO3** Become a digitally-savvy organisation to propel scale and speed of MSMEs' impact
- SO4** Facilitate sustainability agenda encompassing Economic, Environment, Social and Governance aspects

Our Capitals

[Read » 38 – 39](#)

- FC** Financial Capital
- MC** Manufactured Capital
- HC** Human Capital
- NC** Natural Capital
- IC** Intellectual Capital
- SRC** Social & Relationship Capital

Business Model

[Read » 40 – 41](#)

Our business models are designed to capture six key capitals, which serve as our essential business inputs. These capitals—financial, manufactured, intellectual, human, social and relationship, and natural—are strategically deployed through four distinct business activities. These activities—financial, supporting, sustaining, and managing risk—allow us to generate capital outputs and outcome. These ultimately create value for our six identified stakeholders.

Additionally, our commitment to sustainable practices through four sustainability pillars ensures that we balance economic growth with environmental stewardship.



Creating Value

VALUE, FOR US, MEANS ACHIEVING OUR STAKEHOLDER GOALS

STRATEGIC PARTNERS

We expand risk mitigation and protection coverage through bridging information asymmetry and new collaborations

MSMEs

We provide access to financing and non-financial assistance via our various award-winning schemes and targeted developmental support initiatives

COMMUNITIES & NGOs

We give back to the community in various ways, that create social impact, championing community initiatives in education, empowerment and entrepreneurship

EMPLOYEES

We offer employment opportunities and promote career growth. CGC aspire to care and nurture our staff, to be Malaysia's Most Preferred Employer

SUPPLIERS

We value long-term partnership with our vendors for a sustainable business relationship

REGULATORS

We uphold regulatory compliance, collaboration, and MSME empowerment, creating value for regulators and fostering economic growth in Malaysia

[Read more on our identified stakeholders at pages 41 – 44](#)

OUR KEY CAPITALS

In developing strategies for business growth and expansion, we channel our operational resources through six key capitals in our business model. These key capitals drive our activities, yielding outputs that contribute to valuable outcomes, both financially and for stakeholders.

FC FINANCIAL CAPITAL

Our primary funding sources include guarantee fees, diverse liability instruments, operational revenue, and equity. These funding channels underpin our business management and facilitate the financing of our developmental and operational endeavours. The increase in our guarantee and financing portfolio underscores our widened outreach initiatives, which are instrumental in advancing our core business functions and enabling MSMEs to achieve their entrepreneurial goals.

- Total Equity: **RM4.3 billion**
- Total Assets **RM5.1 billion**
- Total Income: **RM537.5 million**
- Net Profit **RM50.0 million**

HC HUMAN CAPITAL

Guided by our Core Values–T.H.I.N.K.–employees play a crucial role in reaching our goals. In return, we invest in enhancing their capabilities and supporting growth. In a supportive learning environment, we prioritise expanding careers, encouraging them to pursue personal goals. Capitalising on opportunities, our team ensures that MSMEs have access to every possible resource, making their businesses more viable.

- **557 personnel** (as of December 2023)
- Invest over **RM800,000** in employees' **upskilling** through various learning and development programmes

IC INTELLECTUAL CAPITAL

To stay relevant and competitive, we focus on boosting our intellectual capital, which includes patents, copyrights, organisational structures, software, and more. We also value intangibles like our brand and credibility. We ensure cybersecurity and data protection by following industry standards. Our constant progress includes faster approvals, better customer service, efficient automation, and inclusive initiatives.

- **Fast** guarantee application **turnaround time (TAT)** and improved customer services
- Launched **Application Programming Interface (API)** for guarantee application, resulting in faster approval

MC MANUFACTURED CAPITAL

At the core of our success lies our manufactured capital - a synergy of state-of-the-art technology, streamlined processes, and infrastructure. This dynamic combination drives our operational excellence, ensuring efficiency, quality, and adaptability. Through continuous innovation and strategic investments, our manufactured capital stands as a testament to our commitment to driving sustainable growth and meeting the evolving needs of our stakeholders.

- Convenient access to our **16 branches** strategically located nationwide
- An innovative **digital referral platform**, pioneering online financing and loan referrals platform in Malaysia, with nearly 79,000 MSMEs registered via imSME
- **One-stop communication centre** for customers via Client Service Centre (CSC)

NC NATURAL CAPITAL

Our natural capital embodies our commitment to environmental stewardship-diverse ecosystems, responsible resource management, and eco-friendly practices define our operations. This approach harmonises business success with environmental well-being, upholding the balance between progress and the planet for a resilient, sustainable future. With a steadfast focus on innovation, we strove to enhance our ecological impact and foster positive contributions to the communities we serve.

- Established CGC's **Scope 1** and **Scope 2 emissions**
- **45%** of light fittings in CGC main office were retrofitted to **LED**
- Adopt **Sustainability practices in procurement process**
- Serve as **Green Technology Financing Scheme (GTFS 4.0)** and **Low Carbon Transition Facility (LCTF)** administrator
- **RM100 million** worth of **PG ESG** schemes offered
- **30** aspiring young entrepreneurs trained and graduated under the **CGC100 Youth Entrepreneurship Programme**

SRC SOCIAL & RELATIONSHIP CAPITAL

We continuously strengthen our bonds with stakeholders and collaborators to enhance our social capital. By incorporating their needs into our business processes, we create an enabling framework for mutual progress. Together, we strove to fulfil commitments and build long-term value. In an ever-changing environment, we actively and constantly seek new strategic collaborations with partners.

- **Strategic Partnerships** with digital players and alternative financiers
- **38** partners on board imSME platform comprising FIs, IFIs, DFIs and non-FIs
- Organised **CSR programmes** involving targeted group aligned with UNSDG Goal such as No Poverty, Quality Education, Reduced Inequality, Zero Hunger, Good Health and Wellbeing and Partnership for the Goals

BUSINESS MODEL

...ENABLE VALUE-ADDING ACTIVITIES

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

- T** Teamwork
- H** Hardworking
- I** Integrity
- N** Nurturing
- K** Knowledgeable

OUR CAPITALS...

FINANCIAL CAPITAL

- Total Equity: RM4.3 billion
- Capital Adequacy Ratio: 39.6%
- Guarantee Reserve Ratio: 1.7 times

MANUFACTURED CAPITAL

- 16 branches nationwide
- imSME platform
- Client Service Centre

INTELLECTUAL CAPITAL

- Fast turnaround time
- Application Programme Interface

HUMAN CAPITAL

- 557 personnel (as of December 2023)
- Invested over RM800,000 in employees' upskilling

SOCIAL AND RELATIONSHIP CAPITAL

- Continuous financial support to MSMEs
- CGC Developmental Programme®
- CGC100 Programme

NATURAL CAPITAL

- Established CGC Sustainability Framework
- Incorporate ESG Module in CGC100 Programme
- Develop and provide green products to empower MSMEs to embrace low-carbon practices

STRATEGIC OBJECTIVES

1. Assist MSMEs getting access to financing through strategic partnership.
2. Drive MSMEs excellence through targeted developmental support.
3. Become a digitally savvy organisation to propel scale and speed of MSMEs impact.
4. Facilitate sustainability agenda encompassing Economic, Environmental, Social and Governance aspects.

MARKET TRENDS

1. Change in global economic landscape.
2. Urgency of sustainability.
3. Accelerated digital transformation.

[Read more on Market Trends at pages 62 & 63](#)

MATERIAL MATTERS

17 CGC Material Matters:

- 1 Environmental Pillar
- 6 Economic Pillars
- 6 Social Pillars
- 4 Governance Pillars

[Read more about Material Matters at pages 50 - 55](#)

KEY RISKS

1. Credit
2. Market
3. Funding and Liquidity
4. Operational
5. Business Continuity
6. Technology/Cyber

[Read more on Key Risks at pages 64 - 71](#)

BUSINESS ACTIVITIES



FINANCIAL

1. Strengthening the credit profile of MSME financing by providing guarantees with financial institutions, thereby enabling MSMEs to accomplish their business objectives effectively.
2. Tailoring contract financing options specifically for Bumiputera entrepreneurs to support their business endeavours.
3. Implementing effective fund management activities to ensure targeted returns are met consistently, fostering sustainable growth and financial stability in these initiatives.



SUPPORTING

1. Establishing strategic partnerships with pertinent agencies and trade associations to expand outreach to a broader spectrum of MSMEs.
2. Implementing CGC Developmental Programme®, which integrates both Financial Advisory and Non-Financial Advisory services.
3. Providing a centralised one-stop centre and seamless digital platform on imSME for MSMEs to access and compare various financing products, enhancing convenience and accessibility.



SUSTAINING

Continuously maintaining, optimising, and investing in our operations, 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.

SUSTAINABILITY PILLARS



Pillar 1
Sustainable Solutions



Pillar 2
Towards a low-carbon economy



Pillar 3
Fostering meaningful partnerships



Pillar 4
Embedding Sustainability into CGC

UNDERPINNED BY **OUR OVERARCHING GOVERNANCE**

...THAT CREATE

...VALUE FOR OUR STAKEHOLDERS.

FY2023 Outputs

Financial Performance

Total Income
RM 537.5 million

Revenue
RM 233.0 million

Net Profit
RM 50.0 million

FY2023 Performance

MSME Outreach Operational Efficiency

Total number of approved guarantee and financing ➔ 10,245 accounts

Total value of approved guarantee and financing ➔ RM5.1 billion

Operational Efficiency Turnaround Time

Financing/Loan processing for Portfolio Guarantee ➔ 99% within 1 day

Claim payment ➔ 99% within 5 days

Outcomes

Stakeholders

UNSDG

FINANCIAL CAPITAL

- Shareholder's equity grew by 3.1%, totalling RM4.3 billion
- Total assets rose by 3.0%, reaching RM5.1 billion
- Better cost-to-income ratio at 30.0% (FY2022: 40.6%)



MANUFACTURED CAPITAL

- RM119 million loan approved through branches
- Nearly 79,000 MSMEs registered on imSME
- CSC ensure timely and accurate response to enquiries with improved customer service



INTELLECTUAL CAPITAL

- Completion of API gateway, allowing faster CGC guarantee approval process, optimising customer experience
- Customer Satisfaction Index at 86%



HUMAN CAPITAL

- Spent RM99.1 million on personnel expenses for all employees in FY2023 (FY2022: RM88.1 million)
- Flexible hybrid working arrangement
- Strategic workforce planning by re-mobilisation and re-skilling
- Competency Index at 88%



SOCIAL AND RELATIONSHIP CAPITAL

- Provided 532,302 guarantee and financing valued at RM95.4 billion
- Assisted 380,000 MSMEs
- 30 youths trained under CGC100 Programme
- Established strategic alliance with existing FI partners worth RM4.6 billion of PG and WG in FY2023
- Hosted three study visits and knowledge sharing session with KODIT, Bank of Bangladesh and Oman Development Bank



NATURAL CAPITAL

- Established CGC's Scope 1 and Scope 2 emissions
- 45% of light fittings in CGC headquarters were retrofitted to LED
- Adopted Sustainability practices in procurement process
- Served as Green Technology Financing Scheme (GTFS 4.0) and Low Carbon Transition Facility (LCTF) administrator
- RM100 million worth of PG ESG schemes offered
- 30 aspiring young entrepreneurs trained under CGC100 Programme



Read more on our identified stakeholders at pages 42 - 44



STAKEHOLDER NEEDS AND EXPECTATIONS

ST1

Strategic Partners

WHY WE ENGAGE

Stakeholder engagement with Financial Institutions (FIs), Development Financial Institutions (DFIs), and non-financial partners focuses on providing credit guarantee to SME financings, reducing Expected Credit Losses (ECL), carbon footprint, lending programmes for MSMEs, and reaching unserved and underserved MSMEs effectively.

CAPITALS



MATERIAL MATTERS



SDGS



HOW WE ENGAGE

- Regular meetings with strategic partners on asset quality management
- Scheduled ESG seminars with MSMEs, quarterly meet-up with partner banks, and partnering with key industrial experts
- Frequent meet-ups with partner banks and MSMEs
- Introducing Guarantee First concept, using branch channels to collaborate with selected banks in reaching out to the unserved and underserved segments

KEY CONCERNS

Key concerns raised included preventing MSMEs going into financial distress, and necessity to increase ESG awareness to utilise subsidised facilities such as Low Carbon Transition Facility (LCTF) by BNM. Also, competitive guarantee fees ensure MSMEs' sustainability and adequately reaching the unserved and underserved markets effectively.

OUR APPROACH

- Restructured and rescheduled watchlist accounts, revised eligibility criteria and market segments
- Carved out LCTF to partner banks, member of Joint Committee on Climate Change (JC3), early adopters of Securities Commission's Simplified ESG Disclosure Guide (SEDG)
- Launched RM100 million PG ESG for one bank, launched Green Technology Financing Scheme 4.0 in collaboration with Ministry of Finance
- Provided comparable low guarantee fees for selected segments, faster speed to market, faster turnaround time in guarantee approval (via managed file transfer or Application Programming Interface), faster claims payment, unique utilisation of claims payment prior to exhaustion of legal means
- Partnered two DFIs for initial Guarantee First products: Bank Kerjasama Rakyat Malaysia Bhd and Bank Simpanan Nasional. Product launch is targeted in first half of 2024

ST2

MSMEs

WHY WE ENGAGE

Through the CGC Developmental Programme®, we offer MSMEs both financial and non-financial advisory services, aiming to enhance their capacity and capability. Our goal is to serve MSMEs, especially in the unbankable segment, providing financial literacy and industry knowledge to improve eligibility for financing, foster business growth and enhance networking skills.

CAPITALS



MATERIAL MATTERS



SDGS



HOW WE ENGAGE

- Provide one-to-one coaching daily and conduct financial literacy workshops monthly
- Conduct Advisory Workshops and Networking Sessions monthly
- Onboard MSMEs through online platforms or physical expos

KEY CONCERNS

Inability to gain access to financing and lack of knowledge to implement new initiatives in their businesses are among key concerns. Others include challenges they have to overcome in entering new markets and resource constraints for expanding market reach

OUR APPROACH

- Provide financial advisory through one-to-one coaching and recommend financial solution. Extend financial advisory to include Financial Literacy Workshops and CGC's in-house hand-holding programme
- Organise Advisory Workshops that provide knowledge-sharing sessions from subject matter experts on latest topics and market trends
- Initiate Access New Markets to facilitate MSMEs growth through local and international markets, e-commerce, payment gateways and digital solutions
- Build new contacts via Networking Sessions that connect MSMEs with industry players

ST3

Communities & NGOs

WHY WE ENGAGE

Engaging with communities and NGOs involves instituting strategic partnerships to create sustainable communities with positive social impact. This includes supporting the growth of unserved and underserved communities and delivering on the UNSDG agenda, prioritising education, healthcare and entrepreneurship initiatives.

CAPITALS



MATERIAL MATTERS



SDGS



HOW WE ENGAGE

- Strategic partnerships with Non-Governmental Organisations (NGOs)
- Regular Corporate Social Responsibility (CSR) initiatives and donations
- Virtual meetings and physical engagements

KEY CONCERNS

- Challenges in accessing unserved and underserved communities
- Limited access to the unserved and underserved communities

OUR APPROACH

- Collaborated with NGOs on CSR initiatives
- Curated CGC100 Programme, an entrepreneurship programme for young adults from the unserved and underserved community
- Partnered with credible NGOs committed to assisting and developing unserved and underserved communities

ST4

Employees

WHY WE ENGAGE

Engagement with employees is vital for enhancing operational excellence and cultivating a culture of belonging and appreciation within CGC. Priorities include elevating employee engagement and satisfaction, enhancing good working relationships, empowering to contribute new ideas and innovate. By implementing effective professional development, we ensure talent retention to drive organisational success and satisfaction.

CAPITALS



MATERIAL MATTERS



SDGS



HOW WE ENGAGE

- Monthly
 - Divisional Meetings
 - Health Fitness Activities
- Bi-monthly
 - Corporation-wide Engagement
 - Induction Programmes
- Quarterly
 - Town Halls
 - Divisional Engagement Activities
 - Engagement with Leaders
- Annual
 - Corporation Events
 - Employee Engagements Surveys

KEY CONCERNS

Employee engagement concerns include growth development, organisational effectiveness, fair compensation and benefits, and leadership effectiveness

OUR APPROACH

- Implement personalised development plans for employees
- Create more targeted training and upskilling opportunities
- Enhance organisational structure - macro and micro realignment
- Streamline processes and leverage HR digitalisation for efficiency
- Enhance internal communication tools and practices
- Review and enhance compensation packages
- Introduce High Impact Leadership Training and Talent Development programmes for middle managers
- Upgrade facilities to promote conducive working environment

STAKEHOLDER NEEDS AND EXPECTATIONS

ST5 Suppliers

WHY WE ENGAGE

Engaging suppliers fosters strategic relationships for long-term benefits and ensures compliance with CGC's requirements for efficient business operations.

CAPITALS



MATERIAL MATTERS



SDGS



HOW WE ENGAGE

- Through daily procurement process activities
- Monthly engagement online/site visits with key suppliers

KEY CONCERNS

Concerns raised include adherence to vendor code of conduct and fair payment terms

OUR APPROACH

- Revised vendor code of conduct in response to feedback from suppliers
- Negotiate win-win solution

ST6 Regulators

WHY WE ENGAGE

Engaging with regulators mitigates legal and reputational risks, identifies compliance gaps and enables proactive risk management, averting penalties and enhancing reputation.

CAPITALS



MATERIAL MATTERS



SDGS



HOW WE ENGAGE

- Continuous communication with regulators, including seeking clarification on various regulatory development and emerging risks
- Monitoring regulatory updates on sustainability reporting, ESG standards and compliance via issued guidelines ensures adherence

KEY CONCERNS

Streamlining Corporation's controls and processes with current industry and regulatory best practices and standards

OUR APPROACH

- Establishment of Integrity and Governance Unit
- Compliance awareness and training to enhance compliance culture
- Conducting benchmarking exercise on CGC's current practices and operations against industry and regulatory best practices to identify areas for improvement

VALUE WE CREATE

ST1 STRATEGIC PARTNERS

VALUE CREATION FOR STRATEGIC PARTNERS

- CGC's guarantee, encouraging Partner Financial Institutions (PFIs) to finance unserved and underserved MSMEs
- PFIs' ability to serve a diverse customer base including higher-risk segments
- PFIs likely to benefit from a collaborative network, idea generation, sharing best practices, and industry networking
- Seamless experience with faster processing turnaround time
- Provide support to PFIs to address risk-weighted assets

VALUE CREATED FOR CGC

- Fulfilment of mandate and mission towards serving unserved and underserved MSMEs
- Achievement of higher MSMEs outreach
- Generation of new guarantee products and beyond guarantee solutions for MSMEs
- Enhanced capacity-building and business knowledge in MSMEs' operations and expansion
- Support PFIs to grow their loan and financing portfolio

OPPORTUNITIES

- Collaboration with banks to support unserved and underserved MSMEs
- New and enhanced products and offers to start-ups, women entrepreneurs, Bumiputera and higher-risk industries
- Customised learning and development programmes for MSMEs with PFIs and reputable universities/colleges
- Continuous improvement on eligible criteria, guarantee guidelines and policies, processes, systems and data collection
- Leverage on digital channels to improve customer journey and experience

RISK

- Credit risk
- Inadequate scorecard for credit assessment
- Limited lending capacity and risk exposure for new start-up business
- Data breach
- Money laundering and fraudulent activities
- Risk of insolvency and poor financial judgement
- Limited credit model to assess MSMEs creditworthiness
- Regulatory and compliance

BUSINESS INITIATIVES

- Financial Inclusion meetings with PFIs
- Launching new products, guarantees, policies and requirements
- Brainstorming meetings in product development for specific segments
- Consistent meetings and engagement with PFIs across all functions such as business, sales, collection and product teams

INDICATORS AND HIGHLIGHTS

- Dashboard on iGuarantee portal to ensure PFIs track portfolio and current build-up cases
- Guarantee approval via Application Programming Interface with PFIs
- Improve Credit and Restructuring policies to support PFIs

VALUE WE CREATE

ST2 MSMEs

VALUE CREATION FOR MSMEs

- MSMEs can secure financing even without extensive financial records or collateral
- CGC’s advisory services help MSMEs to learn and stay sustainable for their business
- Referrals to partners: For those uncertain about financing features and application process, CGC refers MSMEs to suitable partners for their financing requirements
- CGC facilitates connections between MSMEs and potential clients or suppliers through business matching events
- CGC introduced imSME in 2018, Malaysia’s first SME online financing/loan referral platform. imSME simplifies the financing process for MSMEs, allowing them to search and apply for financing online

VALUE CREATED FOR CGC

- Our mandate to provide access to financing for the unserved and underserved MSMEs
- Capacity-building through CGC Developmental Programme® in supporting MSMEs to gain new knowledge on new business topics on tax matters, sales and marketing, and business requirements
- Deepened rapport and partnership with PFIs, corporate partners, GLCs and government agencies
- Collaboration and strategic alliances
- Enhanced capability of MSME ecosystem
- Sharing of knowledge and skills within ecosystem

OPPORTUNITIES

- Through restructuring, MSMEs affected by cash flow challenges can regain stability and reorganise their operations
- Promote ESG, aligning MSMEs’ practices to mitigate environmental and social risks, contributing to long-term sustainability
- Intensify our guarantee and eligibility criteria for financing related to green agenda, food security and micro-businesses
- Develop financially savvy MSMEs

RISK

- Negative cash flow impacting loan repayment capability and CCRIS record
- Inability to sustain business due to downward business and sales trend
- Inflation and rising costs impacting MSMEs and their operations

BUSINESS INITIATIVES

- Improve eligibility for financing through **Financial Advisory**
- Arrange knowledge-sharing sessions and hands-on tips by subject matter experts through **Advisory Workshops**
- Provide opportunity to expand MSMEs’ business through local, international markets, e-commerce platforms, payment gateways and digital adoption with **Access New Markets**
- Connect MSMEs with industry players within the MSMEs ecosystem through **Networking Sessions**
- Provide guidance and personalised assistance to customers, through **Branch Advisory Programmes**, helping them improve their financial situation. Branches also play a crucial role in referring customers to partnering FIs/DFIs for financing opportunities through the Branch Referral Programme

INDICATORS AND HIGHLIGHTS

- 5,000 MSMEs engaged over 20 events in sharing our CGC products and services
- 4,120 successful referrals for financing by Financial Advisory Department to PFIs, and additional 5,722 MSMEs benefitted from our CGC Branch Referral Programme
- Nearly 2,100 MSMEs attended Advisory Workshops and close to 1,700 MSMEs attended Advisory Workshops conducted at CGC branches
- More than 80 MSMEs benefitted from Access New Markets Programme
- Over 370 MSMEs attended our CGC Networking Sessions in 2023

ST3 COMMUNITIES & NGOs

VALUE CREATION FOR COMMUNITIES & NGOs

- Inclusion of the unserved and underserved communities in CGC's initiatives
- Tailored youth development programmes to enhance business acumen and financial literacy, enabling communities to pivot to entrepreneurship as source of income
- Access to CGC facilities nationwide for better reach and assistance

VALUE CREATED FOR CGC

- Building and maintaining positive brand reputation in communities
- Establishing trust through transparent communication

OPPORTUNITIES

- Empowering young people from unserved and underserved communities with soft skills and entrepreneurship training
- Nurturing growth of communities and contribute to nation-building

RISK

Miscommunication and misinformation could cause confusion and distrust, and potentially harming the community's perception of CGC

BUSINESS INITIATIVES

Championing UNSDG agenda by collaborating with established NGOs to drive CGC's CSR initiatives

INDICATORS AND HIGHLIGHTS

Conducted 14 corporate social responsibility initiatives in 2023 which benefitted over 29,000 recipients within the unserved and underserved community

ST4 EMPLOYEES

VALUE CREATION FOR EMPLOYEES

- Career stability benefits current employees and attracts new talent to the organisation
- Employees can access a variety of learning and development opportunities to bridge their skills gap and advance their professional and career growth
- Continuous communication and engagement with employees regarding initiatives and development efforts fosters better alignment and enhances productivity
- Promoting various initiatives beyond regular duties energises employees, ensuring work-life integration and enhancing overall job satisfaction

VALUE CREATED FOR CGC

- CGC retains and attracts high-quality talent, driving its growth and reputation as a preferred employer
- Employees' growth leads to innovation, process improvement, and better business outcomes at CGC
- Effective communication enhances productivity and drives success by fostering collaboration, reducing friction, and maximising efficiency
- Encouraging engagement and appreciation, enhances productivity and cultural dynamics

OPPORTUNITIES

- Ensure CGC remains relevant and consistent with performance and offers employees a secure platform for growth
- Nurtures innovation, so that employees gain skills and career advancement
- Improve CGC's efficiency and employee job satisfaction through inclusivity
- Foster CGC's adaptability by encouraging employee creativity and taking care of employee well-being

RISK

- High employee turnover, increased hiring costs, and loss of organisational knowledge
- Employees lacking critical competencies, limiting their ability to innovate and perform effectively, which impedes organisational progress
- Misalignment and reduced productivity, impacting employee morale and organisational effectiveness
- Disengaged employees, lower job satisfaction, decreased employee loyalty, and less dynamic organisational culture

VALUE WE CREATE

ST5 VENDORS AND SUPPLIERS

VALUE CREATION FOR VENDORS AND SUPPLIERS

- Shifted from decentralised to centralised procurement to support better working relationship with suppliers
- Set clear expectations, standards and transparent procurement process
- Opened single channel of communication with suppliers

VALUE CREATED FOR CGC

- Transformation Plan contributed to effective contract and vendor management, safeguarding CGC's interests
- Better synergy, clear demarcation of roles and operational efficiency across the Corporation
- Employees previously involved in decentralised procurement functions freed up to concentrate on their core functions
- Centralised Strategic Sourcing able to obtain best value for goods and services

OPPORTUNITIES

- Long-term relationships with suppliers that benefits CGC
- Cost efficiencies
- Supply chain resilience
- Sharing of best practices
- Suppliers prioritising CGC's needs

RISK

- Suppliers' inability to identify the best solution for the Corporation
- Suppliers encountering the Corporation using various channels to convey requirements, possibly leading to communication breakdown
- Suppliers not performing to expectation due to miscommunication
- Non-standardised practices, lack of transparency and communication issues, ultimately impacting the overall procurement process and governance

ST6 REGULATORS

VALUE CREATION FOR REGULATORS

- Support regulators through consistent and timely compliance with relevant regulatory requirements
- Continue to adhere to regulatory standards and expectations contributing towards financial industry stability

VALUE CREATED FOR CGC

- Good order and governance within the Corporation enhances stakeholder confidence
- Strong compliance culture minimises regulatory lapses and thus, safeguards the Corporation's reputation

OPPORTUNITIES

- Consistent assessment and engagement with internal stakeholders assist in timely identification of potential compliance gaps or lapses
- Continuous engagement with regulatory authorities and governing bodies helps to keep abreast of the latest requirements, industry standards and best practices

RISK

- Inadequate controls or failure to detect compliance gaps resulting in weak compliance risk management
- Regulatory lapses, non-compliance or breaches leading to financial and non-financial impact e.g. reputational impact or loss of trust amongst stakeholders and MSMEs
- Lack of awareness on regulatory developments and emerging compliance risks leading to misconduct, misreporting and non-compliances

ZAC COM

REMAINING RELEVANT

Operating in a sluggish market, most people prefer to shop for their telecommunication products online. Lee Kien Vun contemplated going online, too, but opted out. "Online sales require high product volume at lower prices, meaning lower profit margin."

CGC'S COMMITMENT

"In 2019, I used the CGC BizMula-i financing to expand my product range, to offer a wider variety of items to my customers." Lee praises CGC's attentive service, most notably the regular check-ins to ensure that everything is going smoothly. He has been in business since 2015, growing his brand and, although he has gradually downsized from three shops to one, business is still brisk.

CATALYSING GROWTH

Business-wise, Lee notes that 2023 was a more favourable year, unlike currently where money movement in the market is lacking. Lee expects greater economic stability in two to three years. "I will continue to enhance my shop's operations, increase sales and keep improving every day."

“In 2019, I used the CGC BizMula-i financing to expand my product range, to offer a wider variety of items to my customers. **”**



> Lee Kien Vun
Zac Com
Sabah

“With CGC's BizMula-i financing in 2023, I bought more fabric from China and sewing machines. **”**



> Zainab Asrie
Benoni Textile Enterprise
Sabah

BENONI TEXTILE ENTERPRISE

REMAINING RELEVANT

Zainab Asrie launched her textile and carpet business in 2020, during the Covid upheaval. Adapting promptly, she sold essential items online. Her business thrived. "In 2023, I organised *lelong* events to clear old stock and offered free delivery for purchases over RM500."

CGC'S COMMITMENT

Expanded into wholesaling clothes and manufacturing bedsheets and blankets, she needed funds to meet demand. "With CGC's BizMula-i financing in 2023, I bought more fabric from China and sewing machines." Unwilling to risk it, Zainab is hesitant about introducing new products due to economic uncertainty, instead opting to focus on current offerings.

CATALYSING GROWTH

Zainab seeks new ideas and methods, as well as considering customers' feedback, to improve and expand. Maintaining an edge over her competitors means higher-quality rubber, all-around fitted sheets. "Also, my salesmen will begin to cover wider areas this year, up to Tawau and Sandakan."

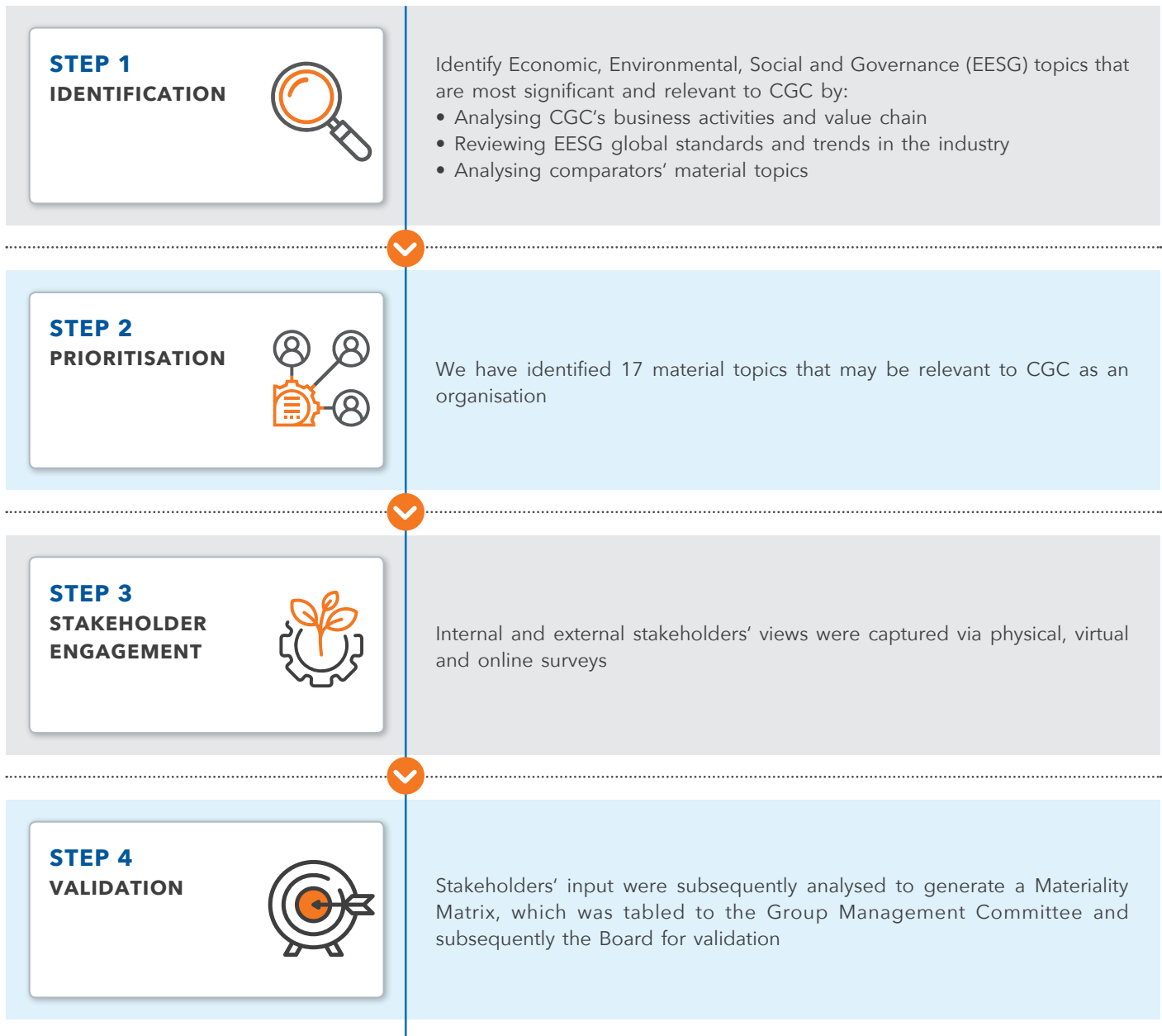
MATERIAL MATTERS

A solid understanding of industry trends, operating challenges and stakeholder expectations is essential to delivering long-term value. With that, we devise our strategies according to the material aspects of business growth and stakeholders’ needs. These material matters guide our Board and leadership team in building the company towards sustainable growth.

MATERIALITY METHODOLOGY

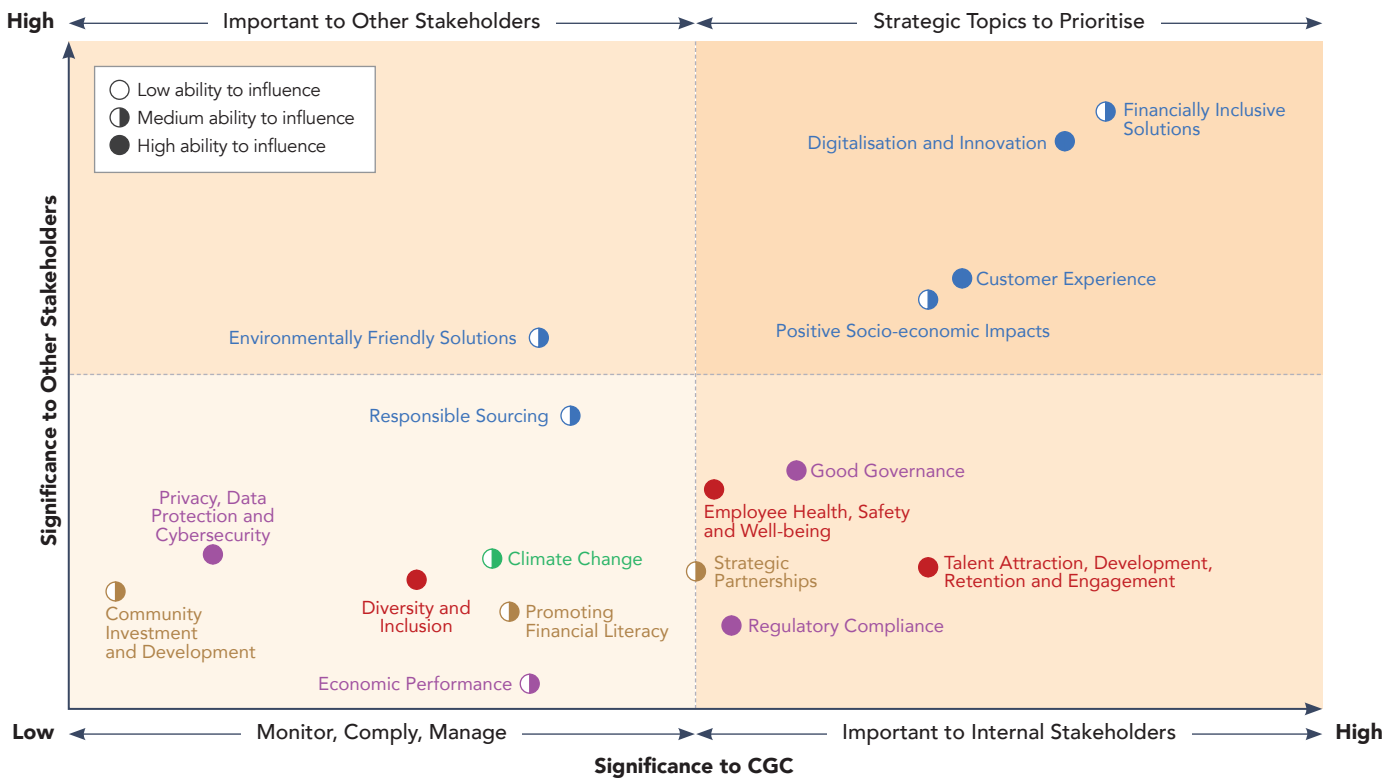
In Q4 2022, CGC undertook a materiality assessment exercise that involved internal and external stakeholders via virtual engagement, physical engagement and online surveys. The approach taken in 2022 ensured that we captured the diverse views of a broad range of stakeholders, including employees, Financial Institutions (FIs) and Non-Financial Institutions (NFIs) partners, regulators, Non-governmental Organisations (NGOs), suppliers and government agencies.

The materiality process comprises four key steps:



MATERIALITY MATRIX

A materiality matrix helps visualise the findings of a materiality assessment. Our materiality matrix sets out the issues that we and our stakeholders see as the most important. This helps us to stay alert to stakeholder concerns and expectations, as well as the issues that we believe present the greatest risks and opportunities for our business. It will be reviewed regularly to inform our external communication and reporting, and to help us allocate our resources where we can provide the most value to stakeholders.



Environmental	Economic	Social (Employees)	Governance
M1 Climate Change	M2 Digitalisation and Innovation	M8 Diversity and Inclusion	M14 Good Governance
	M3 Financially Inclusive Solutions	M9 Employee Health, Safety and Well-being	M15 Regulatory Compliance
	M4 Environmentally Friendly Solutions	M10 Talent Attraction, Development, Retention and Engagement	M16 Privacy, Data Protection and Cybersecurity
	M5 Responsible Sourcing	Social (Community)	M17 Economic Performance
	M6 Positive Socio-economic Impacts	M11 Promoting Financial Literacy	
	M7 Customer Experience	M12 Community Investment and Development	
		M13 Strategic Partnerships	

MATERIAL MATTERS

Our identified material matters represent our most significant impact on the economy, environment and people. To address these matters, we adopt a long-term management approach as part of our sustainability efforts. This allows us to minimise related risks and build on opportunities, thus generating sustainable value for our stakeholders.

F1 Unlocking Innovative Pathways to Finance

M2 Digitalisation and Innovation

M3 Financially Inclusive Solutions

WHY IS IT IMPORTANT

As digitalisation becomes increasingly prevalent among 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.

RISKS

- Failing to adapt leads to digital disruptions in the banking industry
- Loss of competitiveness

OPPORTUNITIES

- Strengthened technological resilience
- Creating new business opportunities by delivering innovative, sustainable finance products and services

Link to

Capitals



Strategy



Stakeholders



HOW WE RESPOND

We are dedicated to cultivating an environment that fosters innovative ideas, and continually seek new and improved ways to support MSMEs' growth. We firmly believe that innovation is critical to unlocking MSMEs' full potential. To support this we plan to expand our micro and priority guarantees through partnerships with other FIs. Additionally, we are digitalising our guarantee process to streamline the participation process for MSMEs and reduce any associated difficulties.

F2 Strengthening Customer Engagement

M7 Customer Experience

WHY IS IT IMPORTANT

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 customer experience.

RISKS

- Low customer loyalty due to lack of understanding of customers' needs or poor relationship management

OPPORTUNITIES

- Tap new market segments with products designed to meet specific socio-economic needs and maintaining long-term relationships to ensure customer satisfaction

Link to

Capitals



Strategy



Stakeholders



HOW WE RESPOND

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. In pursuit of this, we will develop comprehensive customer satisfaction metrics that consider feedback from both FIs and MSMEs.

F3 Managing CGC's Climate Impact

M1 Climate Change

WHY IS IT IMPORTANT

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

RISKS

- Companies disregarding EESG principles risk reputational damage, in an era of heightened social consciousness
- Failure to anticipate and mitigate physical risks in our operational footprint and supply chain could result in operational disruptions and losses

OPPORTUNITIES

- Building client trust by helping them manage their own climate risks
- Increasing efficiency and reducing costs from good environmental practices

Link to

Capitals



Strategy



Stakeholders



HOW WE RESPOND

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.

F4 Introducing Environmentally Friendly Solutions

M4 Environmentally Friendly Solutions

WHY IS IT IMPORTANT

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.

RISKS

- Heightened competition from FIs and non-FIs if we do not provide alternative sustainable or transitional solutions
- Financing of activities that may damage the environment and its surrounding communities

OPPORTUNITIES

- New business opportunities
- Contribute towards transitioning to a low-carbon economy

Link to

Capitals



Strategy



Stakeholders



HOW WE RESPOND

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 Green Technology Financing Scheme (GTFS 4.0), Low-Carbon Transition Facility (LCTF) and Portfolio Guarantee ESG (PG ESG). We are committed to conducting ongoing research and developing innovative solutions to continue supporting MSMEs in achieving their sustainability goals.

MATERIAL MATTERS

F5 Empowering MSMEs to Drive Growth

M6 Positive Socio-economic Impacts **M11** Promoting Financial Literacy **M13** Strategic Partnerships

WHY IS IT IMPORTANT

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 financial 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 that they can transform themselves into drivers of economic growth.

RISKS

- Low customer loyalty due to lack of understanding of customers' needs or poor relationship management

OPPORTUNITIES

- Building and strengthening industry partnerships towards collaboratively building an ecosystem that enables MSMEs to develop and grow

Link to

Capitals



Strategy



Stakeholders



HOW WE RESPOND

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. 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.

F6 Supporting Local Socio-Economic Development

M12 Community Investment and Development

WHY IS IT IMPORTANT

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.

RISKS

- Brand and reputational risk from a potential lack of engagement and inclusion of surrounding communities

OPPORTUNITIES

- Impactful CSR initiatives can increase visibility and can contribute towards a better reputation as a responsible institution

Link to

Capitals



Strategy



Stakeholders



HOW WE RESPOND

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. We are committed to empowering the next generation of entrepreneurs and supporting sustainable development in our communities.

F7 Enhancing Workforce Readiness

- M8** Diversity and Inclusion **M9** Employee Health, Safety and Well-being **M10** Talent Attraction, Development, Retention and Engagement

WHY IS IT IMPORTANT	RISKS	Link to
<p>Our employees are integral to the success of our organisation, and we are dedicated to supporting their health and well-being. 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.</p>	<ul style="list-style-type: none"> Inability to retain and attract the right talent for our business needs given the immense talent competition and evolving next-generation workforce trends Lower productivity and performance due to unmotivated employees 	<p>Capitals FC HC</p> <p>Strategy SO4</p> <p>Stakeholders ST4</p>
OPPORTUNITIES		
<ul style="list-style-type: none"> Design and enhance training and development programmes to build a next-generation workforce that drives transformational growth Become the employer of choice among top talents 		
HOW WE RESPOND		
<p>We believe that investing in the training and development of our workforce is crucial for achieving our goals. We also prioritise work-life balance and offer access to relevant health resources. 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.</p>		

F8 Upholding Responsible Business Practices

- M5** Responsible Sourcing **M14** Good Governance **M15** Regulatory Compliance **M16** Privacy, Data Protection and Cybersecurity **M17** Economic Performance

WHY IS IT IMPORTANT	RISKS	Link to
<p>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.</p>	<ul style="list-style-type: none"> Irregularities or non-compliance could pose negative financial or non-financial implications, including negative reputation and trust Potential loss of customers arising from heightened threat of cyber attacks that result in personal data and financial losses Increased misconduct and non-compliance along the supply chain Poor financial performance will affect execution of strategies and reduce capacity to invest in growth 	<p>Capitals FC HC IC NC</p> <p>Strategy SO3 SO4</p> <p>Stakeholders ST1 ST2 ST4 ST5 ST6</p>
OPPORTUNITIES		
<ul style="list-style-type: none"> Regular engagements provide timely update on industry developments and regulations that help shape effective decision-making Collaborate with regulators and industry working groups to manage data privacy Increase efficiency and reduce cost through effective management of human rights and environmental issues Increase brand awareness and partnership opportunities 		
HOW WE RESPOND		
<p>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.</p>		

ECONOMIC REVIEW AND OUTLOOK

▶ GLOBAL

REVIEW

During the year under review, the global economy experienced another year of decline with real global Gross Domestic Product (GDP) growth recorded at 6.0% in 2021, 3.5% in 2022 and 3.1% for 2023 marking a 0.4% decrease compared to 2022, as reported by the International Monetary Fund (IMF). The world continues to grapple with the lingering effects of the Covid-19 pandemic, aggravated by the Russian invasion of Ukraine disrupting the supply chain, and elevated interest rates, contributing to the economic recession. However, the risk of global recession receded throughout the year, largely due to the strength of the US economy. Additionally, the recent escalation of Israel-Palestine conflict and US-China tensions have intensified geopolitical risks and posed challenges for the global economy. Inflation, on the other hand, is falling faster than expected in most regions, addressed through improvements in the supply chain and restrictive monetary policy.

According to the Annual 2023 Global Climate Report by the National Centres for Environmental Information (NCEI), 2023 marked the year when climate change became even more undeniable, recorded as the warmest year since global records began in 1850. Economists are concerned that the extreme weather conditions are likely to exert significant adverse effects on the tourism industry.

Turning to the global labour market in 2023, the International Labour Organization (ILO) reported a relatively low global unemployment rate of 5.1%, showing a slight improvement from the 5.8% recorded in 2022. The ILO's World Employment and Social Outlook report also emphasises a consistent trend of elevated youth unemployment across all country income groups. Upper-middle-income countries exhibited the highest youth unemployment rate at 15.5% in 2023, underscoring the persistent challenges faced by the younger demographic in the workforce.



THE WORLD CONTINUES TO GRAPPLE WITH THE LINGERING EFFECTS OF THE COVID-19 PANDEMIC, AGGRAVATED BY THE RUSSIAN INVASION OF UKRAINE DISRUPTING THE SUPPLY AS WELL AS THE RECENT ESCALATION OF ISRAEL-PALESTINE CONFLICT AND US-CHINA TENSIONS INTENSIFYING GEOPOLITICAL RISK



Global Economy

The global economy experienced another year of decline as Gross Domestic Product (GDP) growth slowed



Gross Domestic Product (GDP) Growth recorded at:

6.0%

2021

3.5%

2022

3.1%

2023, marking a 0.4% decrease compared to 2022

as reported by the International Monetary Fund (IMF)

OUTLOOK

The global economic landscape in 2024 is characterised by a delicate balance between challenges and transformative opportunities demanding a strategic and collaborative approach on both national and global scales, emphasising the need for resilience and innovation in the face of evolving economic dynamics.

Forecast by the IMF in the World Economic Outlook Update published in January, global growth is projected at 3.1% in 2024 and 3.2% in 2025. The projected GDP growth remains stagnant, consistent with 2023, due to elevated central bank policy rates to combat inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. Geopolitical tensions, identified as the biggest threat to global economic performance, also contribute to the challenges. However, these obstacles are offset by the resilience demonstrated in the US economy and several large emerging market and developing economies. Further support is provided by fiscal measures in China, justifying the consistent GDP projection for 2024 by the IMF.

Beyond these challenges, the unemployment debate takes centre stage in the global economy, with the ILO projecting a modest rise in global unemployment in 2024 from 5.1% to 5.2%. Factors such as declining labour force participation rates and slowing employment growth contribute to this shift.

However, amidst the complexities, advanced technologies emerge as transformative forces in the supply chain world. Generative AI, data analytics, automation, machine learning, IoT, and blockchain collectively drive the evolution towards a 'smart' supply chain, transitioning to a new normal. Additionally, global headline inflation is expected to fall to 5.8% in 2024.



Annual 2023 Global Climate Report

Economists are concerned that the extreme weather conditions are likely to exert significant adverse effects on the tourism industry



Global Unemployment

The unemployment debate takes centre stage in the global economy, with the ILO projecting a modest rise in global unemployment in 2024 from 5.1% to 5.2%



Supply Chain World

Generative AI, data analytics, automation, machine learning, IoT, and blockchain collectively drive the evolution towards a 'smart' supply chain, transitioning to a new normal



Global Inflation

expected to fall to:

5.8% in 2024

ECONOMIC REVIEW AND OUTLOOK

▶ DOMESTIC

REVIEW

In 2023, Malaysia’s economy exhibited a moderate positive trend despite global economic challenges, with full-year GDP growth recorded at 3.7%. This positive trend is attributed to robust domestic demand, characterised by expansion in both consumption and investment spending. Key supporting factors include vibrant tourism activities, favourable labour market conditions and easing inflationary pressures.

According to a media statement released by MATRADE, trade performance in 2023 exceeded RM2 trillion for the third consecutive year, despite a slight decline of 4.3% compared to the previous year. This dip is attributed to a decrease in consumers’ purchasing power resulting from high global inflation. Additionally, weak external demand led to a 10% drop in export performance in comparison with the prior year. Nevertheless, the trade sector maintained the impressive record of surpassing RM1 trillion for two years in a row.

In contrast to the challenges faced by the trade sector, tourism has emerged as a significant catalyst for economic growth. Statistics from Tourism Malaysia reveal that the country welcomed 14.5 million international tourist arrivals from January to September 2023. Besides, the favourable labour market can be seen in 1.7% growth year-on-year in the total labour force, as reported by the Department of Statistics Malaysia (DOSM), with total employment growing at a similar pace of 2% over the same period. Meanwhile, the unemployment rate returned to the pre-pandemic level at 3.3% in November 2023, with 0.6 million unemployed persons.

A closer look at inflation dynamics reveals a favourable scenario. According to DOSM, the national inflation rate as of December 2023 stood at 1.5%, an annual inflation rate of 2.5% for 2023, compared to 3.3% in 2022. Malaysia’s inflation rate of 1.5% is notably lower in comparison to the Philippines (3.9%), Vietnam (3.6%), the US (3.4%), South Korea (3.2%) and Indonesia (2.6%). Despite this positive outlook, potential risks to inflation remain contingent on changes to domestic policies related to subsidies and price controls, as well as global commodity prices and financial market developments.



Malaysia’s Economy

Anticipating the year 2024, Malaysia’s economy is poised for a positive trajectory, projecting a growth rate between 4% and 5%. This favourable outlook is underpinned by robust private consumption, expected to surge at 38.2% of demand - Economic Outlook 2024 Report, Ministry of Finance



Trade performance in 2023 exceeded

RM2.0 trillion

FY2023, showed a slight decline 4.3% compared to 2022

Nevertheless, the trade sector maintained the impressive record of surpassing RM1 trillion for two years in a row - MATRADE

OUTLOOK

Anticipating the year 2024, Malaysia’s economy is poised for a positive trajectory, projecting a growth rate between 4% and 5%. This favourable outlook is underpinned by robust private consumption, expected to surge at 38.2% of demand, as outlined in the Economic Outlook 2024 Report by the Ministry of Finance. Additionally, domestic consumption and export activities are set to bolster the economy, with the manufacturing sector projected to gain momentum due to enhanced export products amid recovering external demand. The construction sector is slated for growth, too, propelled by expansion across all subsectors.

Moving on to the tourism industry, the recent implementation of a 30-day visa-free travel policy for China and India, effective from 1 December 2023, is expected to further boost tourist numbers moving in tandem with Malaysia’s economic growth trajectory. It is anticipated that this policy change could potentially restore tourist arrivals to pre-pandemic levels, reaching the 2019 figure of 26.1 million.

Nevertheless, economic momentum in 2024 may face challenges due to subsidy rationalisation, inflated cost of living, inflation risk and higher service tax rate for some services. These will be leading factors in potential slowdown amid a recalibration in spending patterns among consumers. The increase in the service tax rate to 8% could exert further pressure on spending, prompting consumers to refrain from high-value purchases.



Tourism Malaysia reveal that the country welcomed

14.5 million

international tourist arrivals from January to September 2023

Labour market

1.7% growth year-on-year in the total labour force

National Inflation Rate

According to DOSM, the national inflation rate as of December 2023 stood at

1.5%

ECONOMIC REVIEW AND OUTLOOK

► MSMEs

REVIEW

Malaysia’s MSMEs displayed resilience in recovering from the pandemic’s impact, defying challenges posed by a global economic downturn, geopolitical tensions, and inflationary pressures. According to the Ministry of Entrepreneur and Cooperatives Development, there were an additional 83,361 new MSMEs, in addition to the existing 1.2 million registered MSME entrepreneurs as of December 2022, comprising 97.4% of total business entities. Furthermore, based on the Ministry’s data, 78% are micro enterprises.

According to figures published by DOSM in July 2023, MSMEs experienced remarkable growth of 11.6% in 2022, surpassing the national GDP growth rate of 8.7% during the same period. The contribution of MSMEs to Malaysia’s GDP reached 38.4%, signalling a favourable increase compared to the 2021 figure of 37.4%. Notably, the Services and Manufacturing sectors emerged as major drivers, collectively representing 63.6% and 21.0% of MSMEs’ GDP in 2022, respectively.

As for employment, MSMEs constituted 48.2% of Malaysia’s total employment in 2022, marking a slight increase from the previous year’s 47.8%. Within MSME employment, the services sector held the highest percentage at 64.1%, followed by manufacturing at 16.4%, with construction and mining & quarrying contributing 8.8% and 0.3%, respectively.

Under the national Budget 2023, amendments to the Income Tax Act 1967, specifically Para 2B(d) and 2E(d) of Part I of Schedule 1, redefined the criteria for MSME qualification. These changes aim to exclude businesses predominantly owned by foreign entities, aligning the MSME definition with the government’s intended purpose of supporting and promoting local enterprises. Additionally, the introduction of the RM100 million Geran Digital PMKS MADANI (GDPM) under Budget 2023 is poised to stimulate a digital revolution among MSMEs and small hawkers, further enhancing their growth and sustainability.



Sustained Progress

Moving into the coming year, Malaysia’s MSMEs are anticipated to exhibit sustained progress, thanks to the unwavering support and initiatives outlined in the 2024 National Budget



There were an additional **83,361**

new MSMEs in 2023, according to the Ministry of Entrepreneur and Cooperatives Development

MSME employment

Services sector

64.1%

Manufacturing sector

16.4%

Construction sector

8.1%

OUTLOOK

In 2024, Malaysia’s MSMEs are anticipated to exhibit sustained progress, thanks to the unwavering support and initiatives outlined in the 2024 National Budget. The Government, recognising the pivotal role of MSMEs, has introduced comprehensive plans and assistance programmes to bolster their growth.

Budget 2024 proposes an extensive list of incentives for MSMEs, underscoring a concerted effort by the Government to empower MSME owners—the acknowledged backbone of the nation’s economy. As revealed in the Budget 2024 announcement on 13 October 2023, under the Madani Economic Framework, the Government will allocate up to RM44.0 billion to make loans and financing guarantees available for the benefit of MSMEs. A total of RM2.4 billion will be provided as small loan facilities for micro-entrepreneurs and small traders. On top of that, a separate amount of RM8.0 billion in loan funds will be provided via BNM to support SME companies, and RM1.6 billion worth of loan facilities and guarantees will be specifically provided for Bumiputera MSME entrepreneurs under Budget 2024.

Moreover, the Government’s commitment to digitalisation is evident in the budgetary provisions. A notable RM100 million has been earmarked for digitalisation grants, benefiting over 20,000 SMEs with grants of up to RM5,000 through the Malaysia Digital Economy Corporation (MDEC). In the realm of employment, HRD Corporation will redirect special funds, equivalent to 15% of the total levy collected, to implement the MADANI Training Programme. This initiative targets MSME entrepreneurs and vulnerable groups, including ex-prisoners, the disabled and retirees, enabling them to access talent retention and skill improvement programmes.

Meanwhile, the introduction of the Industry Environmental, Social, and Governance (i-ESG) framework on 2 October 2023, stands out as a significant initiative within the New Industrial Master Plan (NIMP) 2030. The i-ESG framework adopts a phased approach, beginning with Just Transition from 2024 to 2026 and followed by ‘Accelerate ESG Practices’ for Phase 2.0, to guide and drive the manufacturing sector, especially MSMEs, towards ESG compliance. Despite challenges faced by many MSMEs in implementing the framework due to limited knowledge, resources and financing, the substantial funds allocated in the 2024 Budget, amounting to RM2 billion for renewable energy, sustainable agriculture and green transport, along with other available incentives, are poised to facilitate MSMEs’ ESG transformation.



Government Commitment

The Government, recognising the pivotal role of MSMEs, has introduced comprehensive plans and assistance programmes to bolster their growth



the Government will allocate up to

RM44 billion

to make loans and financing guarantees available for the benefit of MSMEs

A notable

RM100 million

has been earmarked for digitalisation grants, benefiting over 20,000 SMEs

MARKET TRENDS



CHANGE IN GLOBAL ECONOMIC LANDSCAPE

The lingering effects of the pandemic, coupled with the tightening of monetary policies and geopolitical tensions, have contributed to a slowdown in global economic growth. This has prompted a shift in focus towards the flourishing sharing economy, and increased attention to tourism activities, other than an intensified need for digitalisation.

Link to

Capitals



Strategic objectives



Material Matters



SDGs



How we responded

- Continue to innovate our guarantee and financing schemes, showcasing our readiness to customise meeting MSMEs changing needs
- Accelerate employee upskilling to prepare our workforce for evolving business needs in response to changing global economic conditions
- Manage our talent considering global and domestic economic conditions, addressing potential impacts on employee well-being, mobility and recruitment
- Acknowledge the global growth of the sharing economy and actively explore opportunities to expand our support within this economic sector

Outlook

- Anticipate accelerating our business strategy, forging strategic collaborations with industry players to fulfil our mandate of supporting unserved and underserved MSMEs
- Explore innovative initiatives and areas of focus that align with our commitment to providing support to those who are traditionally unserved and underserved in the evolving economic landscape



THE URGENCY OF SUSTAINABILITY

The effects of climate change, coupled with a growing emphasis on sustainability and Environmental, Social and Governance (ESG) factors from customers, have led to an increased focus on environmental considerations.

Link to

Capitals



Strategic objectives



Material Matters



SDGs



How we responded

- Establishment of CGC Sustainability Framework in December 2022 and setting the foundation in 2023 to achieve CGC's Sustainability targets
- Inclusion of SO4: Facilitate sustainability agenda encompassing Economic, Environment, Social and Governance aspects during the 5SP Mid-term Review in 2023
- Demonstrated commitment to a low-carbon economy through initiatives like the Green Technology Financing Scheme 4.0, Low-Carbon Transition Facility (LCTF) and PG ESG schemes
- Cultivating meaningful partnerships through ESG-initiated training within the CGC Developmental Programme®
- Embedding sustainability into CGC by providing training related to sustainability and adopting sustainable practices in procurement processes

Outlook

- Explore potential areas to spread awareness on sustainability
- Extend adoption of sustainability practices to other business processes
- Continue our efforts in reducing both direct and indirect Greenhouse Gas (GHG) emissions



ACCELERATED DIGITAL TRANSFORMATION

Link to

Capitals



Strategic objectives



Material Matters



SDGs



Increasing trends revolving around Artificial Intelligence (AI), Internet of Things (IoT) and a bigger commitment to change management.

How we responded

- Establishment of CGC Digital Sdn Bhd in July 2022 to accelerate digital transformation for the Group
- Completion of Application Programming Interface (API) for smoother integration with partner companies resulting in faster CGC guarantee approval process
- Enhancement of imSME as a pioneer in online financing and loan referral to maximise customer satisfaction and support our mandate in extending our guarantee facilities to unserved and underserved MSMEs
- Proactively seeking new opportunities in collaboration with strategic partners to achieve our strategic objective in becoming a digitally-savvy organisation

Outlook

- We are striving to support digitalising our guarantee and direct financing processes
- Advancing digital transformation by leveraging opportunities through AI
- Continue exploring potential strategic partnerships and collaboration with digital players in the market
- Cybersecurity remains our top priority as we promote awareness of cybercrimes internally to safeguard our customers and stakeholders

KEY RISKS AND MITIGATION

Key Risk No. 1 BUSINESS

Risk Description

Risk arising from changes in the Corporation’s businesses, including the risk that the Corporation may not be able to fulfil its business plan and desired strategy, for example, earnings shortfall due to fall in business volumes.

Response and Mitigation

- 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.
- Establishing a committee to monitor all initiatives, ensuring alignment and coordination across all working levels, to maintain coherence with the Corporation’s overall objectives and mitigate potential disruptions.
- Initiating Strategic Workforce Planning to ensure the organisation has the appropriate structure, size and skill set to fulfil future roles and objectives effectively.
- Implementing a prioritisation structure for Strategic Initiatives to focus resources on key areas that support the Corporation’s business plan and desired strategy.

Opportunities Arising

- Enhance Strategic Flexibility: The Corporation can seize emerging opportunities and respond effectively to market shifts, potentially leading to increased market share and revenue growth.
- Agile Resource Optimisation: Implementing agile resource allocation strategies enables the Corporation to allocate resources dynamically to areas with the highest growth potential, thereby enhancing operational efficiency and profitability.
- Innovation and Diversification: By exploring new products, services or markets, the Corporation can diversify its revenue streams and reduce reliance on any single business area, positioning itself for long-term sustainability and resilience in the face of changing market conditions.
- Strengthened Customer Relationships: By aligning offerings with evolving customer needs and preferences, the Corporation can enhance customer satisfaction, loyalty and retention, ultimately driving sustained revenue growth and competitive advantage.
- Continuous Improvement Culture: By regularly reviewing and refining business plans and strategies, the Corporation can enhance operational effectiveness, identify areas for optimisation, and drive innovation across all levels of the organisation.

Link to

Capitals Impacted



Stakeholders



Material Matters



Strategic Objectives



Key Risk No. 2 CREDIT

Risk Description

Risk arising from failure or inability of a borrower/customer or counterparty in meeting their financing obligation. Credit risk management’s key objective is to monitor and maintain credit risk exposure within acceptable parameters. Inherent credit risk is managed at both portfolio and individual credit levels.

Response and Mitigation

- Review innovative product programmes, namely for the gig economy and Low Carbon Transition Facility (LCTF), by providing effective credit risk mitigation to manage the risk associated within the activities in order to support business growth in a prudent manner.
- Enhance credit risk strategies through performing independent credit reviews and post-mortem reviews, thus identifying ways to manage credit risk proactively on exposure and segmentation, with the aim of minimising potential credit losses.
- Regularly update comprehensive credit risk policies to enhance Underwriting Standards via a robust credit risk policy framework to ensure effective and prudent credit risk management. This aims to identify, assess, measure, control and monitor credit risk exposure with various counterparties within the Board-approved Risk Appetite.
- Perform periodic review and monitoring of risk appetite to track asset quality. Monitor and manage Capital Adequacy Ratio (CAR) so it is within acceptable ranges and perform timely review and validate MFRS 9 Model to ensure the models are performing as expected and the assumptions used in model development remain appropriate.
- Perform timely review of Internal Risk Rating Model (IRRM) and scorecards to ensure improvement of overall onboarding and behaviour monitoring of viable businesses.

Opportunities Arising

- Product Innovation: Regular monitoring of product performance can highlight opportunities for innovation to better meet customer needs and respond to market changes.
- Operational Efficiency: The end-to-end credit process review may reveal opportunities for streamlining operations, improving efficiency, and reducing costs.
- Portfolio Diversification: By monitoring concentration risk, the corporation could diversify its portfolio, potentially reducing volatility and improving returns.
- Enhanced Risk Management: The rigorous application of credit risk policies, and the continuous refinement of the Internal Risk Rating Model (IRRM), can lead to stronger risk management practices that improve the overall health of the loan portfolio.
- Market Competitiveness: The establishment and monitoring of Group Exposure & Single Counterparty Exposure Limits can position the organisation as a prudent and secure entity, potentially attracting risk-averse clients and investors.
- Customer Relationship Building: Through the monitoring and adjustment of exposure limits, especially for larger MSMEs, the organisation can strengthen relationships by providing tailored financial solutions that support their growth.
- Strategic Decision Making: Reporting risk items to Management and Board on a regular basis provides high-level insights that can inform strategic decisions and long-term planning.

Link to

Capitals Impacted



Stakeholders



Material Matters



Strategic Objectives



KEY RISKS AND MITIGATION

Key Risk No. 3 MARKET

Risk Description

This is defined as the risk of loss or adverse impact on financial capital beyond risk appetite arising from movements in financial market rates or prices. It is the risk that value of financial instruments held by the Corporation will fluctuate due to the changes in market conditions such as interest rates, foreign exchange rates, and equity prices.

Response and Mitigation

- Diversify invested assets by spreading investments across different asset classes, industries and geographic regions, which can help lower the potential risk of poor performance in a particular market/sector for the entire portfolio.
- Using financial instruments like forward contracts to hedge the Foreign Exchange risk helps protect against financial losses from movements in exchange rates.
- Allocate assets based on investment goals/strategies, market conditions and risk appetite/tolerance, which provides the balance between risk and return with alignment with the Corporation’s objectives.
- Regularly monitor and analyse the performance of invested assets, market conditions and economic indicators, which is useful to make timely adjustments to the existing portfolios considering emerging risks.
- Conduct stress testing to assess performance of each portfolio under adverse scenarios. This is used to identify potential vulnerabilities in the portfolio and allows for proactive adjustments to enhance resilience in the face of potential market shocks.

Opportunities Arising

- Making informed investment decisions according to changing market conditions.
- Maintaining financial stability of the Corporation by managing market risk effectively.

Link to

Capitals Impacted



Stakeholders



Material Matters



Strategic Objectives



Key Risk No. 4 LIQUIDITY

Risk Description

This is defined as the financial risk associated with a corporation’s ability to honour its present and future cash flow obligations resulting from a mismatch of assets and liabilities.

Response and Mitigation

- Carry out asset-liability management by matching the maturities of assets and liabilities and monitoring the timing of the cash inflow and cash outflow through the liquidity gap.
- Maintain adequate cash reserves to cover potential short-term cash outflow, especially claims paid without the need to liquidate other invested assets.
- Set limits for the liquidity gap in line with the Corporation’s risk appetite. This is to ensure sufficient availability of cash to meet financial obligations and daily operations.

Opportunities Arising

- Optimise the investment return while maintaining adequate cash reserves for daily operations and financial obligations.

Link to

Capitals Impacted



Stakeholders



Material Matters



Strategic Objectives



KEY RISKS AND MITIGATION

Key Risk No. 5 OPERATIONAL

Risk Description

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

Response and Mitigation

- Continuously strengthen the Corporation’s operational risk management policy, defining the risk appetite, standards and processes for managing operational risk and internal controls.
- Embed operational risk management culture across the Corporation. This has been translated, among other things, into detailed risk assessments for every product, initiative and process.
- Perform risk and control self-assessment to form comprehensive business lines operational risk profiles, and integrate this into an overall process.
- Established key risk indicators at multiple levels throughout the Corporation to monitor key risk areas and escalate triggers to relevant committee for breaches of thresholds.
- Analysed information relating to all internal operational risk events, including losses. Lessons learnt are used to strengthen controls in the Corporation.
- Developed plausible scenarios under which the identified major operational risks could materialise.
- Driving operational risk awareness and educational programmes at all levels.

Opportunities Arising

- Better management of operational risk will result in lower operational losses, which translates into less expense and the availability of more capital for business expansion.
- Improved customer and stakeholder confidence.
- Better resource allocations, especially in growing business and managing high-risk areas better.

Link to

Capitals Impacted



Stakeholders



Material Matters



Strategic Objectives



Key Risk No. 6 BUSINESS CONTINUITY

Risk Description

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.

Response and Mitigation

- Established relevant framework and policies on Business Continuity Management (BCM) and Crisis Management by benchmarking them against international standards and local regulations.
- Implemented well defined governance structure for the Corporation’s BCM, which demonstrates CGC’s commitment to good corporate governance.
- Embedded BCM culture and integrated it within the Corporation’s strategic and day-to-day management, as well as its alignment with business priorities.
- Defined the parameters and processes for BCM programme implementation.
- Continued to run BCM and Crisis Management Programmes as planned, aligning with latest risk trends.
- Conducted periodic testing of incident response and business recovery plans.
- Enhanced existing business continuity plans to respond to pandemic.

Opportunities Arising

- Risks that could result in disruptions can be identified and mitigated, thus ensuring continuity of business and operations, and reduction in downtime and financial losses.
- Enhanced resilience, where the organisation will be more resilient to various disruptions.
- Improved customer and stakeholder confidence.

Link to

Capitals Impacted



Stakeholders



Material Matters



Strategic Objectives



KEY RISKS AND MITIGATION

Key Risk No. 7 INFORMATION TECHNOLOGY AND CYBER

Risk Description

Information Technology Risk (hardware, software and network) and Cyber Risk have become more sophisticated and continue to evolve. They can impact the organisation in several ways, including operational disruptions, reputational damage, financials, legal repercussions, stolen intellectual property and data breaches.

Response and Mitigation

- Implemented comprehensive information technology and cyber risk framework, policies and procedures across the Corporation.
- Built a strong culture of technology and cyber risk management, continuously educating staff on the role they play in information security through technology and cyber awareness programmes.
- Continually assess various aspects of the Corporation’s cybersecurity practices, policies, technologies and processes to identify strengths, weaknesses and potential risks. These assessments aim to determine how well an organisation can protect its information, systems and networks from cyber threats and identify areas for improvement.
- Run 24x7 cybersecurity operations and monitoring service, managed security information and event management (SIEM), detected and blocked suspicious attempts to breach the system in the Corporation’s cyber ecosystem.
- Engaged external expertise to assess the Corporation’s readiness in identifying and responding to technology and cyber risks.

Opportunities Arising

- Reduced likelihood and impact from cyber threats, data breaches, and insider threats.
- Improved customer and stakeholder confidence, due to the strength and sound management of the Corporation’s systems and IT controls.
- Opportunity for innovation in the Corporation’s digital transformation initiatives.

Link to

Capitals Impacted



Stakeholders



Material Matters



Strategic Objectives



Key Risk No. 8 COMPLIANCE

Risk Description

The risk of legal or regulatory sanctions, financial loss or reputational damage arising from failure to comply with legal and regulatory requirements applicable to the Corporation’s activities.

Response and Mitigation

- Develop compliance, integrity and Shariah risk appetite that articulates the nature, type and level of compliance and integrity risks that CGC is willing to accept or tolerate.
- Implement comprehensive compliance and integrity policies including, amongst others, Anti-Money Laundering and Counter-Financing of Terrorism, Personal Data Protection Act, Anti-Bribery and Anti-Corruption (ABAC) and Whistleblowing Policy.
- Ensure timely escalation of breaches and emerging compliance, integrity and Shariah risk through periodic reporting to Board and Senior Management.
- Perform periodic and annual risk assessment on compliance areas.
- Maintain continuous effort to enhance compliance and integrity culture through conduct of mandatory and customised compliance, integrity and Shariah awareness programmes for all employees of CGC, as well as Board and Senior Management.

Opportunities Arising

- The Corporation’s strong commitment to on-going regulatory vigilance ensures a nuanced comprehension of evolving mandates, standards, and regulatory expectation, empowering it to preemptively address potential regulatory challenges and lapses in a timely and swift manner.
- A strong compliance monitoring framework also translates into effective compliance risk management across all activities of the Corporation.

Link to

Capitals Impacted



Stakeholders



Material Matters



Strategic Objectives



OUR STRATEGIC ROADMAP 2021-2025

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, with the highest degree of professionalism, efficiency and effectiveness

CORE VALUES

Teamwork • Hardworking • Integrity • Nurturing • Knowledgeable

STRATEGIC OBJECTIVES (S.O.)

SO1

Assist MSMEs to access financing through strategic partnerships

SO2

Drive MSMEs' excellence through targeted developmental support

SO3

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

SO4

Facilitate sustainability agenda encompassing Economic, Environment, Social and Governance aspects

DIGITAL VISION

A

Accelerate digitalisation of the core

E

Enable digital capabilities

C

Create new digital business models

8

Strategic Initiatives

16 INITIATIVES

8

Strategic Enablers

7 HEADLINE TARGETS

Guarantee and Financing Base of RM36.5 billion

Assist 95,800 MSMEs through Financial Assistance

Assist 64,200 MSMEs through Targeted Developmental Support

2x Growth in Digital Onboarding of MSMEs

Guarantee Reserve Ratio of 2.8x

Cost-to-Income Ratio of 36%

RM1 billion ESG-linked Guarantee

STRATEGIC PERFORMANCE REVIEW

STRATEGIC PILLARS

Focus Area 1

→ STRENGTHENING GUARANTEE SCHEMES

2023 KEY INITIATIVES/PRIORITIES

- Expand partnership and launch new PGs
- Enhance branches' roles

2023 ACHIEVEMENTS

- More than RM5.1 billion outreach approval was recorded in 2023, surpassing annual target by 25% and year-on-year growth rate of 45%
- Launched more than RM600 million of PG Online
- Implementation of Branch Advisory Programme (BAP)
- Completion of Advisory Module for Branch Staff/Customers

KPIs

Outreach Approval, Outstanding Guarantee and Financing Base (Value and Accounts)

Capitals



Material Matters



Stakeholders



Focus Area 2

→ ENHANCING INTERNAL CAPABILITIES

2023 KEY INITIATIVES/PRIORITIES

- Strengthen infrastructure and improve delivery channels

2023 ACHIEVEMENTS

- Continuous improvement and automation initiatives that include successful implementation of Application Programming Interface (API) with several partner Financial Institutions

KPIs

Efficiency Charter - Loans Processing for PG and Claim Payment

Capitals



Material Matters



Stakeholders



STRATEGIC PERFORMANCE REVIEW

STRATEGIC PILLARS

Focus Area 3

→ OPTIMISING HUMAN CAPITAL

2023 KEY INITIATIVES/PRIORITIES

- Conduct total rewards review exercise
- Conduct staff development programme

2023 ACHIEVEMENTS

- Implemented the revised rewards and benefits for employees, Employee Referral programme and Health & Wellness programmes
- Conducted 108 training programmes to support staff development
- Developed Strategic Workforce Planning to analyse current workforce to meet current and future needs

KPIs

Staff Attrition, Engagement Level, Competency Index

Capitals



Material Matters



Stakeholders



Focus Area 4

→ ADVANCING BEYOND GUARANTEE

2023 KEY INITIATIVES/PRIORITIES

- Strengthen development/advisory effort
- Support Sustainability agenda

2023 ACHIEVEMENTS

- Successful completion of CGC100 Programme six-month Fast Track programme for 20 individuals aged 19 to 23 with basic entrepreneurship skills
- Successful commencement of 12-month Comprehensive Track for 30 participants aged 18 to 20 with minimal entrepreneurship skills
- Networking programme introduced in February 2023
- Setting baseline for Scope 1 and Scope 2 GHG emissions

KPIs

MSMEs assisted through Non-Financial Assistance

Capitals



Material Matters



Stakeholders



STRATEGIC PILLARS

2024 Key Focus Areas

→ EXPANDING OFFERINGS

2024 KEY INITIATIVES/PRIORITIES

- Leverage BNM's Fund for SMEs
- Advocate Sustainability Agenda
- Implement Financial Inclusion for Targeted Segments
- Provide Access to Financing through New Networks

→ PRIORITISE "NEEDLE MOVERS"

- Introduce PG Retention Schemes
- Develop 'Guarantee First' Model

→ BUILDING RESILIENCE AND SUSTAINABLE CATALYSTS

- Balancing Developmental Agenda against Asset Quality Concern whilst Increasing Competitiveness
- Data-driven Organisation
- Process & Resources Optimisation
- Bracing for Evolving Cybersecurity Threats

→ ELEVATING PEOPLE'S POTENTIAL

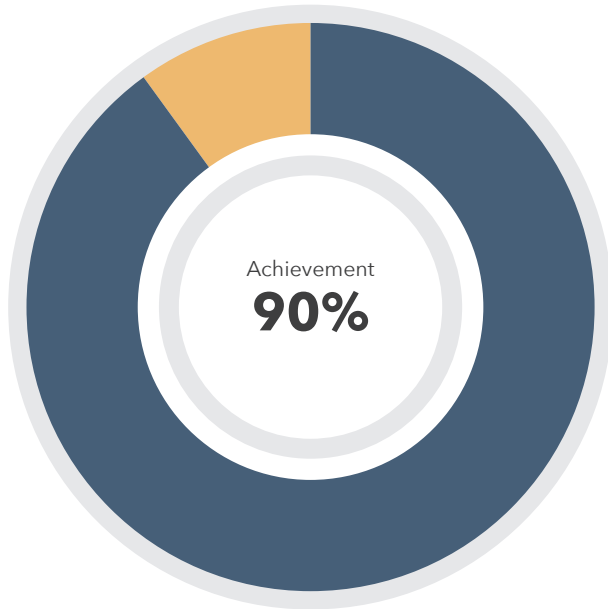
- High-performing Culture
- Aligning roles with 5SP+
- High-impact Learning
- People Development
- Elevating Performance

→ STRENGTHENING SUSTAINABILITY FUNDAMENTALS

- Strengthen Sustainability Governance
- Support MSMEs' Sustainability Journey
- Manage Greenhouse Gas (GHG) Emissions

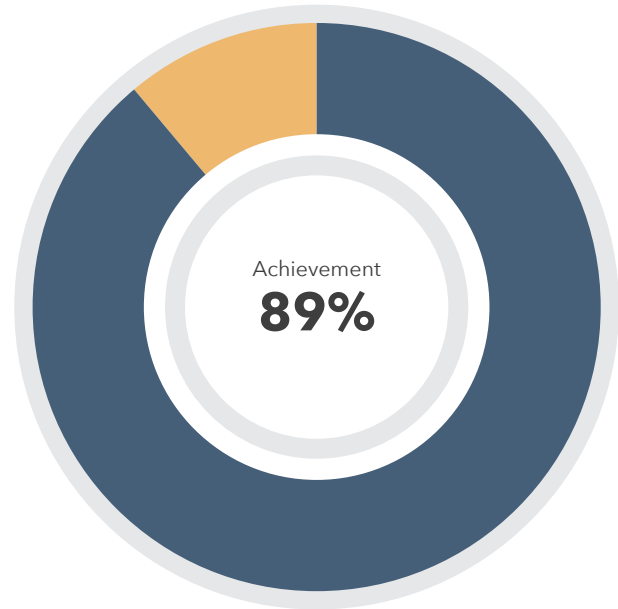
2023 PERFORMANCE SCORECARD

GUARANTEE & FINANCING BASE
(RM BILLION)



Target 2023: 24.7 FY2023 Actual Performance: 22.3

NUMBER OF MSMEs ASSISTED



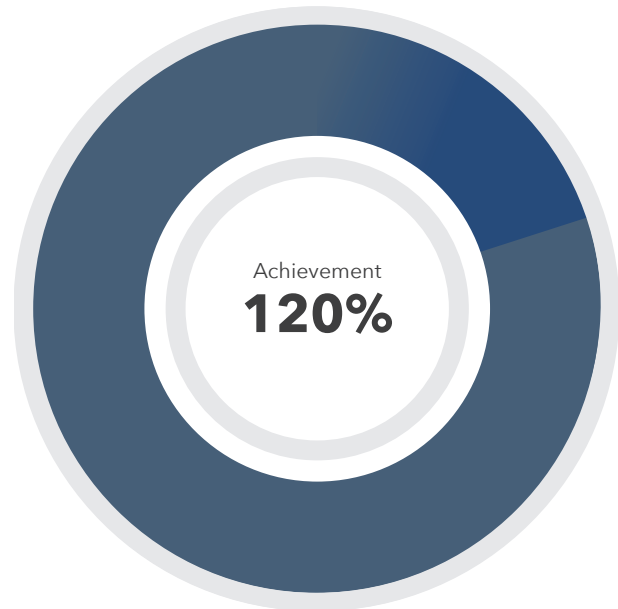
Target 2023: 73,000 FY2023 Actual Performance: 65,218

GUARANTEE RESERVE RATIO
(TIMES)



Target 2023: 1.7 FY2023 Actual Performance: 1.7

COST-TO-INCOME RATIO
(%)



Target 2023: 36.0 FY2023 Actual Performance: 28.7*

* Cost-to-Income Ratio at Company level

ADDITIONALITY PERFORMANCE HIGHLIGHTS

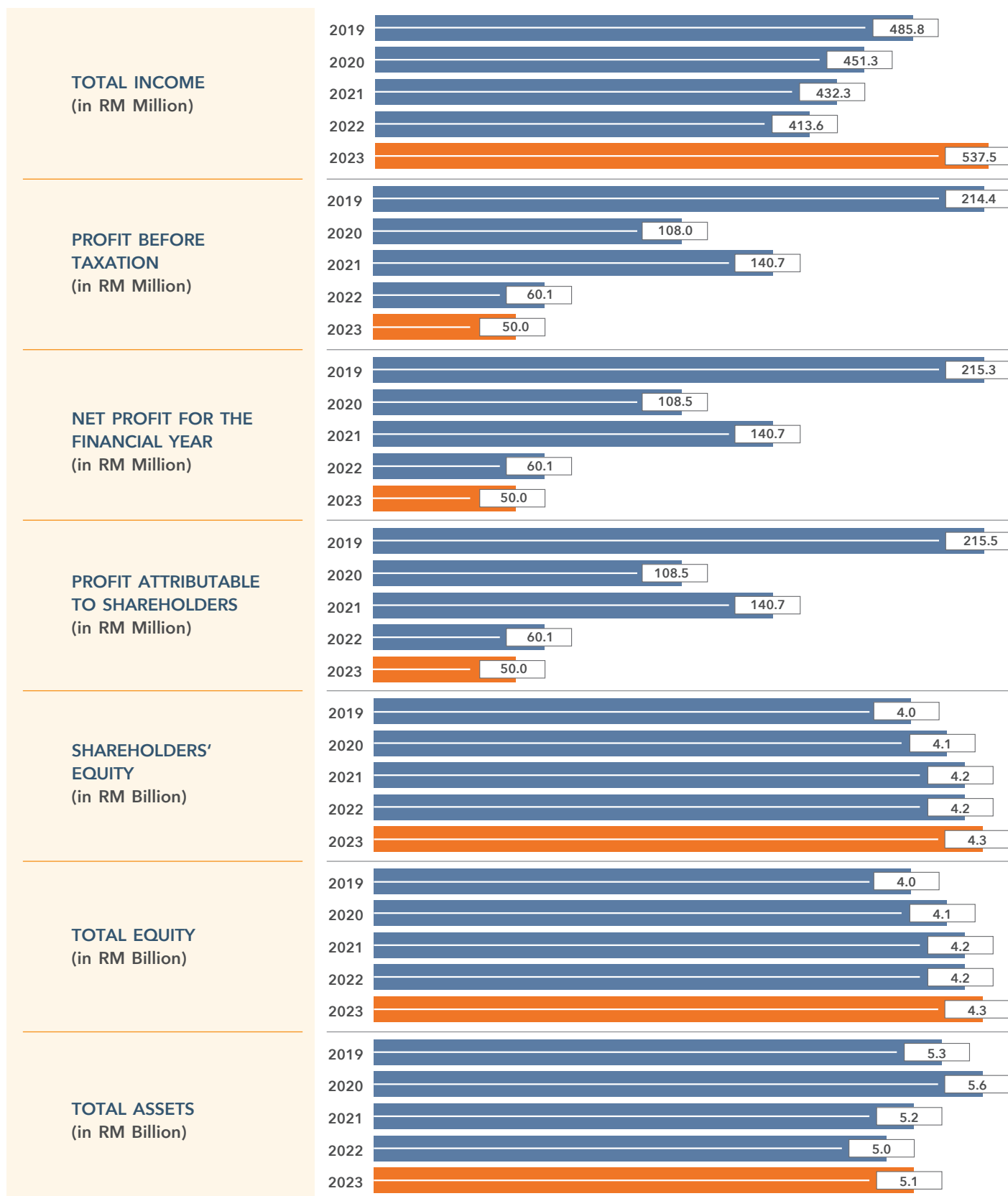
Additionality refers to the positive supplementary impact that CGC provides, beyond what is delivered in a purely profit-focussed setting.

No	Indicators	FY2023 Achievement
1.	Development Output (Short-term)	
1A	Financial additionality	
1	Total guarantee and financing approved for MSMEs (RM billion)	5.1
2	MSMEs participating in targeted developmental support initiatives	11,618
3	MSMEs securing financing with other FIs post-financial advisory services:	
	i. CGC Developmental Programme®	313
	ii. Branches	224
4	Guarantee and financing approved for targeted segments (RM million)	
	i. Bumiputera guarantee and financing	858
	ii. Micro financing	32
5	ESG-linked guarantee approval (RM million)	100
6	Financing value approved through imSME (RM million)	37
2.	Development Outcome (Medium/Long-term)	
2A	Design additionality	
7a	MSMEs' percentage of increased sales (Access New Market (ANM))	17%
7b	MSMEs' percentage of increased sales and number of employee sales (ANM)	14%
2B	Demonstration additionality	
8	Partner Financial Institutions' Credit Risk Exposure (RM billion)	1.5
2C	Policy additionality	
	Supports the development of green businesses with GTF5 4.0, especially in six key sectors that include Energy, Manufacturing, Transport, Building, Waste and Water	
	Contributes towards achieving the objectives of BNM's Fund for SMEs, aiding MSMEs to embrace sustainable and low-carbon practices in their business operations i.e. Low Carbon Transition Facility (LCTF); helping SMEs and innovative start-ups to grow their businesses and invest in strategic sectors and technology fields (digital tech, green tech and biotech) i.e. High Tech & Green Facility (HTG)	
	Provides an avenue to better trace interest in funding options, coordinate campaigns to increase awareness of funding options with low take-up and track Government fund application to enable fairer access to Government funding through imSME	
3.	Operational Efficiency	
9	Cost-to-Income-Ratio (%)	28.7
10	i. Efficiency charter - financing/loans processing for PG	99% within 1 day
	ii. Efficiency charter - claim payment	99% within 5 days

5-YEAR GROUP FINANCIAL HIGHLIGHTS

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
GROUP					
Total Income	537,493	413,581*	432,337	451,296	485,806
Profit Before Taxation	50,016	60,144	140,713	108,016	214,399
Net Profit for the Financial Year	50,016	60,144	140,713	108,541	215,339
Profit Attributable to Shareholders	50,016	60,144	140,713	108,541	215,451
Shareholders' Equity	4,340,697	4,211,572	4,200,968	4,145,740	3,993,960
Total Equity	4,340,697	4,211,572	4,200,968	4,145,740	3,995,264
Total Assets	5,108,693	4,958,877	5,194,324	5,612,552	5,344,053

* Inclusive of remeasurement of government loan.

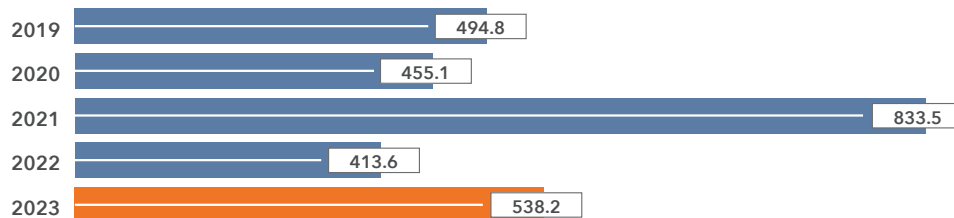


5-YEAR COMPANY FINANCIAL HIGHLIGHTS

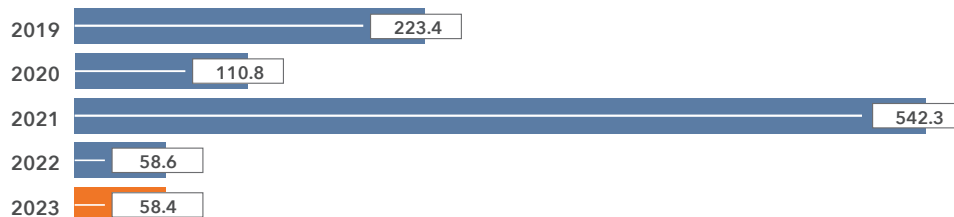
	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
COMPANY					
Total Income	538,195	413,581*	833,487	455,106	494,756
Profit Before Taxation	58,354	58,613	542,306	110,761	223,358
Net Profit for the Financial Year	58,354	58,613	542,306	110,761	223,358
Profit Attributable to Shareholders	58,354	58,613	542,306	110,761	223,358
Total Equity	4,346,867	4,209,404	4,200,331	3,743,510	3,589,510
Total Assets	5,112,836	4,956,678	5,193,687	5,210,322	4,935,604

* Inclusive of remeasurement of government loan.

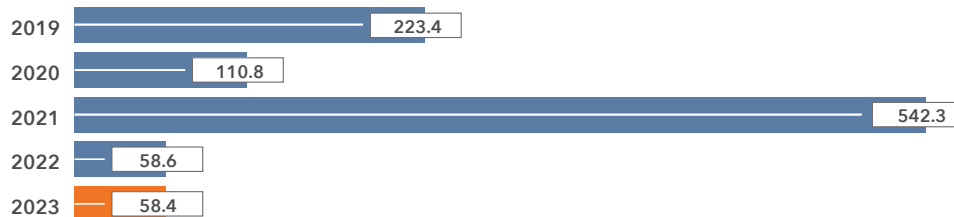
TOTAL INCOME
(in RM Million)



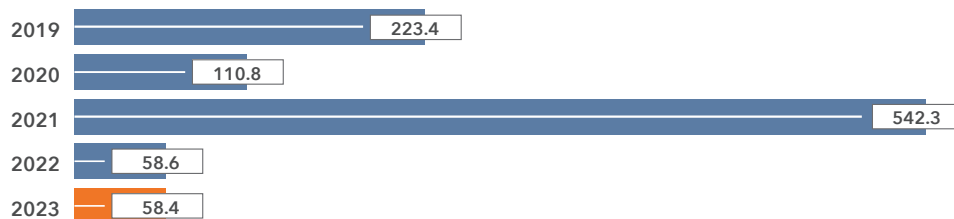
PROFIT BEFORE TAXATION
(in RM Million)



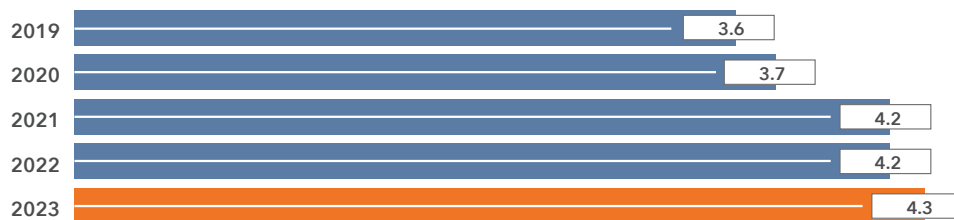
NET PROFIT FOR THE FINANCIAL YEAR
(in RM Million)



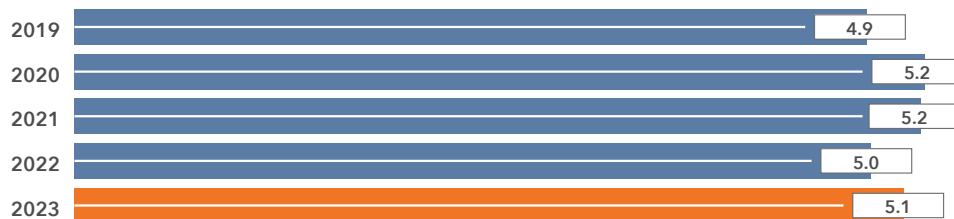
PROFIT ATTRIBUTABLE TO SHAREHOLDERS
(in RM Million)



TOTAL EQUITY
(in RM Billion)



TOTAL ASSETS
(in RM Billion)



OVERVIEW OF GUARANTEE AND FINANCING SCHEMES

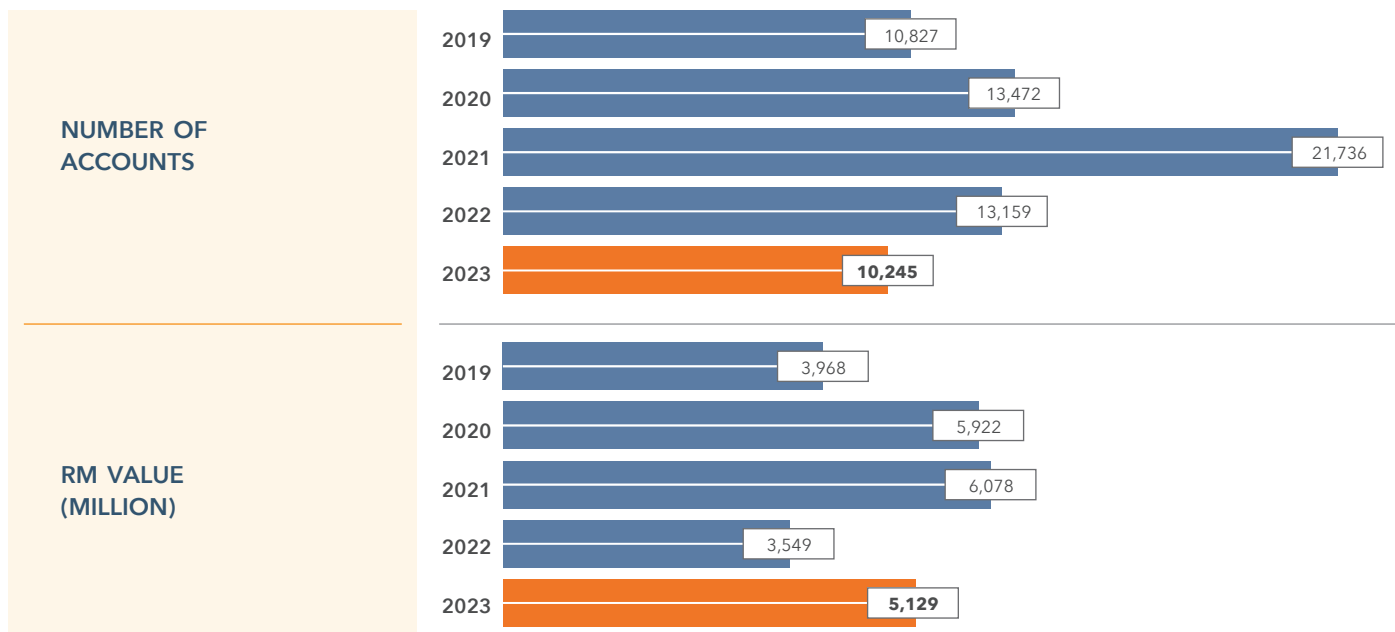
OUTREACH - APPROVALS

	2019	2020	2021	2022	2023
ANNUAL					
Number of Accounts	10,827	13,472	21,736	13,159	10,245
RM Value (Million)	3,968	5,922	6,078	3,549	5,129

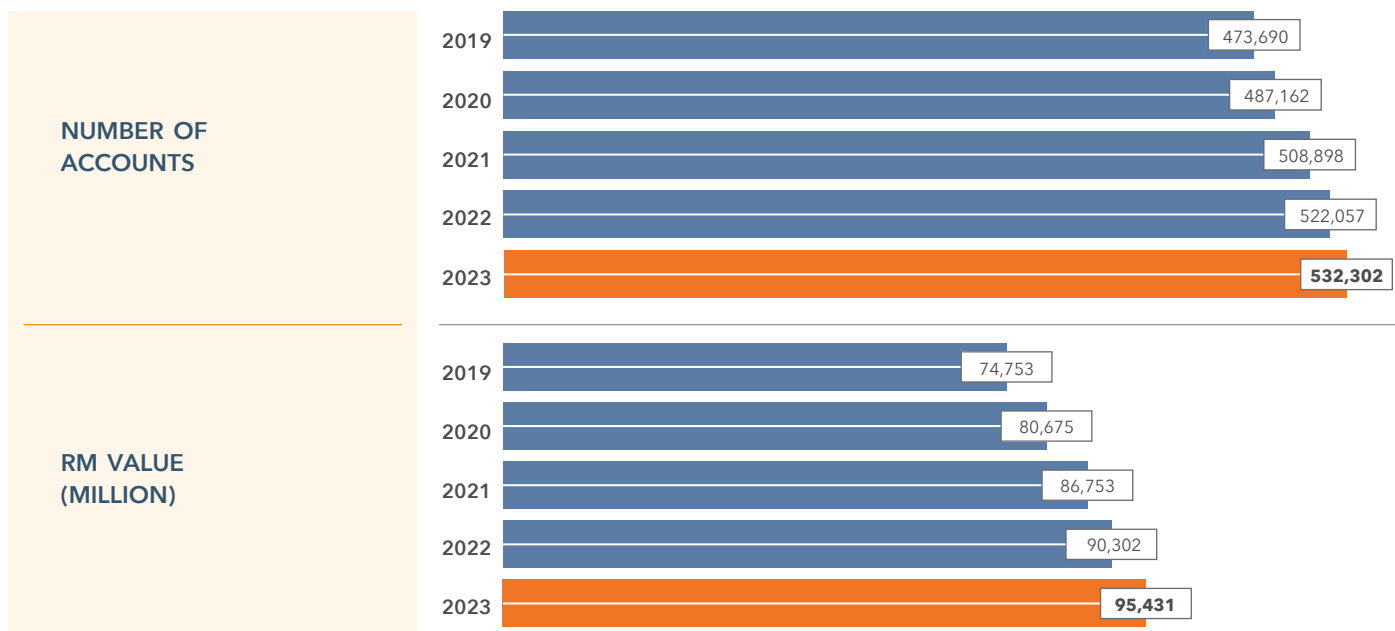
	2019	2020	2021	2022	2023
CUMULATIVE					
Number of Accounts	473,690	487,162	508,898	522,057	532,302
RM Value (Million)	74,753	80,675	86,753	90,302	95,431

GUARANTEE AND FINANCING APPROVALS

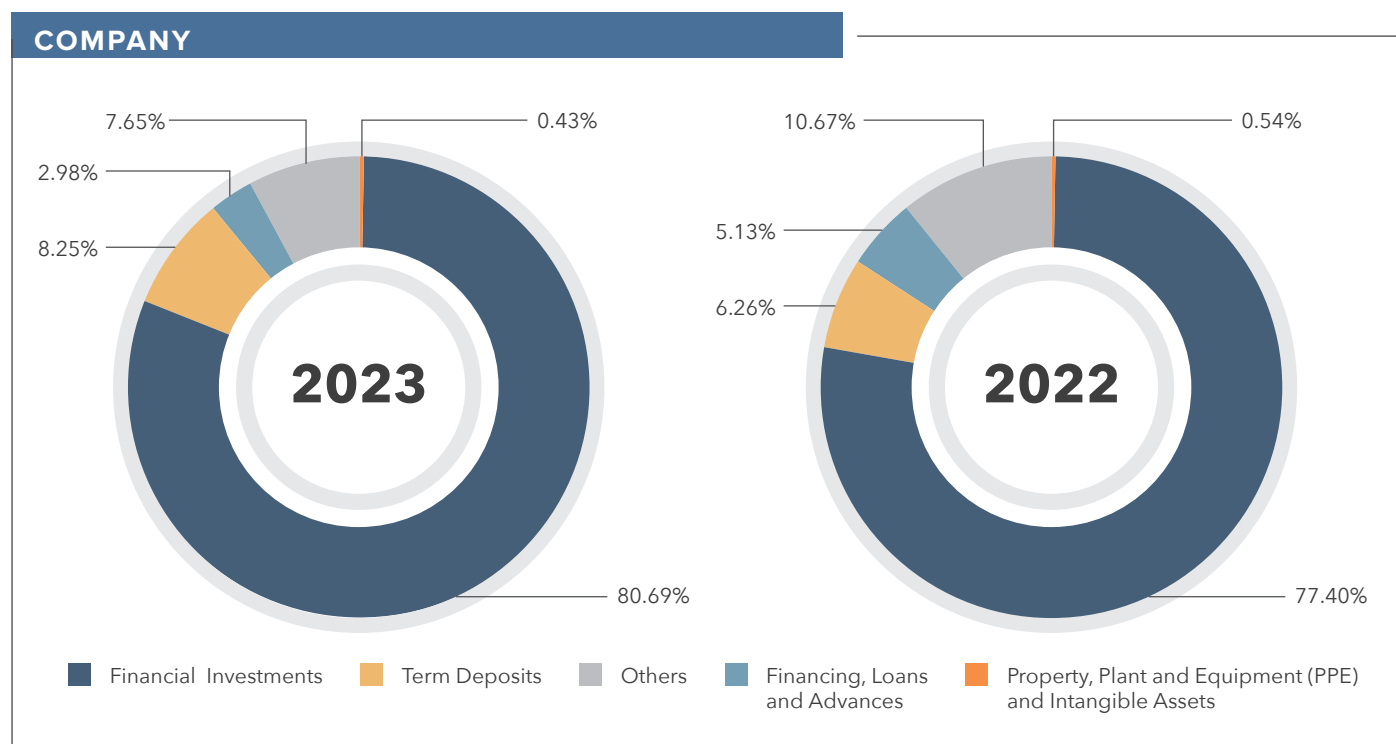
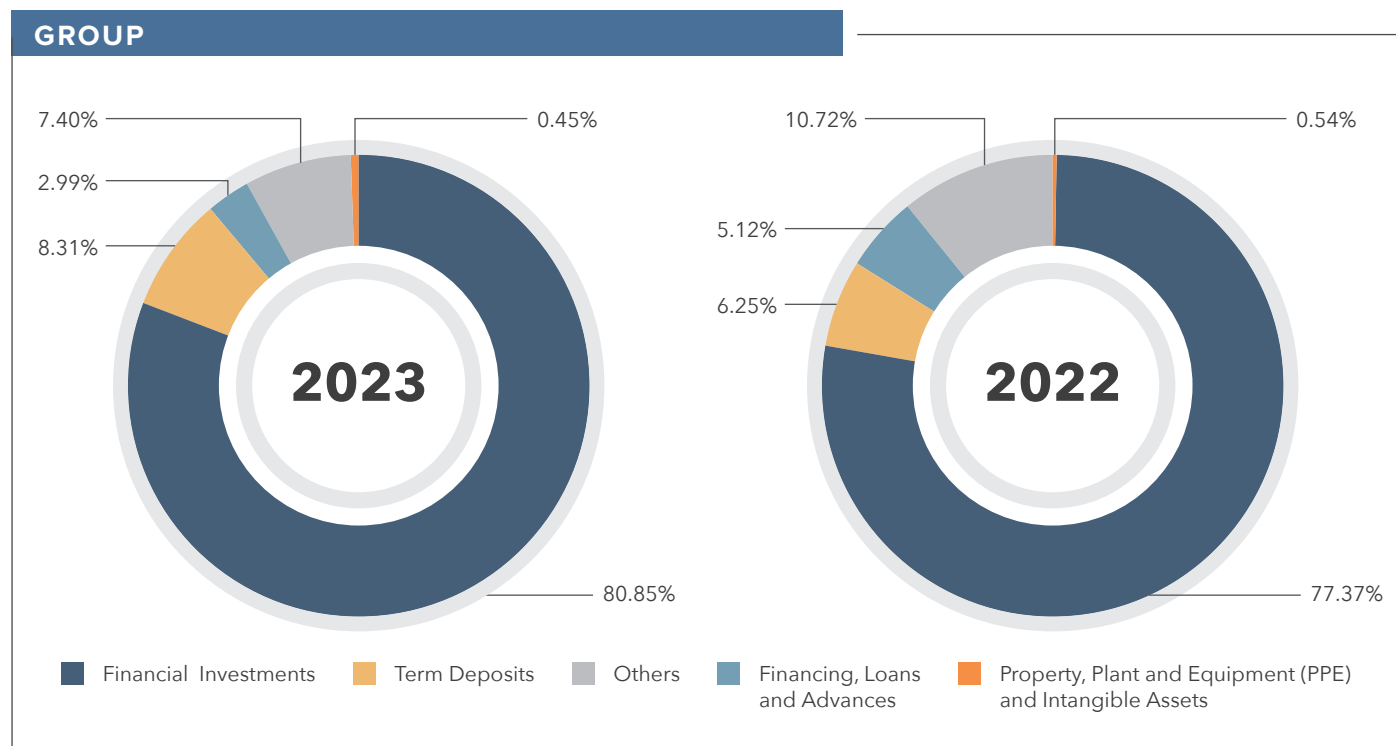
Annual



Cumulative



SIMPLIFIED STATEMENTS OF FINANCIAL POSITION



RAY RIZQI EMPIRE

REMAINING RELEVANT

After less than two years, Wan Aida Suliana and her husband manage three restaurants: Jitra and Changlun in Kedah and in Arau, Perlis. Their strategic approach includes evening-only hours and competitively-priced Western food, setting their Rumah Lepak apart in the market.

CGC'S COMMITMENT

Referred by CGC Kedah, Wan Aida secured financing from Bank Simpanan Nasional in January 2024. The couple used the capital to lease equipment and upgrade their restaurants. "When we approach banks through CGC, bankers answer our questions readily. The process is a lot smoother and is great for small start-up businesses like us who don't have much collateral." Despite initially discovering CGC through social media, Wan Aida suggests wider promotion of CGC's products and services for greater accessibility.

CATALYSING GROWTH

Wan Aida, eager to expand her business, lacks funds amid economic uncertainty. She advocates government investment in MSMEs and grants for new entrepreneurs, suggesting repayment once the economy stabilises: "We need some breathing space."

“When we approach banks through CGC, bankers answer our questions readily. The process is a lot smoother and is great for small start-up businesses like us who don't have much collateral.**”**



>Wan Aida Suliana Megat Azhari
Ray Rizqi Empire
Kedah

“The BizMula-i financing post-Covid-19 upgraded our facility for research and development and, most importantly, was spent on our branding and marketing.**”**

UNINOTO SDN BHD

REMAINING RELEVANT

Honey aficionado Lau Weng Wuei launched an online business in 2022, selling innovative honey products with natural ingredients. Despite success during the pandemic, 2023 saw a sales dip. "Facing weak market responses in 2024, we are devising new strategies to boost sales and adapt to market demands."

CGC'S COMMITMENT

"The BizMula-i financing post-Covid-19 upgraded our facility for research and development and, most importantly, was spent on our branding and marketing." Uninoto's uniqueness lies in innovative products blending fresh fruit like passion fruit into concentrates for beverages. The CGC Developmental Programme® Advisory Workshops and Networking Sessions have broadened Lau's business acumen, and joining TikTok Shop under the Access New Markets has further expanded the company's market reach.

CATALYSING GROWTH

In 2023, the wholesale retailer's efforts sustained its business. This year, Uninoto is exploring Asian export avenues through seminars and participating in Malaysia External Trade Development Corporation (MATRADE) programmes, aiming to expand its market presence.



>Lau Weng Wuei
Uninoto Sdn Bhd
Melaka

DIVISION REVIEW



BUSINESS

BRANCH SALES MANAGEMENT (BSM), BUMIPUTERA PRIVATE SECTOR (BPS), GLC & GOVERNMENT AGENCIES (GGD)

WHO WE ARE AND WHAT WE DO






CGC Branch Network spans 16 nationwide locations, featuring one branch in every state (excluding Perlis) and two branches each in Johor, Sabah and Sarawak so as to cater to the needs of local MSMEs.

BUSINESS ENVIRONMENT

BPS’s key responsibility is to develop financing offer for Tabung Projek Usahawan Bumiputera-i utilising All Economic Sectors (AES) Facility provided by Bank Negara Malaysia (BNM) for contractors. Ensuring effective processes and offers are put in place to support our branches and operations.

GGD’s primary responsibility is to understand these projects and awards provided by government-link companies (GLCs) and government agencies and these financing needs of contractors. As such, GGD needs to maintain strong relationship with our GLCs and government agencies to support new and current TPUB-i requirements for our branches.

KEY FOCUS AREAS

-  To support the Bumiputera Contractors (G1-G4) via TPUB-i financing through a dedicated Green Lane scheme in collaboration with targeted Contract Awarders (CA)
-  To expand the TPUB-i sectors from construction to supply and service with a dedicated Green Lane scheme to support Bumiputera vendors undertaking government and agency contracts
-  To serve as a bridge for the MSMEs in obtaining financing via Referral and Advisory programmes

CHALLENGES



Access to financing with limited financing literacy on their application

Mitigation

- Branches continued to serve MSMEs by providing advisory services and referring their financing applications to both financial institutions (FIs) and non-financial institutions (NFIs)

Results

MSMEs continue to be served and have access to financing



Technology adoption and digital transformation

Mitigation

- Our branches actively participate in advisory and handholding programmes, leveraging new technological tools, including the use of social media platforms

Results

- Empowering MSMEs to thrive amidst rapid technological changes



MSMEs’ business development and substantiality

Mitigation

- Facilitating the development of MSMEs through internal restructuring and rehabilitation initiatives, offering them the necessary respite and improved cash flow to effectively manage their businesses

Results

- MSMEs able to sustain and expand their businesses

➔ BUSINESS PERFORMANCE REVIEW

Key Initiatives	Achievements
<p>1 Financing for contractors via green lane and normal lane</p>	<ul style="list-style-type: none"> • Approvals under TPUB-i: 252 MSMEs amounting to RM114.8 million (exceeded by 103%) • Green Lane: 130 MSMEs amounting to RM10.4 million • Normal Lane: 122 MSMEs amounting to RM104.4 million
<p>2 Branch Advisory Programme; handholding customers</p>	<ul style="list-style-type: none"> • Advisory Programme: handholding 1,705 MSMEs (exceeded by 120%)
<p>3 Referral Programme for FI financing</p>	<ul style="list-style-type: none"> • Branch Referral Programme: 5,722 MSMEs to FIs (exceeded by 121%)

 2023 ACHIEVEMENTS

- Relaunch of TPUB-i financing under the All Economic Sector (AES) fund by Bank Negara Malaysia (BNM) through Phase 1 (Green Lane - SPNB), Phase 2 (Green Lane - Supply & Services) and Phase 3 (Term Financing-i) in 2023
- Supported 252 Bumiputera MSMEs via TPUB-i financing, which assisted them in completing various government and amenities projects
- Under Green Lane SPNB, an amount of RM10.4 million across 130 contracts for building affordable housing for the B40 was approved in collaboration with SPNB
- Branch Advisory and Referral programme’s successful assistance for 7,427 MSMEs by providing them with expert guidance and support. As a result, these MSMEs have been able to secure necessary financing from FIs and DFIs, directly benefitting from our efforts and promoting their growth and sustainability

 OUTLOOK AND PROSPECTS

Our branches focus on addressing contract financing needs through the TPUB-i offering and other customer financing needs by connecting them with suitable financial institutions (FIs) and development financial institutions (DFIs). Additionally, they provide advisory services to enhance customers’ financial knowledge. We have expanded our partnerships with additional FIs and DFIs to introduce innovative schemes aimed at addressing the financing needs of underserved MSMEs. Furthermore, we have strengthened collaborations with our new Contract Awarders to curate and offer tailored products that cater to specific requirements.

DIVISION REVIEW



BUSINESS

**FINANCIAL INSTITUTION (CONVENTIONAL) (CFD), ISLAMIC FIS/DFIS (IDD)
AND PRODUCT MANAGEMENT & DEVELOPMENT (PDM)**

WHO WE ARE AND WHAT WE DO



The Business Division at CGC plays a pivotal role in fulfilling CGC's mandate and mission by facilitating MSMEs' access to financing through guarantees.

Specifically, CGC assists MSMEs that lack collateral or a track record to obtain credit facilities from financial institutions (FIs), development financial institutions (DFIs) and non-financial institution (NFIs). CGC offers various guarantee products, including Portfolio Guarantee (PG), Wholesale Guarantee (WG), and Shared Risk Schemes. These initiatives serve the diverse business needs of MSMEs through potential FI, DFI and non-FI partners.

In 2023, the Business Division reached a significant milestone by extending our first guarantee to a Peer-to-Peer (P2P) Financing Operator, Funding Societies (Modalku Ventures Sdn Bhd). This move aimed to reduce the risk associated with default by issuers and enhance investor confidence. This collaboration has allowed Funding Societies to diversify their risk portfolio to attract more investors to assist SMEs.

CGC is appointed for the third time as the scheme administrator for the Green Technology Financing Scheme (GTFS 4.0) with a scheme size of RM1.0 billion by Ministry of Finance. This government-established scheme will encourage local companies and entrepreneurs to actively participate in green technology-based projects. The appointment has shown the trust and confidence in our established framework, robust processes, and system readiness.

Through partnering with the SME Focus Group (SFG), financial institutions, insurance companies and government agencies under the Joint Committee on Climate Change (JC3) co-chaired by Bank Negara Malaysia and Securities Commission Malaysia, CGC has allocated RM500 million for the Bank Negara Malaysia's Low Carbon Transition Facility (LCTF) for MSMEs.

➔ BUSINESS ENVIRONMENT

In 2023, Malaysian MSMEs faced a challenging business environment as the country emerged from the endemic phase of the Covid-19 pandemic. Despite the challenges posed by decline in MSMEs' financial performance and loan repayment, CGC has maintained balance sheet growth. This positions us well to fulfil our countercyclical role and offer vital support to MSMEs. CGC continues to support viable businesses, resulting in a historic higher approval value of RM5.12 billion (excluding government schemes during the pandemic years).

➔ CHALLENGES



Post-pandemic, numerous viable MSMEs faced challenges in accessing financing with guarantee from our partners due to the adverse effects on their financial records

Mitigation

- Collaborated closely with our partner FIs, DFIs and NFIs to understand MSMEs' risk
- Adjusted credit criteria such as allowing sales reductions over two periods, and considered a relaxation of some credit criteria

Results

- Enhanced financing accessibility for viable businesses, enabling MSMEs to continue to survive and make valuable contributions to the national economy



Some segments of MSMEs remained unserved and underserved

Mitigation

- Specific collaborations with our partner FIs, DFIs and NFIs

Results

- Introduced two unique 'Guarantee First' products with two DFIs. MSMEs will be first approved by CGC against specific criteria with financing from partner banks, Bank Kerjasama Rakyat Malaysia Bhd and Bank Simpanan Nasional. Product launch, set for the first half of 2024, will reach out to B40 entrepreneurs and small and micro businesses



In the Covid-19 endemic phase, some MSMEs are facing more than usual liquidity issues

Mitigation

- Regular dialogues with our partner FIs, DFIs and NFIs to continuously monitor the asset quality of our guarantee schemes
- Extended guarantee period to facilitate restructuring and rescheduling of accounts
- Provided financial literacy workshop and advisory to MSMEs

Results

- Longer tenure to suit MSME's cash flow
- Enhanced asset quality



Maintaining low guarantee fees and manage overall cost efficiently

Mitigation

- Collaborating with our partner FIs, DFIs and NFIs to understand their scorecard revisions. This ensures that credit quality remains intact while pricing is customised for each risk band, based on risk grading

Results

- MSMEs' ability to secure financing with a CGC guarantee at an affordable rate, allowing them to remain viable and competitive
- Fulfilled our mandate in assisting MSMEs on their financing needs

DIVISION REVIEW



Many MSMEs have insufficient awareness or lack the necessary tools to effectively manage risks

Mitigation

- Collaborating with insurance companies to increase awareness and encourage adoption of insurance coverage

Results

- Better protection against MSME business risks



Long turnaround time for submission and approval of guarantees

Mitigation

- Implementation of iGuarantee self-service portal

Results

- No physical submission of documents; faster turnaround time; self-checking on submission approval, billing and recovery dashboard

KEY FOCUS AREAS



Provide more financing with our portfolio guarantee schemes



Explore new innovative products and support new partnerships in the supply chain of financing, sharing economy, leasing and industrial hire purchase



Promote green initiatives - improve EESG awareness and push for adoption of LCTF, GTFS 4.0 and ESG-related guarantees



Support government initiatives in Halal Industry Master Plan 2023, New Industrial Master Plan 2023, Malaysian Tourism Industry and National Food Security Policy Action Plan 2021-2025



Implement continuous process improvements, especially for the delivery of shared risk guarantee products

➔ BUSINESS PERFORMANCE REVIEW

Portfolio Guarantee (PG) and Wholesales Guarantee (WG) schemes are driven by the Business Division to meet our corporate vision, mission and mandate. In 2023, 30 PG tranches were launched (2022: 19 tranches, excluding 6 Targeted Relief and Recovery Facility PG Tranches).

Overall, the PG and WG schemes brought in 90.7% or RM4.65 billion of all the guarantee and financing approval value. This exceeded the year's approval target by 24.9%. The schemes recorded a remarkable 56% increase in disbursement value, rising from RM2.0 billion in 2022 to RM3.2 billion in 2023. This surge reflects growing confidence in the MSME economy.

In 2023, the number of assisted MSMEs decreased to 10,245, compared to 13,159 in 2022 as our partner banks shifted their focus to larger MSMEs, resulting in an increase in the ticket size to RM500,000 in 2023 (compared to RM270,000 in 2022).

We continue to innovate our guarantee structure to support our partners in reaching out to broader, larger segments of MSMEs. During the year, five new PG structures were launched:-

- 1 PG with OCBC Bank (Malaysia) Bhd**

The first PG/-i tranches to cater for three submission channels (i.e., Normal, Digital and Pre-approved Channel). The Bank's objective is to further expand and extend these PG/-i tranches to serve a broader range
- 2 PG SME Online with CIMB Bank Bhd**

This is the Bank's first PG SME Online to cater for financing from CIMB's digital platform with minimum document requirements. The Bank foresees growing more SMEs with CGC's guarantee on their digital platform
- 3 PG with Modalku Ventures Sdn Bhd (Funding Societies)**

This is CGC's first tranche of PG with a peer-to-peer (P2P) company. Through this collaboration, Funding Societies can diversify their risk portfolio for investors. This collaboration can serve as a positive example for other P2P platforms to follow
- 4 PG/-i Revival with Malayan Banking Bhd and Maybank Islamic Bhd**

This is the first PG/-i revival for the Maybank Group, which assists MSMEs in reviving their business. The PGs are segregated into two segments: PG/-i Revival for Existing Bank Customers and PG/-i Revival for Existing and New-to-Bank Customers. Existing customers with better risk profiles can benefit from lower rates
- 5 PG-i Environment, Social, and Governance (ESG) with Alliance Islamic Bank Bhd**

The collaboration between CGC and Alliance Islamic Bank Bhd marks the first PG-i ESG initiative. It aims to provide funding to MSMEs with sustainability goals, ultimately reducing environmental and social impact

DIVISION REVIEW

BUSINESS PERFORMANCE REVIEW

EVENTS AND CGC SIGNING CEREMONIES WITH PARTNERS IN 2023

1 15 March 2023

Signing Ceremony between CGC and AmBank (M) Bhd

CGC and AmBank SME Business hosted a Strategic Partnership Signing Ceremony signifying the Bank's continuing dedication to PG in collaboration with CGC, which was initiated on 20 February 2023

2 13 April 2023

Signing Ceremony between Modalku Venture Sdn Bhd (Funding Societies)

CGC and Funding Societies held a signing ceremony, marking our first collaboration with a P2P company in PG. This strategic partnership aims to extend financing to underserved and creditworthy MSMEs, particularly those with smaller loan sizes that fall outside the traditional bank's target segment, and MSMEs unable to secure additional financing on top of their existing bank arrangements

3 25 May 2023

CIMB SME Community Outreach Programme (SCOP)

CIMB SME Banking organised a community outreach programme in Johor Bahru. The event aimed to engage with more MSMEs in Johor Bahru, highlighting the PGs backed by CGC guarantee

4 1 June 2023

Signing Ceremony between CGC and Alliance Bank Malaysia Bhd

CGC and Alliance Bank Malaysia Bhd signed a RM1 billion PG. The signing ceremony event emphasised the Bank's ongoing commitment to PG collaboration

5 6 November 2023

Signing Ceremony between CGC and OCBC Bank (Malaysia) Bhd

CGC signed its first Digital Portfolio Guarantee (PG) with OCBC Bank (Malaysia) Bhd. This PG-i SME online facility serves as working capital requirement financing under the Bank's digital channel, which will ease the monitoring of asset quality for digital financing

6 4 August 2023

Signing Ceremony between CGC and Malayan Banking Bhd (Maybank)

CGC and Maybank held a signing ceremony for a RM500 Million PG. Maybank Group became our first FI partner to implement Application Programming Interface (API) integration with us via the SME online platform. Through this API integration, Maybank Group and CGC can streamline the end-to-end process, from application to disbursement, for MSMEs seeking financing guaranteed by CGC



OUTLOOK AND PROSPECTS

The FIs, DFIs and NFIs are dedicated to providing continuous support to grow MSMEs in 2024. Hence, the financing outlook seems well positioned for substantial growth. This positive trajectory is supported by Malaysia's projected GDP increase of 4%-5% in 2024 (compared to 3.7% in 2023, as reported by Bank Negara Malaysia). CGC will continue to collaborate with partner FIs, DFIs and NFIs to enhance our financing offerings and streamline onboarding processes, ensuring accelerated business growth and economic impact.



BUSINESS STRATEGIC ALLIANCES & PARTNERSHIPS

WHO WE ARE AND WHAT WE DO



Successful and lasting strategic alliances thrive on strong collaboration and a shared commitment to common objectives, especially in expanding base and advancing the well-being of MSMEs.

By aligning with partners with complementary strengths and mutual goals, MSMEs can access untapped markets, opening avenues for them to fully harness their capabilities. CGC actively fosters these partnerships, fostering community and national growth.

➔ BUSINESS ENVIRONMENT

Engage in strategic meetings with external agencies to form partnerships and secure leads. Effectively manage and share leads internally, fostering relationships and converting them into valuable connections. Facilitate collaborations between MSMEs and industry players, supporting Corporation's brand visibility through cohesive initiatives and optimal use of branches and marketing collaterals.

➔ CHALLENGES



Building awareness of CGC Products and Services

Mitigation

- Conduct effective campaigns and events to create awareness on CGC's products and services

Results

- MSMEs know where to seek assistance for their business financing and advisory



Servicing MSMEs effectively

Mitigation

- Create strong Call To Action (CTA) for MSMEs accessibility through CGC's omnichannel

Results


- MSMEs can better access CGC's products and services


➔ BUSINESS PERFORMANCE REVIEW


Key Initiatives	Achievements
1 Events	<ul style="list-style-type: none"> • Coordinated 20 nationwide events, showcased products, and engaged with more than 5,000 MSMEs, enhancing awareness of CGC's Products & Services, including TPUB-i and CGC Developmental Programme®
2 Campaign management	<ul style="list-style-type: none"> • Launched <i>Do You Know Campaign</i> (CGC Developmental Programme®) on Facebook and Instagram, achieving more than 10,000 reach and surpassing 20% of CGC's total followers on social media
3 Leads management initiatives	<ul style="list-style-type: none"> • Initiated QR code usage for MSMEs' engagement, where collated leads were put forth to internal stakeholders to follow up and cross sell CGC's Products and Services


DIVISION REVIEW

KEY FOCUS AREAS

- 

Provide strategic initiatives to grow MSMEs
- 

Work with new partners to enhance business capability and sustainability through networking and advisory
- 

Garner leads alliances and partnerships to support MSMEs
- 

Bring MSMEs to relevant events and forums to gain new knowledge and capability building



BUSINESS CLIENT SERVICE CENTRE

WHO WE ARE AND WHAT WE DO



The Client Service Centre (CSC) provides excellent customer service experience

through timely and accurate response to received enquiries via its omnichannel; phone calls, emails, letters, chatbot, walk-ins and social media.

➔ BUSINESS ENVIRONMENT

Prioritising enhanced training and development, staying current with technology, and fostering a culture where staff feel valued result in a dynamic and supportive workplace. This approach ensures continual skill improvement, adaptability to advance, and a motivated workforce, ultimately contributing to the organisation's overall success and innovation.

➔ CHALLENGES



Managing good customer satisfaction level

Mitigation

- Improve our service level standards
- Focus on customers' enquiries and needs

Results

- 99% of respondents rated overall CSC services as either good or excellent



Meeting Service Level Agreement (SLA)/ Key Performance Indicators (KPIs)

Mitigation

- Managing resources and staff effectively, and improving staff competency

Results

- Year to Date (YTD) achievement for all KPIs in 2023 met or exceeded targets

➔ KEY FOCUS AREAS



Attend to enquiries via omnichannel



Coordinate effective and efficient complaint closure procedure through CSC



Support MSMEs' customer journey via imSME

DIVISION REVIEW



Perform helpdesk functions to connect with customers for better customer engagement and experience



Manage imSME chatbot, 24/7 virtual assistance via imSME portal

BUSINESS PERFORMANCE REVIEW

Key Initiatives	Achievements
<p>1 Performing helpdesk functions i.e., outbound/follow-up to increase attendance rate for CGC Developmental Programme®</p>	<ul style="list-style-type: none"> Increase attendance rate for CGC Developmental Programme®
<p>2 Supporting CGC Digital Sdn Bhd (CDSB) and imSME portal</p>	<ul style="list-style-type: none"> Act as a Contact Centre and attend to enquiries for imSME via its omnichannel



2023 ACHIEVEMENTS

- Support omnichannel customer experience, aiding imSME users in completing their platform journey and providing MyKNP@CGC advisory via calls
- Addressed and resolved 11,328 inquiries, achieving an exceptional 94% First Call Resolution Rate, surpassing the 80% target outlined in our Client Charter
- Abandoned call rate, below the tolerable threshold of 5%, recorded only 0.06% (4 calls out of 6,529). CSC promptly returned calls, ensuring assistance
- Consistently achieves timely service, with 99% of calls answered within 20 seconds, recording 99% to exceed the 80% target
- As a Complaint Centre for the Corporation, CSC efficiently manages and closes cases within the 10-working day Client Charter, averaging a 5-working day resolution period
- All issues in emails resolved within 24-hour workday, following service charter efficiently
- CSC spearheads the imSME Digital Assistant (iDA) project, offering virtual assistance through the Chatbot. It engaged 24,057 users in 81,058 interactions, enhancing customer support for CGC and imSME



OUTLOOK AND PROSPECTS

Client Service Centre assists CGC branches in acquiring Tabung Projek Usahawan Bumiputera-i (TPUB-i) leads for targeted marketing efforts. Additionally, active participation in implementing Customer Relationship Management enhances overall customer interaction and information in a single customer view. It also acts as a Contact Centre, overall supporting imSME ensuring streamlined operations.



BUSINESS CGC DEVELOPMENTAL PROGRAMME®

WHO WE ARE AND WHAT WE DO



The CGC Developmental Programme® offers extensive support for MSMEs, encompassing both Financial and Non-Financial Advisory services.

This aid spans from facilitating financing access, particularly for those lacking collateral, to exploring new markets. Since its 2016 inception, the programme has grown steadily, reaching more than 80,000 MSMEs by December 2023.

➔ BUSINESS ENVIRONMENT

The CGC Developmental Programme® offers personalised financial advisory, financial solutions, and pre-financing courses. It conducts workshops and knowledge-sharing sessions by industry experts on current topics and market trends. The programme facilitates MSME growth by providing market access, connecting them through Networking Sessions with industry players and agencies.

➔ KEY FOCUS AREAS



Provide capacity and capability building to MSMEs through CGC Developmental Programme®, offering both Financial and Non-Financial Advisory services



Provide advisory and coaching for MSMEs to become more financially savvy and improve their eligibility for financing



Equip the MSMEs with various industry knowledge to enable them to grow, expand their business and boosting their networking skills

➔ CHALLENGES



1. Inability to gain access to financing

Mitigation

- Provide financial advisory through one-to-one coaching, recommend financial solution and conduct handholding programme

Results

- Higher chance for MSMEs to obtain financing



2. Lack of financial literacy and business knowledge among MSMEs

Mitigation

- Advisory Workshops covering Digital Marketing, Branding, Business Expansion, Business Management, and Financial Literacy

Results

- Better understanding on financial literacy and relevant business knowledge



3. Difficulty entering new markets for products and services

Mitigation

- Provide platform and campaigns to MSMEs to participate through local, international markets, e-commerce, payment gateway and digital solutions

Results

- More chances for MSMEs to access new markets



4. Lack of business contacts amongst MSMEs

Mitigation

- Launch of Networking Sessions to improve business relationships and explore effective business networks for MSMEs

Results

- More chances for MSMEs to build more contacts and potential business collaboration

DIVISION REVIEW

BUSINESS PERFORMANCE REVIEW

Key Initiatives	Achievements
1 Financial Advisory	• 4,117 successful referrals for financing by Financial Advisory (91% of target)
2 Advisory Workshops	• 2,086 MSMEs attended Advisory Workshops (121% of target)
3 Access New Markets	• 81 MSMEs onboarded to Access New Markets (116% of target)
4 Networking Sessions	• 376 MSMEs attended Networking Sessions (63% of target)



2023 ACHIEVEMENTS

- i. ADFIAP Outstanding Development Project Awards 2023
Financial Advisory won the ADFIAP Outstanding Development Project Awards 2023 on 16 May 2023, in the Financial Inclusion category
- ii. FI/DFI & SME Awards 2023
Top CGC Developmental Programme® Access New Markets MSME participant at the FI/DFI & SME Awards 2023
- iii. MOU Signing with Sunway University in October 2023
 - Signed MOU with Sunway University
 - Launched Advisory Workshop - Intermediate to enhance MSMEs' knowledge and skills post Advisory Workshop - Basic



OUTLOOK AND PROSPECTS

CGC Developmental Programme®, offers capacity-building along MSMEs' entrepreneurial journey including Financial Advisory, Advisory Workshops, Access New Markets and Networking Sessions. We develop resilience-building initiatives, enabling MSMEs to navigate risks, adapt to market dynamics, and overcome environmental challenges. To support sustainability initiatives, we are expanding the learning topics such as Halal, EESG and e-Invoicing to nurture long-term growth and enhance competitiveness within the MSMEs.



COMPLIANCE & INTEGRITY

WHO WE ARE AND WHAT WE DO



Responsible for managing overall regulatory compliance as well as bribery and corruption risks of CGC.

➔ CHALLENGES



Culture of Compliance: Build and inculcate a strong compliance culture to ensure employees understand and adhere to regulatory expectations

Mitigation

- Training and Education: Provide tailored comprehensive training and awareness programmes covering compliance topics, regulations, company policies and ethical standards for employees at all levels

Results

- Enhanced staff understanding of regulatory requirements, equipping them with adequate knowledge to undertake their day-to-day activities and mitigate any risk of non-compliance



Technology Integration: Integrate technology to streamline compliance processes, improve efficiency and enhance monitoring and reporting capabilities, moving away from manual processes

Mitigation

- Compliance Monitoring Process: Implement technology vis-a-vis compliance monitoring, including compliance management software and system automation, to ensure adherence to internal requirements

Results

- Leveraging technology in compliance reduced errors, increased efficiency, provided real-time data access, and empowered data-driven decisions thus enhancing productivity

➔ KEY FOCUS AREAS



Strengthening compliance as well as corruption and bribery risk management through all lines of defence



Building a strong culture of compliance through continuous and relevant compliance awareness initiatives to cultivate compliance competency amongst employees and the Board

DIVISION REVIEW



Regular compliance testing to ensure continued effectiveness of compliance controls and processes, as well as to identify any emerging risk within the Corporation



Enhancement of policies and processes (including system automation) to ensure more robust and effective compliance monitoring

➔ BUSINESS PERFORMANCE REVIEW

Key Initiatives	Achievements
<p>1 Increase in Compliance Awareness/ Training</p>	<ul style="list-style-type: none"> Focused training and awareness sessions were held for employees and the Board, covering ethics, Anti-Bribery and Anti-Corruption, Shariah Compliance, Data Privacy & Protection. Apart from classroom learning, employees were apprised of the latest compliance risks through bulletins and infographics
<p>2 Increased Monitoring vis-à-vis Bribery and Corruption</p>	<ul style="list-style-type: none"> Establishment of a dedicated Integrity and Governance (IG) to strengthen controls and processes vis-à-vis bribery and corruption risks, in line with the Corporation's obligation to ensure that we have a strong defence against Section 17A of MACC Act 2009



2023 ACHIEVEMENTS

- Established dedicated function, IG to monitor and address risk pertaining to bribery, corruption, governance throughout the Corporation. In 2023, IG, supported by Senior Management and the Board, embarked on an "anti-bribery and anti-corruption journey" and explored measures to demonstrate that the Corporation has adequate procedures to ensure effective defence against Section 17A of MACC Act 2009

Measures included revamping existing policies and processes, strengthening internal controls, as well as organising focused training programmes to ensure continued vigilance amongst staff and the Board

- Continuous effort to promote compliance awareness through innovative approaches in line with our objective to ensure that "training is not a one-time event" but a continuous journey. In 2023, Compliance team reinforced the need to ensure compliance through various communication channels, such as infographic posters, bulletins, surveys and quizzes



OUTLOOK AND PROSPECTS

Upskilling and reskilling of compliance officers to improve competency, while exploring automation of compliance workflow for timely and efficient monitoring. Focus on navigating emerging compliance trends and risks effectively.



CORPORATE COMMUNICATIONS & STAKEHOLDER RELATIONS

WHO WE ARE AND WHAT WE DO



Corporate Communications & Stakeholder Relations (CC&SR) ensures seamless communication internally and externally, updating stakeholders on activities and progress across brand management, public relations and media, social and digital media management, stakeholder relations, corporate social responsibility (CSR), event management, and creative management.

Effective stakeholder engagement and strong MSME ecosystem partnerships are essential for CGC's success. Functioning as a relationship builder, CC&SR drives initiatives through financially inclusive solutions, digitalisation, innovation, customer experience, talent attraction and socio-economic impact, addressing stakeholder expectations.

As CGC's information gatekeeper, CC&SR interacts with key groups such as government ministries, Bank Negara Malaysia, financial institutions, development financial institutions, media and MSMEs, promoting transparency and accountability. These efforts highlight the importance of collaborative engagement in fulfilling strategic objectives and addressing stakeholder concerns.

- Builds strong relationships to enhance engagement and brand reputation
- Emphasises brand management, events, public relations and media, social and digital media, CSR and creative management
- Creates compelling advertisements, fosters media relationships and monitors channels to enhance CGC's profile and visibility among MSMEs and the public efficiently
- Holds corporate, business and internal engagement events to strengthen relationships
- Shares MSME engagements on CGC's social and digital media platforms to inspire entrepreneurs
- Undertakes CSR initiatives focusing on sustainable outreach, aligned with UNSDGs, committing to societal impact
- Functions as the gatekeeper of information, and management of stakeholders

➔ BUSINESS ENVIRONMENT

In the post-pandemic recovery, there is a rising demand for swift communication about CGC products and services as MSMEs seek rapid solutions. Compounded by diverse channels and audience preferences, navigating internal and external factors affects brand reputation, information dissemination, platform security and stakeholder perception, requiring adaptability for a resilient communication strategy.

➔ CHALLENGES



Cybersecurity threats on social and digital media platforms

Mitigation

- Increased surveillance through periodic checks
- Collaboration with IT division to maintain robust security

Results

- Improved detection and prevention of security breaches, reduced likelihood of reputational damage and enhanced protection on social media platforms



Limitations of traditional brand and media platforms

Mitigation

- Diversified advertising platforms to include out-of-home and train wraps
- Leveraging digital media for quicker turnaround time and wider reach, especially for MSMEs outside the Klang Valley

Results

- Wider coverage and reach, especially for MSMEs in the Klang Valley that has the highest concentration of entrepreneurs



Identifying effective communications platforms for different segments of audiences/MSMEs

Mitigation

- Reviewed and updated communications strategy regularly to remain relevant, as industry trends evolve
- Increasing reach with data analytics and targeted media buys

Results

- Improved audiences/MSMEs experience and addressed gaps

DIVISION REVIEW

KEY FOCUS AREAS



Brand Management

Execute consistent branding and awareness initiatives across traditional and digital advertising platforms, maintaining a strong brand presence and recall, while reinforcing CGC's value proposition to our target audience



Public Relations (PR) and Media

Enhance visibility and manage CGC's reputation through strategic communication efforts aimed at media outlets, reinforcing relationships with diverse stakeholders including MSMEs, financial institutions, trade chambers, business partners and the public. Keep stakeholders informed of CGC's services and initiatives, enhancing PR value through transparent communication, engaging stakeholders and demonstrating commitment to social responsibility



Social and Digital Media

Leverage social and digital media platforms to promote the CGC brand, increasing our digital presence on Facebook, Instagram, YouTube and LinkedIn to address MSMEs' information needs at an accelerated pace



Stakeholder Relations

Serve as CGC's gatekeeper, implementing internal and external activities to improve engagement and long-term relationships with stakeholders, to strengthen connections and understanding to succeed as a relationship builder



Corporate Social Responsibility (CSR)

Implement CSR initiatives in line with UNSDGs, demonstrating CGC's commitment to the agenda, leveraging and collaborating with selected NGOs and relevant bodies assisting the unserved and underserved communities



Event Management

Strengthen CGC brand presence through organising corporate, business and internal engagements, fostering steadfast relationships, both externally with our business partners and internally among CGC employees. Host long-term key events such as the FI/DFI & SME Awards, sponsoring The Star Outstanding Business Awards (SOBA) and co-sponsoring Golden Eagle Award, as well as Memorandum of Understanding with long-term partner Financial Institutions and Portfolio Guarantee Strategic Partnerships that ultimately enhance CGC's overall reputation and visibility



Creative Management

Serve as custodian of CGC's brand identity, ensuring all visual and written communications effectively resonate with the target audience, while upholding the organisation's corporate values and identity

➔ BUSINESS PERFORMANCE REVIEW

Key Initiatives	Achievements
1 Brand Management	<ol style="list-style-type: none"> Supporting public transport to reduce carbon emissions with the CGC-Glenmarie LRT Station naming rights Supported MSME-centric programmes as a strategic partner: <ul style="list-style-type: none"> The Star Outstanding Business Awards (SOBA), The Star Media Group Golden Eagle Award (GEA), Nanyang Siang Pau National Economic Forum, National Chamber of Commerce and Industry of Malaysia (NCCIM) MSME Week 2023 by SME Corp
2 Public Relations and Media	<ol style="list-style-type: none"> Adopted Forest Stewardship Council® (FSC®) standard for annual report production that supports responsible forestry practices. Reduced number of printed annual report, enabling shareholders to access and download the annual report online Digital distribution and monitoring of media releases and coverage
3 Social and Digital Media	<ol style="list-style-type: none"> Achieved over 42 million reach through CGC’s social media platforms Grew CGC’s LinkedIn account organically by over 2,000 followers
4 Events Management	<p>Organised over 20 corporate and business engagement events, approached sustainably:</p> <ul style="list-style-type: none"> Reduced/avoided plastic usage for internal events Used e-backdrop instead of one-time-use printed backdrops Adopted e-signing for MOU events Practised Zero Food Wastage at quarterly town halls Supported event venues with sustainable practices in line with our UNSDGs initiatives
5 CSR	<ol style="list-style-type: none"> Organised targeted CSR initiatives, positively impacting over 29,000 unserved and underserved community members Graduated 20 participants from underserved communities via the CGC100 Fast Track Programme, in collaboration with Ministry of Education and PINTAR Foundation Contributed to the Palestine Emergency Relief Fund organised by the Malaysian Relief Agency (MRA)
6 Creative Management	<ol style="list-style-type: none"> Developed over 500 visuals in-house for branding and marketing Transitioned to FSC® paper for printing festive money packets, and leveraged digital greetings



OUTLOOK AND PROSPECTS

Strategically, CC&SR leverages digital tools and technology for timely information dissemination, expanding reach. Sustainability is integrated into all initiatives and engagements. To foster more holistic impact on societal well-being, CSR efforts will be targeted towards unserved and underserved communities across entrepreneurship, environment, community, education and healthcare.

DIVISION REVIEW



HR MANAGEMENT & ADMINISTRATION

WHO WE ARE AND WHAT WE DO



HR Management and Administration (HRMA) plays a pivotal role in organisational excellence, strategically managing talent acquisition, fostering employee development and cultivating a positive workplace culture.

As a steward of diversity and inclusivity, HRMA ensures a dynamic and innovative workforce, contributing to a harmonious environment where employees are motivated to consistently achieve high standards, driving sustained excellence.

BUSINESS ENVIRONMENT

Adopting agile talent management practices enables HRMA to identify talent gaps swiftly, align organisational goals with individual aspirations and facilitate career pathways involving proactive talent assessments, succession planning and talent mobility strategies to build a dynamic and adaptable workforce. Challenges in talent acquisition and retention especially in niche industries, demand competitive compensation, career growth opportunities and inclusive workplace cultures. Establishing a high-performing culture requires strategic alignment of organisational values, leadership commitment and employee engagement initiatives to foster an environment that nurtures excellence, innovation and continuous growth.

CHALLENGES



Agile talent management practices

Mitigation

- a. **Continuous Learning and Development**
Cross-training, job rotation and micro-learning modules ensure employees possess a diverse skillset adaptable to changing organisational needs
- b. **Talent Mobility**
Inter-departmental mobility enables leveraging of existing skills to address emerging needs, providing employees with career growth opportunities
- c. **Talent Pool**
Identifying potential talent for further development enables them to become next in line for leadership roles

Results

- i. 108 training programmes available in 2023 for reskilling, upskilling, leadership and competency-related training
- ii. Development of Individual Development Plan for new staff who are newly promoted and upgraded
- iii. Opportunity for employees to be mobilised within CGC Group, between and within divisions
- iv. Launch of Talent Development Programme (TDP) for Managers 2023; next to launch is TDP for Assistant Vice Presidents and Vice Presidents 2024



Talent acquisition and retention

Mitigation

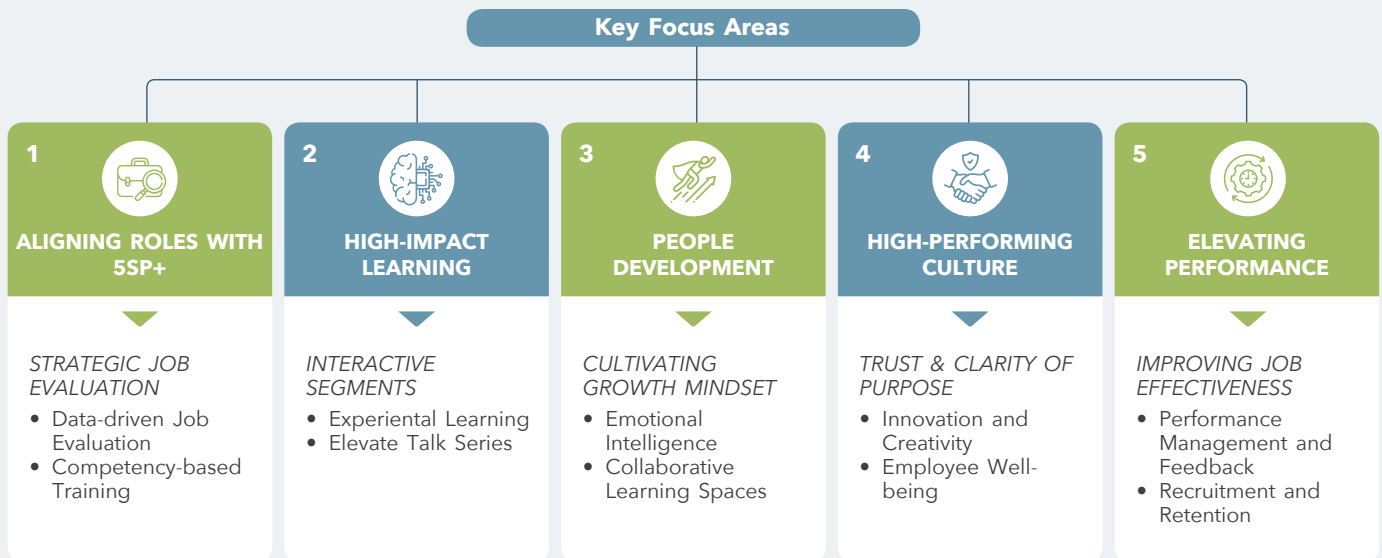
- a. **Employer Branding**
Continue to create employer brand visibility, reflecting values, culture and opportunities for career advancement to attract top talent. Showcase unique selling points and employee success stories via various channels, including social media and career fairs
- b. **Competitive Compensation and Benefits Packages**
Offer competitive salary packages and comprehensive benefits tailored to needs and preferences of potential candidates. Conduct regular benchmarking against industry standards to ensure offerings remain attractive and competitive in the market

Results

- i. Participation in various career fairs to attract different target groups, i.e., youth and professionals
- ii. Total Rewards Review in 2023
- iii. HR Policy revision related to staff benefits and enhancement of EPF contributions

➔ **KEY FOCUS AREAS**

In 2024, HRMA is strategically positioned to elevate its impact by prioritising five critical areas to realise people’s potential.



Aligning Roles with 5SP+

To successfully execute our 5-Year Strategic Plan, it is imperative to have a competent and capable workforce to fulfil current and future roles. As we aim for greater success, the importance of individual roles amplifies. Each person’s contribution is essential in supporting the Corporation’s aspirations



High-impact Learning


In championing high-impact learning as the catalyst for growth, we shape a workforce with adaptable skills and an innovation-oriented mindset. Commitment to continuous development involves tailoring learning experiences to individual strengths, harnessing technological advances, fostering collaborative communities and integrating interactive segments. This proactive strategy ensures agility, promotes leadership and lays a robust foundation for enduring organisational success in the evolving business landscape




People Development

Unlocking human potential is our key to success. We foster a culture that embraces challenges as opportunities, empowering individuals to adapt, innovate and improve continuously. Through targeted training and mentorship, we create a workforce that thrives on learning, contributing to a dynamic and forward-thinking workplace. This, in turn, shapes careers, nurtures holistic development and builds resilient, empowered teams prepared for tomorrow’s challenges

DIVISION REVIEW

 **High-performing Culture**

A high-performing culture prioritises continuous learning, collaboration, accountability and clear goal-setting. Trust and clarity of purpose are essential, enabling effective collaboration and empowering team members to initiate and contribute ideas. Clear purpose aligns collective efforts toward organisational goals, fostering commitment and shared ownership crucial for sustained success

 **Elevating Performance**

We prioritise improving effectiveness and aligning with industry standards for outstanding outcomes. By evaluating customer preferences and market trends, we focus on developing adaptability. Our culture of continuous learning encourages ongoing education, supported by feedback mechanisms and technology to augment our capability for improvement

➔ BUSINESS PERFORMANCE REVIEW

Key Initiatives	Achievements
1 Competitive Compensation And Benefits Packages	<ul style="list-style-type: none"> Total Rewards Review Bonus and increment with new salary structure HR Policy revision related to staff benefits and enhancement of EPF contributions
2 Employee Engagement	<ul style="list-style-type: none"> Employee Engagement Survey 2022, launched January 2023 Result-to-Action (R2A) workshop, May 2023 Post Impact Survey 2023, January 2024 CGC Group team building 2023 People's Day 2023
3 Employer Branding	<ul style="list-style-type: none"> Career Fairs <ul style="list-style-type: none"> Jobstreet Job Fair Graduan Aspire Job Fair Forum on Future Ready Workforce (CHRO as panellist) during Graduan Aspire Job Fair
4 Conducive Workplace	<ul style="list-style-type: none"> Renovation Kuala Terengganu branch Renovation Kota Bahru branch Renovation Level 5, Bangunan CGC
5 Learning and Development	<ul style="list-style-type: none"> Module development for advisory at branch level Module development for Rescheduling & Rehabilitation (R&R) assistance Launch of e-learning module for CGC Core Values and House of CGC Talent Development Programme for Managers Reskilling & upskilling training/workshops for various job levels Knowledge sharing initiative for Oman Development Bank



2023 ACHIEVEMENTS

- Graduan Brand Awards 2023: Top 50 of Malaysia's Most Preferred Employers
- HRD Awards 2023: Certificate of Excellence



OUTLOOK AND PROSPECTS

We will continue to nurture talents and invest in people development to achieve CGC's aspiration of reaching more MSMEs. Attracting and retaining top talents is vital for the Corporation's sustained growth. Providing continuous support empowers and elevates our people to achieve organisational and professional goals, ensuring alignment with CGC's aspirations and fostering collective success.

DIVISION REVIEW



INFORMATION TECHNOLOGY

WHO WE ARE AND WHAT WE DO



The IT Division serves as a strategic enabler for the Corporation’s digital vision, structured with expertise in cybersecurity, enterprise architecture, programme and project management, applications development, data engineering and infrastructure.

We strive to implement, manage and continually enhance digital and technology capabilities while prioritising cyber resilience.

BUSINESS ENVIRONMENT

Our IT Division adapts to evolving customer demands while ensuring operational and cost efficiency. We emphasise addressing the shifting cybersecurity threat landscape, enhancing resilience to safeguard our digital operations and meet customer expectations effectively.

CHALLENGES



Cybersecurity Threat

Mitigation

- Strong technology risk management and practice

Results

- Reduced risk of cybersecurity incidents, faster recovery



Talent Shortage

Mitigation

- Collaboration with external providers

Results

- Leverage industry expertise to deliver

KEY FOCUS AREAS



Establishing resilient technology and digital infrastructure



Optimising existing technology investments and continual development of digital solutions



Constructing data infrastructure to enable a data-driven culture

BUSINESS PERFORMANCE REVIEW

Key Initiatives	Achievements
1 Portfolio Guarantee Application Programming Interfaces (PG APIs)	<ul style="list-style-type: none"> • Onboarded Maybank and AmBank for PG application approvals via API in less than 10 seconds
2 Enterprise Data Warehouse (EDW) Phase 1	<ul style="list-style-type: none"> • Deployed data infrastructure and foundation to enable the Corporation to have easier and secure access to data
3 Technology Refresh of Core Systems	<ul style="list-style-type: none"> • Refreshed technology stack of our business-critical systems to improve availability, reliability, and performance



OUTLOOK AND PROSPECTS

The IT Division is focused on broadening outreach by bringing more partner FIs onto PG APIs. We have enhanced guarantee product features by rebuilding the core system. Additionally, our ongoing efforts to expand our data infrastructure contribute to enabling a data-driven culture in the Corporation.



INTERNAL AUDIT

WHO WE ARE AND WHAT WE DO



The Internal Audit Division (IAD) reports directly to the CGC Board Audit Committee (BAC) and operates independently from business units. Its principal role is to assess the adequacy, efficiency and effectiveness of risk management, control and governance processes. IAD uses COSO and COBIT frameworks for evaluating internal controls and risk management.

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.

➔ KEY FOCUS AREAS



People

Realign IAD structure and competency development strategy for IAD staff



Process

Process: Enhance communication with stakeholders and audit efficiency e.g., Audit Report turnaround time



Technology

Augment use of technology in IAD to enhance efficiency and effectiveness of IAD processes



2023 ACHIEVEMENTS

- Executed activities in accordance with the approved Audit Plan. Completed 28 audit assignments as scheduled
- Monitored audit recommendations implementation, presenting progress in both Board Audit Committee (BAC) and Audit & Compliance Committee (ACC) meetings
- Developed 27 new audit bots with Robotic Process Automation software and re-ran 23 previously developed bots, marking a milestone in Continuous Auditing, enhancing audit efficiency and effectiveness to deliver continuous assurance to the Board and Management
- Amplified Internal Auditors’ skills with:
 - a. 120 knowledge-sharing sessions, within the division, covering latest audit practices and technical matters
 - b. Encouraged staff to obtain certifications; 8 internal auditors obtained certifications, including Data Analytics and Certified Internal Auditor

DIVISION REVIEW



INVESTMENT

WHO WE ARE AND WHAT WE DO



Investment aims to preserve the investment fund’s long-term capital value while ensuring consistent and growing investment income streams, emphasising sustainable and responsible investment targets.

Comprehensive Investment Policies and Guidelines ensure strong governance and best practices are upheld.

BUSINESS ENVIRONMENT

In a challenging environment with high interest rates and recession concerns, active portfolio management and duration strategies resulted in outstanding FY2023 investment performance. Returns significantly surpassed the market benchmark, contributing RM237.0 million in investment income to the Corporation.



2023 ACHIEVEMENTS

Key Financial & Business Highlights | Sustainability Highlights | Awards & Recognition

- Initiated Environmental, Social, and Governance (ESG) journey in 2015 through investment in inaugural Sustainable and Responsible Investment (SRI) Sukuk by Ihsan Sukuk Berhad, an initiative by Khazanah Nasional Berhad in collaboration with Ministry of Education
- Established Investment Policy & Guidelines for SRI, defining principles, objectives, commitments and targets for SRI qualified investments
- As of 31 December 2023, over 19% of CGC’s Corporate Bond Portfolio comprised of SRI-labelled or Green Bonds
- Additionally, 23% invested in bonds issued by Corporations showcased notable sustainability efforts



OUTLOOK AND PROSPECTS

Moving ahead, our primary efforts revolve around active portfolio management, stringent risk management and compliance, EESG integration, automation of research, and talent development.



LEGAL & COMPANY SECRETARIAL

WHO WE ARE AND WHAT WE DO



The Legal and Company Secretarial (LCS) Division comprises: Legal and Company Secretarial.

Legal safeguards CGC Group’s interests by offering legal advisory services. Company Secretarial oversees corporate governance, ensuring compliance with the Companies Act 2016 and prevailing regulations to maintain CGC Group’s regulatory adherence.

➔ KEY FOCUS AREAS



Legal

Ensures CGC Group’s legal security, advising on legal engagements with external parties to prevent adverse legal implications and risks



Company Secretarial

Provides secretarial advisory and support services for CGC Group’s corporate governance, handling Board and Board Oversight Committees, organising annual/extraordinary General Meeting for shareholders and ensuring timely statutory compliance under the Companies Act 2016

➔ BUSINESS PERFORMANCE REVIEW

Key Initiatives

Achievements

1

Sustainability/ Digitalisation

- Adopted sustainability/digitalisation by going paperless, using Convene board meeting software for CGC’s Board, Board Oversight Committee and Management Committee meetings since 2018
- CGC’s AGMs have been fully virtual since 2020, enhancing accessibility and flexibility for shareholders to participate remotely

DIVISION REVIEW

Key Initiatives

Achievements

- | Key Initiatives | Achievements |
|---|---|
| <p>2 Enhancement of Operational Efficiency and Effectiveness</p> | <ul style="list-style-type: none"> • Advised on and drafted Shared Service Agreement and Agency Agreement, executed by CGC Malaysia and CGC Digital to strengthen governance and formalise the parent-subsidiary arrangement • Created template-based agreements for CGC Group's engagements, reducing legal risk. These include Portfolio/Wholesale Guarantee Master Agreement, Service and Maintenance Agreement, Collaboration Agreement, Memorandum of Understanding and Non-Disclosure Agreement • Reviewed regularly all template-based agreements to stay abreast of latest developments in laws applicable to CGC Group's businesses and operations • Established Panel Solicitors Committee to oversee and manage CGC Panel Solicitors, ensuring quality through annual assessments for reappointment based on performance |



OUTLOOK AND PROSPECTS

LCS commits to digitalisation, including adopting paperless meetings, e-directors' circular resolutions, digital Board assessments, and online storage for legal and secretarial documents, enhancing efficiency and stakeholder engagement in processes and delivery.



OPERATIONS & CREDIT OPERATIONS

WHO WE ARE AND WHAT WE DO



Operations encompasses

Documentation & Disbursement (DD) which handles financing scheme documentation and disbursements.

Billing Management (BM) manages billing processes and related functions for guarantee schemes as well as fund administration.

Guarantee Monitoring & Reporting (GMR) manages accounts under guarantee schemes and monitor asset quality.

Financing Monitoring & Rehabilitation (FMR) oversees practices and procedures governing the monitoring and rehabilitation process for direct financing, full-risk schemes and contract financing to ensure compliances and good asset management.

Claims (CL) manages processing of claims under guarantee schemes from Participating Financial Institutions & Non-Financial Institutions (PFIs).

Subrogation & Recovery (SR) undertakes recovery matters for delinquent guarantee schemes and financing accounts.

➔ BUSINESS ENVIRONMENT

The Operations sub-division faces the challenge of adapting to evolving customer demands while maintaining operational and cost efficiency. Post-pandemic, it encounters additional hurdles in addressing the changing needs of MSMEs amid economic uncertainties and transforming business landscapes.

➔ KEY FOCUS AREAS



DD: Executing and perfecting legal documents for financing schemes between CGC and customers, and fund disbursement to customers



BM: Timely invoicing of guarantee fees to Partner Financial Institutions (PFIs) and collection of fees



GMR: Managing asset quality under guarantee schemes via close engagement with PFIs and Non-PFIs to contain account in arrears and expected credit loss (ECL)



FMR: Managing asset quality under financing schemes via close monitoring, engagement with Branches, Contract Awarders and PFIs and provide rescheduling and rehabilitation (R&R) assistance



CL: Reviewing and evaluating claim submission as per eligibility criteria and monitoring claim payment



SR: Monitoring recovery actions of PFIs to recover claim paid accounts and overseeing the recovery actions of subrogated and recalled accounts

DIVISION REVIEW

CHALLENGES

Various billing structures

Mitigation

- Development of standardised billing processes and templates

Results

- 98% of billing rules configurable via system, and remaining 2% configured via RPA/other tools

Data accuracy and integrity issues

Mitigation

- Data validation checks and regular self-audit

Results

- Satisfactory audit findings by internal and external auditors

Increase in delinquency rate and Non-Performing Financing (NPF) accounts as MSMEs struggle to recover post-pandemic

Mitigation

- Close engagement between CGC and Financial Institutions
- Analysis of existing tranches and Eligible Criteria (EC) for proposed new tranches, during stakeholder meetings

Results

- Pre-emptive steps (e.g. EC and sector capping) on new tranches and products proposed to be rolled out

Managing volume under current processes

Mitigation

- Automation/system enhancement to shorten R&R turnaround time (TAT)

Results

- Faster TAT for R&R decision to FIs

Increase in delinquency and NPF accounts for Direct Financing schemes (FMR)

Mitigation

- Weekly update to Branch Sales Management (BSM), branches and Collection Centre Unit (CCU) on latest accounts position for immediate action (R&R, follow-up payment)

Results

- BSM, branches and CCU ability to take immediate action



Increase in Claim Submissions

Mitigation

- Remobilisation of staff to maintain TAT within threshold

Results

- Almost 100% achievement for claim processing TAT in 2023



Stretched recovery target post-pandemic

Mitigation

- Branches assist in pre-recovery action to identify, locate and negotiate payment with customers

Results

- Branches' active involvement in assisting pre-recovery actions had increased the approved payment proposals to 251 accounts during May - December 2023 compared to 155 accounts during May to December 2022 (increased by 61.75% - 96 accounts)



Processing Officers handling BAU cases & post activities simultaneously

Mitigation

- Setting-up of Administration Unit to handle post activities while Processing Officers manages BAU cases only

Results

- Streamline for the Documentation process

➔ BUSINESS PERFORMANCE REVIEW

Key Initiatives	Achievements
1 Enterprise Data Warehouse (EDW) (Phase I)	• Availability of dashboard reporting for BM, GMR, CL and SR
2 Enhancement of key processes under R&R	• Shorten processing time under R&R flow
3 Enhancement of R&R function in BizFinancing Module	• Allow R&R extension of tenure with changes in selling price
4 ISO 9001-2015: Quality Management	• Re-certification under ISO 9001: 2015 QMS
5 CCRIS Enhancement 2023	• Comply with BNM requirements
6 Termination of Guarantee Cover via PG API	• Provide seamless online termination

DIVISION REVIEW



2023 ACHIEVEMENTS

1. The collection of guarantee fees increased by 22.1% or RM44.9 million in 2023 (RM255.5 million) compared to 2022 (RM210.6 million), with 100% against invoices issued, driven by automation via RPA
2. Implementation of online termination of guarantee cover through API integration with our major partners, MBB and AmBank, with plans to extend to other PFIs in future
3. Streamlined processes via Robotic Process Automation (RPA) and Excel automation, such as automating variation requests for SRF scheme and automatic issuance of memos to Finance (FIN) for refund of guarantee fee
4. Implementation of bulk R&R submission mode enabling faster TAT to FIs
5. R&R system enhancement for BizFinancing schemes to allow extension of tenure with changes in selling price
6. Implementation of accounts to be recalled via bulk submission to speed up recovery
7. Zero NPF under TPUB-i 2.0 (SPNB projects)
8. Deployment of CCRIS Enhancement 2023 within target date by BNM
9. Exceeded collection target based on recovery efforts, follow-ups on payment/settlement proposals
10. Re-certification under ISO 9001: 2015 QMS
11. Inhouse Documentation and Inhouse Stamping implemented for TPUBi resulting in cost savings for Customer in terms of solicitors' fees and shortened TAT



OUTLOOK AND PROSPECTS

Efforts are under way to enhance customer experience through the iGuarantee platform, providing easy access to billing information for PFIs and customers. Business processes are being streamlined and automated via RPA/Excel, paving the way for a transition to the agile G-Core system. Support for MSMEs continues with R&R initiatives with FIs and branches, aimed at managing delinquent accounts in 2024. Ongoing enhancements include automation of processes through RPA, VBA and Power BI, reducing risk of human error. Additionally, automation of the Recovery Status Report (RSR) via the Managed File Transfer (MFT)/iGuarantee platform aims to identify potential recovery opportunities with FIs, contributing to a more efficient and effective operational environment.

Further opportunities can be tapped through relevant cross-departmental collaboration to enhance billing accuracy and ensure timely invoicing.



OPERATIONS & CREDIT CREDIT

WHO WE ARE AND WHAT WE DO



To ensure comprehensive oversight and guidance in credit operations, Credit comprises:

Financing Evaluation (FE) involving the evaluation processes of financing schemes.

Guarantee Evaluation (GE) for assessing guarantee schemes.

Credit Administration & Advisory (CAA) for managing administrative tasks and offering advisory support on credit matters.

➔ BUSINESS ENVIRONMENT

Pressure is constantly mounting to meet customers' demand for quicker turnaround time (TAT) in credit approvals amid a dynamic business landscape marked by fraudulent activities and the evolving nature of MSMEs, including emerging models like sharing economy participants/entities and micro-businesses with increasing numbers of gig workers.

➔ CHALLENGES



Expedite credit approval processes

Mitigation

- Simplify and automate credit approval processes

Results

- Improved TAT



Balance asset quality and MSMEs' financing accessibility

Mitigation

- Tighten eligibility criteria and credit assessment to suit MSMEs' requirements in line with current market perspectives

Results

- Minimised credit risk and improved asset quality

➔ KEY FOCUS AREAS



Constant process improvement and system enhancement for credit underwriting



High-quality credit underwriting

DIVISION REVIEW

➔ BUSINESS PERFORMANCE REVIEW

Key Initiatives	Achievements
1 Automation of Variation Request (VR)	<ul style="list-style-type: none"> Automated VR for term loan reduction for BizJamin SRF to facilitate higher efficiency in processing static VR
2 Portfolio Guarantee (PG)/ Wholesale Guarantee (WG) Underwriting Review	<ul style="list-style-type: none"> Completed first PG/WG Underwriting Review to improve overall quality of PG/WG tranches
3 Document Management System (DMS)	<ul style="list-style-type: none"> Deployed DMS in KASTLE Guarantee system for Shared Risk applications to centralise and streamline document management processes



OUTLOOK AND PROSPECTS

Credit is poised to maintain its role as a one-stop centre of excellence for CGC's credit family via continuous sharing of credit knowledge. Through ongoing innovation and adaptability to the swiftly evolving business landscape, Credit remains primed for sustained growth and relevance.



RISK MANAGEMENT

WHO WE ARE AND WHAT WE DO



The Risk Management Division (RMD) is the cornerstone of CGC’s governance structure, identifying and addressing various risks shaping strategic direction.

RMD aids risk owners in managing enterprise risks, ensuring resilience and continuity. Proficient in actuarial, credit, and market risk assessment, the team mitigates concentration risks, aligning with our commitment to empowering MSMEs.

➔ KEY FOCUS AREAS



Strategic Risks

Prepare for changes in the business environment, like emerging technologies’ implications for business models and service delivery



Green Financing and Investment

Implement carbon footprint reduction aligned with Task Force on Climate-Related Financial Disclosures (TCFD) recommendations and integrate climate-related financial disclosures following BNM’s best practices



Climate Change Risks

Integrate climate risk modelling into business and operations planning for proactive mitigation strategies



Cyber Risks

Implement cybersecurity framework that adheres to international standards, ensuring technology/risk owners have necessary safeguards and response plans



Fraud Risks







Use fraud detection analytics and whistle-blower programmes to prevent and detect fraudulent activities



Operational Risks

Develop incident management plans and conduct regular risk assessments/internal control reviews/control assessments to reduce impact of operational failures

DIVISION REVIEW

- 
Reputational Risks
 Manage social media and news-related risks with a crisis communication plan for swift response
- 
Regulatory/Compliance Risks
 Stay updated on compliance changes, adapting measures to address emerging data privacy concerns and regulations
- 
Human Capital Risks
 Balancing productivity with flexible work arrangements, prioritising upskilling staff alongside recruiting the right talent
- 
Credit Risk
 Use credit scoring models and stress testing to assess customers' financial health and potential default risks. Integrate alternative data, such as utility payment histories for comprehensive credit assessments
- 
Concentration Risks
 Apply portfolio diversification to prevent overexposure to any single asset class, industry or region
- 
Liquidity Risks
 Assess impact of unconventional monetary policies, such as lowering positive interest rates (in challenging and severe economic situation), on liquidity planning



2023 ACHIEVEMENTS

- Successfully conducted Risk Maturity Survey, pivotal in assessing and enhancing our Corporation's risk management capabilities and maturity level
- Strengthened risk and compliance monitoring via focused reviews, assessing key risk metrics and risk areas or 'hot spots', identifying gaps or emerging risks, and implementing preventive measures
- Enhanced internal policies and framework to ensure that all risk- and compliance-related processes, procedures and controls remain relevant and effective, aligned with current regulatory expectations. Key improvements include:
 - I. Financial inclusion of sharing economy participants
 - II. Incorporating EESG considerations into credit policies
 - III. Establishing liquidity threshold in Risk Appetite statement
 - IV. Improved Reverse Stress Testing Methodology



STRATEGY, FINANCE & OPERATIONAL EXCELLENCE

FINANCE

WHO WE ARE AND WHAT WE DO



Finance ensures efficient financial management, transparency, compliance and accurate reporting, while providing technical advice and acting as a value-enabler in supporting CGC Group’s long-term strategy and transformation initiatives.

It strengthens financial performance through cost monitoring, budget tracking and cashflow management. Additionally, it offers critical support for operations and strategic initiatives. Finance establishes and updates policies, internal controls and procedures, maintaining accounting records and ensuring timely submission of financial reports in compliance with standards and regulations.

➔ BUSINESS ENVIRONMENT

Complex financial reporting practices demand innovative financial systems and technological advances to drive innovation. In a volatile economic landscape, uncertainty in economic outlook significantly affects financial planning, forecasting and budgeting processes. Compliance with multifaceted regulatory requirements such as EESG mandates, necessitates staying updated on evolving accounting standards amid these complexities.

➔ CHALLENGES



Adequacy of Expected Credit Losses (ECL) provision amid emerging macroeconomic pressures and environmental risk

Mitigation

- Performed comprehensive review in formulating ECL provision which encompasses analysis of potential emerging risks

Results

- Adequate ECL provision adopted in FY2023 Audited Financial Statement which includes climate-related considerations, aligning with industry best practices



System and process readiness to support Government initiatives on digitalising tax administration, i.e. e-Invoicing

Mitigation

Spearheaded e-Invoicing project to meet critical timeline by:

- extending awareness on e-Invoice requirement by IRBM
- participating in workshops organised by MDEC and IRBM on latest development of e-Invoicing requirement

Results

- Collaborative and joint efforts to ensure successful e-Invoicing implementation by stipulated deadline



Absence of centralised database/data warehouse for effective and efficient data-driven decision-making process

Mitigation







- Jointly led strategic initiative to centralise corporation data from multiple sources in a single data warehouse

Results

- Centralised data warehouse initiative is on track for completion, aiming to become foundation for CGC’s business intelligence and analytical solutions

DIVISION REVIEW

KEY FOCUS AREAS

- 
Financial Reporting: Maintaining accurate and timely financial reporting in compliance with regulatory requirements and accounting standards
- 
Budget and Control: Spearheading preparation of annual budget and mid-year review via developing comprehensive financial plans aligning with strategic direction of the Corporation
- 
Financial Advisory: Providing advisory, financial insights and analysis, entailing various efforts to support the Corporation's strategic and transformation initiatives, while maintaining effective communication with relevant stakeholders
- 
Cash Flow and Treasury Management: Solidifying Group financial performance through effective cash flow management, liquidity analysis and short-term cash flow projection to anticipate operational and strategic needs
- 
Data-driven Decision-making: Leveraging data tools to optimise financial data analysis, allowing stakeholders to make informed financial decisions for the Corporation
- 
Continuous Process Improvement and Automation Processes: Continuously improving via streamlined workflow and reduced manual tasks, ensuring seamless operations for payment and collection processes

BUSINESS PERFORMANCE REVIEW

Key Initiatives	Achievements
1 Product Profitability	Provided financial advisory and analysis of product profitability, which facilitates informed decision-making process
2 Finance Advisory	Encompassed finance advisory and analysis entailing Group's strategic initiatives and subsidiary's funding structure and investment proposal

Key Initiatives	Achievements
3 Parent-Subsidiary Framework	Completed service level agreement as part of parent-subsubsidiary framework in ensuring proper governance on transactions between entities of Group
4 Automation Initiatives	Automated reconciliation of month-end report balance between financial systems
5 e-Invoicing Compliance	Spearheaded e-Invoice project to meet critical timeline via collaboration and joint effort in ensuring successful e-Invoicing implementation
6 Scholarships	Upheld UNSDGs by coordinating and facilitating CGC's MyPAC scholarships to provide quality education for underprivileged students (B40) in pursuing professional certification, aimed at breaking vicious cycle of poverty
7 Improvement on TAT	Enhanced Finance operational processes, resulting in turnaround time improvement compliance from 98.36% to 99.8% in accordance with ISO quality objectives
8 Continuous Improvement in Finance Manual and Policy	Strengthened accounting policy and framework to improve enterprise-wide processes and internal control



OUTLOOK AND PROSPECTS

We foresee continued support for implementing the Corporation's data warehouse, enhancing decision-making and optimal data utilisation. Financial advisory services will continue as value enabler, supporting CGC's long-term strategies and transformation initiatives. Robust tax planning strategies will optimise cash flow, while ensuring tax compliance. Accounting system enhancements will streamline processes, and Finance Policy and Manual will reflect industry standards and regulatory requirements for ongoing improvement.

DIVISION REVIEW



STRATEGY, FINANCE & OPERATIONAL EXCELLENCE PROCUREMENT

WHO WE ARE AND WHAT WE DO



Procurement serves as an important arm of the Corporation, responsible for acquiring goods and services from external sources.

With comprehensive policies, manuals and procedures in place, it facilitates the entire procurement process. Offering advisory services on business requirements, along with guiding through procurement processes, cost-effective sourcing and negotiation, it ensures sound governance. Additionally, it provides contract and vendor management services, safeguarding CGC’s best interests and upholding strategic relationships with external parties, including vendors, suppliers, consultants and contractors.

➔ BUSINESS ENVIRONMENT

In a regulatory environment, procurement has to stay updated on emerging laws, regulations and procedures governing contracts, sourcing, vendor selection and management, as well as sustainability practices. Market conditions shape procurement decisions, necessitating awareness of trends and pricing dynamics for effective negotiation and sourcing strategies. Technological advances, such as e-Procurement platforms, contract management, vendor relationship management and AI transform traditional processes, enabling automation, data-driven decision-making and enhanced efficiency. To promote a culture of continuous improvement, periodic assessments ensure process efficiency, cost effectiveness and quality service. They also promote a collaborative environment that values high performance through continuous knowledge-sharing, thereby elevating career growth and succession planning. Mitigating inherent risks like supply chain disruptions, inaccurate internal needs analysis, price instability and non-compliance with laws and regulations demands implementation of risk management strategies. These include conducting due diligence, diversifying vendors, implementing contingency plans and proper governance with oversight from the Procurement Committee.

➔ CHALLENGES



Transformation from decentralised to centralised procurement, encompassing contract and vendor management

Mitigation

- Lay foundation of transformation exercise according to plan and allow continuous enhancement

Results

- Revised Procurement Manual and establishment of Contract and Vendor Management Manuals to support transformation plan in December 2023

➔ CHALLENGES



Impact of cost inflation due to fluctuations in material prices, currency exchange rate and market demand

Mitigation

- Negotiate better pricing to allow for long-term contracts with vendors with good track record

Results

- Majority of contracts deemed to be locked in for more than one year



Possibility of vendors facing financial instability, quality issues or disruptions in their operations leading to supply chain interruptions

Mitigation

- Conduct supplier due diligence, diversify vendor base, implement contingency plans and review performance

Results

- Majority of goods and services delivered on time, within cost and of acceptable quality

➔ KEY FOCUS AREAS



Strategic Sourcing in identifying most suitable vendors and managing relationships to ensure best value for goods and services



Cost Management via negotiating favourable pricing (cost savings) and diversifying sourcing to obtain best value amongst participating vendors (cost avoidance)



Contract Management and Monitoring to safeguard the Corporation's interest to ensure no contract lapses



Vendor Management to monitor performance and service levels and to activate emergency plan, if required, to ensure uninterrupted operations



Collaboration and engagement with internal stakeholders to understand needs and priorities

DIVISION REVIEW

BUSINESS PERFORMANCE REVIEW

Key Initiatives	Achievements
<p>1 Revised Risk Control Self-Assessment (RCSA) with adequate mitigation plan in place</p>	<p>Overall rating remained medium. Mitigation plan being adopted in procurement processes</p>



2023 ACHIEVEMENTS

1. Successfully transitioned, according to the transformation plan, from decentralised to centralised procurement, established contract and vendor management, and expanded team from three to eight members
2. Achieved RM1.9 million (5.04%) cost savings and RM7.3 million (16.17%) cost avoidance compared to previous year's RM3.3 million (7.82%) and RM3.0 million (6.64%) respectively. Cost savings from price negotiation, cost avoidance from contract comparisons, between contract awarded versus highest bidder
3. Achieved efficient turnaround times for sourcing, purchase order (PO) creation, contract management and vendor performance
4. Strengthened governance and improved efficiency of procurement manual, forms and templates incorporating updates on the Approving Authority Matrix (AAM), Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities (AMLATFPUAA) and Environmental, Social and Governance (ESG)
5. Established new contract management and vendor management processes to support end-to-end process
6. Conducted benchmarking with professional procurement practitioners in the financial industry and established a networking group
7. Successfully reinstated Procurement Committee (PC) for approving non-IT-related procurement and empanelling



OUTLOOK AND PROSPECTS

We continuously improve Procurement, Contract, and Vendor Management processes for a seamless user experience, adhering to industry best practices. Aligned with CGC's digital transformation, we are digitising the contract master registry tracking process through Power BI and automating expiry reminders. Enhancing vendor database performance and service level assessment ensures compliance with CGC requirements.



STRATEGY, FINANCE & OPERATIONAL EXCELLENCE

STRATEGIC MANAGEMENT

WHO WE ARE AND WHAT WE DO



Three key functions are at the forefront of the Strategic Management (SMT) - Strategic Planning, Sustainability and Strategic Data Analytics.

Strategic Management supports Board and Management on overall strategic vision in developing long-term strategic plans such as 5-Year Strategic Plan 2021-2025, annual Business Plan and annual Corporation and Divisional Scorecards. Research and analysis for the Board and Management in matters related to strategic partnership and business are also the domains of SMT. On sustainability agenda, SMT drives the activities for CGC in line with the Sustainability Framework, as well as overseeing and supporting the delivery of activities by continuous reporting and monitoring of progress and outcome in line with the Corporation’s strategies. To ensure the long-term strategic plan is implemented successfully, SMT also actively tracks and monitors the progress of initiatives. In order to facilitate informed business decisions, SMT provides thorough analysis and comprehensive reports on the company’s performance. Additionally, SMT plays a lead role in Enterprise Data Strategy, encompassing the development of Enterprise Business Data Drivers, Business Data Driven for Decision Making, Enterprise Data Warehouse (EDW), and the implementation of the Data Governance and Data Stewardship agenda.

➔ BUSINESS ENVIRONMENT

The dynamic MSME landscape responds to evolving customer demands amid fierce market competition. The banking industry increasingly relies on AI for informed decisions and streamlined operations. Advances in data analytics, coupled with big data technologies, drive efficient business strategies. Stakeholders anticipate greater transparency in developmental performance reporting to meet evolving expectations.

➔ CHALLENGES



Evolving MSME and financial industry landscape

Mitigation

- Conducted mid-year review to assess progress, strategise for challenges and plans for remainder of year

Results

- Accomplished higher approval than target for outreach approval i.e. RM5.1 billion or 125% against target of RM4.1 billion

DIVISION REVIEW

CHALLENGES

Low awareness and knowledge of Sustainability

Mitigation

- Carried out various plans and relevant programmes to raise awareness and improve knowledge

Results

- Achieved 100% completion rate of training

Right skills and knowledge to support 5-Year Strategic Plan 2021-2025 (5SP+) execution

Mitigation

- Conducted 5SP Mid-Term Review to identify latest challenges in 5SP+ initiatives execution delays
- Carried out various plans and programmes i.e., Knowledge Sharing Session (KSS), classroom training, workshops and talent acquisition


Results

- Developed Strategic Workforce Planning (SWP), a key 5SP+ initiative, ensuring talent management aligns with workforce needs to drive 5SP+
- Achieved 100% completion rate of KSS, training and workshops. Identified right talent

KEY FOCUS AREAS


-  Refining and updating Corporation’s long-term strategic plan that includes the 5SP Mid-Term Review
-  Managing and monitoring performance through Corporation and Divisional Scorecards
-  Delivering comprehensive company-wide performance reports, encompassing detailed analyses for management and relevant stakeholders
-  Executing Sustainability-related initiatives such as Climate Impact Management and Sustainability Capability Enhancement
-  Reporting on developmental performance and additionality i.e. positive impact attributable to CGC beyond that which is delivered under a purely commercial or profit-driven environment

➔ **KEY FOCUS AREAS**

 Managing and analysing data to improve business decisions and processes as part of data-driven decision-making practices

➔ **BUSINESS PERFORMANCE REVIEW**

Key Initiatives	Achievements
1 5-Year Strategic Plan 2021-2025 Mid-Term Review	Successfully revised and refined 5SP+ to reflect latest challenges, future outlook and key trends to be more competitive
2 Report on Automation and Transformation to Power BI under Enterprise Data Warehouse (EDW) Phase 1: Management Dashboard	Management Dashboard went live in November 2023 and reports will be updated on monthly basis. Utilisation of EDW data enables report authors to effectively produce monthly reporting by reducing manual process by approximately 60%
3 Development of Corporation Scorecard and Divisional Scorecard for FY2023	Rolled out and cascaded Corporation Scorecard and Divisional Scorecard across all divisions, ensuring improved business performance and organisational success
4 Facilitated development of all initiatives under 5SP+, Business Plan and Sustainability	Carried out periodic update and monthly meeting involving Senior Management to deliberate on progress of 5SP+, Business Plan and Sustainability initiative including major obstacles to initiatives
5 Data Governance	Successfully established new data governance structures, enhanced comprehensiveness of data governance content, and improved data quality, alignment and standardisation

 **OUTLOOK AND PROSPECTS**

SMT will continue to facilitate visioning exercises to assist CGC in defining broad goals and attaining a competitive edge in the future. SMT focus includes monitoring 5SP+ initiatives implementation, and support of strategic research and planning aligned with market trends, as well as centralising and transformation of data for informed decision-making and a data-driven culture. Additionally, we will assist in advancing EDW development and implementation while monitoring our sustainability initiatives to ensure it stays on track.

DIVISION REVIEW



STRATEGY, FINANCE & OPERATIONAL EXCELLENCE PROGRAMME MANAGEMENT AND PROCESS EXCELLENCE

WHO WE ARE AND WHAT WE DO



The sub-division drives organisational effectiveness and continuous improvement through strategic functions. Programme Management implements initiatives aligned with other initiatives outlined under 5SP+, Business Plan and sustainability objectives, organisational goals and fostering innovation.

Process Excellence streamlines workflows, reduces costs and enhances customer experience and satisfaction via Lean Six Sigma, process mapping and automation. The Process Automation Initiatives team leads Corporation-wide process automation and excellence efforts, identifying opportunities, implementing solutions and managing Document Management System (DMS) initiatives. As part of our digital transformation, the team focuses on utilising and integrating digital tools for efficiency. The Quality section upholds highest standards of product and service quality, ensuring adherence to ISO 9001: 2015 Quality Management System Implementation ISO for Processing of Shared Risk Guarantee Schemes.

➔ BUSINESS ENVIRONMENT

Programme Management oversees strategic plans aligned with organisational goals, leading the formulation and implementation of business plans aimed at driving growth and sustainability. It integrates sustainability practices, ensuring responsiveness to market demands and proactive adaptation. In dynamic landscapes, it enables seizing opportunities and aligning with societal expectations and regulatory requirements. By coordinating initiatives and resources, Programme Management helps businesses maintain competitiveness and relevance in their respective industries.

Process Excellence complements Programme Management by optimising workflows and enhancing operational efficiency through methodologies like streamlining report generation and minimising cost. In a competitive business environment, these initiatives are indispensable for staying ahead, meeting demand for faster communication, ensuring financial sustainability and maintaining competitiveness through continuous process refinement and improvement.

Process Automation advances operational excellence, utilises Hyperautomation and Document Management Systems to streamline processes and increase efficiency. In our digital transformation, embedding digital tools for automation enhances our ability to innovate and adapt in an evolving landscape. This enhances information organisation, and accessibility, and enables swift responses to market dynamics, ensuring competitiveness in changing markets.

Quality Management ensures organisations deliver products and services that meet or exceed customer expectations by maintaining manuals and SOPs for operational consistency and quality. Compliance with ISO 9001:2015 Quality Management System standards reinforces quality and drives continuous improvement initiatives.

➔ **KEY FOCUS AREAS**



Programme Management

1. Strategic Planning 5SP+: Oversee development and execution of strategic plans aligned with organisational goals and objectives
2. Business Plan: Coordinate and track implementation of business plans to drive growth and sustainability
3. Sustainability: Integrate sustainability practices into organisational strategies and operations to ensure long-term viability and social responsibility



Process Excellence

1. Streamline Workflows: Implement methodologies to optimise workflows, including report generation, to enhance efficiency and reduce redundancy
2. Cost Effectiveness: Identify opportunities to minimise costs while maintaining quality standards and achieving organisational objectives
3. Enhance Customer Satisfaction: Implement measures to improve customer experience and satisfaction through process improvements and service enhancements
4. Upskill Workers with Continuous Improvement Tools: Provide training and development opportunities to equip employees with tools and skills for continuous improvement



Process Automation

1. Hyperautomation: Explore and implement advanced automation technologies to streamline processes and increase efficiency
2. Document Management System: Implement and manage a robust document management system to enhance organisation and accessibility of information



Quality Management

1. Manuals and SOPs: Develop and maintain comprehensive manuals and Standard Operating Procedures (SOPs) to ensure consistency and quality in operations
2. ISO 9001:2015 QMS Requirements: Ensure compliance with ISO 9001:2015 Quality Management System requirements to uphold quality standards and drive continuous improvement

DIVISION REVIEW

BUSINESS PERFORMANCE REVIEW

Key Initiatives

Achievements

1 Collection Trackers

In 2023, we spearheaded deployment of the Power BI Dashboard for Direct Financing in the Collection Unit, reducing arrears from 25% to 21%, equal to a financial improvement from RM46.59 million to RM41.14 million. Collaborating with the Collection and Recovery Unit, we addressed pain points identified through internal audits and RCSA findings, and engaging stakeholders. The Dashboard provided comprehensive insights into productivity, quality and cost, leading to an increase in daily follow-up rates from an average of 45 to 200, and contributing directly to reduction of arrears. This initiative helped the Collection & Recovery Unit to eliminate report preparation TAT from three working-days to < 5 minutes. We remain committed to further refining processes to drive ongoing improvements and deliver sustained value to our organisation

1,151
Customers

1,151
Follow-up Status

KPI:
100%
Follow-up Status

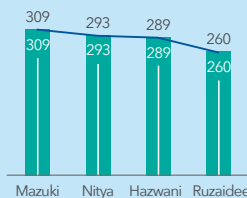
41
Target Productivity

230
Actual Productivity

KPI:
460%
Improved Productivity

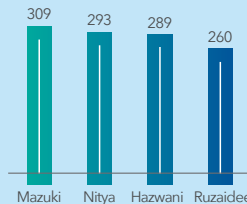
Collection Center Unit (CCU) Calling Productivity Dashboard

CCU Follow-up Status



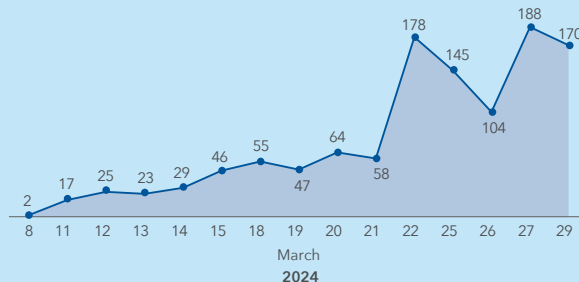
- follow-up
- did not follow-up
- customers

CCU Productivity



Productivity
260 309

Calling Productivity Daily Trend Chart



CCU	Year, Month
BRANCH	2024 (Year) + March (Month)

Remark:

A total of **1,151** customers in **March 2024**
Total of **1,151** customers followed up by CCU
Equivalent to **100%**
KPI Target = **100%**

Caller by Session Table

CCU OIC	1	2	3	4	Total
Hazwani	289	195	92	0	289
Mazuki	309	226	110	4	309
Nitya	293	163	64	30	293
Ruzaidee	260	168	0	0	260
Total	1,151	752	266	34	1,151

Remark:

Target Productivity computed based on total number of customers for the month **1,151**

Divided by number of CCU OIC: **4**

Divided by **7** working days

- **1,151** customers
- **4** CCU OIC
- **7** working days

Target Productivity = **41** customers/days

Actual Productivity = **230**

460% compared to target

* OIC: Officer in charge

➔ BUSINESS PERFORMANCE REVIEW

Key Initiatives	Achievements
<p>2 Process Improvement & Automation across CGC</p>	<p>We exceeded our target of 24 process improvements, achieving 40 significant enhancements, averaging 3.3 improvements per month, surpassing the initial goal of two process improvements per month. This led to a remarkable 96% reduction in working days, from 100 to four, benefiting approximately 50 users. Our collaborative efforts resulted in streamlined workflow that significantly enhanced organisational performance. Automation reached an average of 97%, reducing headcount by five, demonstrating our dedication to efficiency and resource optimisation. Additionally, this initiative provides valuable opportunities for upskilling, reskilling and talent mobility, ensuring agility. We are committed to sustaining this momentum, driving further improvements for success</p>
<p>3 ISO 9001:2015 Quality Management System (QMS) Implementation for Processing of Shared Risk Guarantee Schemes</p>	<p>During the Surveillance Audit on 20-21 November, 2023, no findings for Non-Conformity (NC) or Opportunities for Improvement (OFI) were received. This underscores our commitment to maintaining high standards and continuously improving our processes</p>



OUTLOOK AND PROSPECTS

The organisation’s integrated approach, spanning Programme Management, Process Excellence, Process Automation and Quality Management, lays a strong foundation for future success. Aligning strategic plans with goals ensures adaptability to market changes and sustained growth. Emphasising sustainability practices and corporate citizenship, bolsters industry leadership, underpinning the execution of CGC’s 5-Year Strategic Plan 2021-2025. Process Excellence initiatives drive operational efficiency and competitiveness, while automation, including hyperautomation, enhances agility amid evolving business landscapes, supporting our digital transformation journey. Quality Management maintains high standards and ISO 9001:2015 compliance, ensuring superior products and services. Continuous process refinement and employee upskilling foster innovation, readiness for market shifts and talent adaptability. This holistic approach, emphasising responsiveness, efficiency and quality, propels the organisation towards sustained growth and competitiveness. Talent mobility further enhances our agility and industry leadership.

CGC DIGITAL



OVERVIEW AND ACHIEVEMENTS

**CREDIT GUARANTEE CORPORATION
MALAYSIA BERHAD**

*100% wholly-owned
subsidiary*

CGC DIGITAL SDN BHD

WHO WE ARE AND WHAT WE DO

CGC Digital is a wholly-owned fintech subsidiary company of CGC, established in July 2022 as CGC’s digital arm. CGC Digital’s primary goal is to empower MSMEs by creating a simple and seamless financing experience in the digital ecosystem.

CGC Digital aims to provide a one-stop digital marketplace for MSMEs to access financing and assistance to scale up. CGC Digital harnesses the power of digital platforms and solutions to spearhead innovations that could empower MSMEs’ growth in Malaysia.

BUSINESS ENVIRONMENT

In its inaugural year (2023), CGC Digital laid the groundwork for growth in 2024 and beyond. The focus was on assembling a skilled team, initiating feasibility projects to assess potential growth avenues and developing its digital foundation through the implementation of cloud infrastructure fostering a digital-first approach. CGC Digital invested in Funding Societies alongside Khazanah Nasional Berhad to jumpstart its digital guarantee product development and outreach efforts towards financial inclusion.

Establishing partnerships with fintech players necessitates a dedicated timeline that encompasses ideation, product development, compliance adherence and innovative digital processes. The challenge is finding like-minded partners to explore the development of digital guarantee products that can serve the financial inclusion segment.



2023 ACHIEVEMENTS

1. Strategically positioned CGC Digital within the digital ecosystem through engagement with key regulators and industry leaders including BNM, Securities Commission, MDEC, Khazanah Nasional Berhad, Digital Banks, P2P lenders and fintech players. The Malaysian Digital (MD) status obtained in October 2023 further positioned CGC Digital as a fintech company with access to other MD status company within the MDEC digital ecosystem
2. Operationalised and launched the imSME beta version on the new cloud platform
3. Established partnership with Payments Network Malaysia (PayNet) to explore potential alternative payment data to facilitate credit assessment for the financial inclusion segment
4. Signed MOU with Funding Societies and Alliance Bank Malaysia Berhad in August 2023 to explore feasibility projects targeting new segments, which sets the foundation for future partnerships with like-minded partners
5. Completed strategic equity investment in Funding Societies in partnership with Khazanah Nasional Berhad, laying the foundation for digital guarantee product development and outreach for the targeted financial inclusion segment
6. Strategic Alliances: Signed MOUs with Malaysia Digital Economy Corporation (MDEC) and PayNet in December 2023 for potential exploration



OUTLOOK AND PROSPECTS

CGC Digital completed the imSME beta version in November 2023, and the actual migration and technology refresh was successfully done on 31 March 2024. This represented a key milestone, as a foundation for a robust, fully integrated platform to support future CGC Digital initiatives. The initial rollout of the feasibility project with Funding Societies provides a good base for future initiatives with like-minded partners to collaborate with CGC Digital to innovate digital guarantee supporting the financial inclusion segment. Upcoming feasibility projects will explore new segments such as gig and other platform partner segments.

Active collaboration with the Ministry of Investment, Trade, and Industry (MITI) through our support of the New Industrial Master Plan 2030 (NIMP), with imSME identified as Enabler 1: Mobilise Financing Ecosystem Working Group Action Item E1.6, aims to provide comprehensive financing options and support for MSMEs, including government grants. Engagement with Securities Commission will help further explore potential collaboration supporting capital market instruments.

Other upcoming initiatives will explore complementary products and services such as B2B marketplace and online capacity-building programmes that will support MSMEs along with financing and guarantee. These products and services, offered together with financing backed by guarantee, will provide good data insights to understand how to serve the MSME segment better and facilitate the innovation and growth of the target segment.

CREATING VALUE THROUGH SUSTAINABILITY

In a sustainable world, CGC places value creation at the forefront by incorporating environmental, social and governance factors into its business approach. Sustainability, woven into our strategic plans, becomes intrinsic to CGC's DNA. The materiality assessment completed in 2022 has identified 17 key material matters, guiding us to prioritise Economic, Environmental, Social and Governance (EESG) issues aligned with stakeholder importance and organisational impact.

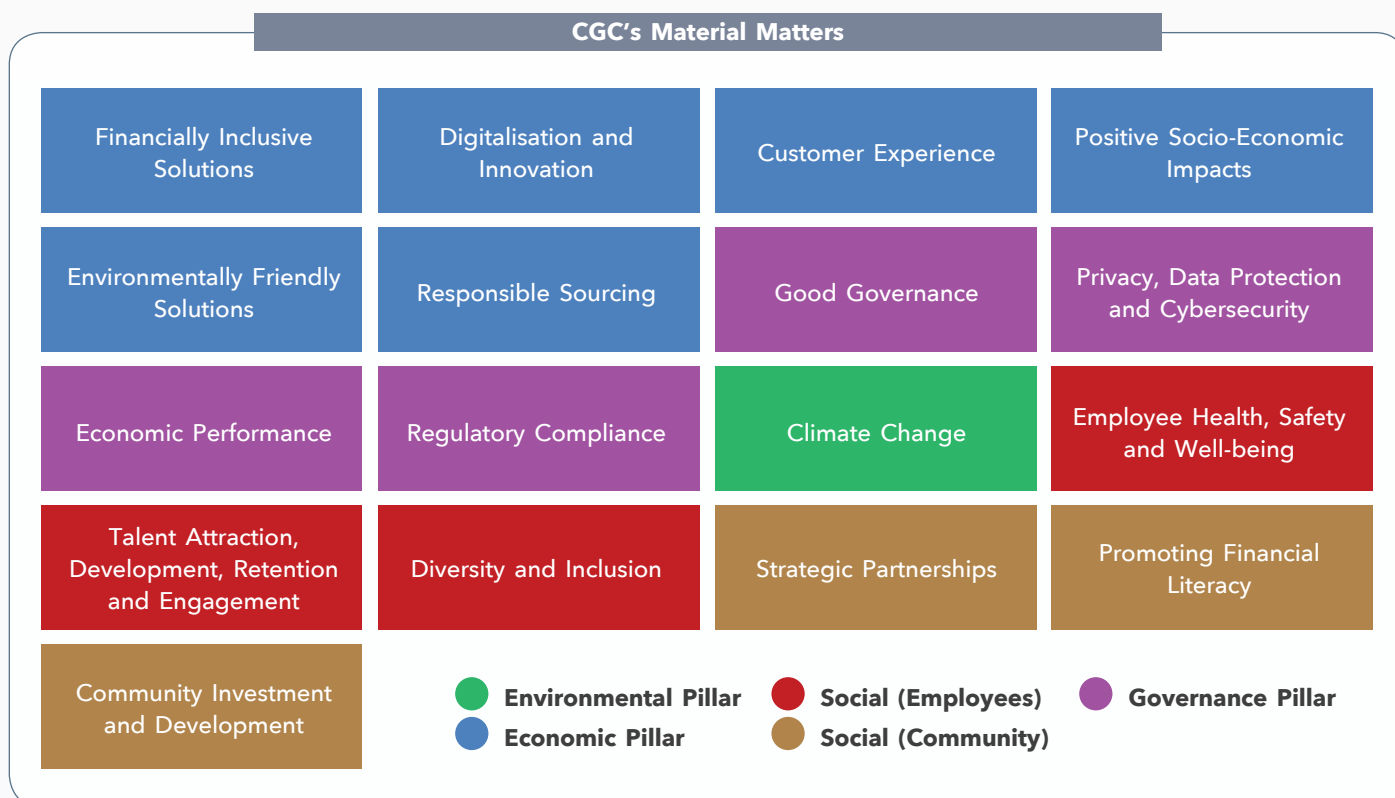
<p>M1 Climate Change</p> <p>Responsibly manage the environmental footprint in our operations, arising from usage of resources and materials.</p>	<p>M2 Digitalisation and Innovation</p> <p>Adopt digital solutions to enhance product and service delivery, improve customer experience and increase financial access and inclusion.</p>	<p>M3 Financially Inclusive Solutions</p> <p>Products and services that meet the needs of underserved and unserved MSMEs.</p>
<p>M4 Environmentally Friendly Solutions</p> <p>Products and services that facilitate MSMEs' transition to low-carbon and sustainability practices.</p>	<p>M5 Responsible Sourcing</p> <p>Support local procurement and incorporating social and environmental considerations into our procurement practices.</p>	<p>M6 Positive Socio-Economic Impacts</p> <p>Creating positive direct and indirect socio-economic impacts with our suite of products and services.</p>
<p>M7 Customer Experience</p> <p>Embed a customer-centric culture within the organisation and develop products and services to improve customer experience.</p>	<p>M8 Diversity and Inclusion</p> <p>Promote and embrace a diverse, equitable and inclusive workplace, where all employees are treated fairly and without discrimination.</p>	<p>M9 Employee Health, Safety and Well-being</p> <p>Protect the health, safety and well-being of our workforce by maintaining a positive and safe working environment.</p>
<p>M10 Talent Attraction, Development, Retention and Engagement</p> <p>Recruitment, engagement, development and retention of employees with relevant skills and leadership capabilities.</p>	<p>M11 Promoting Financial Literacy</p> <p>Provide financial education that enables MSMEs to make informed financial decisions.</p>	<p>M12 Community Investment and Development</p> <p>Supporting local communities through collaborations and partnerships to promote positive community development.</p>
<p>M13 Strategic Partnerships</p> <p>Collaboration with financial and non-financial partners to promote growth, innovation and development of MSMEs.</p>	<p>M14 Good Governance</p> <p>Committed to conducting our business with the highest standards of ethics, integrity and transparency.</p>	<p>M15 Regulatory Compliance</p> <ul style="list-style-type: none"> • Compliance with industry best practices, regulations, standards and ethical conduct. • Ensuring strong compliance culture throughout the organisation.
<p>M16 Privacy, Data Protection and Cybersecurity</p> <p>Responsible management of data and safeguarding of stakeholders' data privacy.</p>	<p>M17 Economic Performance</p> <p>Embracing sustainable practices without compromising CGC's financial health.</p>	

SUSTAINABILITY AT CGC

Paying attention to sustainability issues is becoming increasingly critical for all companies across all industries. As the expectations on corporate responsibility increase, and as transparency becomes more prevalent, companies are recognising the need to act on sustainability issues. Professional communications and good intentions are no longer enough. In today's ever-evolving world, debating whether to incorporate sustainability into business strategy is no longer an option. Considering a values-driven approach when developing business strategies can be vital to long-term success.

From a sustainability viewpoint, CGC is unique as its mandate and nature of business are in line with the SDGs. We play a developmental role in supporting Malaysia's economic development agenda by assisting marginal but potentially viable MSMEs. This applies particularly to enterprises without collateral or with inadequate collateral and track records to obtain financing from the formal financial system. We are confident that CGC will continue to create a positive impact on our journey to create value for the underserved and unserved. This is not only via economic benefits, but also environment and social impact welfare.

The CGC Sustainability Framework was developed to guide sustainability integration into business as usual. It will guide CGC to identify the key initiatives that should be enhanced and/or executed throughout CGC's business activities, to embed sustainability. Progress of these initiatives will contribute towards CGC's overall sustainability performance. Clearly established timelines and milestones are essential to ensure progress is made with respect to sustainability integration. The integration of sustainability will help future-proof CGC's business, ensuring that it remains resilient in the face of shifting economic, environmental and social conditions. By integrating sustainability and conducting business in a responsible manner, CGC will be able to better manage future issues and events. We laid the foundations to embed sustainability in our business by implementing initiatives to address our material matters. Our material matters set out the issues that we and our stakeholders see as the most important.



SUSTAINABILITY AT CGC

Our Sustainability Framework is also aligned and guided by the United Nations Sustainable Development Goals (SDGs) and United Nations Principles for Responsible Investment (UN PRI) which form the cornerstone of our sustainability programmes and initiatives. As the financial sector navigates development opportunities, it will be important to ensure that we move towards a more sustainable, inclusive and responsible future. We remain committed to this outcome, which will contribute towards supporting the SDGs.

Given that CGC's mandate has a focus on supporting Micro, Small and Medium Enterprises (MSMEs) and developing the nation, it is important to ensure that the Sustainability Framework aligns with the broader Malaysian national agenda such as twelfth Malaysian Plan (12MP). The 12MP notes that MSMEs "remain uncompetitive due to low technology adoption, lack of skilled talent and management know-how, as well as facing constricted access to finance". It also states that "the transformation of MSMEs into innovation-driven enterprises is crucial to increase their resilience and competitiveness". Through its Sustainability Framework, CGC strives to address some of these challenges, such as by driving access to finance. Simultaneously, the 12MP highlights the need to transition towards a low-carbon nation. This will require collaborative efforts between the public and private sector. Financial institutions have a particular role to play by financing this transition and enabling other industries to embrace more sustainable business practices. In addition, the 12MP identifies the need to enhance domestic green financing and investments. Financial Institutions have a key role to play in this, and are encouraged to adopt ESG principles into their organisation. This includes integrating climate change into their business activities.

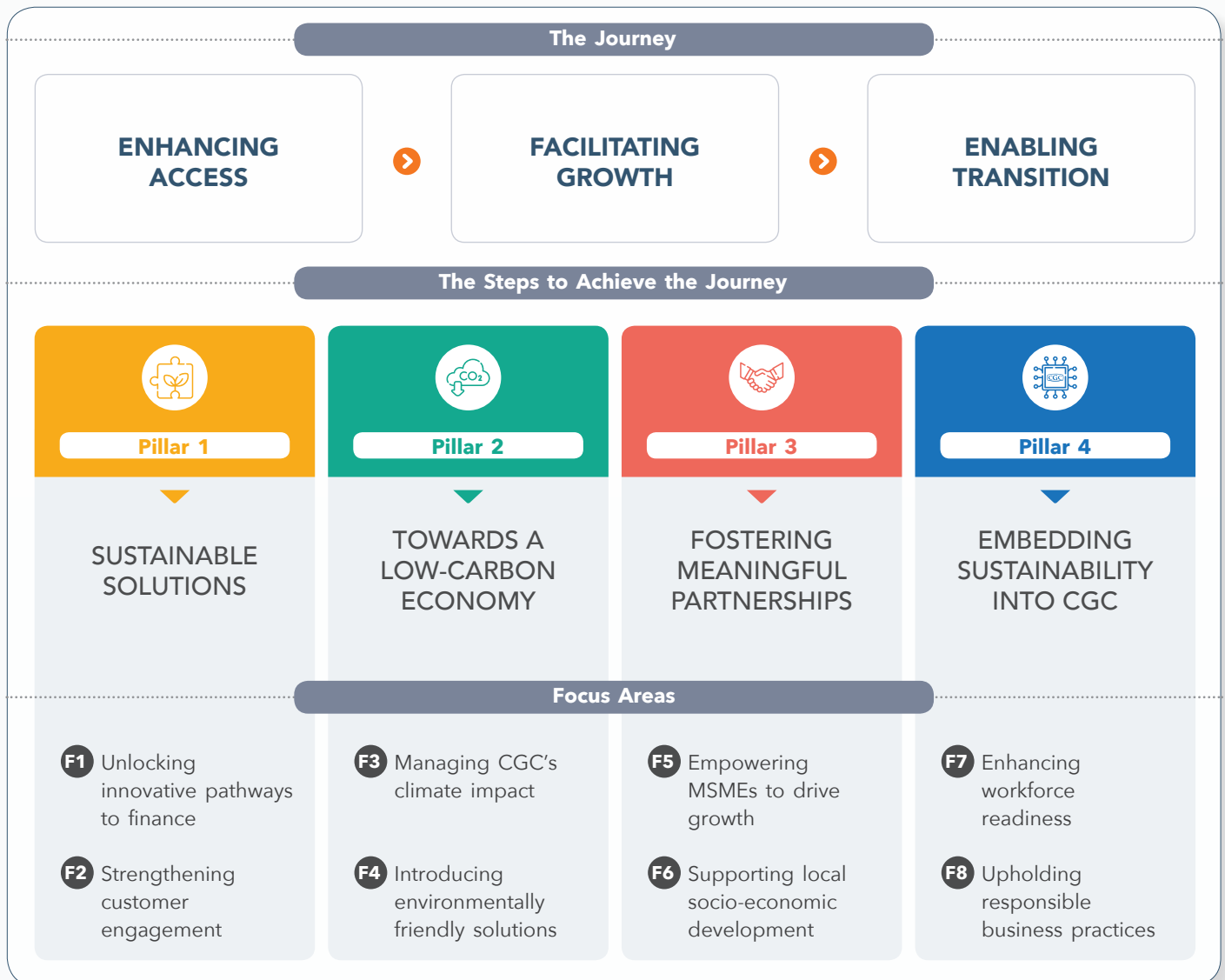
The framework of 'Ekonomi MADANI: Memperkasa Rakyat' is then introduced on 27 July 2023 as a platform to restore the honour and dignity of the country. The main emphasis is to restructure the Malaysian economy towards becoming a leader in the Asian economy. The aspiration of the Malaysia MADANI and the framework of 'Ekonomi MADANI: Memperkasa Rakyat' are the pillar for the Mid-term review of the Twelfth Plan that eventually will benefit the rakyat to lead a better quality of life. The theme of 12MP Mid-term review is Sustainable, Prosperous, High-Income Nation. This theme is supported by key enabler of enhancing efficiency of public service delivery and three main focus, namely strengthening sustainability, building prosperous society, and achieving high-income nation. The Mid-term review of the Twelfth Plan identifies 17 Big Bolds to catalyse the socio-economic development in the remaining period and one of the Big Bolds is Empowering MSMEs and Social Enterprises. Some of the proposed main strategies to support the Empowering MSMEs and Social Enterprises are by promoting alternative financing for MSMEs and Accelerating MSMEs productivity growth through technology adoption are already embedded in CGC Sustainability Framework.

CGC Sustainability Framework also considers the visions set out in Malaysia's Financial Sector Blueprint 2022-2026. In this blueprint, financial institutions are encouraged to incorporate sustainability elements into their business portfolios and processes such as adoption of Climate Change and Principle-based taxonomy (CCPT), to support the advancement of green growth. Financial institutions are also advised to support sustainable practice among clients, among others, to support the transition to a low-carbon economy. CGC Sustainability Framework has incorporated the issues such as the needs of unserved and underserved customers, building an ecosystem which ensures that MSMEs have continued access to finance, as well as enabling greater climate resilience and environmental sustainability which align with the Financial Sector Blueprint 2022-2026's visions.



CGC SUSTAINABILITY FRAMEWORK

The CGC Sustainability Framework is guided by four pillars: Economic, Environmental, Social and Governance (EESG). These pillars target specific challenges in each area, reflecting our commitment to fostering a sustainable, environmentally friendly future in our communities, guiding our responsible business practices.



The four pillars guide CGC's journey toward sustainability and support MSMEs in their own sustainability efforts. Within each pillar, Focus Areas pinpoint priority aspects, clarifying the company's ambitions. These areas specify actionable steps, facilitating CGC's focused pursuit of its Sustainability Strategy and the realisation of its environmental and social responsibilities.

KEY SUSTAINABILITY MILESTONES

To foster sustainable MSMEs, CGC must prioritise its own sustainability by addressing ESG issues and integrating sustainability into its core. This dual approach simultaneously strengthens both CGC and MSMEs, establishing a lasting partnership. Our sustainability journey intensified in 2023, guided by pillars shaping our strategies and initiatives, to steer our business activities and operations towards achieving our sustainability aspirations.

CGC Sustainability Journey

2023

STEP UP



2024

NEXT-LEVEL IMPROVEMENTS



2025

MOVE THE NEEDLE

Unlocking Innovative Pathways for Financial Access

F1

Financial Access for Unserved and Underserved and Strategic Segments

Digitalisation

Digital infrastructure and employee upskilling.

Direct MSMEs Interaction

CGC will develop more tailored products to meet their needs.

Partnerships

Forge collaborations with industry peers to amplify the impact of CGC Developmental Programme® or jointly innovative new modules.

Product Portfolio

Expand product portfolio.

Strengthening Customer Engagement

F2

Increasing Direct Engagement with MSMEs

Workforce

Manage manpower to scale up CGC Developmental Programme®.

Partnerships

Collaborate with other industry players on effort to scale up on CGC Developmental Programme® or to co-develop new modules.

Managing CGC's Climate Impact

F3

GHG Emissions & Environmental Impact Management

Tracking Mechanism

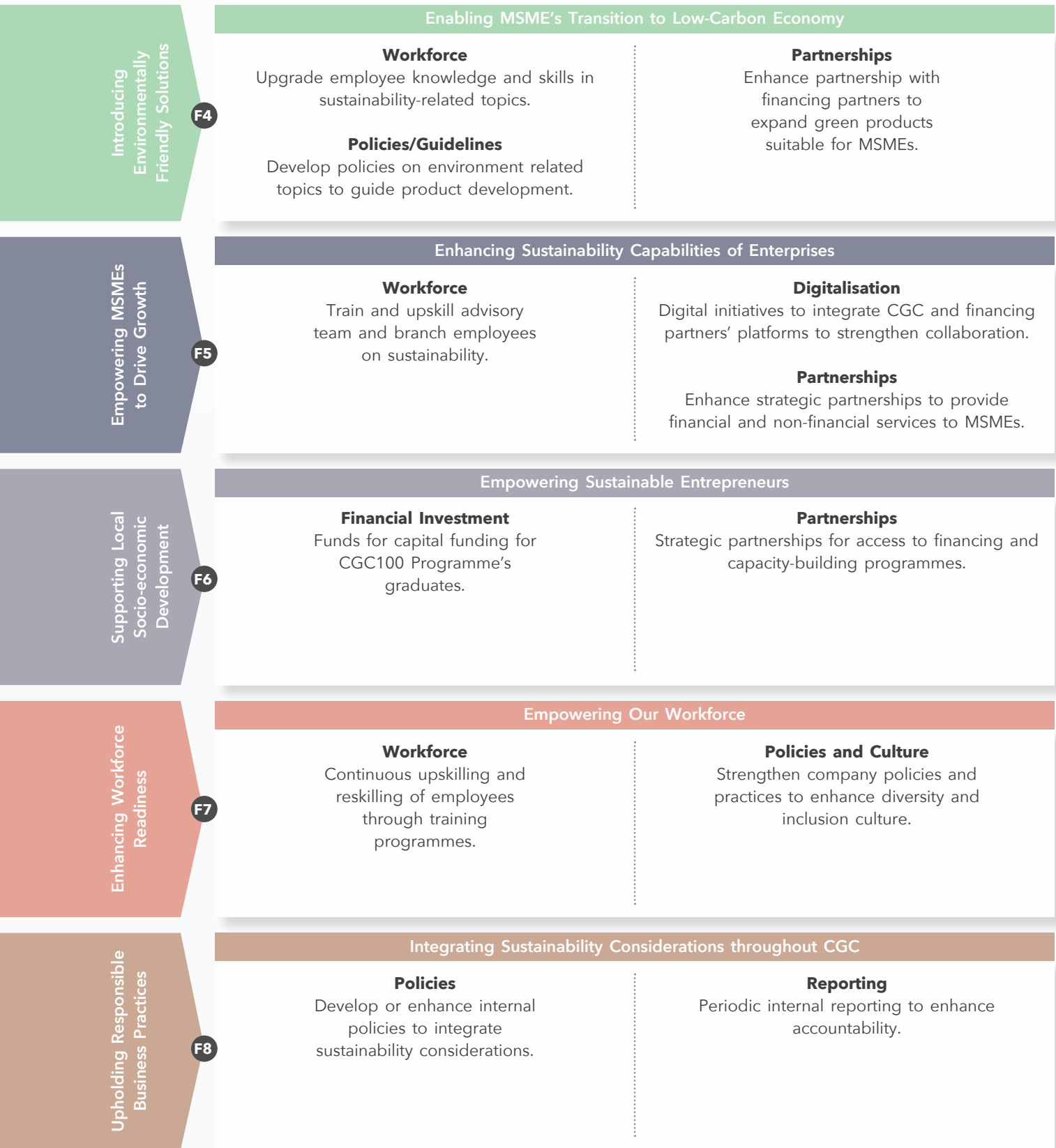
Manage and optimise all facilities' resource consumption.

Digitalisation

Digitalise processes and operations to improve resource consumption.

Policies/guidelines

Develop policies/guidelines in relation to environmental matters for internal operations.



SUSTAINABILITY GOVERNANCE

To effectively drive the Corporation’s sustainability agenda by its leaders, CGC established a governance structure that oversees the development and implementation of various strategies, including those focusing on sustainability. This structure supports formulating, implementing and evaluating relevant strategies, assessing risks and identifying opportunities related to sustainability matters.



INCORPORATING SUSTAINABILITY INTO RISK MANAGEMENT

Sustainability intertwines with risk management, notably for financial institutions, impacting stability and long-term performance. Financial institutions confront diverse sustainability risks like climate change, resource scarcity and social controversies, influencing reputation, credit and operations. CGC initiated the adoption of the Bank Negara Malaysia (BNM) Climate Change and Principle-based Taxonomy (CCPT) in 2023, guiding ESG risk assessment. Aligning with BNM and global standards, CGC strategises with regard to climate-related risks and opportunities.

OUR APPROACH TO SUSTAINABILITY

CGC Sustainability Framework aims to embed sustainability into its business, enabling MSMEs to achieve sustainability. This framework, developed to guide integration into business as usual, will enhance key initiatives and promote responsible practices, fostering resilience and effective issue management for CGC and stakeholders alike.

CGC Sustainability Framework				
Sustainability Pillars	Ambition for Pillars	Material Matters	Focus Areas	SDGs
 <p>Pillar 1 Sustainable Solutions</p>	To leverage industry partnerships and develop innovative pathways to provide MSMEs with access to finance, strengthen their capabilities and enhance resources	<ul style="list-style-type: none"> M2 Digitalisation and Innovation M3 Financially Inclusive Solutions M7 Customer Experience 	<ul style="list-style-type: none"> F1 Unlocking Innovative Pathways F2 Strengthening Customer Engagement 	  
 <p>Pillar 2 Towards a Low Carbon Economy</p>	To enable an inclusive transition to low-carbon economy by playing our role in the financial landscape and helping MSME's embrace greener practice	<ul style="list-style-type: none"> M1 Climate Change M4 Environmentally Friendly Solutions 	<ul style="list-style-type: none"> F3 Managing CGC's Climate Impact F4 Introducing Environmentally Friendly Solutions 	  
 <p>Pillar 3 Fostering Meaningful Partnership</p>	To collaborate with industry partners, building an ecosystem conducive to MSME's growth, innovation and development	<ul style="list-style-type: none"> M6 Positive Socio-Economic Impacts M13 Strategic Partnerships M11 Promoting Financial Literacy M12 Community Investment and Development 	<ul style="list-style-type: none"> F5 Empowering MSMEs to Drive Growth F6 Supporting Local Socio-economic Development 	  
 <p>Pillar 4 Embedding Sustainability into CGC</p>	To ensure CGC operates as a sustainable organisation by embedding sustainability considerations throughout the Corporation, MSMEs to become sustainable	<ul style="list-style-type: none"> M8 Diversity and Inclusion M9 Employee Health, Safety and Well-Being M10 Talent Attraction, Development, Retention M14 Good Governance M15 Regulatory Compliance M16 Privacy, Data Protection and Cybersecurity M5 Responsible Sourcing M17 Economic Performance 	<ul style="list-style-type: none"> F7 Enhancing Workforce Readiness F8 Upholding Responsible Business Practices 	      



SUSTAINABLE SOLUTIONS

Focus Areas

- F1** Unlocking innovative pathways to finance
- F2** Strengthening customer engagement

CGC's Material Matters

- M2** Digitalisation and Innovation
- M3** Financially Inclusive Solutions
- M7** Customer Experience

UNSDGs



FOCUS AREA **F1** UNLOCKING INNOVATIVE PATHWAYS



With the rise of digitalisation in financial institutions, staying competitive requires prioritising ESG considerations in our solutions, aligning with our 5-Year Strategic Plan and vision to empower vibrant MSMEs.

Launched in 2018, Malaysia's 1st SME financing platform, imSME, anticipates significant growth, aligning with BNM's Financial Sector Blueprint 2022-2026 that promote digitalisation in the financial sector as one of its five key strategies. Up-to-date information, effortless search capabilities and convenient one-stop hub are available through swift access, diverse products and tailored solutions. imSME reflects CGC's commitment to empowering MSMEs through enhanced financing options.

2023 ACHIEVEMENTS

▶ Total Visitors

2.57 million



▶ Total Registered MSMEs

78,980



▶ Applications

6,044



▶ Total MSMEs Referred to Capacity-building Agencies

690



▶ Value

RM617 million



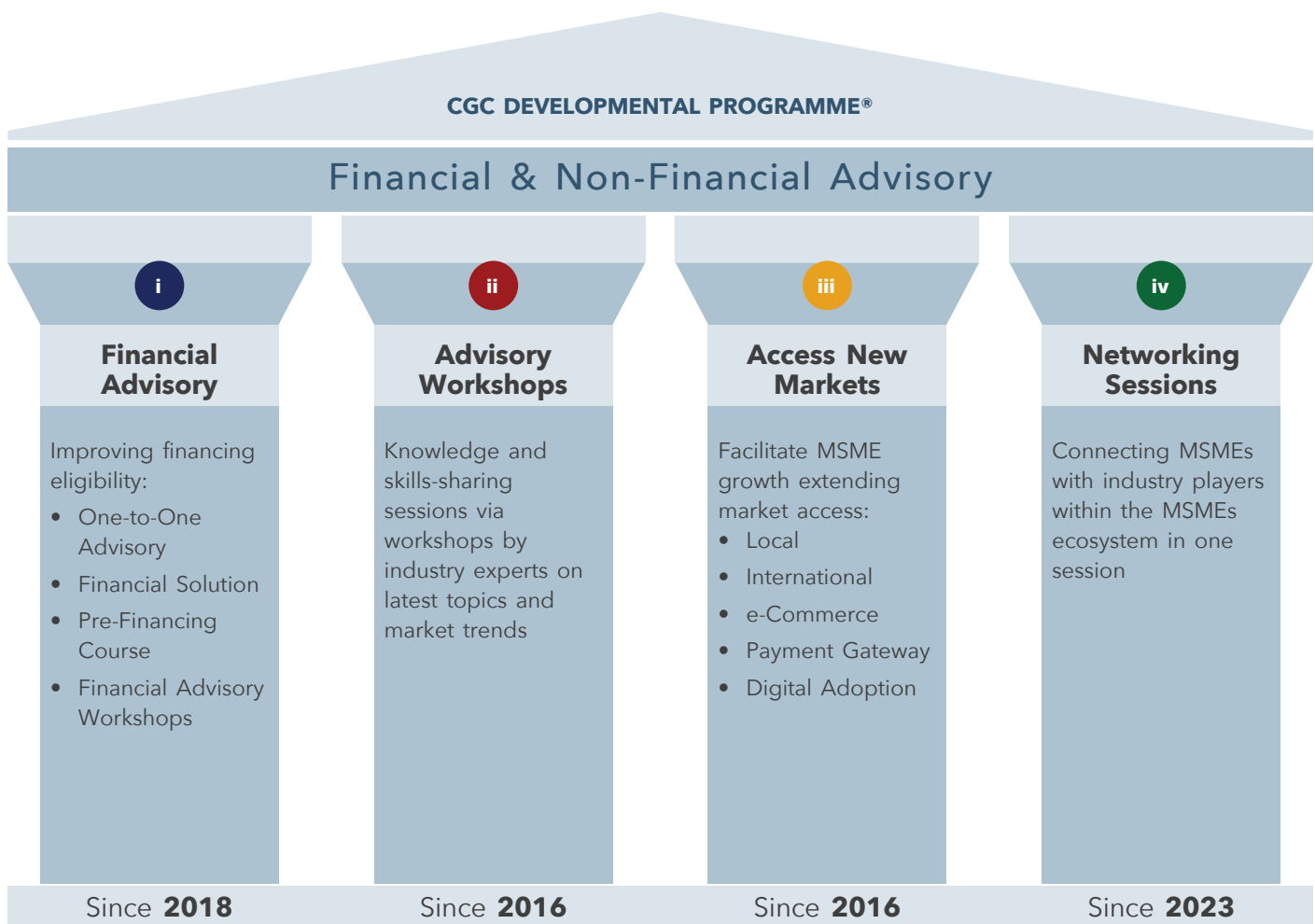
PILLAR 1 - SUSTAINABLE SOLUTIONS

FOCUS AREA **F2** STRENGTHENING CUSTOMER ENGAGEMENT

ECONOMIC PRACTICES

CGC DEVELOPMENTAL PROGRAMME®

Emphasising customer-centricity, we cultivate a culture focused on enhancing customer experience, fostering long-term relationships with partners and customers, effective communication and valuable results through collaboration with partners, fulfilling diverse customer needs.



CGC Developmental Programme®, a CGC initiative to assist MSMEs in their business journeys. Since its establishment in 2016, CGC Developmental Programme® has supported MSMEs through programmes:

- i. Financial Advisory
- ii. Advisory Workshops
- iii. Access New Markets
- iv. Networking Sessions

i FINANCIAL ADVISORY

The Financial Advisory Team (FA Team) assists MSMEs facing financing challenges via platforms like imSME or MyKNP. Through thorough review and personalised coaching, it enhances their financial literacy and improve financing eligibility for future financing opportunities, aiming to empower them in overcoming hurdles related to financial records, literacy and collateral constraints.

CGC Receives ADFIAP Award for Enhancing MSME Access to Finance

CGC Developmental Programme® won the Association of Development Financing Institutions in Asia and the Pacific’s (ADFIAP) Outstanding Development Project Award for Financial Inclusion at the 46th Annual Meeting in Almaty, Kazakhstan, on 16 May 2023. This is in recognition of a project that provides financial advisory and aids MSMEs in enhancing their eligibility to access finance.

Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer in his acceptance speech mentioned, “As a leading proponent of Micro, Small and Medium Enterprises (MSME) development, CGC continues to grow from strength to strength, steadfastly transforming itself, its products, and services, so that it can cater effectively to the ever-changing needs of MSMEs and MSME ecosystem. To further enhance CGC’s services, and add value to the MSMEs, CGC has looked beyond guarantee and financing. It ventured into providing advisory services and guidance to MSMEs through CGC Developmental Programme®’s Financial Advisory team.”



PILLAR 1 - SUSTAINABLE SOLUTIONS

ii ADVISORY WORKSHOPS

The Advisory Workshops, knowledge-sharing sessions facilitated by subject experts, equips MSMEs with updated strategies and business trends. Basic Workshops provide foundational skills, while Intermediate Workshops delve into specific topics, offering hands-on sessions and tailored modules with case studies and group discussions. Assignments and presentations foster skill refinement, enabling MSMEs to enhance competitiveness and performance.

Digital Marketing	Utilises online channels like social media, email and online ads to reach and engage target audiences, leveraging technology for customer connection.
Branding	Shapes a unique and positive identity, defining message, values, and visual elements to distinguish a business from competitors effectively.
Business Management	Involves planning, organising, directing and controlling personnel, operations, and strategic decision-making aspects.
Business Expansion	Entails entering new markets, launching products, forming partnerships or expanding operations through meticulous planning, risk assessment, and resource allocation.
Financial Literacy	Empower individuals with financial knowledge and skills for informed and responsible decision-making.

Advisory Workshop	Date	Domain	Topic	Trainer	Company
AW1	13-Jan-23	Digital Marketing	Boost Your Business Through TikTok	Loqman Firdauz	TikTok Shop MY
AW2	19-Jan-23	Branding	Brand Your Business Through Social Media	Dini Tajudin	Rokit Media Sdn Bhd
AW3	11-Feb-23	Digital Marketing	Enhance Your Marketing Strategy Using Artificial Intelligence (AI)	Kamarul Bahareen Kamaruddin	KB Beyond Creative SB
AW4	23-Feb-23	Business Expansion	Importance of Intellectual Property Registration to Your Business	Syahzal Ezhan Manja	MyIPO
AW5	7-Mar-23	Business Management	Manage Your Client Database Effectively	Iskandar Danial	IN Global Venture
AW6	22-Mar-23	Digital Marketing	Master Your Market Through Google	Dr Muhamad Hariz Muhamad Adnan	AutoSoft
AW7	23-Mar-23	Financial Literacy	Akses Kepada Pembiayaan BSN	Nor Azam Nor Rahmat Vice President Micro Business, Retail Banking Department	Bank Simpanan Nasional
AW8	6-Apr-23	Digital Marketing	Social Media Marketing - Facebook Ads	Zulhazri Azmi	IQP Solutions
AW9	13-Apr-23	Branding	Techniques of Capturing Attractive Product Photos Using Your Smartphone	Haikal Omar	Kalcubemaster
AW10	11-May-23	Digital Marketing	Boost Your Sales Through WhatsApp For Business Application	Lily Fauzia	NPC Technologies Sdn Bhd

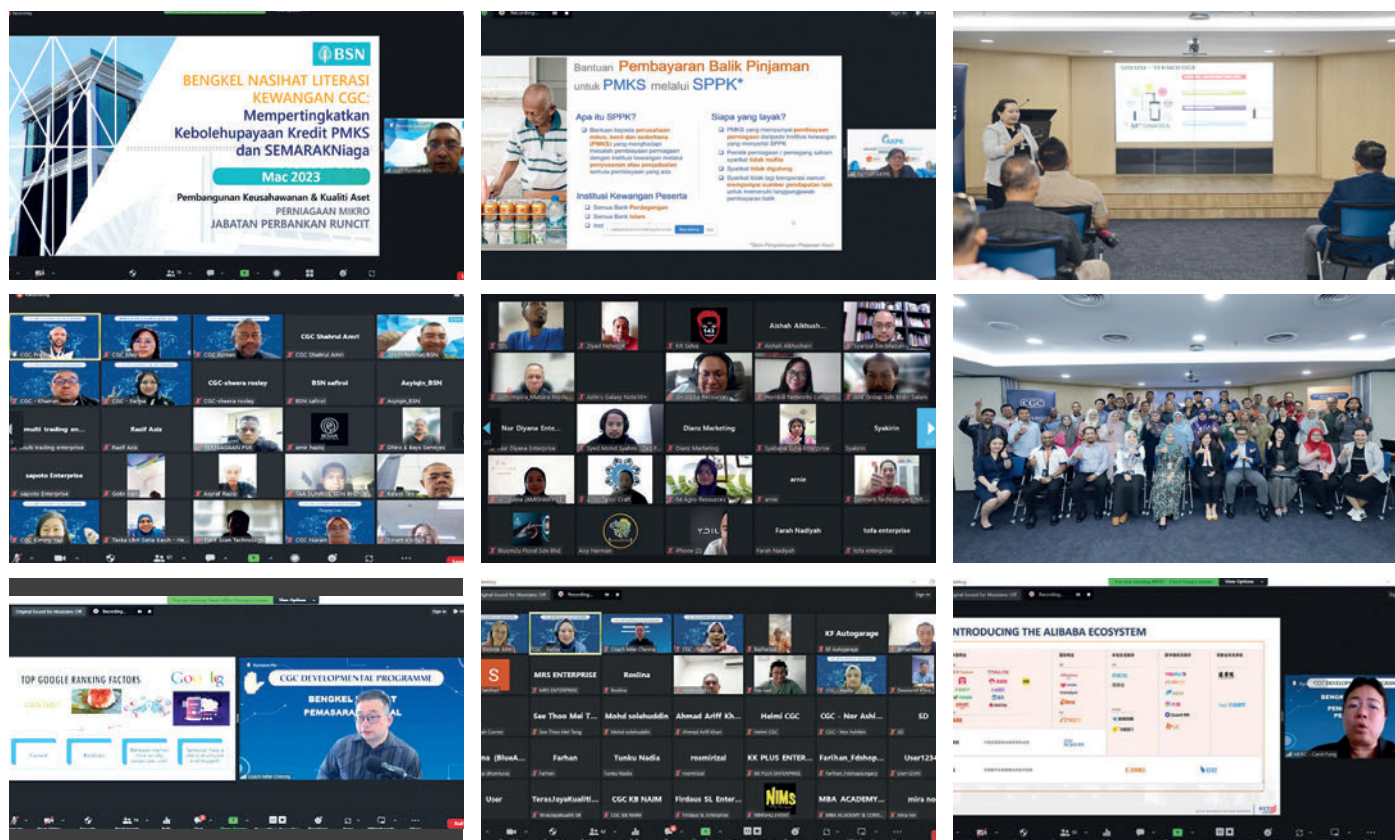
Advisory Workshop	Date	Domain	Topic	Trainer	Company
AW11	18-May-23	Business Expansion	Planning Towards Success - The Importance of Preparing a Business Plan	Lily Sabrina	TMSB Training & Consultancy Sdn Bhd
AW12	25-May-23	Financial Literacy	Pengoptimuman Operasi Perniagaan Harian Secara Digital	Azizul Khalifa Zulkifli Account Executive Mesinkira	Mesinkira Sdn Bhd
AW13	8-Jun-23	Business Management	Managing Customer Expectations - Enhancing Sales and Customer Service	Iskandar Danial	IN Global Venture
AW14	15-Jun-23	Financial Literacy	Pengurusan Kewangan & Percukaian Perniagaan	1. Muhammad Haiqal Manager, Entrepreneurial Consultant, Boss Boleh 2. Gadiy Lim VP, Digital SME Marketing & Partnership, Alliance Bank Malaysia Berhad	1. Boss Boleh Sdn Bhd 2. Alliance Bank Malaysia Berhad
AW15	22-Jun-23	Digital Marketing	Boost Your Sales with Video Marketing	Tuan Hariz Ghazali	Funnel Evo Sdn Bhd
AW16	13-Jul-23	Digital Marketing	TikTok Ads - Create Impactful Advertisements that Deliver Substantial Outcomes!	Aziz MK	Aziz MK Training & Consultancy
AW17	21-Jul-23	Branding	Create and Edit Videos Using Effective Storytelling Techniques	Mohd Azam Rashid	Bull & Bear Studio
AW18	10-Aug-23	Digital Marketing	Instagram For Business - Create Engaging Reels	Roselin Das	Compass Mind Sdn Bhd
AW19	17-Aug-23	Business Expansion	e-Commerce Business Solutions and Financing to Leverage Your Business Growth	Gadiy Lim, Jason Chuah	Alliance Bank Malaysia Berhad & SiteGiant
AW20	22-Aug-23	Financial Literacy	Asas Kewangan PMKS & Akses Kepada Pembiayaan	1. Veronica Kow Li Lian Deputy Manager 2. Mohd Anzaad Relationship Manager, Entrepreneur Development Commercial Banking	1. AKPK 2. Maybank
AW21	12-Sep-23	Digital Marketing	Crafting Effortless Copywriting with Artificial Intelligence (AI)	Kamarul Bahareen	KB Beyond Creative SB

PILLAR 1 - SUSTAINABLE SOLUTIONS

Advisory Workshop	Date	Domain	Topic	Trainer	Company
AW22	19-Sep-23	Financial Literacy	Pengoptimuman Operasi Perniagaan Harian & Akses Kepada Pembiayaan	<ol style="list-style-type: none"> Nurul Asyikin Ahmad Chief Experience Officer Ammie Nursafura Assistant Manager, Product Development SME Banking 	<ol style="list-style-type: none"> Mesinkira Sdn Bhd CIMB Bank
AW23	21-Sep-23	Branding	Increase Your Brand Awareness with Employee Advocacy	Shalini Subramaniam	Digital Marketing Rider Sdn Bhd
AW24	14-Sep-23 21-Sep-23	Digital Marketing	Design Thinking & Consumer Persona	Dr Mageswari Ranjanthran	Sunway University
AW25	12-Oct-23	Digital Marketing	Search Engine Optimisation (SEO) - Knowing What Your Customers Are Looking for To Increase Sales	Michael Cheong	Abundant Impact Sdn Bhd
AW26	18-Oct-23	Business Expansion	Business Digitisation and Financing To Grow Your Business	<ol style="list-style-type: none"> Carol Fung, Head of Business Digitalisation, Digital Services Dept, Industry Development Division Gadiy Lim, Vice President, Digital SME Marketing & Partnership, Group SME & Commercial Banking 	<ol style="list-style-type: none"> Malaysia Digital Economy Corporation (MDEC) Alliance Bank Malaysia Berhad
AW27	26-Oct-23	Financial Literacy	Percukaian Perniagaan & Pengoptimuman Operasi Perniagaan Harian	<ol style="list-style-type: none"> Nurul Asyikin Ahmad Chief Experience Officer Muhammad Haiqal Manager, Entrepreneurial Consultant 	<ol style="list-style-type: none"> Mesinkira Sdn Bhd Boss Boleh Sdn Bhd
AW28	9-Nov-23	Digital Marketing	Build a Sales Site for Free Using Google Sites	Dr Muhamad Hariz Adnan	Auto Soft
AW29	16-Nov-23	Branding	Edit Product Video Using Smartphone App (CapCut)	Mohd Azam Rashid	Bull & Bear Studio
AW30	28-Nov-23	ESG	Environmental, Social, and Governance (ESG) Practices in Business	Sudarsan, Associate Expert	UNGCMYB Academy

Advisory Workshop	Date	Domain	Topic	Trainer	Company
AW31	30-Nov-23	Financial Literacy	Pengurusan Kewangan PMKS & Penguatkuasaan Operasi Perniagaan Harian	1. Veronica Kow Li Lian Deputy Manager 2. Nurul Asyikin Ahmad Chief Experience Officer	1. AKPK 2. Mesinkira Sdn Bhd
AW32	1-Dec-23	Digital Marketing	Leveraging Artificial Intelligence (AI) for Copywriting, Images, and Video to Promote Your Product and Services	Kamarul Bahareen Kamaruddin	KB Beyond Creative SB
AW33	7-Dec-23	Branding	Product Photos Editing Using Canva Apps For Your Business	Mohd Haikal Omar	Kalcubemaster

BASIC ADVISORY WORKSHOPS



PILLAR 1 - SUSTAINABLE SOLUTIONS

INTERMEDIATE ADVISORY WORKSHOPS



MOU SIGNING CEREMONY

On 25 October 2023, CGC and Sunway University signed an MOU aimed at empowering MSMEs. The agreement, signed by Datuk Mohd Zamree Mohd Ishak, CGC's President & Chief Executive Officer, and Prof Dato' Dr Elizabeth Lee, Sunway Education Group's CEO, commits to bolstering MSMEs' education. Witnessed by Sean Tan, CGC's Chief Business Officer, and Prof Mahendhiran Sanggaran, Sunway University's Pro-Vice Chancellor, the MOU focuses on developing tailored learning modules, capability and capacity-building programmes for MSMEs. Delivered through workshops and capability development programmes, these initiatives combine theoretical knowledge and practical insights, aiming to prepare MSMEs for market access and funding, nurturing their entrepreneurial success.



iii ACCESS NEW MARKETS

The CGC Developmental Programme®'s Access New Markets component provides MSMEs diverse platforms for market expansion, including local, international, e-commerce and digital channels. Customised intervention programmes ensure MSMEs' readiness and success. Suitability assessments precede platform access, with upscaling efforts focusing on marketing, certification and business expansion skills.

INITIATIVES UNDER ACCESS NEW MARKETS

1 Access New Markets - Local

Minggu Usahawan Negara and Minggu PMKS 2023 exhibition organised by SME Corp Malaysia in Dataran Merdeka.

Participating MSMEs:

1. ARG Synergy Enterprise
2. Articulate Fusion Sdn Bhd
3. Asdy Global Ventures Sdn Bhd
4. Ayzeera Enterprise
5. DT Taste Food & Catering
6. Eyna Indah Enterprise
7. Farrelive Marketing
8. Hastafa Enterprise
9. Hawra Clothing
10. Ikhtiar IT Enterprise
11. Locetta Enterprise
12. Mahardika Enterprise
13. Mia Million Sdn Bhd
14. Momy Gold Sdn Bhd
15. NR Multi Biz Enterprise
16. Qiblah Foods
17. Shairos Holdings Sdn Bhd
18. SR Food
19. Starvilion Sdn Bhd



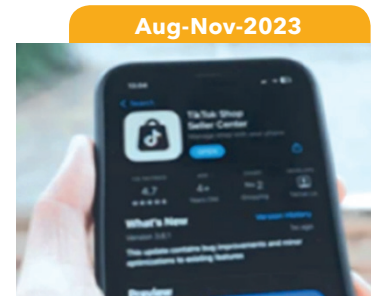
2 Access New Markets - Payment Gateway

11 MSMEs onboarded Touch n Go eWallet



3 Access New Markets - E-Commerce

50 MSMEs onboarded TikTok Shop



PILLAR 1 - SUSTAINABLE SOLUTIONS

CERTIFICATE OF COMPLETION AND AWARD

MSMEs in Access New Markets are monitored for business growth and sustainability over 24 months. Upon completion, they receive a Certificate of Completion, acknowledging their dedication. From 19 to 27 September 2023, CGC awarded this certificate to 22 MSMEs from Klang Valley, Johor, Pulau Pinang, Kedah and Pahang, recognising their commitment to expanding and sustaining their businesses.



The CGC Developmental Programme® Award in FI/DFI & SME Awards acknowledges the top performer annually. Introduced in 2022, the inaugural recipient, Jades & Easystone Sdn Bhd, achieved exceptional sales growth of 223% within 24 months of joining Access New Markets in 2019.



Top Access New Markets performer MSME receives the CGC Developmental Programme® Award in FI/DFI & SME Awards in 2022.

iv NETWORKING SESSIONS

The Networking Sessions programme is designed to empower and elevate MSMEs, providing a platform for them to thrive and expand their businesses. This initiative aims to gather MSMEs across various sectors, fostering an environment that encourages mutual business connections. MSMEs will be equipped with valuable insights on building networks and enhancing their overall networking skills. Participants will be allowed to showcase their products or services while engaging in informative sessions with key speakers and industry experts.

Key Benefits:

1. Sharing

- A space for sharing and expanding ideas, knowledge and experiences with diverse perspectives.



2. Opportunities

- Networking yields opportunities, including referrals, partnerships and requests for MSME products or services.



3. Connections

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



4. Profile

- Increasing MSMEs' business profiles through visibility.



1 The Power of Business Networking

21-Feb-2023



CGC Headquarters Kelana Jaya, Selangor

Participating partners: foodpanda and Touch 'n Go

PILLAR 1 - SUSTAINABLE SOLUTIONS

2 Network is your Network

23-May-2023



CGC Headquarters Kelana Jaya, Selangor
Participating partners: TikTok Shop and Grab

3 Crafting a Winning Business Plan: Unlocking Financial Opportunities for Micro Enterprises

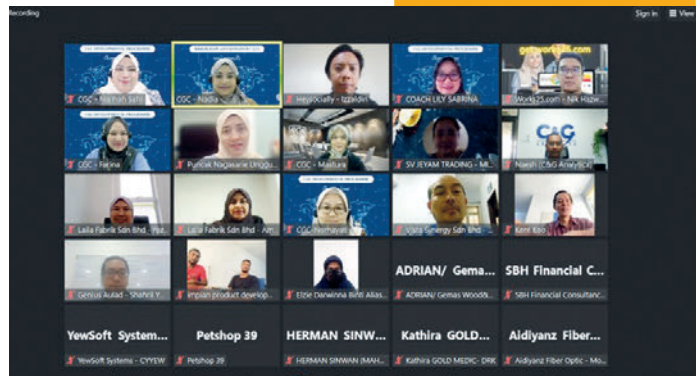
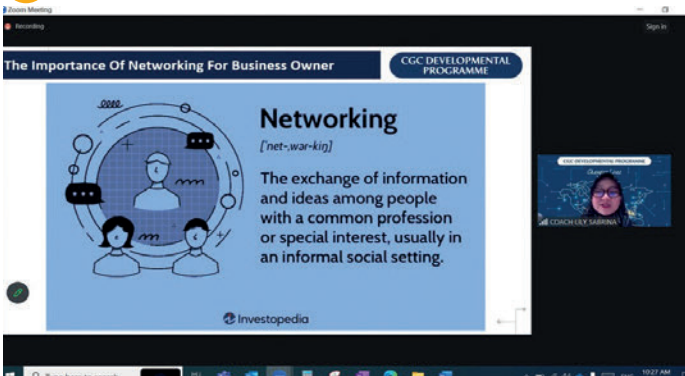
25-Jul-2023



Bangi Resort Hotel, Selangor
Participating partners: Alliance Bank (M) Berhad, Mesinkira Sdn Bhd and Tune Protect Malaysia

4 Unlocking Business Growth: Mastering the Art of Business Networking

23-Aug-2023



Zoom (Online)

5 Networking Mastery for MSME Growth: Building Lasting Connections & Accelerating Revenues

27-Sep-2023



SME Corp. Malaysia, Kuala Lumpur

Participating partners: Alliance Bank (M) Berhad, Mesinkira Sdn Bhd, Halal Development Corporation Berhad and SIRIM Berhad

6 Networking Mastery for MSME Growth: Building Lasting Connections & Accelerating Revenues

24-Oct-2023



Swiss-Garden Hotel, Meleka

Participating partners: Malayan Banking Berhad

7 Building Bridges: Transformative Networking Strategies for Success

7-Nov-2023



INCEIF University, Kuala Lumpur

Participating partners: CIMB Bank Berhad, Mesinkira Sdn Bhd and Funding Societies Malaysia

PILLAR 1 - SUSTAINABLE SOLUTIONS

8 High-Impact Networking Strategies for Accelerating MSME Growth

21-Nov-2023



Marina Island Resort Manjung, Perak

Participating partners: Hong Leong Bank Berhad

9 Mastering the Art of Business Networking

5-Dec-2023



PKNS BizPoint Shah Alam, Selangor

Participating partners: Bank Simpanan Nasional, Mesinkira Sdn Bhd, Maxis Communications and Tune Protect Malaysia



TOWARDS A LOW-CARBON ECONOMY

Focus Areas

- F3** Managing CGC's climate impact
- F4** Introducing Environmentally Friendly Solutions

CGC's Material Matters

- M1** Climate Change
- M4** Environmentally Friendly Solutions

UNSDGs



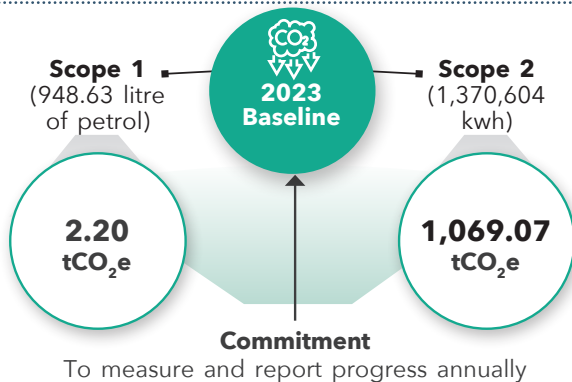
PILLAR 2 - TOWARDS A LOW-CARBON ECONOMY

FOCUS AREA **F3** MANAGING CGC'S CLIMATE IMPACT

CGC strives to mitigate the environmental impact of our operations by managing our direct and indirect greenhouse gas (GHG) emissions responsibly. In 2023 we began to calculate our baseline Scope 1 and Scope 2 emissions and our operational emission is as tabulated below:

SCORECARD

Emissions



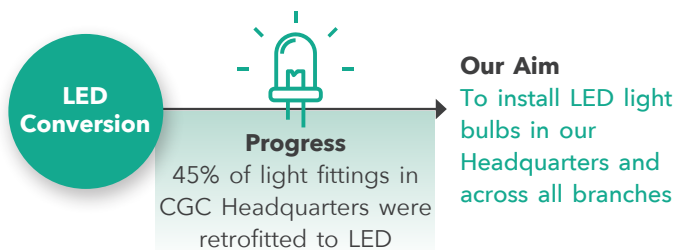
Note:

The Emissions Factor used in this calculator;
 Petrol: DEFRA 2023 @ 2.34502 kgCO₂e/litre
 Electricity: MY Energy Commission 2019 Grid EF @ 0.78 kgCO₂e/kWh emission factor.

The 2023 emission will become our baseline emission and by establishing the baseline it can help CGC to recognise areas where emissions are the highest, plan for emission reduction initiative and set the emission reduction target which align with national target i.e to achieve net-zero GHG emissions by 2050. Baseline emission will also allow CGC to initiate efforts to reduce emissions in the most impactful and cost-effective manner, often leading to significant cost savings. Our Scope 1 emissions come from petrol consumption from 1 company-owned vehicle and our Indirect (Scope 2) GHG emissions covers CGC Headquarters and Block C Kelana Business Centre (Level 10 and Level 11). The baseline calculation for Scope 2 for CGC branches and Scope 3 (Business Travel and Employee Commute) will be conducted in 2024.

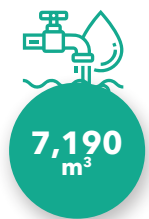
Energy Savings Initiative

We recognise that managing our carbon footprint requires effective management of our energy usage, as electricity consumption remains a significant contributor to our operational GHG emissions. Hence, we have initiated and implemented multiple energy-saving measures throughout our operations in Malaysia.



Water Consumption

We actively seek to improve the efficiency of water consumption across our facilities and are planning to increase water recycling in our operation in the future. In 2023, our total water consumption at CGC main office and Block C Kelana Business Centre (Level 10 and Level 11) stood at 7,190 m³.



Paper Consumption

Beyond monitoring our operational GHG emissions, we also track other metrics related to our direct environmental impacts including paper consumption. In 2023 our paper consumption stood at 323,931 sheets (1,620 kg) in the main office and 294,212 sheets (1,471 kg) for CGC branches.



FOCUS AREA **F4** INTRODUCING ENVIRONMENTALLY FRIENDLY SOLUTIONS

CGC strongly supports BNM’s Fund for SMEs, including the LCTF, which aims to help MSMEs adopt sustainable, low-carbon practices. Additionally, we continue to support the development of Malaysia’s Green Technology sector through the Green Technology Financing Scheme (GTFS 4.0). In 2023 in collaboration with 18 participating banks, CGC has also introduced a RM1 billion portfolio guarantee scheme for environmental, social and governance financing for small and medium enterprises, as well as programmes designed to support social and spiritual well-being.





FOSTERING MEANINGFUL PARTNERSHIPS

Focus Areas

- F5** Empowering MSMEs to drive growth
- F6** Supporting local socio-economic development

CGC's Material Matters

- M6** Positive Socio-Economic Impacts
- M13** Strategic Partnerships
- M11** Promoting Financial Literacy
- M12** Community Investment and Development

UNSDGs



FOCUS AREA F5 EMPOWERING MSMEs TO DRIVE GROWTH

CGC is committed to empowering MSMEs through our financial inclusion initiatives. The CGC Developmental Programme® which focuses on Financial and Non-Financial Advisories, goes beyond providing MSMEs with financial access. MSMEs are kept up-to-date with industry trends which are anchored on targeted education and financial literacy, increasing their resilience and sustainability. More details on pages 146-158.

FOCUS AREA F6 SUPPORTING LOCAL SOCIO-ECONOMIC DEVELOPMENT

CORPORATE SOCIAL RESPONSIBILITY

In 2023, CGC's CSR initiatives, aligned with the UNSDG agenda, prioritised sustainability and community outreach. With a focus on unserved and underserved communities, CGC assisted around 29,700 beneficiaries nationwide. By giving back to underserved communities, CGC contributes to nation-building and promotes a sustainable future, particularly for marginalised groups.

1 Chinese New Year Celebration

27 January 2023



Persatuan Kebajikan Chen Ai OKU
Petaling Jaya, Selangor

Forty children and adults enjoyed the festivities, as Celemie Phang, Association Chairman received a contribution from CGC.

2 Braille Typing Machines

3 February 2023



Yayasan Orang Buta Malaysia (YOBM)
Brickfields, Kuala Lumpur



A contribution towards repairing 100 braille typing machines, used by the blind and partially-blind in Special Education Centres, including higher-learning institutions and Tahfiz schools.

3 Back To School

19 March 2023



Badan Kebajikan Persaudaraan Islam Negeri Melaka (BAKPIS)
Bukit Piatu, Melaka



Fifty children were presented with essential school items to alleviate financial burden, ensuring a conducive learning environment. Among thoughtful items were school uniforms, shoes, stockings, school bags and stationery.

PILLAR 3 - FOSTERING MEANINGFUL PARTNERSHIPS



4 Hari Raya Aidilfitri

21 March 2023

Rumah Bakti Al-Kausar Bangi
Bangi, Selangor



The annual Ramadan and Hari Raya Aidilfitri celebration brought joy to 31 orphaned children and those from the unserved and underserved community. The children were invited to shop for Hari Raya at Mydin Wholesale Hypermarket in Semenyih.



5 Hari Gawai

20 May 2023

Hope Place Kuching & Sarawak General Hospital Cancer Ward
Kuching, Sarawak



To mark Hope Place Kuching's 10th anniversary, CGC visited Sarawak General Hospital's Cancer Ward, contributing 30 ripple mattresses and 55 goodie bags.



6 Hari Kaamatan

27 May 2023



Sabah Cheshire Home
Kota Kinabalu, Sabah

CGC Kota Kinabalu team hosted a Hari Kaamatan lunch with festival-related dishes for residents, alongside a token contribution to alleviate their financial difficulties.



7 Blood Donation Drive

23 June 2023



CGC Headquarters
Petaling Jaya, Selangor

Over 60 staff participated in the annual CSR Blood Donation Drive at CGC Headquarters in collaboration with Pusat Darah Negara (PDN). It also helped to raise awareness on blood donation among CGC staff.

8 Remove Cloudy Vision Project

26 July 2023



Tun Hussein Onn National Eye Hospital (THONEH)
Petaling Jaya, Selangor

CGC's donation to THONEH's Remove Cloudy Vision Project aids seniors aged 55 and above in the unserved and underserved community, offering cataract-removal surgery. The initiative extends eye care to underserved communities, including rural areas, urban poor and residents of old folks' homes.

9 Corporate Social Responsibility at St. Nicholas' Home

17 August 2023



St. Nicholas' Home
Georgetown, Penang

CGC visited St. Nicholas' Home (SNH), aiding blind and visually impaired (BVI) individuals regardless of background. CGC's contribution, benefitting over 100 members, included cash, in-kind donations, and a refrigerator to enhance home facilities, showcasing commitment to the BVI community.

10 Malaysian Relief Agency (MRA)

31 October 2023



Palestine Emergency Relief Fund
Kuala Lumpur, Wilayah Persekutuan

Contributed to MRA's Palestine Emergency Relief Fund, aiding 1,594 in Northern Gaza. The project alleviates suffering of internally displaced Palestinians during harsh winters.

PILLAR 3 - FOSTERING MEANINGFUL PARTNERSHIPS

11 Deepavali Celebration

10 November 2023



Persatuan Kebajikan Kanak Kanak Yatim Rumah Visi (Vision Home)

Ipoh, Perak

CGC's Deepavali celebration at Vision Home highlights its commitment to community impact. The CGC Corporate Communications & Stakeholder Relations team collaborated with the Ipoh branch team led by Khusairi Abu Kassim, Assistant Branch Manager who were warmly welcomed by Asher Amos Daniel Velloo, Vision Home Chairman, showcasing CGC's values of support and belonging within the community.

12 MERCY Malaysia

27 November 2023



Malaysia Flood Response Preparedness Plan 2023/2024

Kota Tinggi, Johor



Contributed to MERCY Malaysia's Flood Response Preparedness Plan 2023/2024 by supporting a mobile clinic. Beneficiaries included 150 victims at Temporary Transfer Centres (PPS) in Sekolah Agama Bukit Lintang (124 victims) and SK Bukit Lintang (39 victims).

13 Christmas Celebration

13 December 2023



Persatuan Kebajikan Rumah Victory Malaysia

Puchong, Selangor



CGC celebrated an early Christmas with Rumah Victory Malaysia, providing donations that included groceries, pillow and towel sets, and adult diapers. This greatly benefitted the 56 residents and 14 caretakers at the home.

STUDY VISITS

In 2023, CGC resumed hosting physical study visit at its Headquarters to nurture active learning and cultural exchanges, facilitating collaborative communities and financial inclusion across all social strata and states through knowledge-sharing and exchange.

1 Bangladesh Bank Attachment Programme

22 February 2023



2 Oman Development Bank

25-27 September 2023



3 Korea Credit Guarantee Fund (KODIT)

7-9 November 2023



PILLAR 3 - FOSTERING MEANINGFUL PARTNERSHIPS

MEDIA RELATIONS & SOCIAL MEDIA

At CGC, building strong relationships with media organisations and professionals is imperative. Through these connections, we effectively fulfil our mandate to assist unserved and underserved MSMEs. Leveraging media platforms enables us to disseminate integral information, initiatives and product offerings to both MSMEs and the wider public, expanding our brand visibility and recognition. Furthermore, our active participation in media-organised MSMEs awards and community learning programmes highlights our commitment to collaborative partnerships. Continuing to nurture strong relationships with key media partners, CGC ongoingly sponsors events like The Star Outstanding Business Awards (SOBA) and Nan Yang Siang Pau's Golden Eagle Award (GEA) to support MSME visibility and success. In 2023, CGC achieved extensive media coverage, totalling 430 features across TV, radio, print and online platforms, yielding RM7.17 million in ROI. Social media presence grew, with 46,620 Facebook followers and a reach surpassing 35.9 million, along with 4,500 Instagram followers and 2,000 new LinkedIn followers. Embracing sustainability, CGC supports public transport initiatives by subscribing to naming rights for the CGC-Glenmarie LRT Station, contributing to curbing carbon emissions. Upholding environmental stewardship, CGC adopts Forest Stewardship Council paper for limited Annual Report print runs, complemented by an interactive online microsite, affirming its commitment to eco-responsibility.

Media Engagements			
No.	Date	Event	Details
1.	11 January 2023	Chinese New Year money packets and e-greeting cards distribution to media (Bernama, The Star, Nanyang Siang Pau)	Distributed Chinese New Year money packets and e-greeting cards to media partners, fortifying our collaborative bond with the fraternity.
2.	9 March 2023	SOBA Gala Dinner	CGC, co-sponsoring SOBA since 2015 and main sponsor since 2021, celebrated homegrown businesses at the SOBA 2022 Gala Dinner. Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, and management team participated in the event.
3.	15 March 2023	Signing Ceremony with AmBank (M) Bhd	CGC and AmBank (M) Berhad reaffirmed their strategic partnership, allocating an extra RM400 million for AmBank Retail SMEs under the SME Portfolio Guarantee Scheme. Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer joined Dato' Sulaiman Mohd Tahir, AmBank Group CEO, and Aaron Loo, Managing Director, Retail Banking, AmBank (M) Berhad at the press meet.
4.	14 April 2023	Hari Raya gifts for the media	As part of the festive season initiative, CGC distributed Hari Raya money packets and <i>serunding</i> to various media partners.
5.	25 May 2023	GEA 2023 Mock Signing Ceremony	To commemorate the sponsorship of the Golden Eagle Award (GEA) 2023, marking CGC's 6 th consecutive year of support for the event. GEA, presented by Nanyang Siang Pau, celebrates SME excellence in Malaysia.
6.	26 May 2023	SOBA 2023 Launch	Sean Tan, CGC's Chief Business Officer, and Mohana Arumugam, Head of Corporate Communications & Stakeholder Relations, attended the launch of SOBA 2023. Themed 'Shaping New Possibilities', the 14 th edition of SOBA honours outstanding SMEs.

Media Engagements

No.	Date	Event	Details
7.	29 May 2023	GEA 2023 Launch	Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, along with Sean Tan, Chief Business Officer, and Mohana Arumugam, Head of Corporate Communications & Stakeholder Relations, attended the GEA 2023 launch by Nanyang Siang Pau, signalling the start of nominations and a nationwide tour.
8.	7 July 2023	Press Meet CGC 28 th FI/DFI & SME Awards 2022	Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer addressed the media at a press meet during the 28 th FI/DFI & SME Awards.



7-11 August 2023

Bloomberg TV Mongolia Interview

Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer, was interviewed at the 35th Asian Credit Supplementation Institution Confederation (ACSIC) Conference

10.	6 September 2023	Nanyang Siang Pau 100 Years Anniversary Gala Dinner	Sean Tan, Chief Business Officer, and Mohamed Azman Mohamed Taufik, Head of Business Development & Products, attended Nanyang Siang Pau's Gala Dinner held in honour of its milestone 100 th Anniversary.
11.	25 September 2023	GEA 2023 Winner Announcement	Sean Tan, Chief Business Officer, and Mohamed Azman Mohamed Taufik, Head of Business Development & Products attended the GEA 2023 winners announcement and Gala Night date reveal.
12.	23-25 October 2023	Bank Negara Malaysia's Joint Committee on Climate Change (JC3) ESG Jumpstart for SMEs	During the launch, JC3 introduced five initiatives to support the nation's green economy transition. Notably, CGC and 18 banks unveiled a RM1 billion portfolio guarantee scheme for ESG Financing, aimed at bolstering SMEs' access to funding. Sean Tan, Chief Business Officer, and Mohamed Azman Mohamed Taufik, Head of Business Development & Products, were present at the event.
13.	17 November 2023	Golden Eagle Award (GEA) 2023 Gala Dinner	The GEA Gala Dinner, hosted by Nanyang Siang Pau, celebrates award winners and sponsors like CGC, marking our 6 th year of support. Over 1,000 entrepreneurs attended, including Anthony Loke Siew Fook, Minister of Transport and Datuk Mohd Zamree Mohd Ishak, President & Chief Executive Officer.
14.	24 November 2023	Fortune Ride with Big Tree	Mohana Arumugam, Head of Corporate Communications & Stakeholder Relations attended Media Prima Omnia's preview of Chinese New Year 2024 'Out of Home' packages.



CGC's Youth Entrepreneurship Programme, CGC100, in collaboration with the Ministry of Education and PINTAR Foundation, offers vital entrepreneurship training. Targeting youths from unserved and underserved communities, it cultivates resilience and sustainability values, preparing the young adults for business. In CGC100's Comprehensive Track, an intensive 12-month programme, participants with minimal entrepreneurial knowledge gain essential skills. The curriculum comprises seven modules, supplemented by insights from six guest speakers.



→ ANIS DARVEENA MOHD KASNIDAH | 20 | SELANGOR

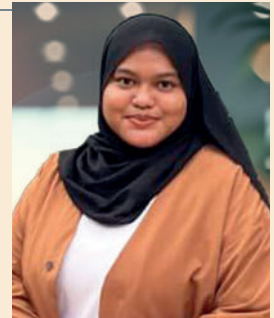
Food & Beverage

"I've gained valuable insights into financial management and marketing, learning to allocate savings and emergency funds. As I'm still a student, I've shared these strategies with my parents. In addition, I used the online and offline marketing knowledge that I learned on my final year project, a business project in my college. The CGC100 Youth Entrepreneurship Programme has been eye-opening for young entrepreneurs like myself. Despite challenges, the programme strove to ensure all participants could attend all sessions."

→ ANIS SOFIA MOHD ROSDI | 24 | TERENGGANU

Food & Beverage

"I have learned a lot about managing a business better and more comprehensively. In staff management and work processes, I discovered how to develop and expand the business and strengthen relationships with customers and other business owners. I hope PINTAR will create more opportunities for business owners, so that they don't take too long to learn how to set up a business. It was the best knowledge I gained and a very fun experience!"



→ DARLENE CHENG KEY LI | 21 | KUALA LUMPUR

Food & Beverage

"The programme offered diverse, insightful classes on financial management, marketing, digital reliance and business pitching, enriching my business skill sets. Meeting different people from different backgrounds improved my business connections too. Business Model Canvas (BMC) was the most important knowledge I gained in assessing my business' standing, competition and partners. A more diverse group of participants and a larger group would create greater networking opportunities."





➔ MUHAMMAD AIMAN ALIFF AHMAD FAISAL | 22 | SELANGOR

"During the year I participated in this very interesting programme, I learned the various ways to study the marketability of my company, as well as techniques to plan and manage finances more carefully and systematically. By applying the knowledge I gained, I collected important data in terms of location, advertising and the operating system of my business."

➔ MUHAMMAD HAZIQ FARHAN HAIRUL ANUAR | 22 | JOHOR

Hairdressing

"I learned a lot about working systems, financial management, profit and loss, business costs and managing employees. I feel very lucky to be selected to participate in this programme because I gained a lot of knowledge. When I first started my hairdressing business in 2020, my knowledge was very shallow, but that did not stop me. After the programme, I applied all that I learned and I'm starting to see results now. PINTAR and CGC are very committed to helping young entrepreneurs like me. I hope CGC100 will offer them further opportunities and business funds."



➔ NICKRAYCO KUNDI @JUSLY | 21 | SABAH

Vehicle Servicing

"The Youth Entrepreneurship Programme has provided valuable business understanding that can be applied to my vehicle service business. Interpersonal skills, personal branding and ESG principles are some aspects that can help improve business operations and growth. Leveraging interpersonal skills helps to build strong customer relationships, develop a business image through personal branding, and practise social and environmental responsibility. I hope that CGC continues with this programme so that more young entrepreneurs can be born."

➔ NORHAMIZATUL AMANIENA NATASYA ZAINAL ABIDIN | 20 | JOHOR

Food & Beverage

"After participating in this programme, I am better able to attract customers, and manage and maintain the business. I have also become more open to thinking positively, keeping in mind that it does not necessarily mean that if we fail now, we will fail forever. I have applied a lot of what I learned in my business to ensure my business sustains itself. I hope, in the future, the CGC100 programme will increase its activities, not only internally but also externally within the community."





→ NURUL AIN AQILAH HAMZHA | 22 | JOHOR

Food & Beverage

"Throughout my CGC100 Programme, I have learned various aspects of running a business; how to write a business plan, marketing and branding. After each module, I applied what I learned to my business. My sales increased by 68% in two months!"

→ SIVAGURU MUGUNTHAN | 24 | SELANGOR

Martial Arts

"Throughout this business module, I gained a comprehensive understanding of various aspects crucial to successful business operations. This includes financial management, strategic planning, marketing strategies, effective interpersonal skills and business pitching. I have utilised digital marketing channels such as social media and search engine optimisation (SEO) to reach my target audience. I also created and maintained financial records (cash flow management) using SAP software."





EMBEDDING SUSTAINABILITY INTO CGC

Focus Areas

- F7** Enhancing workforce readiness
- F8** Upholding responsible business practices

CGC's Material Matters

- M5** Responsible Sourcing
- M8** Diversity and Inclusion
- M9** Employee Health, Safety and Well-being
- M10** Talent Attraction, Development, Retention and Engagement
- M14** Good Governance
- M15** Regulatory Compliance
- M16** Privacy, Data Protection and Cybersecurity
- M17** Economic Performance

UNSDGs



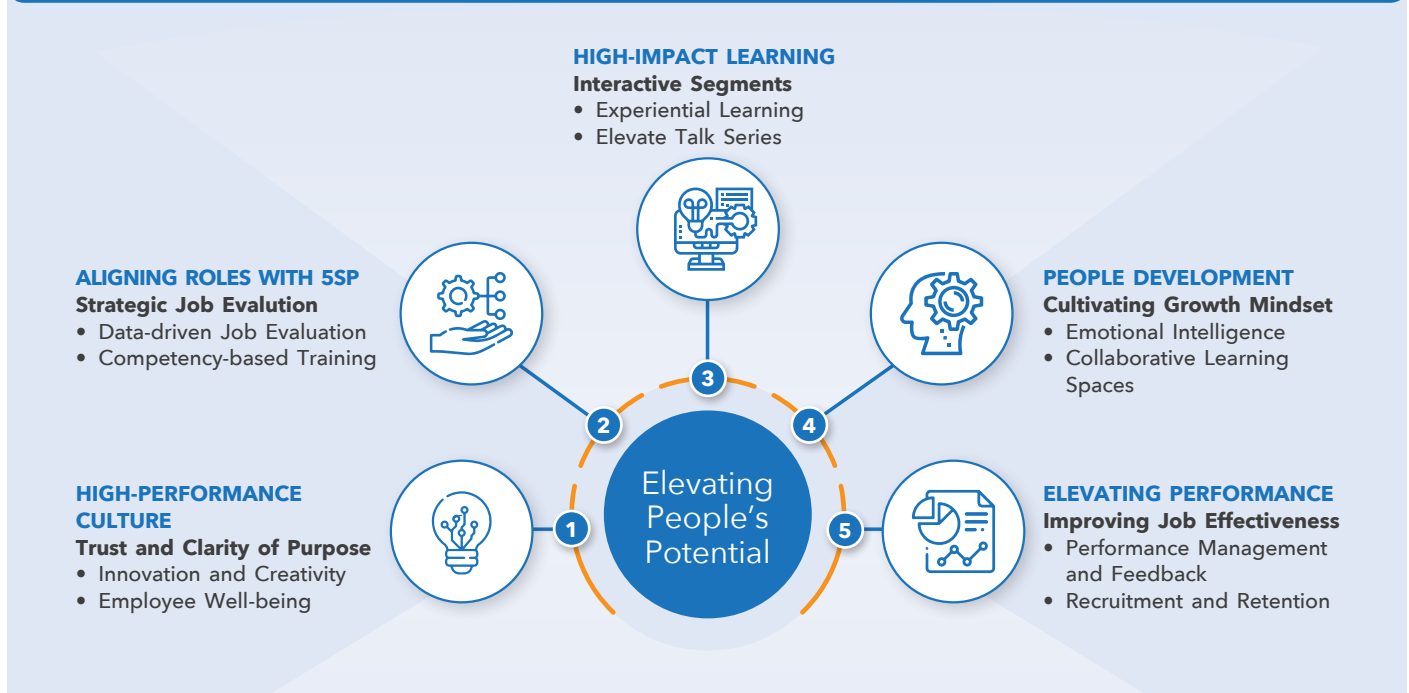
PILLAR 4 - EMBEDDING SUSTAINABILITY INTO CGC

FOCUS AREA **F7** ENHANCING WORKFORCE READINESS

EMPOWER & ELEVATE: MOVING FORWARD FY2024

In 2024, Human Resource Management and Administration (HRMA) aims to play a key role in supporting organisational success, focusing on strategic talent management, employee development, and fostering a supportive culture. Empowering and elevating employees contributes to a high-performance culture where motivated employees have opportunities to excel. This effort, aligning with organisational goals, is part of our journey towards sustained excellence.

Thrive by prioritising five key initiatives to elevate people’s potential



1 High-Performance Culture

To effectively cultivate a high-performance culture, enhancing trust among team members and ensuring clarity of purpose are paramount. These principles foster high performance and engagement, aligning with organisational goals for sustained success.

Employees Engagement Activities aimed at elevating employee well-being, including mental, physical, spiritual and financial aspects, play a crucial role in establishing a high-performance culture, rooted in trust and a clear sense of purpose.

Engaging and Meaningful Learning Experiences designed to spur creativity and innovation, featuring methodologies like Design Thinking, Creative Thinking, Agile Methodologies and Brainstorming Sessions, aim to enhance participants’ problem-solving skills and cultivate a culture of continuous improvement and innovation.

Diversity, Equality and Inclusion (DEI) initiatives in the workplace prioritise diversity across age, experiences and background, encourage cross-divisional project participation, and ensure equal opportunities for all employees in job vacancies and learning.

2 Aligning Roles with 5SP

To ensure the successful execution of our 5SP, it is vital that we commit to ongoing investment in the skills and abilities of our workforce. This means providing training and development opportunities that enhance their competence, ensuring they are not only prepared for their current roles but also adaptable and ready for future challenges. By doing so, we can maintain a workforce that is both capable and flexible, aligning with our strategic objectives and enabling us to meet both present and future demands.

Data-Driven Job Evaluation involves systematically analysing job roles using quantitative metrics and analytics to assess responsibilities, performance, value, and fair compensation.

Competency-based Training equips employees with the required competencies to meet both present and future role requirements.

3 High-impact Learning

High-impact learning is the catalyst for organisational growth, dedicated to shaping a workforce equipped with adaptable skills and an innovation-oriented mindset.

Interactive segments impart knowledge through various transfer activities, discussions and simulations that actively involve participants, fostering better comprehension and retention of information.

Elevate Talk Series feature industry leaders discussing overarching career strategies, leadership insights, market trends and specific technical intricacies of various job roles.

4 People Development

Unlocking human potential is crucial for success, with innovation and continuous improvement playing significant roles in this achievement.

Emotional intelligence cultivates a harmonious and productive workplace, encouraging both personal and professional development.

Collaborative Learning Space fosters innovative environment and motivates staff to engage actively, exchange ideas, and collaborate on projects, nurturing a culture of continuous learning.

5 Elevating Performance

To achieve exceptional outcomes, we focus on elevating performance by refining our processes and aligning them with industry trends, aiming to exceed expectations and foster a culture of excellence and innovation for sustained success.

Enhanced Performance Management Framework aligns employee goals with strategic priorities, and provides personalised development plans, fostering accountability and continuous improvement for operational excellence.

Regular Feedback and Career Conversation between the team member and immediate supervisor, to align job expectations with actual outcomes, facilitates clear communication and consistent alignment with organisational goals.

Strategic Recruitment and Retention aim to attract and retain top talent by aligning individual goals with organisational growth through targeted hiring and effective engagement strategies.

PILLAR 4 - EMBEDDING SUSTAINABILITY INTO CGC

HRMA ACTIVITIES

1 Quarterly Town Halls



Q1 - 19 January 2023 Q3 - 13 September 2023
Q2 - 10 May 2023 Q4 - 29 November 2023

CGC Headquarters, Selangor

CGC is committed to stakeholder engagement, especially being consistent in maintaining employee relationships. Through its core values of T.H.I.N.K, management prioritises consistent communication channels to keep staff informed. In regular sessions, discussions are held on business performance, policy updates and training opportunities. With a hybrid approach involving over 500 staff, covering 16 branches nationwide, trust and transparency are fostered to nurture a collective purpose to serve the unserved and underserved MSMEs. Momentum is also built towards achieving business outcomes or strategic goals. Additionally, these forums serve as a platform to recognise staff achievements, such as the Long Service Award, further boosting morale and unity.

2 CGC Group Team Building (GTB)



17-19 March 2023

Avani Sepang Gold Coast
Sepang

The Group Team Building event aimed to strengthen teamwork between various divisions and individuals, enabling them to collaborate effectively and build a stronger CGC. More than 480 staff attended the event at the Avani Sepang Gold Coast Resort. The programme was based on CGC's core values, T.H.I.N.K.

3 Majlis Berbuka Puasa CGC



31 March 2023

Le Méridien
Petaling Jaya

CGC's Annual Majlis Berbuka Puasa, attended by the Board of Directors and management team, celebrated the camaraderie among CGC employees and their families.

4 Bazaar 'Souqa Raya'



5 April 2023

CGC Headquarters
Selangor

CGC organised 'Souqa Raya', a Moroccan-style market event, celebrating Ramadan and Eid Mubarak while supporting small local businesses. Open to HQ staff, the event featured a range of goods and aimed to thank micro, small, and medium enterprises, promoting teamwork and cultural sharing in a festive atmosphere.

5 People's Day



25 May 2023

CGC Headquarters
Selangor

HRMA hosted the People's Day, a mini open day, promoting collaboration, interaction, and engagement. Datuk Mohd Zamree Mohd Ishak, CGC President & Chief Executive Officer, virtually welcomed all staff, and Shaida M Zin presented on Emotional Intelligence at the Workplace. This initiative was in alignment with the International HR Day's theme, 'HR Shaping the New Future', which was celebrated on 20 May 2023.

6 The House of CGC and Our Core Values T.H.I.N.K



14 July 2023

e-Learning Module

Crafted to embody our core values, the new e-learning module was launched virtually, as part of CGC's continuous effort to foster a culture of excellence, integrity and growth within the organisation. Datuk Mohd Zamree Mohd Ishak, CGC President & Chief Executive Officer, in his opening speech highlighted four key takeaways from the recent CGC Group Team Building 2023:

1. Live up to core values, T.H.I.N.K
2. Blend strong management with teamwork style
3. Build a greater CGC Group
4. Celebrate diversity

As a token of appreciation, a CGC core values mouse pad was distributed to all staff.

PILLAR 4 - EMBEDDING SUSTAINABILITY INTO CGC

18 July 2023

7 Resilience: How to Cultivate a Strong and Positive Mindset in Challenging Times

Virtual Pocket Talk

The hybrid briefing session on resilience, led by global entrepreneur and mentor Nina Justin, attracted nearly 120 staff members. Its goal was to provide them with skills and a resilient mindset to handle stress and adversity effectively. The session emphasised that resilience can be developed through practice and mindset adjustments, enabling individuals to navigate various challenges such as job loss, feeling overwhelmed, grief or relationship breakdowns. Participants found the session valuable, gaining a fresh perspective and increased confidence in facing difficult times.

4 August 2023

8 The Importance of Preventive Care to Employee Well-being

Virtual Pocket Talk

Dr. Adibah Syafiqah, PMCare’s resident medical officer, conducted a session to highlight the importance of preventive care for employee well-being. Preventive care offers benefits like early detection of health issues, reducing risks of complications, and managing treatment costs by avoiding expensive procedures. Dr. Syafiqah emphasised the significance of utilising CGC’s health screening benefits, taking charge of personal health and seeking professional help when needed.

9 Leaders Turun Padang: Inspire & Empower 2023



30 August 2023

CGC Headquarters, Selangor
CGC Branches

CGC’s management walkabout, *Leaders Turun Padang*, aligned with Malaysia’s 66th Hari Merdeka and echoed the theme *Inspire & Empower 2023*. Cross-divisional management teams engaged in discussions on the significance of inclusivity, understanding and open communication to foster unity in the workplace. The event included informal conversations, personalised cookies and sharing of insights and positive thoughts. Over 500 staff from CGC HQ and 16 branches nationwide participated in this engagement, promoting collaboration and camaraderie.

10 On-the-job Training CGC and Oman Development Bank



25-27 September 2023

CGC Headquarters
Selangor

HRMA hosted a 3-day on-the-job training programme for Oman Development Bank (ODB). The initiative facilitated an exchange of insights, practical knowledge and industry-specific challenges between CGC and ODB experts. It aimed to provide ODB delegates with a thorough understanding of CGC’s business model, products, risk management, business development, innovation and digital transformation.

11 EPF Outreach Programme



5 October 2023

CGC Headquarters
Selangor

The EPF Outreach team conducted a well-attended briefing session on financial planning and retirement to improve staff awareness and understanding of EPF services and benefits. They shared useful strategies and tools to assist staff in planning and achieving their financial goals and retirement aspirations. The aim is to empower staff to make informed and prudent decisions regarding their savings and investments.

12 CGC Group Long Service Awards 2023



29 November 2023

CGC Headquarters
Selangor

Since 2008, CGC has honoured staff loyalty through the Long Service Award (LSA). In 2023, 92 staff members received awards at the Q4 2023 Townhall. Recipients received Bank Simpanan Nasional Sijil Simpanan Premium (BSN SSP) and a Long Service Award Certificate, spanning 5 to 40 years of service. Hanah Haji Ahmad, an Administration Officer in the Credit & Operations was recognised for her 40 years of service.

13 Staff Appreciation Day



29 November 2023

CGC Headquarters
Selangor

A Staff Appreciation Day was organised by HRMA with the overall objective to strengthen staff morale, amplify staff satisfaction, and promote progressive workplace culture. The staff were treated to complimentary coffee and energy stickers.

PILLAR 4 - EMBEDDING SUSTAINABILITY INTO CGC

CORPORATE-WIDE ACTIVITIES

1 Malaysia Career & Training Fair 2023



Mid Valley Exhibition Centre (MVEC)
Kuala Lumpur

HRMA participated in the Malaysia Career and Training Fair, hosted by JobStreet Malaysia. This event provided CGC a platform to showcase our diverse array of services and engage with potential talents.

2 myStarjob.com Fair



Pavilion Bukit Jalil Exhibition Centre
Kuala Lumpur

HRMA engaged with potential applicants at The Star's annual career fair which was participated by over 30 employers and jobseekers.

3 Aspire+ Conference



Kuala Lumpur Convention Centre
Kuala Lumpur

Nazral Safril, CGC Chief Human Resources Officer participated as a panel of expert, sharing his insights on creating a future-ready workforce. His sharing was focused on strategies to equip employees with skills and knowledge, which is essential to navigate the evolving modern workplace.

4 GRADUAN Brand Awards Dinner 2023



M Resort & Hotel Kuala Lumpur
Kuala Lumpur

Talent Management representatives from CGC attended the award dinner, where CGC ranked 49 out of 650 companies. As one of Malaysia's most preferred employers, CGC also claimed a spot in the Top 5 under the 'Professional Services' category.

5 International Business Model Canvas Competition 2023



18-19 February 2023

UniKL MIIT City Campus
Kuala Lumpur

CGC sponsored the competition organised by Teknoputra Division, aimed at providing students with real-life exposure and experience in securing funding for innovative project development. An initiative to foster a culture of innovation and entrepreneurship among students.

6 FSTEP Batch 25 Graduation Ceremony



21 December 2023

Bangunan AICB
Kuala Lumpur

Tan Sri Azman Hashim, Chairman of Asian Institute of Chartered Bankers (AICB) officiated the graduation for Batch 25 of the Financial Sector Talent Enrichment Programme (FSTEP). The FSTEP programme is organised by AICB and Bank Negara Malaysia to equip talents with skills and knowledge in the financial services industry.

7 Office Sanitisation



Periodically

CGC Headquarters
Selangor

CGC regularly sanitises the office to ensure employee safety and to maintain workplace hygiene.

8 Giant Flag Display



1 August 2023-30 September 2023

CGC Headquarters
Selangor

In conjunction with Malaysia's Independence Day on 31 August 2023 and Hari Malaysia on 16 September 2023, Facility & Administration Services (FAS) celebrated Malaysia's unity and pride by displaying a giant flag on our building's facade. Symbolising Malaysia's history and spirit, the flag attracted many who gathered to admire and celebrate their Malaysian identity.

PILLAR 4 - EMBEDDING SUSTAINABILITY INTO CGC

9 Office Renovation and Staff Relocation

9 October 2023



CGC Headquarters Selangor

The newly renovated workstations for IT emphasised an open-ceiling concept and hot-desking arrangement. To promote the Environmental, Social, and Governance (ESG) agenda, ESG and 3R corners were incorporated.

10 Sexual Harassment Awareness

September 2023



CGC Headquarters, Selangor CGC Branches, CGC Digital

HRMA collaborated with Corporate Communications & Stakeholders Relations to communicate Sexual Harassment Awareness at CGC in compliance with the Employment Act (amendment 2022) 1955.

Sexual Harassment Awareness posters at CGC premises

11 Induction Programmes



23 February 2023



11-12 September 2023



25 October 2023



12 December 2023

CGC Headquarters
Selangor

New employees are engaged in induction programmes that are specifically designed to familiarise them with CGC and its business. CGC strongly emphasises adoption of its core values (T.H.I.N.K), and ensures staff is aware of its procedures, processes, and internal controls.

PILLAR 4 - EMBEDDING SUSTAINABILITY INTO CGC

12 Leadership - 31st ACSIC Training Programme (ATP)



Jakarta
Indonesia

Five staff members attended the 31st 4-day ACSIC Training Programme (ATP), themed 'Building a Resilient Future: Enabling Sustainable Credit Supplementation'. This training aimed to pave the way for a more robust and sustainable future in credit supplementation by collaborating and exchanging expertise.

13 Leadership Sustainability Workshop for Senior Management and Sustainability Working Group



CGC Headquarters
Selangor

The two-day sustainability workshop conducted by Ernst & Young Malaysia on 21-22 September 2023 gathered 23 participants, including senior management and members of the sustainability working committee. The event focused on Environmental, Social and Governance (ESG) sustainability principles relevant to financial institutions.

14 Leadership Talent Development Programme (TDP) for Managers

September 2023-January 2024



INCEIF University
Kuala Lumpur

This Talent Development Programme tailored with various action-based workshops for 16 middle managers over six-month covered five essential areas: People Development and Analytics, Leadership, Group Coaching, and Influence and Innovation.

15 Leadership Singapore Fintech Festival (SFF) 2023



13-17 November 2023

Singapore

In 2023, SFF focused on the growth and adoption of AI in financial services. Ideas, and latest knowledge on accelerating new technology in financial services were shared, including securing against modern climate, technology and cyber risks. Attended by 13 staff from various divisions.

16 Fireside Session



26 June 2023

**CGC Headquarters
Selangor**

In an effort to strengthen CGC staff leadership skills, HRMA organised a Fireside Session titled from Manager to Leader: Igniting Your Self-driven Leadership Journey with an invited speaker, Raja Azura Raja Mahayuddin, Chairman of USIM Tijarah Holdings Sdn Bhd for staff.

17 Brown Bag Sessions



January-August 2023

**CGC Headquarters
Selangor**

Brown Bag sessions are organised to enhance the knowledge of its staff on current industry practices and demands. HRMA also partners with professional bodies to motivate staff to become professional members and enroll in programmes offered by professional institutions. Over 160 staff attended the following Brown Bag sessions:

1. 17 January 2023 - Malaysian Institute of Accountants (MIA)
2. 14 March 2023 - Chartered Institute of Management Accounting (CIMA)
3. 4 May 2023 - INCEIF University (INCEIF)
4. 17 August 2023 - Malaysian Employers Federation (MEF)

PILLAR 4 - EMBEDDING SUSTAINABILITY INTO CGC

18 Anti-Bribery and Anti-corruption Workshop



Hybrid

A series of awareness workshops were organised to provide the staff with the latest updates and obligations stated in Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act. These workshops also helped in preparing CGC for its application for MS ISO 37001:2016 Anti-Bribery Management System (ABMS) accreditation.

19 Scammer Awareness



Hybrid

HRMA invited Assistant Superintendent of Police (ASP) Rahmat Fitri Abdullah, PDRM Anti-Scam Ambassador, to share insights and tools for vigilance against scams and fraud. Over 100 staff members attended the session.

20 Simplified ESG Disclosure Guide for SMEs in Supply Chains



Hybrid

This training session was conducted in collaboration with Business to familiarise staff with the latest Simplified ESG Disclosure Guide (SEDG) in Malaysia. The SEDG is aimed to assist MSMEs in the supply chains to report effectively. Over 60 staff attended the session.

21 Core Competencies Training

January - December 2023



Venue:
CGC Headquarters
Selangor

INCEIF University
Kuala Lumpur

Twenty training programmes on developing staff core competencies were conducted, focusing on eight modules for reskilling and upskilling staff at various job levels.

No	Training	Date(s)	Number of staff
1.	Communication Skills	8 & 9 February 2023	28
2.	Managing Your Productivity	14 February 2023	30
3.	Business Writing	22 & 23 February 2023	28
4.	Presentation Skills	8 & 9 March 2023	21
5.	Communication Skills	2 & 3 May 2023	25
6.	Business Writing	16 & 17 May 2023	30
7.	Managing Your Productivity	2 April 2023	28
8.	Presentation Skills	13 & 14 June 2023	13
9.	Business Writing	3 & 4 July 2023	27
10.	Creative & Strategic Thinking	17 & 18 July 2023	19
11.	Creative & Strategic Thinking	26 & 27 July 2023	19
12.	Problem Solving & Conflict Resolution	2 & 3 August 2023	18
13.	Managing Your Productivity	15 August 2023	26
14.	Communications Skills	5 & 6 September 2023	23
15.	Negotiation Skills	3 & 4 October 2023	24
16.	Public Speaking	11 & 12 October 2023	30
17.	Communication Skills	23 & 24 October 2023	24
18.	Business Writing	1 & 2 November 2023	29
19.	Managing Your Productivity	7 November 2023	35
20.	Problem Solving & Conflict Resolution	5 & 6 December 2023	26

PILLAR 4 - EMBEDDING SUSTAINABILITY INTO CGC

22 e-Learning

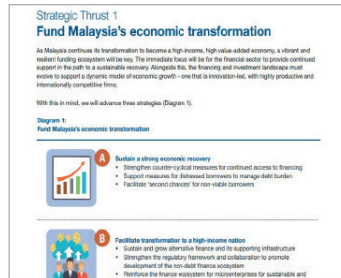
January -December 2023

CGC launched various e-learning modules targeted to further educate, and emphasise risk management, leadership skills, cybersecurity threats, sustainability, business continuity and organisational values for professional growth and awareness.

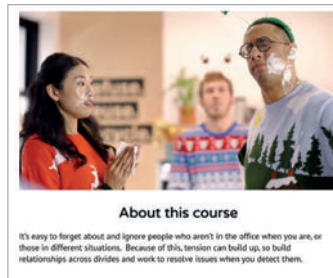
- | | |
|---|---|
| <ol style="list-style-type: none"> 1. Compliance Series: Operational Risk Management Awareness 2. 5-Year Strategic Plan (5SP+) 3. Leadership Competencies: Executives 4. Leadership Competencies: Junior Management 5. Leadership Competencies: Middle Management 6. Leadership Competencies: Non-executives 7. Leadership Competencies: Senior Management | <ol style="list-style-type: none"> 8. 2023 Cybersecurity Common Threats 9. Business Continuity Management 10. Digital4Sustainability Learning Path by United Nations (UN) 11. Introduction to Sustainability 12. Phishing Refresher 13. The House of CGC & Our Core Values 14. Your Role - Internet Security and You |
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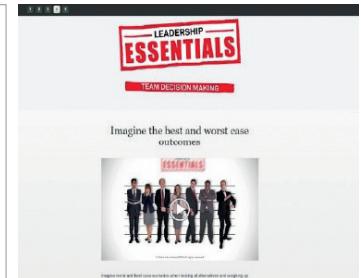
Operational Risk Management Awareness



5-Year Strategic Plan (5SP+)



Leadership Competencies: Executives



Leadership Competencies: Junior Management



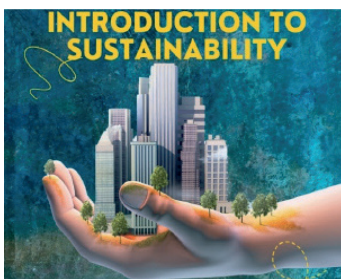
Cybersecurity Common Threats



Business Continuity Management



Digital4Sustainability Learning Path by United Nations (UN)



Introduction to Sustainability



Phishing Refresher



Your role - Internet Security and You



The House of CGC & Our Core Values

23 External Training

Staff from various divisions attended 26 external programmes:

No.	Training	Date(s)	Number of staff
1.	ASEAN Finance Innovation Summit	8 & 9 February 2023	2
2.	21 st Century Leadership Revolution Conference 2023	14 & 15 February 2023	1
3.	ADFIM International CEO Forum 2023	9 & 10 March 2023	5
4.	AICB Webinar & Malaysian Banking Conference	10 May, 26 & 27 June 2023	1
5.	Malaysia HR Conference	8 June 2023	2
6.	Employee Engagement & Experience Conference 2023	13 & 14 June 2023	1
7.	PIKOM CIO Chapter Cybersecurity Conference 2023	16 June 2023	1
8.	Sustainability Strategy Masterclass - Sustainable Solutions: Developing A Successful Sustainable Strategy	19 & 20 June 2023	2
9.	MAICSA Minutes Writing - How to Write Effectively	22 June 2023	2
10.	ManageEngine UserConf South East Asia 2023	5 & 6 July 2023	2
11.	Supply Chain Digitalisation Conference 2023	12 & 13 July 2023	1
12.	Shared Responsibility in Strengthening AML/CFT Compliance: Risks, Challenges and Collaborations	25 & 26 July 2023	1
13.	Governance And Sustainability In The New Norm Workshop	25 & 26 July 2023	1
14.	Mastering Product Development: From Innovation to Successful Launch Workshop	23 & 24 August 2023	1
15.	Advanced Purchasing Strategies & Planning Skills	23 & 24 August 2023	2
16.	CGC's Financial Transformation - Global CFO & Finance Transformation	3 & 5 October 2023	1
17.	MAICSA Annual Conference 2023	4 & 5 October 2023	2
18.	AICB's Empowering Bankers CPD Event: Risk, Resilience, and Recovery: Lessons from the Global Banking Crisis	17 October 2023	1
19.	JC3 Journey to Zero Conference 2023	23 & 25 October 23	21
20.	National Human Capital Conference 2023	30 & 31 October 2023	4
21.	Company Secretaries As Reporting Institutions Under AMLA 2001	7 November 2023	1
22.	Understanding OSH (Amendment) Act 2022 & the Implementation of Effective Self-Regulatory OSH Management System	8 November 2023	1
23.	MEF Industrial Relations Conference 2023: The Future of Work	22 & 23 November 2023	1
24.	National Economic Outlook Conference (NEOC)	28 & 29 November 2023	4
25.	Minutes Writing: Beginner Guide for Company Secretaries	29 November 2023	3
26.	Redefining Risk: Unpacking ESG's Risk and Influence in Banking	5 December 2023	6

PILLAR 4 - EMBEDDING SUSTAINABILITY INTO CGC

24 Enhancement & Certification

Staff numbers attending enhancement and certification-related programmes increased. Over 51 staff from various divisions attended the 18 programmes:

No.	Training	Date(s)	Number of staff
1.	ITIL® 4 Foundation Programme	January-February 2023	5
2.	Microsoft Power Platform Fundamentals	10 February 2023	2
3.	Fundamental Power BI Desktop	February, July and October 2023	4
4.	AWS-SO: Systems Operations	4 & 6 April 2023	1
5.	Basic Occupational First Aid, Cardiopulmonary Resuscitation (CPR) & Automated External Defibrillator (AED) (BOFA)	21 & 22 June 2023	19
6.	Employment Law And Industrial Relations Certification Programme	July-September 2023	1
7.	Train the Trainer	August-December 2023	5
8.	Professional SCRUM Master	21 & 22 August 2023	1
9.	ATC-PSQL-ADM-DEV: PostgreSQL Administration & Development	21 & 24 August 2023	1
10.	DOF: DevOps Foundation	13-15 September 2023	2
11.	AWS-TE: AWS Technical Essentials	18 September 2023	2
12.	Microservices with Spring Boot and Spring Cloud Training	2-6 October 2023	2
13.	FortiGate Infrastructure (FT-FGT-INF)	12 & 13 October 2023	1
14.	Microsoft 365 Messaging	23-27 October 23	1
15.	Agile Scrum Foundation	9 & 10 November 2023	1
16.	AWS-ARC: Architecting on AWS	21-23 November 2023	1
17.	Microsoft 365 Endpoint Administrator	4-8 December 2023	2
18.	PL-300: Microsoft Power BI Data Analyst Certification	29 December 2023	1

25 Professional Qualifications

In 2023, seven additional professional programmes were approved:

No.	Training	Date(s)	Number of staff
1.	FIDE Programme	January-December 2023	1
2.	Chartered Bankers by Experience (CBBE)		1
3.	Certificate in Climate Risk (CICR)		1
4.	Certified Internal Auditor (CIA)		1
5.	ICAEW Level 3 (Advanced)		1
6.	ACCA		1
7.	Financial Risk Management (FRM)		1



PILLAR 4 - EMBEDDING SUSTAINABILITY INTO CGC

26 Internal Training

No.	Training	Date(s)	Number of staff
1.	Job Evaluation	14 & 15 June 2023	20
2.	Anti-Bribery & Corruption (ABC) Training for Directors and Top Management	10 July 2023	25
3.	ISO 9001:2015 QMS: Understanding Requirements and Implementation	31 July-1 August 2023	31
4.	Contract Financing for Identified TPUB-i Champions	7-9 August 2023	35
5.	Carbon Management for Sustainability Initiative Owners	11 October 2023	35
6.	Risk Appetite Framework Development & Implementation	12 October 2023	22
7.	Restructuring & Rescheduling Programme (R&R)	16 November 2023	19
8.	Data Privacy for Frontliners & Designated Compliance Officers Programme	27 November 2023	60
9.	Refresher Session: Cash Flow Template for Contract Financing	28 November 2023	33



Divisional/Branches Activities

1 Renovation and Relocation



16 July 2023



CGC Kuala Terengganu

The branch office, previously operating from a single-storey unit, has relocated to a 2-storey set-up. Newly arranged workstations and upgraded interior design add to the improved facilities.

2 Renovation and Relocation



1 October 2023



CGC Kota Bharu

The new interior design has infused fresh spirit and motivation in staff, offering them revamped workstations equipped with newly purchased furniture, and improved facilities.

PILLAR 4 - EMBEDDING SUSTAINABILITY INTO CGC

EMPLOYEES, NEW HIRES AND TURNOVER

Our employees are our most valuable asset, driving our organisation’s long-term resilience, success, and sustainability. By strengthening diversity in our workforce, we access a greater range of talent, including varied and valuable experiences, perspectives and skills. We are committed to cultivating a more equitable and inclusive culture by embracing diverse and inclusive representation of every facet of our operations. This ensures our employees are treated with fairness, free from discrimination and valued in equity and inclusion.

WORKPLACE INDICATOR			
Item		Year 2023	
1	WORKFORCE		
a.	TOTAL NUMBER OF EMPLOYEES		
i.	By Location	No.	%
	Main Office	460	82.6
	Kuala Lumpur	10	1.8
	Perak	7	1.3
	Negeri Sembilan	4	0.7
	Melaka	5	0.9
	Johor	17	3.1
	Pulau Pinang	6	1.1
	Kedah	7	1.3
	Kelantan	5	0.9
	Terengganu	7	1.3
	Pahang	8	1.4
	Sarawak	12	2.2
	Sabah	9	1.6
ii.	By Employee Category	No.	%
	Senior Management and above	27	5.0
	Middle Management	161	29.0
	Executive	339	61.0
	Non-executive	30	5.0
iii.	By Hiring Type		
	Permanent	No.	%
	Male	243	44.0
	Female	308	56.0
	Non-permanent	No.	%
	Male	3	50.0
	Female	3	50.0

WORKPLACE INDICATOR			
Item		Year 2023	
iv.	By Gender	No.	%
	Male	246	44.0
	Female	311	56.0
v.	By Age Group	No.	%
	<30	50	9.0
	30 - 39	215	39.0
	40 - 50	226	41.0
	>50	66	12.0
vi.	By Race	No.	%
	Malay	462	83.0
	Chinese	54	10.0
	Indian	22	4.0
	Others	19	3.0
2 DIVERSITY AND INCLUSION			
a.	Senior Management (Board and C-Suite)		
i.	By Gender	No.	%
	Male	21	78.0
	Female	6	22.0
ii.	By Age Group	No.	%
	<30	-	-
	30 - 50	13	48.0
	>50	14	52.0
b.	Middle Management		
i.	By Gender	No.	%
	Male	80	49.7
	Female	81	50.3
ii.	By Age Group	No.	%
	<30	-	-
	30 - 50	133	83.0
	>50	28	17.0
c.	Executive		
i.	By Gender	No.	%
	Male	129	38.0
	Female	210	62.0

PILLAR 4 - EMBEDDING SUSTAINABILITY INTO CGC

WORKPLACE INDICATOR			
Item		Year 2023	
ii.	By Age Group	No.	%
	<30	54	16.0
	30 - 50	266	78.0
	>50	19	6.0
d.	Non-Executive		
i.	By Gender	No.	%
	Male	16	53.0
	Female	14	47.0
ii.	By Age Group	No.	%
	<30	-	-
	30 - 50	25	83.0
	>50	5	17.0
3	EMPLOYEE TURNOVER RATE		
a.	By Location	No.	%
	Main Office	57	84.0
	Kuala Lumpur	3	4.0
	Perak	2	3.0
	Negeri Sembilan	1	1.5
	Melaka	1	1.5
	Johor	1	1.5
	Pulau Pinang	1	1.5
	Kedah	-	-
	Kelantan	-	-
	Terengganu	-	-
	Pahang	-	-
	Sarawak	1	1.5
	Sabah	1	1.5
b.	By Gender	No.	%
	Male	35	51.0
	Female	33	49.0
c.	By Age Group	No.	%
	<30	8	12.0
	30 - 50	59	87.0
	>50	1	1.0

WORKPLACE INDICATOR			
Item		Year 2023	
4	NEW HIRES		
a.	By Location	No.	%
	Main Office	94	96.0
	Kuala Lumpur	1	1.0
	Perak	-	-
	Negeri Sembilan	1	1.0
	Melaka	1	1.0
	Johor	-	-
	Pulau Pinang	-	-
	Kedah	-	-
	Kelantan	-	-
	Terengganu	-	-
	Pahang	-	-
	Sarawak	1	1.0
	Sabah	-	-
b.	By Gender	No.	%
	Male	47	48.0
	Female	51	52.0
c.	By Age Group	No.	%
	<30	33	34.0
	30 - 50	63	64.0
	>50	2	2.0

PILLAR 4 - EMBEDDING SUSTAINABILITY INTO CGC

TALENT DEVELOPMENT

CGC provides professional talent development programmes aligned with UNSDGs Quality Education (SDG 4), Decent Work and Economic Growth (SDG 8) and Reduced Inequalities (SDG 10). Our initiatives empower recent graduates by merging academic knowledge with practical application, nurturing leadership and boosting employability. The Internship and Financial Sector Talent Enrichment Programme (FSTEP) provides hands-on industry experience and skill acquisition, promoting inclusivity and essential skill development. We prioritise a safe, conducive environment for growth, ensuring graduates are equipped with critical competencies like time management, problem-solving, and teamwork for success in today's job market. At CGC, we are dedicated to realising graduates' potential and societal contributions.

INTERNSHIP PROGRAMME

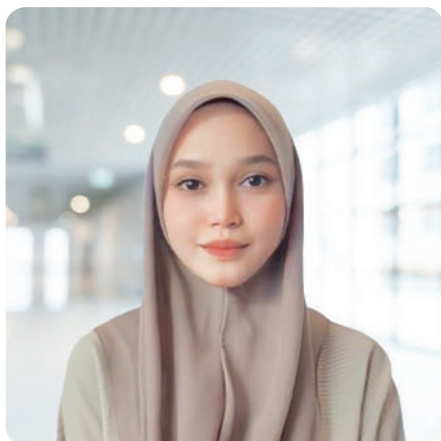
The CGC Internship Programme offers recent graduates invaluable on-the-job training, meticulously designed to facilitate essential skills and knowledge for future career success. Interns are placed across CGC divisions, providing hands-on experience and equal opportunities regardless of career aspirations. With a focus on assisting MSMEs, the programme ensures meaningful work experiences and insights into CGC's role, preparing interns for future endeavours. This commitment reflects CGC's investment in both the community and the nation's future workforce.

INTERNS



1. **Nuur Shuhada Suhaimi**
Programme Management & Process Excellence
Bachelor of Science (Hons), Industrial Statistics, Universiti Utara Malaysia

"My internship at CGC has been a stepping stone towards my professional growth, marking an incredible journey so far. Initially, I felt overwhelmed by the expectations, but with guidance from the experts here, I actively contributed to ongoing projects. One of the most rewarding aspects was applying statistical analysis methods I studied at university, to real-world projects. Additionally, I had the chance to learn new analytics tools like PowerBI. Moreover, I gained not only valuable skills and knowledge but also developed self-confidence and independence. I am grateful for this opportunity and am looking to exciting challenges ahead."



2. **Nor Azira Natasha Abd Wahid**
Finance
Bachelor of Business Administration (Hons), Islamic Banking, Universiti Teknologi MARA

"My experience here has been enriching, as I've been exposed to the world of credit guarantees and their roles in supporting businesses in Malaysia. A highlight has been learning about CGC's various guarantees and the meticulous assessment processes, fascinating me in with how financial analysis and risk management are applied in this context. I also participated in real-world projects, like assisting with data analysis for credit applications. The hands-on experience has been invaluable in bridging the gap between classroom learning and practical finance applications, and interacting with experienced professionals at CGC. Their guidance and mentorship have been instrumental in my professional development."



3. **Ahmad Fitri Ismail**
Talent Development & Engagement
Bachelor in Human Resources Management, Universiti Pendidikan Sultan Idris

“My experience at CGC Malaysia, especially in HRMA, was enriching because of the friendly and knowledgeable staff. The work environment encouraged multitasking and honed my time management skills. Balancing various tasks simultaneously while efficiently managing time became second nature, thanks to the supportive team and the dynamic work culture here.”



4. **Khairun Nasuha Mohamad Tahir**
Risk Management
Degree in Business Administration (Islamic Banking and Finance), Universiti Malaysia Kelantan

“Interning at CGC offered me a unique perspective on the financial landscape. From the outset, I was intrigued by the Corporation’s mission to support MSMEs by providing credit guarantees, enabling them to access financing they might otherwise struggle to obtain. Moreover, I gained exposure to credit guarantee services’ legal and regulatory aspects, understanding the legal framework governing credit agreements, collateral requirements and risk management practices. Interning here was a rewarding experience that broadened my understanding of the financial industry and the vital role played by institutions that support access to credit for underserved sectors of the economy.”



5. **Munirah Zulkafli**
Talent Development & Engagement
Bachelor in Human Resources Management, Universiti Pendidikan Sultan Idris

“During my internship at CGC, I learned to adapt to different tasks and responsibilities, gaining a broader understanding of the company’s operations. Throughout my internship, I received feedback and guidance from my supervisor and colleagues to help me improve and develop my skills. Despite being an intern, I felt like a valued member of the team, with my ideas and contributions genuinely appreciated by my colleagues.”

PILLAR 4 - EMBEDDING SUSTAINABILITY INTO CGC

FINANCIAL SECTOR TALENT ENRICHMENT PROGRAMME (FSTEP)

FSTEP, initiated in 2007 by BNM in collaboration with ABS, aims to cultivate skilled professionals in the financial sector. The programme, supported by Malaysia’s banks and insurance firms, offers recent graduates three months’ theoretical training followed by nine months of hands-on experience with financial institutions. Focused on real-world exposure, it equips participants with practical skills for career success. CGC’s commitment to nurturing talent in finance reinforces our role in shaping a promising future for the industry, enabling emerging professionals with essential expertise.



1. **Afiqah Anum Yusof**
Information Technology
Bachelor of Computer Science, Computer Systems, Universiti Putra Malaysia

“As someone with limited financial industry knowledge, my experience at CGC has been eye-opening. Thanks to my supportive supervisor, team members and colleagues, I gained valuable insights and skills as an IT trainee. The three months of training at the ABS also prepared me well for on-site job training. Before joining the FSTEP programme, I had never heard of CGC. It would be wonderful if more fresh graduates recognised CGC and its values in future. I am so excited to explore other career opportunities that CGC offers.”



2. **Choo Wei Yang**
Legal and Company Secretarial
Bachelor of Law (Hons), University of Leeds, United Kingdom

“FSTEP has been a rewarding journey. The training at the ABS was enriching, especially for trainees like me who have a non-financial background. Trainers shared valuable insights on the financial industry and guided us in leadership and soft skills. My time at CGC was impactful, as supervisors and colleagues were accommodating and eager to guide me into my role. I have gained valuable experience in finance, legal and company secretarial. The environment was conducive, allowing me to perform at my best. I was allowed to grow in work exposure and interpersonal skills. I believe this experience will be pivotal for my career.”



3. Nur Alia Athirah Nasri
Internal Audit
Bachelor of Mathematical Sciences (Hons), International Islamic University Malaysia

"FSTEP has consistently been a rewarding journey. The training at the ABS was exceptionally comprehensive, providing valuable insights into the operations of the financial industry and soft skills. This training has been beneficial for someone like me with a non-financial background. My time at CGC was another challenging yet fulfilling experience. The managers and colleagues were incredibly supportive and eager to guide me in my tasks. They fostered a positive, energetic environment, indirectly helping me perform at my best. I firmly believe this experience will be an excellent starting point for my career path."



4. Nur Fatimah Ashikin Mohd Saad
Risk Management
Bachelor of Business Administration (Hons), Business Economics, Universiti Teknologi MARA

"My journey in Risk Management, and Integrity and Governance Unit began with a fantastic experience at the ABS. The supportive environment fostered collaboration among trainees, and patient trainers equipped us with valuable knowledge. Transitioning from the classroom to real-world experience at CGC Malaysia has been a rewarding challenge. Fortunately, I have a fantastic superior who patiently imparts job-specific knowledge and offers unwavering support, even for tasks I'm tackling for the first time. Supportive colleagues further enhance my experience, ensuring a smooth learning curve. Overall, this bittersweet journey has been a fantastic learning experience. I'm grateful for the opportunity to face these challenges and embrace this new chapter in my career."



5. Siti Shahira Mohammad Sahwani
Business Development & Product Implementation (CFD)
Bachelor of Business Administration (Hons), Finance, Universiti Teknologi MARA

"The FSTEP journey is a unique blend of structured learning and practical experience, immersing myself in a dynamic environment where I am constantly challenged to apply my knowledge in real-world scenarios. The mentorship and guidance from industry experts accelerate my growth, while opportunities to contribute to meaningful projects give me a sense of accomplishment and purpose. My experience at CGC has been invaluable, as the support of supervisors and colleagues have made me more courageous in carrying out my role. This route will significantly contribute to my future career development at CGC and beyond."

PILLAR 4 - EMBEDDING SUSTAINABILITY INTO CGC

FOCUS AREA **F8** UPHOLDING RESPONSIBLE BUSINESS PRACTICES

RESPONSIBLE SOURCING

Aligned with CGC’s commitment to ethical business practices, we strive to adhere to the Vendor Code of Conduct (VCOG), prioritising a sustainable supply chain. Updated in 2023, the VCOG now integrates ESG-focused considerations, emphasising environmental, health and safety, labour and human rights standards. Additionally, we aim to maximise socioeconomic benefits and minimise environmental impact by sourcing from ethical, responsible and local suppliers.

Scorecard		
Indicator	2023	Remarks
Percentage (%) of procurement budget spent on local suppliers	98%	Issued 603 (98%) local PO, valued at RM37.45 million and 12 (2%) international PO valued at RM1.56 million

Upholding Compliance and Integrity

CGC is committed to upholding the highest standards of business conduct to safeguard our customers’ safety and security. Our comprehensive policies, procedures and controls prevent unlawful activities including money laundering, terrorism financing, bribery, corruption and sanctions breaches. We are resolute in maintaining integrity across all business dealings, cultivating ethical interactions with customers, employees, business partners and the public. CGC mandates staff training on compliance - including FAQs, bulletins and awareness - and on-boarding training on Anti-Bribery & Anti-Corruption (ABAC), Whistleblowing, Shariah Compliance, Data Privacy and Anti-Money Laundering.

- **Anti-Bribery & Anti-Corruption (ABAC)**

The ABAC Policy addresses due diligence requirements and managerial responsibilities regarding third parties, associated persons and customers, including pre-approval processes for gifts, entertainment, declarations, donations and associated person and sponsorship assessments. Revised and approved by the Board on 10 October 2023, it ensures compliance with ethical standards. Since 2007, CGC has maintained a Whistleblowing Policy, providing an avenue for reporting misconduct through our CGC portal. All new staff must acknowledge the ABAC Policy upon onboarding and complete an annual Anti-Bribery & Anti-Corruption course.

Scorecard		
Indicator	2023	Remarks
Employee participation in Anti-Bribery and Anti-Corruption (ABAC) training	504 (94.2%)	<ul style="list-style-type: none"> • ABAC training conducted for all staff on 20, 21 and 25 September 2023 • Awareness programme on Code of Business Ethics, in accordance with MS ISO 37001:2016 Anti-Bribery Management System (ABMS), conducted from 17 November 2022 to January 2023

We strive to ensure ethical business practices daily, maintaining a zero-tolerance policy towards bribery and corruption. Our Anti-Bribery & Anti-Corruption (ABAC) Policy outlines principles for managing bribery and corruption risks in CGC.

Scorecard

Indicator	2023	Remarks
Confirmed incidents of corruption and action taken	-	Zero incidents reported in 2023
Action taken when an incident of corruption is confirmed (e.g. discipline and/or dismissal of employees)	-	
Total number and % of operations assessed for corruption risk	-	Significant risks related to corruption identified through risk assessment. Assessment scheduled to be conducted in 2024

• **Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT)**

CGC Group is committed to establishing strict controls, effectively mitigating money laundering and terrorism financing risks, underpinned by CGC’s compliance culture. The CGC AML/CFT Policy, coupled with staff training, ensures all employees understand the importance of mitigating these risks effectively.

Privacy, Data Protection and Cybersecurity

CGC is dedicated to upholding the privacy and confidentiality of our customers’, business partners’ and employees’ information. CGC has sets out policies, framework, guideline and procedures to govern the risk and ensure that we manage data in accordance with strict privacy standards, adhere to applicable legal and regulatory requirements to prevent breaches. CGC has also provided training or guidance to employees, to educate them on cybersecurity and data privacy such as;

1. Cybersecurity and Data Privacy training in induction sessions
2. Monthly awareness briefing covering:
 - a. Healthy security habits, including maintaining digital well-being and Personal Data Protection Act (PDPA) refresher
 - b. Awareness on security enhancement for WhatsApp and Telegram
3. Monthly phishing simulations and security quizzes to test employees’ knowledge

Scorecard

Indicator	2023	Remarks
Complaints received concerning breaches of customer privacy	-	Zero incidents reported in 2023
Identified customer data leaks, thefts or losses	-	

In the event of a customer privacy breach, CGC is prepared with a Cyber Incident Response Plan, outlined in the CGC Cyber Security Policy and IT Security Management - Procedure for Incident Response.

PILLAR 4 - EMBEDDING SUSTAINABILITY INTO CGC

PROTECTING OUR PEOPLE

We continue to provide a safe environment for our employees, enabling them to do their best work:

Occupational Safety and Health

The CGC Group places a strong emphasis on employee occupational safety and health (OSH), aiming to reduce workplace risks that impact their well-being through the implementation of our Occupational Safety & Health Policy (OSH), which is integrated into our Human Capital Policy. The President & Chief Executive Officer ensures optimal OSH practices, with the OSH Unit ensuring policy compliance and escalating matters to the Group Management Committee as needed. We adhere to ISO 45001: 2018 for self-regulation, enhancing workplace safety and demonstrating commitment to occupational health and safety. This proactive approach reduces incidents and reinforces our dedication to employee well-being.

Processes to identify and manage work-related hazards use these guideline:

- Hazard Identification Risk Assessment & Risk Control (HIRARC)**
 Hazard Identification, Risk Assessment and Risk Control (HIRARC) has become fundamental to the practice of planning, management, and the operation of CGC as a basic of risk management. With HIRARC, CGC will be able to identify hazard, analyse and assess its associated risk and then apply the suitable control measures.
- Guidelines from Department of Safety and Health (DOSH)**
 The Department of Occupational Safety and Health (DOSH) is a department under the Ministry of Human Resources. CGC has adopted the guideline issued by DOSH to assist us understand general health and safety matters and risks associated with the work systems of the workplace at services sectors.

As part of our OSH Management System, covering work-related injuries, illnesses, diseases and incidents, we prioritise employee safety through comprehensive OSH training:



Scorecard

Indicator	2023	Remarks
Employees that received occupational health and safety training	19	Competency of First Aider
Fatalities as a result of work-related injuries	-	Zero incidents reported in 2023
High-consequence work-related injuries (excluding fatalities)	-	
Total work-related injuries (lost time incident rate)	-	

Mobile Work Arrangement

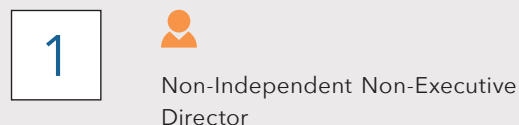
Our work-from-home policy provides employees with roles that can be performed in hybrid working arrangements with the flexibility to work from home, on-site or at approved alternate locations.

Promoting Health and Wellness

Our employees' safety, wellness and well-being remain a top priority. Apart from the awareness programmes such as health talks, we offer a range of benefits to safeguard and promote their well-being that include health coverage, as well as programmes supporting social and spiritual well-being.

BOARD COMPOSITION

INDEPENDENCE



GENDER



EXPERIENCE AND SKILLS

- Banking & Finance
- Corporate Governance
- Economics
- Legal/Regulatory
- Corporate Planning & Development
- Investment
- Leadership & Management
- Capital & Securities Market
- Information Technology
- Risk Management
- Asset Management

AGE GROUP



BOARD TENURE



BOARD COMMITTEES

Chairman	Member	Board Audit Committee	Board Risk Management Committee
		Board Investment Committee	Board Nomination and Remuneration Committee

BOARD OF DIRECTORS

DATO' MOHAMMED HUSSEIN

FCB

Independent Non-Executive Director (Chairman)



Gender	Male
Nationality	Malaysian
Age	74
Date of Appointment	1 May 2020
Tenure of Directorship	4 years 2 months <i>(as at 51st AGM - 20 June 2024)</i>
Board Meeting Attendance	100% (6/6)

Qualifications

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

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

Currently, Dato' Mohammed Hussein is also the Independent Non-Executive Chairman of Hap Seng Plantations Holdings Berhad, Syarikat Takaful Malaysia Keluarga Berhad and the President Commissioner of PT Syarikat Takaful Indonesia. He is also a Professor of Practice at International Center for Education in Islamic Finance (INCEIF) University since 5 August 2023.

He served as 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 was also 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, B2B Finpal Sdn Bhd and Chairman of the Corporate Debt Restructuring Committee, which was set up under the auspices of Bank Negara Malaysia to facilitate the resolution of major corporate debts.

Declaration:

- Dato' Mohammed Hussein does not have any conflict of interest or any family relationship with any Director and/or major shareholder of CGC Malaysia
- Dato' Mohammed Hussein has not been charged and/or convicted for any offence
- Dato' Mohammed Hussein has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year

BOARD OF DIRECTORS

CHOONG TUCK OON

Independent Non-Executive Director



Gender	Male
Nationality	Malaysian
Age	66
Date of Appointment	20 January 2017
Tenure of Directorship	7 years 5 months <i>(as at 51st AGM - 20 June 2024)</i>
Board Meeting Attendance	100% (6/6)

Qualifications

- 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 began his career in Petronas where he served more than 7 years. He then joined Accenture where, after serving 26 years, he retired as Senior Partner in the Asia-Pacific Financial Services practice.

He specialises in technology, strategy and transformation for the 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.

He is the Non-Executive Chairman of CGC Digital Sdn Bhd, a subsidiary of CGC Malaysia. He is also an Independent Non-Executive Director on the Boards of FIDE Forum Malaysia and Generali Life Insurance Malaysia Berhad (formerly known as AXA Affin Life Insurance Berhad). Previously, he was an Independent Non-Executive Director of Star Media Group Berhad, 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 Malaysia
- Choong Tuck Oon has not been charged and/or convicted for any offence
- Choong Tuck Oon has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year

FAISAL ISMAIL



FCA
Independent Non-Executive Director



Gender	Male
Nationality	Malaysian
Age	61
Date of Appointment	1 December 2019
Tenure of Directorship	4 years 7 months <i>(as at 51st AGM - 20 June 2024)</i>
Board Meeting Attendance	100% (6/6)

Qualifications

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

Faisal Ismail has over 30 years of experience in various responsibilities/areas including at the level of board, 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 has been appointed as an Independent Non-Executive Director of BNP Paribas Malaysia Berhad since October 2020. Previously, he had inter-alia served as 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 Ismail does not have any conflict of interest or any family relationship with any Director and/or major shareholder of CGC Malaysia
- Faisal Ismail has not been charged and/or convicted for any offence
- Faisal Ismail has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year

BOARD OF DIRECTORS

SALEHA M. RAMLY

Independent Non-Executive Director



Gender	Female
Nationality	Malaysian
Age	71
Date of Appointment	1 December 2019
Tenure of Directorship	4 years 7 months <i>(as at 51st AGM - 20 June 2024)</i>
Board Meeting Attendance	100% (6/6)

Qualifications

- Master of Laws (LL.M), University of London, United Kingdom
- Bachelor of Laws (LL.B), University of Malaya

Saleha M. Ramly began her career as a lecturer in the Law Faculty of the University of Malaya where she 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, 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 at the University of Malaya, Perbadanan Insurans Deposit Malaysia, Scomi Group Berhad, and ACR Capital Holdings Pte Ltd group of companies in Malaysia and Singapore until 2018. Currently, she is a member of the Institute of Corporate Directors Malaysia (ICDM). She is currently a Director of Ouch Protect Berhad, an approved digital takaful operator in Bank Negara Malaysia's Regulatory Sandbox, since 23 November 2023.

Saleha M. Ramly has more than 30 years of experience in corporate legal and secretarial operations. Her working career includes in-depth experience in crafting corporate governance policies and legal documents for companies and providing staff training on governance and legal matters. She was also involved in various corporate transactions and exercises, including acquisitions and disposals of assets, both domestic and cross-border, due diligence exercises, and raising of capital. In addition, she 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 Malaysia
- Saleha M. Ramly has not been charged and/or convicted for any offence
- Saleha M. Ramly has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year

ANTHONY LIM CHOON ENG



FAIBF, CB
Independent Non-Executive Director

Gender	Male
Nationality	Malaysian
Age	66
Date of Appointment	1 April 2022
Tenure of Directorship	2 years 3 months <i>(as at 51st AGM - 20 June 2024)</i>
Board Meeting Attendance	100% (6/6)

Qualifications

- Fellow of the Australian Institute of Banking and Finance
- Chartered Banker of the Asian Institute of Chartered Bankers
- Senior Leadership and Advanced Management Programmes - 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 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.

Currently, he is the Non-Executive Director of CGC Digital Sdn Bhd, a subsidiary of CGC Malaysia. He has served as an Independent Director of Bank of America Malaysia Berhad since 2021 and recently been appointed as the Chairman of the same bank in March 2024. He is a member of the Investment Panel for the Kumpulan Wang Persaraan (Diperbadankan) [KWAP]. He served as 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 Lim held various senior management positions with the Maybank group of companies from 1995 to 2009. He later joined Implico GmbH, Germany, and Malaysia as a private equity investor and director. Anthony Lim has also worked at 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 Malaysia
- Anthony Lim Choon Eng has not been charged and/or convicted for any offence
- Anthony Lim Choon Eng has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year

BOARD OF DIRECTORS

SUHAIMI ALI

Non-Independent Non-Executive Director

Gender	Male
Nationality	Malaysian
Age	49
Date of Appointment	28 April 2022
Tenure of Directorship	2 years 2 months <i>(as at 51st AGM - 20 June 2024)</i>
Board Meeting Attendance	83.33% (5/6)

Qualifications

- Bachelor of Accounting, University of Notre Dame, USA

Currently, Suhaimi Ali is an Assistant Governor of Bank Negara Malaysia (BNM). He is responsible for the Financial Development and Innovation Department, Islamic Finance Department, LINK and BNM Offices and Financial Inclusion Department. He has served BNM for 26 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 Malaysia. 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 International Centre for Leadership in Finance (ICLIF) Trust Funds.



Declaration:

- Suhaimi Ali is a nominee of BNM, the major shareholder of CGC Malaysia
- 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
- Suhaimi Ali has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year

KELLEE KAM CHEE KHIONG



Independent Non-Executive Director

Gender	Male
Nationality	Malaysian
Age	51
Date of Appointment	16 October 2023
Tenure of Directorship	8 months <i>(as at 51st AGM - 20 June 2024)</i>
Board Meeting Attendance	100% (1/1)

Qualifications

- Bachelor of Law, Manchester Metropolitan University, UK
- Master in Business Administration, Richmond American University, London, UK
- Master of Arts in South East Asian Business World, University of London, UK

Kellee Kam has over 24 years of experience in the banking industry and served as the Group Managing Director at RHB Capital Berhad from 2011 to 2015, where he was responsible for group operations across Banking, Investment Banking, Islamic Banking, Asset Management and Insurance businesses. Before that role, he was the Group Chief Financial Officer of RHB Capital Berhad and was responsible for Group Finance and Accounting, MIS, Corporate Finance & M&A, Investor Relations, and Strategy for the RHB Capital Group and its subsidiaries.

In October 2016, Kellee Kam was appointed as an Independent Director at Bank of America Malaysia Berhad ("BAMB") and later he became the Chairman in June 2021. Following his tenure at BAMB, he was appointed as the Group Chief Executive Officer of Alliance Bank Malaysia Berhad on 1 September 2022.

Declaration:

- Kellee Kam Chee Khiong does not have any conflict of interest or any family relationship with any Director and/or major shareholder of CGC Malaysia
- Kellee Kam Chee Khiong has not been charged and/or convicted for any offence
- Kellee Kam Chee Khiong has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year

BOARD OF DIRECTORS

DATO' HAJI SYED MOHEEB SYED KAMARULZAMAN

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



Gender	Male
Nationality	Malaysian
Age	71
Date of Appointment	15 January 2014
Retired	14 January 2023
Board Meeting Attendance	NIL

Qualifications

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

Dato' Haji Syed Moheeb's vast experience in the conventional insurance, reinsurance and takaful industry spans 45 years. During this time, he helmed several local and multinational direct insurance, reinsurance and takaful companies.

He 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 of Malaysian Insurance Institute (MII), ASEAN Insurance Training & Research Institute, Takaful Ikhlas Bhd., Gerling Global Reinsurance Malaysia Bhd., and South East Asia Insurance Bhd.

Dato' Haji Syed Moheeb, who had been on the CGC Board since 15 January 2014, 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 Malaysia
- Dato' Haji Syed Moheeb has not been charged and/or convicted for any offence
- Dato' Haji Syed Moheeb has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year

TEOH KOK LIN



CFA
Independent Non-Executive Director



Gender	Male
Nationality	Malaysian
Age	61
Date of Appointment	27 June 2014
Retired	26 June 2023
Board Meeting Attendance	100% (3/3)

Qualifications

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

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. He was appointed as Vice Chairperson of the Malaysian Association of Asset Managers in 2022.

Teoh Kok Lin was formerly President of the 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 serves as an Independent Non-Executive Director of Institute of Capital Market Research Malaysia, an affiliate of the Securities Commission. He is currently a General Council Member of the National Chamber of Commerce and Industry of Malaysia. Teoh Kok Lin is the Chairman of Environmental, Social and Governance Committee and Advisor of the Digital Economy Committee of Associated Chinese Chamber of Commerce and Industry of Malaysia.

Having been on the CGC Board since 27 June 2014, Teoh Kok Lin retired on 26 June 2023 after completion of his nine (9) years' service tenure as Director in CGC.

Declaration:

- Teoh Kok Lin does not have any conflict of interest or any family relationship with any Director and/or major shareholder of CGC Malaysia
- Teoh Kok Lin has not been charged and/or convicted for any offence
- Teoh Kok Lin has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year

BOARD OF DIRECTORS

SURESH MENON

Independent Non-Executive Director



Gender	Male
Nationality	Malaysian
Age	67
Date of Appointment	17 July 2014
Retired	20 June 2023
Board Meeting Attendance	100% (3/3)

Qualifications

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

Suresh Menon has more than 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 providing 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 and Asia-Pacific Economic Cooperation Business Advisory Council.

Suresh Menon played an important role in setting up RAM Holdings Berhad (formerly known as Rating Agency Malaysia Berhad) and carried out 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 formerly the Chairman of Credit Bureau Malaysia Sdn Bhd, an associate company of CGC. He was also the Non-Independent Non-Executive Director of Danajamin Nasional Bhd, Chairman of the Association of Credit Rating Agencies in Asia 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.

Having been on the CGC Board since 17 July 2014, Suresh Menon retired on 20 June 2023 after completion of his nine (9) years' service tenure as Director in CGC.

**Declaration:**

- Suresh Menon does not have any conflict of interest or any family relationship with any Director and/or major shareholder of CGC Malaysia
- Suresh Menon has not been charged and/or convicted for any offence
- Suresh Menon has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year

DATO' ONG ENG BIN

Independent Non-Executive Director



Gender	Male
Nationality	Malaysian
Age	61
Date of Appointment	14 October 2014
Retired	14 October 2023
Board Meeting Attendance	100% (5/5)

Qualification

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

Dato' Ong Eng Bin is an Independent Director of Paramount Corporation Bhd, Oriental Holdings Bhd and Inari Amertron Bhd. He was the Adviser to the Chairman of OCBC Bank (Malaysia) Bhd and served as Chief Executive Officer (CEO) of OCBC from 2014 until 2022. His career began at OCBC in 1988 and he was appointed as Head of Corporate Banking in 2004 before being promoted to Head of Business Banking in 2012.

He is a Council Member of Asian Institute of Chartered Bankers (AICB) and the Director of Asian Banking School (ABS) and STF Resources Sdn. Bhd. Dato' Ong Eng Bin is also the Chairman of E2 Power Sdn. Bhd. and was previously a Chairman of PAC Lease Sdn. Bhd.

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

Having been on the CGC Board since 14 October 2014, Dato' Ong Eng Bin retired on 14 October 2023 after completion of his nine (9) years' service tenure as Director in CGC.

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 Malaysia
- Dato' Ong Eng Bin has not been charged and/or convicted for any offence
- Dato' Ong Eng Bin has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year

GROUP MANAGEMENT

DATUK MOHD ZAMREE MOHD ISHAK

President & Chief Executive Officer

Date Joined

1 January 2015

Education

- Bachelor of Science in Business Administration, Saint Louis University, United States of America (USA)
- Master of Business Administration (Finance), University of Hull, United Kingdom

Qualification(s)

- Asian International Executive Programme, INSEAD
- Chartered Institute of Islamic Finance Professional
- Global Leadership Development Programme, ICLIF
- Advanced Management Programme (AMP 191), Harvard Business School, USA

Working Experience

Over 34 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

Awards

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



YUSHIDA HUSIN
Chief Executive Officer
CGC Digital Sdn Bhd

Date Joined
1 April 2016

Education/Qualification(s)

- Bachelor of Science in Statistics, University of Illinois Urbana-Champaign, United States of America

Working Experience

Currently 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 27 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 Internal Auditor

Former Designation
Chief Risk Officer

Date Joined
1 August 2005

Education/Qualification(s)

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

Working Experience

Over 25 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

Education/Qualification(s)

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

Working Experience

Has accumulated 29 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

ZARINA OSMAN

Chief Risk Officer

Effective 1 January 2024

Former Designation

Chief Credit and Operations Officer

Date Joined

3 April 2017

Education/Qualification(s)

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

Working Experience

Over 29 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. With expertise in investment and corporate business at Amanah Merchant Bank Bhd, she was a pioneer member of RHB Islamic Bank Bhd, contributing to establishing Malaysia's first Islamic Window subsidiary. 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 Operations Officer

Effective 1 January 2024

Former Designation

Chief Corporate Officer

Date Joined

2 May 2018

Education/Qualification(s)

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

Working Experience

Over 24 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 Bhd
- Chief Operating Officer, CIMB Wealth Advisors Bhd
- Managing Director/Chief Operating Officer, CIMB-Principal Asset Management Bhd (now known as Principal Asset Management Bhd)
- Managing Director/Head of Consumer Banking's Operations & Service Support, CIMB Bank Bhd
- Director in Group MD/CEO's Office, UEM Group Bhd



SEAN TAN

Chief Business Officer

Date Joined

5 April 2023

Education/Qualification(s)

- Bachelor of Commerce, Major in Finance and Marketing, Curtin University of Technology, Perth, Australia

Working Experience

Over 23 years of experience in banking and PropTech covering SME and Consumer Segments including Business Development, Sales Management, Product and Marketing, Business Strategy, Strategic Alliances, Collection and Recovery and Data Software Solutions. 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
- Head of Product Service Unit, Commercial Banking and Business Banking, CIMB Bank Malaysia



NAZRAL SAFRIL MOHAMMAD SAPARI
Chief Human Resources Officer

Date Joined
8 May 2023



Education/Qualification(s)

- Bachelor of Business Administration (Hons) in Human Resource Management, Universiti Teknologi MARA
- Advanced Diploma in Business Management, Swansea Institute of Higher Education, Wales, United Kingdom
- Diploma in Banking Studies, Universiti Teknologi MARA

Working Experience

Over 30 years of experience in human resource strategies, management, administration, and operations in banking as well as in various corporate environments. He has held the following key positions:

- Director, Human Resources & Administration, Malaysia Digital Economy Corporation
- Head/General Manager, Human Resources & Administration, Touch 'N Go Sdn Bhd
- Regional Head/Director, HR Business Partner for Group Asset Management & Investments (CIMB Principal Asset Management Group), CIMB Investment Bank Berhad
- Assistant General Manager, Planning & Organisation Design – Human Capital/Founding team member, Alinma Bank, Riyadh, Kingdom of Saudi Arabia
- Senior Manager, Group Human Resources at AmBank (M) Berhad



NURUL AMNI MOHD AMIN
Chief Financial Officer

Date Joined
6 June 2023

Education/Qualification(s)

- Bachelor of Science in Accounting and Finance, University of Southampton, United Kingdom
- Fellow of Institute of Chartered Accountants in England and Wales
- Member of Malaysian Institute of Accountants

Working Experience

Over 19 years of professional experience in accounting firms, with auditing experience in various commercial sectors within government agencies, financial institutions, and the sovereign wealth fund industry. She played an instrumental role in Khazanah's strategic planning, performance reporting, and portfolio management. At PNB, she led transformative initiatives, implementing core investment systems, data warehouses, and building data teams. She has held the following key positions:

- Vice President of Project Management Unit, Public Market Division, Permodalan Nasional Berhad
- Associate Director, Head of Finance and Capital Management, Danajamin Nasional Berhad
- Vice President of Strategic Management Unit in Managing Director's Office, Khazanah Nasional Berhad
- Led asset and fund management, investment holding, services and trading, property development and manufacturing industry at Ernst & Young

WAI KO-CHI
Chief Technology Officer

Date Joined
15 June 2017

Education/Qualification(s)

- Bachelor of Engineering (Hons. Mechanical), University of Malaya

Working 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 oversees the company's technology strategy, initiatives, and ensures efficient technology and cybersecurity operations in his current role. He has held the following positions:

- Analyst, Andersen Consulting/Accenture
- Architect, Shell IT/Hewlett Packard Malaysia
- Chief Engineer, DXC Technology/Hewlett Packard Enterprise



GROUP MANAGEMENT

SUM LENG KUANG
Advisor, Investment

Date Joined
1 September 2015

Education/Qualification(s)

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

Working Experience

Over 40 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



MOHANA ARUMUGAM
Head, Corporate Communications
and Stakeholder Relations

Date Joined
5 July 2018

Education/Qualification(s)

- Bachelor of Communication (Journalism), Universiti Sains Malaysia

Working Experience

Over 24 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, Corporate Social Responsibility, and Stakeholder Relations. 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

Education/Qualification(s)

- Diploma, Indiana University, USA
- Bachelor of Science in Business Administration (Finance), Creighton University, USA

Working Experience

Over 27 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

Education/Qualification(s)

- Bachelor of Management Studies, University of Waikato, New Zealand

Working Experience

Over 34 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. He has held the following key positions:

- Senior Account Manager, Malayan Banking Berhad
- Associate Director, Danajamin Nasional Berhad
- Associate Director, The Bank of Nova Scotia Berhad



AZMAN IDRUS
Head, Strategic Management

Date Joined
12 September 2022

Education/Qualification(s)

- Master of Business Administration, University of Hull, United Kingdom
- Bachelor of Information Science, MARA University of Technology (UiTM)

Working Experience

Over 26 years of experience in consumer banking strategy development, operations, channels, and change management leadership within financial institutions, including those with regional presence. Previous positions include:

- 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



ILA DIXIT
Chief Digital and Innovation Officer,
CGC Digital Sdn Bhd

Date Joined
15 March 2023

Education/Qualification(s)

- Master of Computer Management, Devi Ahilya Vishwavidyalaya, Indore, India

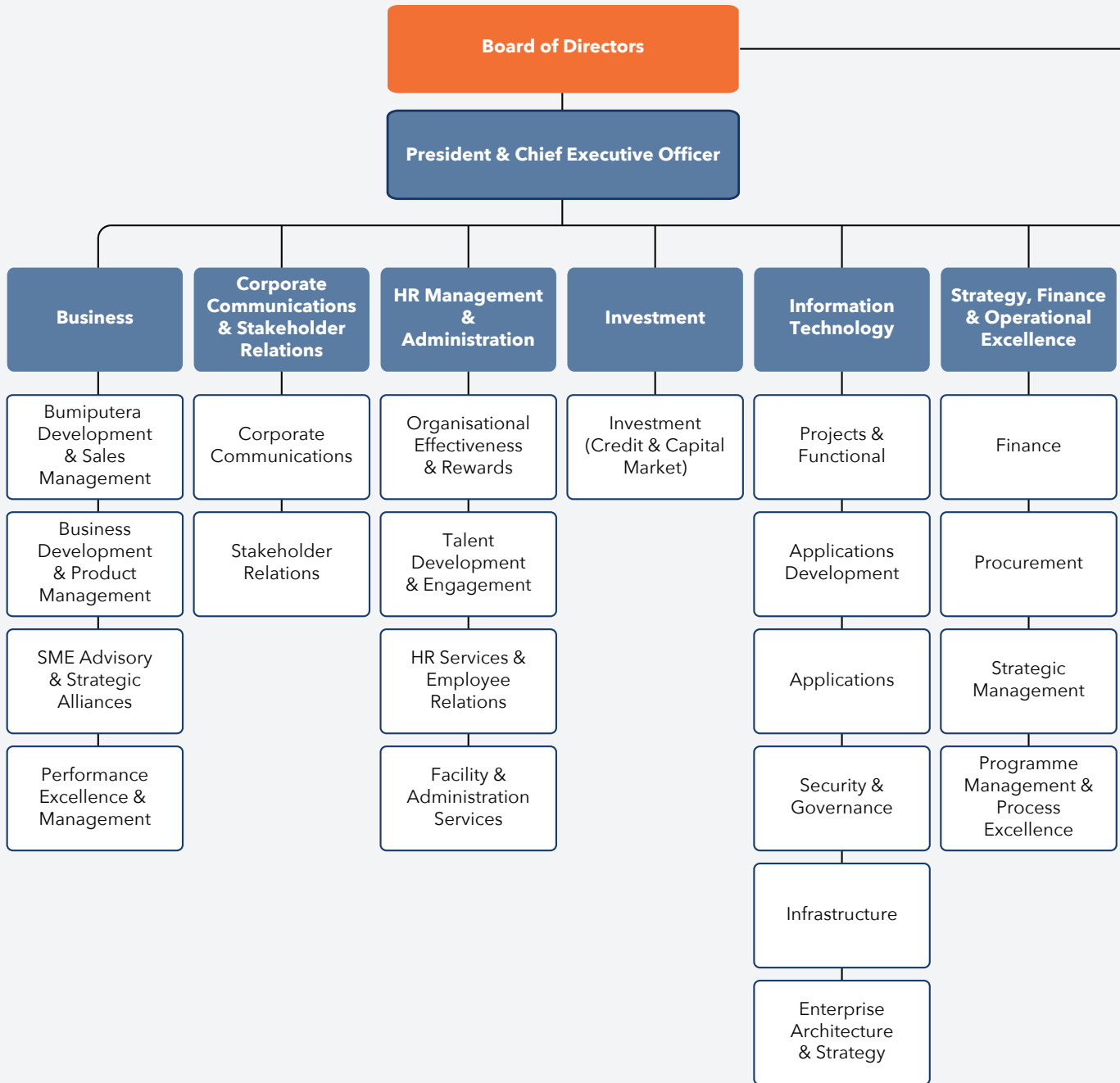
Working Experience

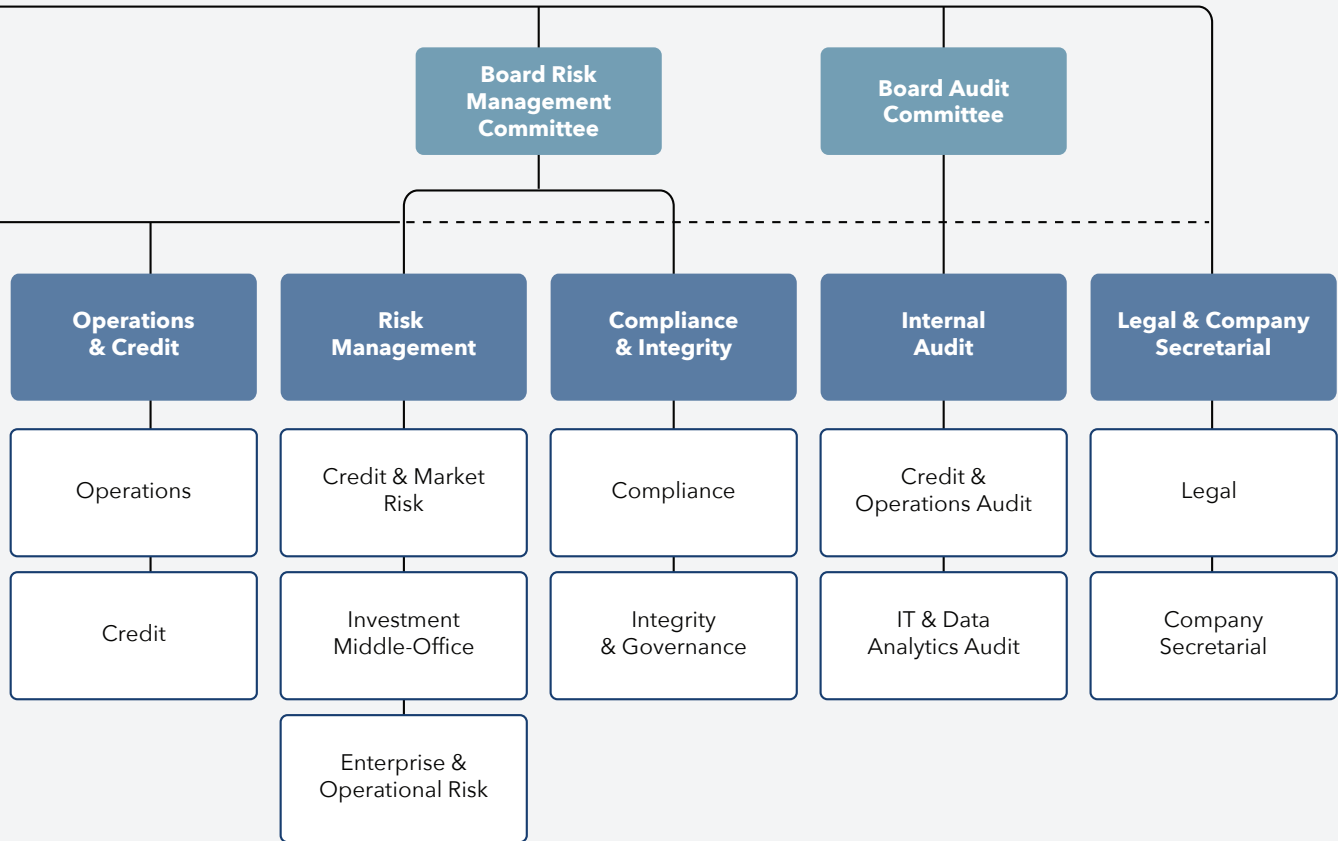
Over 20 years of multi-channel delivery experience have established her as a leading expert in digital transformation. Her track record includes numerous successful engagements that have transformed customer experiences and streamlined operations. Previous key positions include:

- 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



ORGANISATIONAL STRUCTURE







PERSUASIVE MARINE (M) SDN BHD

REMAINING RELEVANT

With over 20 years' expertise in fire-fighting equipment servicing, maintenance, repair and supply, Mohamed Salib is grateful to be in an industry that remains active even in tough times. "With health and safety, there is no compromise. Companies have to comply." To add value to their clients, Persuasive Marine held free talks on maintenance reminders.

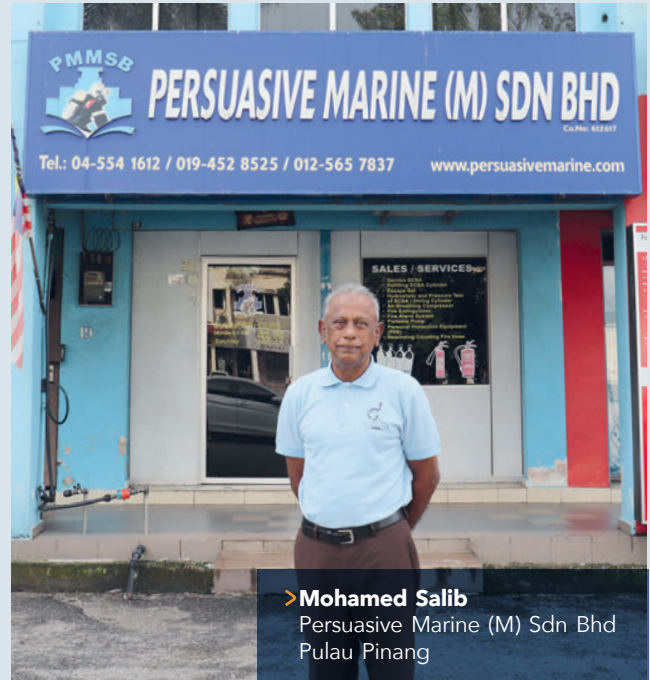
CGC'S COMMITMENT

Persuasive Marine relies on working capital for purchasing spare parts and servicing equipment from abroad, crucial for maintaining or replacing customer equipment to industry standards before it expires. In November 2023, they secured a term loan through Bank Simpanan Nasional, as part of CGC's Referral Programme. Mohamed said the assistance was very timely. "CGC's support for small businesses provided significant capital when it was most needed."

CATALYSING GROWTH

Amid stiff competition, Mohamed and his 10-member team prioritise exceptional service. Despite rising import costs, he appreciates his customers' understanding of global economic factors. As part of the company's expansion plan in 2024, Mohamed aims to open a new branch, despite expecting high costs.

“CGC’s support for small businesses provided significant capital when it was most needed.”



> Mohamed Salib
Persuasive Marine (M) Sdn Bhd
Pulau Pinang

“Suppliers required deposits, and without collateral there was no access to funding. Until CGC came to our aid with their Direct Access Guarantee Scheme (DAGS) back in 2003.”

TIMURAN SETIA INDUSTRI SDN BHD

REMAINING RELEVANT

Datuk Yap Heng Or oversees a distribution and retail company across Kelantan, Terengganu and Pahang. "Business is always challenging, so we adapt by changing business models." Expanding e-commerce took their products beyond state borders during the pandemic, and their new boutique-style paint shops successfully target a younger demographic.

CGC'S COMMITMENT

Datuk Yap and his friend overcame initial financial hurdles, barely scraping together RM3,000 to open a bank account. "Suppliers required deposits, and without collateral there was no access to funding. Until CGC came to our aid with their Direct Access Guarantee Scheme (DAGS) back in 2003." Now with 13 outlets in Kelantan and one in Kuala Lumpur, Datuk Yap, Kelantan Chinese Chamber of Commerce President, champions traditional business succession planning, prioritising trust and training. "I show by example, how to change mindsets with my own teams and business."

CATALYSING GROWTH

The focus is on evolving trends and changing needs. Social media interns are confirmed, securing company growth and interns' financial stability. Colour Makers Paints Shop, offers a different, more relaxed 'buying experience' for younger customers, with four shops in Kelantan and planned for chain expansion.



> Datuk Yap Heng Or
Timuran Setia Industri Sdn Bhd
Kelantan

AA MINI STORE

REMAINING RELEVANT

In 2023, business was brisk at Aziana Lin Hon Kon's mini store, in contrast with a slower 2024. Amid competition from sundry shops and a nearby supermarket, she prioritises customer preferences. "I never let fast-selling items go out of stock."

CGC'S COMMITMENT

Aziana's passion is business, from selling *kueh* to managing a transport business, and she enjoys business challenges. In 2021, during the lockdown she shut down her redundant transport business and opened AA Mini Store. A year later the enterprise obtained BizMula-i financing. "With CGC's help we expanded to a full shoptlot and invested in a chiller and freezer to upgrade." This working capital boosted competitiveness, as well as enhancing stock variety and service quality.

CATALYSING GROWTH

"My customers understand costs are rising, so they accept the new prices." Despite a failed attempt with a fresh mart store previously, this entrepreneur is already planning to offer more variety to her customers with a new strategically located branch in 2024.

“With CGC’s help we expanded to a full shoptlot and invested in a chiller and freezer to upgrade.”



> Aziana Lin Hon Kon & Asnih Jeckol
AA Mini Store
Sabah

“I didn’t have to think too much about running the project any more. I just moved forward. I’ll give CGC a top 10-star!”



> Noor Zarith Puteh
Shinkansen Ventures
Perak

SHINKANSEN VENTURES

REMAINING RELEVANT

Noor Zarith Puteh acknowledges the ongoing impact of the pandemic on businesses. Despite cash flow setbacks, she rebuilt her company. In 2023, with only a few projects to sustain Shinkansen Ventures, she emphasised resilience: "We managed, covered costs and kept going."

CGC'S COMMITMENT

Noor Zarith established Shinkansen Ventures three years ago, after seven years in the construction industry. Currently, concentrating on Syarikat Perumahan Negara Bhd (SPNB) projects, in 2023 she started on a residential project in Kinta, Ipoh. That was when she turned to CGC's Tabung Projek Usahawan Bumiputera-i (TPUB-i), a direct financing facility for Bumiputera contractors. "I didn't have to think too much about running the project any more. I just moved forward. I'll give CGC a top 10-star!"

CATALYSING GROWTH

Noor Zarith emphasises continuous momentum, project expansion and financial sustainability. Keep going, she advocates, completing projects with enough funds. She always adheres to the principle: "Be honest with your own company and be mentally strong."

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE

AT CGC, WE RECOGNISE THAT EFFECTIVE CORPORATE GOVERNANCE IS ESSENTIAL FOR MAINTAINING THE TRUST AND CONFIDENCE OF OUR SHAREHOLDERS, CUSTOMERS, EMPLOYEES, AND OTHER STAKEHOLDERS. IT PROVIDES THE FRAMEWORK THROUGH WHICH WE CAN EFFECTIVELY MANAGE OUR OPERATIONS, MITIGATE RISKS, AND UPHOLD OUR COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY.



Throughout FY2023, we have remained steadfast in our adherence to the highest standards of corporate governance, regularly reviewing and updating our policies and procedures to align with evolving regulatory requirements and industry standards.

Furthermore, we have continued to strengthen our internal controls and risk management systems that address economic, environmental, and social risks alongside financial risks. Our commitment to integrity and ethical conduct is unwavering, and we hold ourselves accountable to the highest ethical standards in all our business dealings.

Our Board of Directors comprises individuals with diverse backgrounds and expertise, who bring valuable insights and perspectives to our decision-making processes. They are responsible for providing strategic direction and have worked diligently to ensure that our company operates in accordance with applicable laws, regulations, and best practices.

We constantly seek opportunities to improve and strengthen our governance mechanisms in CGC. This is achieved through active engagement with and amongst the Board members, who provide continuous feedback and guidance to attain greater clarity on the business direction and growth aspirations.

Moving forward, we remain committed to maintaining the highest standards of corporate governance and to continuously improving our practices in line with evolving expectations and best practices in fulfilling our fiduciary duties to our shareholders. With that, we can create long-term value for all our shareholders and contribute to the sustainable growth of our business.

A handwritten signature in black ink, appearing to be 'Dato' Mohammed Hussein'. The signature is written in a cursive style with a long horizontal line extending to the right.

Dato' Mohammed Hussein
Chairman

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE CGC BOARD AND MANAGEMENT RECOGNISE THE IMPORTANCE OF GOOD CORPORATE GOVERNANCE AND ARE COMMITTED TO ADOPTING HIGH STANDARDS OF CORPORATE GOVERNANCE THROUGHOUT CGC.

Upholding sound and effective practices, as well as safeguarding professionalism and integrity, are imperative to CGC's day-to-day business. These efforts are reflected in CGC's business plans, strategies and risk management, where the Board continuously reviews and designs best governance, sustainability and environmental practices.

The Board strives to ensure that CGC complies with the Companies Act 2016 and CGC's Constitution. Concurrently, we are committed to conforming to best corporate governance practices in the following policy and guidelines:

- **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 closely monitor and ensure that principles and practices of the Code are clearly understood and adopted to strengthen CGC's governance system, business conduct, processes and ethics.

This Corporate Governance Overview Statement provides shareholders and investors with an overview of the practices adopted by CGC during FY2023, based on the following three (3) key principles set out in the Code:

PRINCIPLE A

Board Leadership and Effectiveness

 Read more on page 230

PRINCIPLE B

Effective Audit and Risk Management

 Read more on page 247

PRINCIPLE C

Integrity in Corporate Reporting and Meaningful Relationships with Stakeholders

 Read more on page 248

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD ROLES AND RESPONSIBILITIES

The Board oversees CGC's business strategy and monitors its operations through its effective leadership and management of CGC's business. The Board is committed to good stewardship and acting professionally, while upholding CGC's core values with due regard to its fiduciary duties and responsibilities.

The Board's primary function is to govern CGC. It is the principal decision-maker for all significant matters relating to CGC. The Board is accountable for the performance, directions and affairs of CGC. The Board is entrusted with creating and delivering sustainable value for shareholders. 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 CGC's corporate governance
- ➔ Upholding a strong corporate performance management approach
- ➔ Supporting CGC's human capital development
- ➔ Ensuring and equipping the necessary resources, processes, controls and culture for CGC's strategy deliverance and promotion of long-term growth

The formal schedule for reserved matters specifically for the Board's decision is specified in the Board Charter.

The Board practises clear demarcation of duties and responsibilities 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 the separate individuals to ensure optimal balance, resulting in increased accountability and enhanced decision-making.

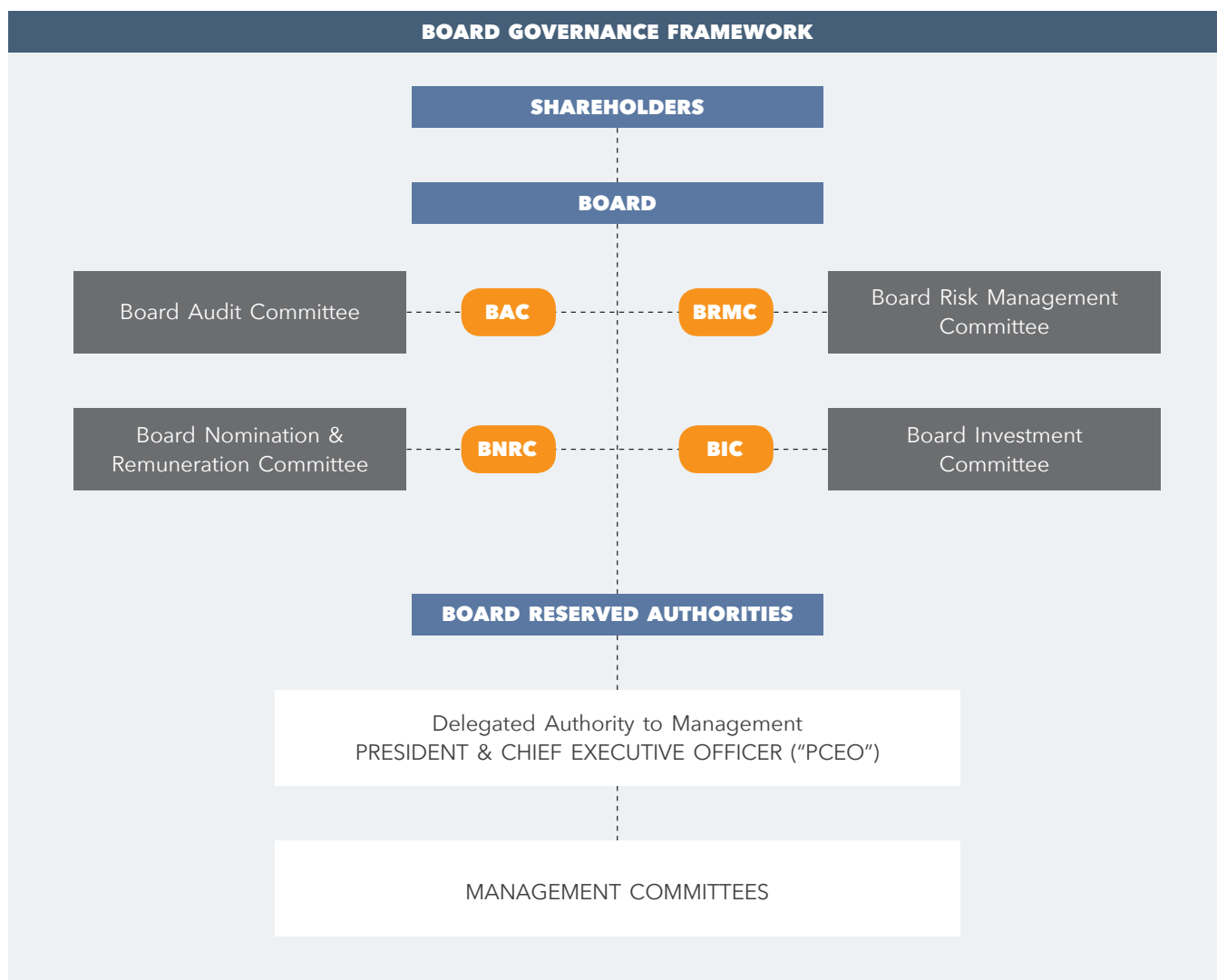
The Board is chaired by Dato' Mohammed Hussein, an Independent Non-Executive Director, who plays a critical role in guiding and leading the Board in achieving corporate goals, along with managing the processes to ensure the Board fully discharges its legal and regulatory responsibilities. As Chairman, he also leads the Board in inculcating the right culture, values and behaviours throughout the entire organisation. The Chairman is responsible for leading and ensuring the Board's smooth functioning.

Datuk Mohd Zamree Mohd Ishak, CGC's PCEO, is responsible for the 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, as well as for explaining to, clarifying to and informing 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 this role.

II. BOARD GOVERNANCE FRAMEWORK

The Board delegates certain functions to various Board Committees to enable them to oversee certain roles and responsibilities, based on their Terms of Reference (“TOR”).

The Board Governance Framework (“the Framework”) is established to ensure orderly and effective discharge of the Board’s functions and responsibilities, wherein the Board delegates specific roles and responsibilities to its four (4) principal Board Committees (“BCs”):



The Framework allows strategic alignment and efficient decision-making in CGC and is supported by the Board Charter and TOR, which are available on CGC’s website, www.cgc.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

III. KEY RESPONSIBILITIES

CGC has a clear structure that ensures role clarity and delineates duties to promote accountability. The separate roles will govern CGC more efficiently and independently.

Chairman

- Is responsible for 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 corporate governance practices in CGC
- Promotes constructive and respectful relationships among Directors, and between the Board and the Management
- Sets the Board agenda and ensures that Directors receive complete and accurate information in a timely manner

Non-Executive Director

- Contributes sound judgment and objectivity, and provides constructive challenge to Board discussions and decision-making
- Supports the Chairman and Senior Management in 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 Board Committees
- 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 is responsible, along with the Company Secretarial, for providing sound governance advice, full support and appropriate guidance and compliance with Board, policies and procedures, rules and regulations, as well as advocating the adoption of corporate governance best practices
- The GC&CS works closely with the Chairman, Chairs of the BCs and PCEO to set meeting agendas and ensure timely presentation of high-quality information to the Board. All Directors have the 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 conflicts of interest in transactions involving CGC

IV. ATTENDANCE AT BOARD MEETINGS

Six (6) Board meetings were held in FY2023 to deliberate on and/or review a variety of significant matters that required the Board’s guidance and approval. The corporate calendar for the Board and Board Committees Meetings had been determined well in advance in the last quarter of the preceding financial year to help Directors to plan their schedules and to ensure healthy attendance at Board meetings. The Board is mindful of the significance of allowing sufficient time and effort for Directors to carry out their duties. Beyond scheduled Board meetings, special meetings may be convened as and when urgent matters and essential decisions are required to be taken.

The Board also invited the Senior Management to Board meetings to provide updates on specific developments or proposals on the matters being deliberated. Senior Management participation provides additional opportunities for the Board to engage directly with the management team and has spurred numerous constructive and meaningful dialogues.

In 2023, all Directors attended more than 75% of Board meetings held. The Board is pleased with the level of commitment given by the Directors in discharging their responsibilities. The full attendance record of the Directors is set out in the table below:

ATTENDANCE			
1	Dato’ Mohammed Hussein Independent Non-Executive Director (Chairman)	6/6	6
			Suhaimi Ali Non-Independent Non-Executive Director
2	Choong Tuck Oon Independent Non-Executive Director	6/6	7
			Kellee Kam Chee Khiong¹ Independent Non-Executive Director
3	Faisal Ismail Independent Non-Executive Director	6/6	8
			Suresh Menon² Independent Non-Executive Director
4	Saleha M. Ramly Independent Non-Executive Director	6/6	9
			Teoh Kok Lin³ Independent Non-Executive Director
5	Anthony Lim Choon Eng Independent Non-Executive Director	6/6	10
			Dato’ Ong Eng Bin⁴ Independent Non-Executive Director

¹ Appointed as Director on 16 October 2023
² Retired as Director on 20 June 2023
³ Retired as Director on 26 June 2023
⁴ Retired as Director on 14 October 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board and its BCs continued the use of interactive technology for Board meetings in 2023. These meetings were either fully virtual or hybrid, whilst observing the relevant Standard Operating Procedures.

The table below summarises the Directors' attendance at BCs' Meetings for FY2023:

No.	Name of Directors	Date of Appointment	Date of Retirement	BAC (Quarterly)	BIC (Quarterly)	BRMC (Quarterly)	BNRC (Quarterly)
1	Dato' Mohammed Hussein	01.05.2020	-	-	-	-	5/5 (Chairman)
2	Choong Tuck Oon	20.01.2017	-	-	-	5/7	-
3	Faisal Ismail ¹	01.12.2019	-	6/6 (Chairman)	2/2	7/7	-
4	Saleha M. Ramly ²	01.12.2019	-	6/6	-	-	4/4
5	Anthony Lim Choon Eng	01.04.2022	-	-	4/4	7/7 (Chairman)	-
6	Suhaimi Ali	28.04.2022	-	-	-	-	-
7	Kellee Kam Chee Khiong ³	16.10.2023	-	1/1	1/1 (Chairman)	-	1/1
8	Suresh Menon ⁴	17.07.2014	20.06.2023	-	2/2	-	-
9	Teoh Kok Lin ⁵	27.06.2014	26.06.2023	-	2/2 (Chairman)	-	-
10	Dato' Ong Eng Bin ⁶	14.10.2014	14.10.2023	5/5	1/1	-	4/4
Number of Meetings held in FY2023				6	4	7	5

¹ Appointed as BIC member on 27 June 2023

² Appointed as BNRC member on 20 February 2023

³ Appointed as BIC Chairman and as BNRC & BAC member on 16 October 2023

⁴ Ceased as BIC member on 20 June 2023

⁵ Ceased as BIC Chairman on 26 June 2023

⁶ Appointed as BIC member on 21 June 2023 and ceased as BIC, BNRC and BAC member on 14 October 2023

V. BOARD ACTIVITIES AND DISCUSSIONS

The topics or activities conducted and/or deliberated by the Board during FY2023 were as follows:

FINANCE

- Financial Performance Update
- Management Overlay for FY2022
- Audited Financial Statements for the Year Ended 31 December 2022
- Distribution of Dividend for Financial Year Ended 31 December 2022
- Payment Confirmation for Hawkers & Petty Traders Fund & New Investment Fund
- CGC Digital Cost and Revenue Sharing Model
- FY2022 Mid-Year Review
- CGC Digital's Strategic Equity Investment in Funding Asia Group Pte Ltd
- CGC Digital Funding Structure & Implementation Plan
- Seed Capital for CGC Digital
- Revision of Fixed Asset Write-off Policy
- Appointment of Messrs. Ernst & Young as Auditors for CGC and CGC Digital for the financial year ending 31 December 2023

STRATEGY

- CGC Corporate Scorecard for FY2022
- Proposed Corporation Scorecard for FY2024 and Measurement of Employee Engagement for FY2023
- Mid-Term Review: 5-Year Strategic Plan 2021-2025
- CGC's Sustainability Framework
- Proposed CGC Digital Proof of Concept Framework
- Proposal to reduce Guarantee Fee in relation to BNM's Low Carbon Transition Facility ("LCTF")
- Proposal for CGC to absorb the Known Loss in relation to BNM's LCTF
- Proposal for Blanket Approval for New Shared Risk Schemes for Selected DFIs

GOVERNANCE

- Board Evaluation Exercise for Year 2022
- 50th Annual General Meeting/Annual Report 2022
- Re-election of Directors Retiring pursuant to Articles 76A and 76B of CGC Constitution
- Proposed Appointment of Attorneys under Power of Attorney
- Appointment of New Director
- Proposed Remuneration for Advisory Council
- Proposed Governance for CGC Digital

CORPORATE GOVERNANCE OVERVIEW STATEMENT



RISK MANAGEMENT/COMPLIANCE

- MFRS 9 Model Validation Framework
- Risk Management & Compliance Report
- Corporation Level Risk Appetite Statement FY2023
- Revision of Approving Authority Matrix FY2023
- Revision of Anti-Bribery and Corruption Policy
- Credit Concentration Limit
- Corporation Level Risk Appetite Statement and Threshold for FY2024
- Revision of Credit Underwriting Policy for Guarantee & Financing
- Revision of Market Risk Policy
- Annual Review of Investment Policy Statement and Tactical Asset Allocation for Year 2023
- Product Health Check for Shared Risk Schemes
- Liquidity Gap Threshold - Risk Appetite Statement FY2023
- Gap Analysis on BNM's Policy Document on Financial Reporting for DFI
- MFRS 9 Macroeconomic Variable and Scalars review for 2H 2023
- Reverse and Corporate Stress Testing 2023
- ERM Risk Maturity Survey and Risk Standards Validation



TECHNOLOGY

- Proposed Appointment of CGC as the Administrator for Green Technology Financing Scheme 4.0
- Revised Technology and Cyber Risk Management Framework and Policy



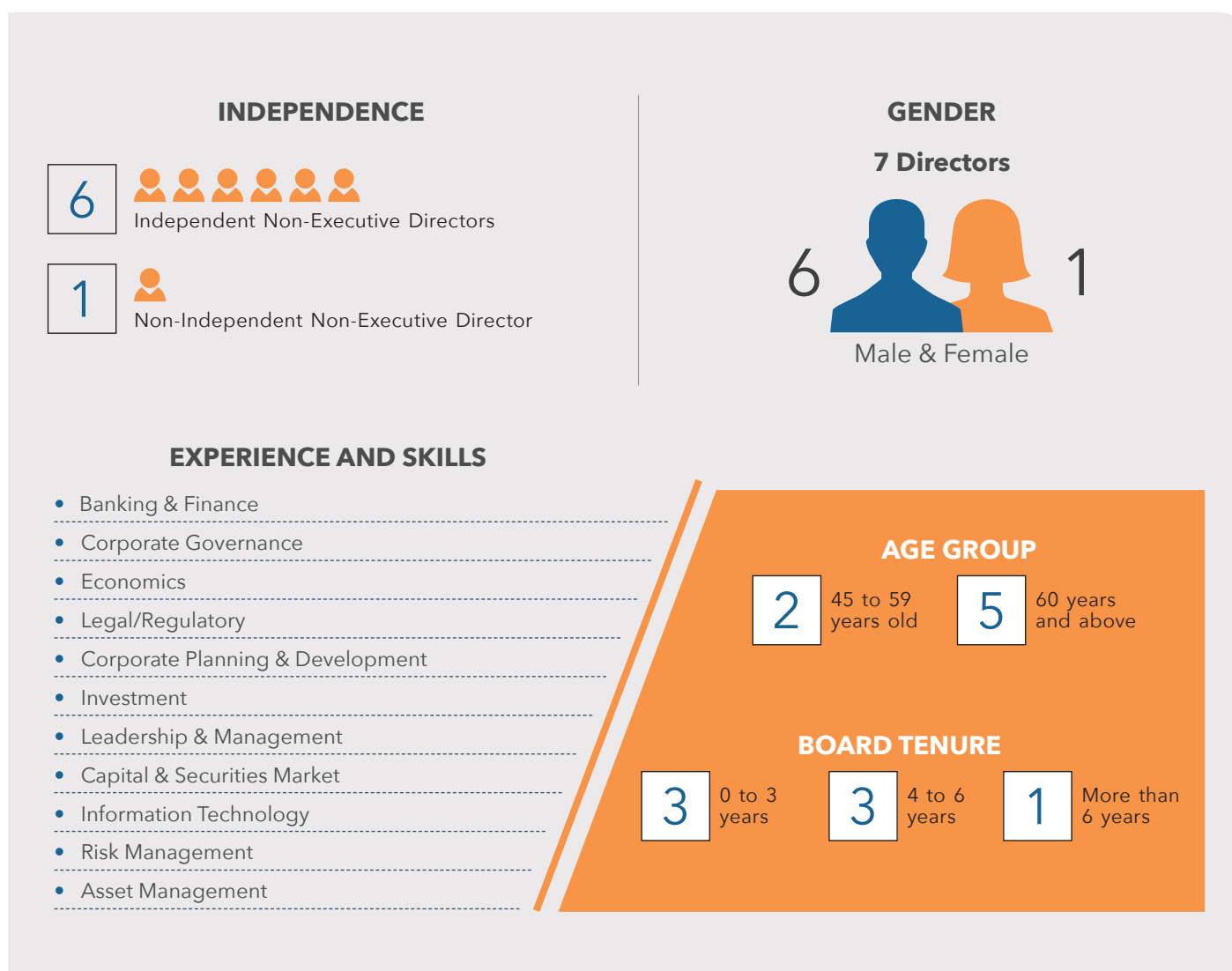
PEOPLE & CULTURE

- Employee Engagement Survey 2022 Results
- Total Rewards Review 2023
- Annual Bonus 2022 and Salary Adjustment 2023
- Proposed HR Management Policy Revision
- Appointment of Senior Management i.e. CBO, CHRO and CFO
- Proposed Realignment of Finance Division and Proposed Movement of PCEO Direct Reports
- Nomination of CGC Executive as a Committee Member of Environmental, Social and Governance Committee of The Chinese Chamber of Commerce & Industry of Kuala Lumpur & Selangor
- Revision of Records Management Policy

VI. BOARD COMPOSITION

The effectiveness of the Board is crucial to CGC’s sustainable and strategic development. This is achieved through a firm relationship between fellow directors. The current Board comprises a strong combination of experienced individuals, with the majority of Board members being Independent Non-Executive Directors. They offer valuable external perspectives on the business and constructively challenge the Management, particularly in developing CGC’s business strategies.

The Board currently comprises seven (7) Directors, six (6) male and one (1) female, of whom six (6) are Independent Non-Executive Directors and one (1) a Non-Independent Director. The Non-Independent Director represents Bank Negara Malaysia, who is the major shareholder of CGC.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

(a) Board Diversity

The composition of the Board and its BCs is critical to ensure sufficient diversity and independence in the decision-making process, as well as to provide strong and effective leadership. The composition of the Board and its BCs is reviewed from time to time to ensure the right mix of dynamic and experienced individuals.

In 2021, the Board reviewed the composition of BCs and agreed to limit most BCs' membership to three (3) members only. The membership of BCs will rotate among Directors from time to time, as recommended by the Board Nomination & Remuneration Committee and approved by the Board. The new composition of BCs is expected to bring new skills and perspectives to the boardroom.

The current Board consists of individuals diverse in age, gender and background. 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, legal and corporate governance, insurance, accounting and finance, and information technology, as well as asset management.

This composition of the Board reflects a well-balanced group of an appropriate size to facilitate a diversity of views, constructive deliberation and decision-making to achieve effective stewardship and management.

The Board is certain that the current appointment process and requirements for selecting new Board members are adequate in promoting diversity, gender equality and opportunities, as the diversified Board embraces positive, value-relevant impact to CGC.

The Board recognises that its diversity improves decision-making capability and performance quality. The Board is also aware of the need to re-balance its composition to allow 30% representation of women directors. Nevertheless, the objective, criteria and merits of appointment take precedence.

(b) Board Independence

As CGC continues to enhance the Board's independence oversight, the Board on 15 August 2022 approved the revision of the Board Charter to reduce the maximum tenure of directorship of Independent Directors from three (3) terms (nine (9) years in total) to two (2) terms (six (6) years in total).

If the service of an Independent Director is extended further, beyond six (6) 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 twelve (12) years, it seeks annual shareholders' approval through a two-tier voting process.

Accordingly, the Board composition was refreshed in 2023 when the following Directors stepped down from the Board after completing their full nine (9) years' service as CGC Directors:

1 Dato' Syed Moheeb Syed Kamarulzaman (*Retired on 14 January 2023*)

2 Suresh Menon (*Retired on 20 June 2023*)

3 Teoh Kok Lin (*Retired on 26 June 2023*)

4 Dato' Ong Eng Bin (*Retired on 14 October 2023*)

The Board wishes to record its appreciation and gratitude to the four (4) retired Directors for their dedication to the Group. They were always at the forefront of providing many constructive and positive impacts to the Board and to CGC as a whole.

VII. TERMS OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

CGC is committed to a high standard of effective corporate governance, nurturing a culture of ethical behaviour and promoting integrity and respect. In the spirit of these aspirations, CGC maintains a formal and transparent procedure for new appointments and re-appointment of a Director to the CGC Board.

The appointment and qualification criteria for a director are governed by the Companies Act 2016, CGC’s Constitution and criteria set under CGC’s Guidelines on Appointment of the Board of Directors.

The BNRC is responsible for identifying, assessing and nominating potential candidates to fill Board vacancies and for succession planning. BNRC considers the attributes of current Board members and the Board’s needs. Future sourcing of new Directors is by leveraging numerous channels to identify suitably qualified candidates. BNRC will assess these candidates’ skills and expertise.

As part of the initial screening and selection process, BNRC is responsible for considering the following criteria with respect to the assessment of a director candidate’s fitness and propriety:



VIII. RETIREMENT AND RE-ELECTION OF DIRECTORS

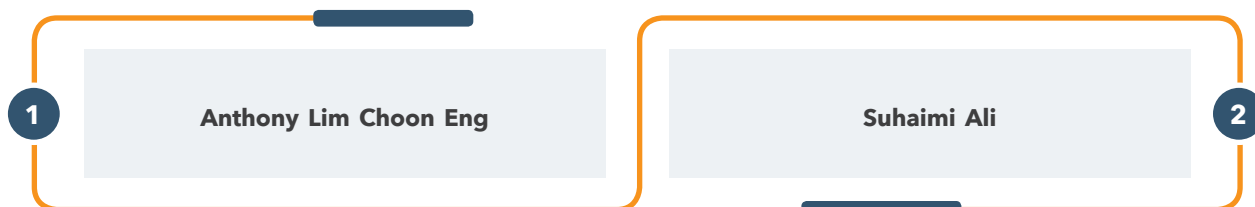
The Directors recommended to be re-elected at the Annual General Meeting (“AGM”) are subject to prior assessment by BNRC, and the retiring Directors are required to give their consent on their re-election. The assessment shall include the retiring Director’s competencies, contribution, commitment, performance and personality based on BNM’s Fit & Proper Criteria. This assessment is complemented by background screening and verification by an independent agent and the Company Secretary. BNRC’s recommendations are then submitted to the Board for endorsement and, thereafter, to shareholders for approval.

In accordance with Article 76A of CGC’s Constitution, one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office by rotation at each AGM.

Article 76B of CGC’s Constitution provides that Directors to retire shall be those who have been longest in office since the Directors’ last election. Additionally, Article 76C of CGC’s Constitution stipulates that a retiring Director shall be eligible for re-election.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The following two (2) Directors, who have served the longest in office since their last election, shall retire by rotation at the forthcoming AGM. They are recommended for re-election by BNRC and the Board, and have given their consent to be re-elected as Directors at the 51st AGM:



Article 77 of CGC’s Constitution states that Directors shall have power to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director(s) appointed in this way shall hold office until the next AGM. Kellee Kam Chee Khiong, who was appointed as Director in October 2023, will retire and is eligible for re-election at the forthcoming AGM in accordance with Article 77 of CGC’s Constitution. Kellee Kam Chee Khiong is recommended for re-election by the Board and has provided his consent to be re-elected as Director.

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

IX. TIME COMMITMENT

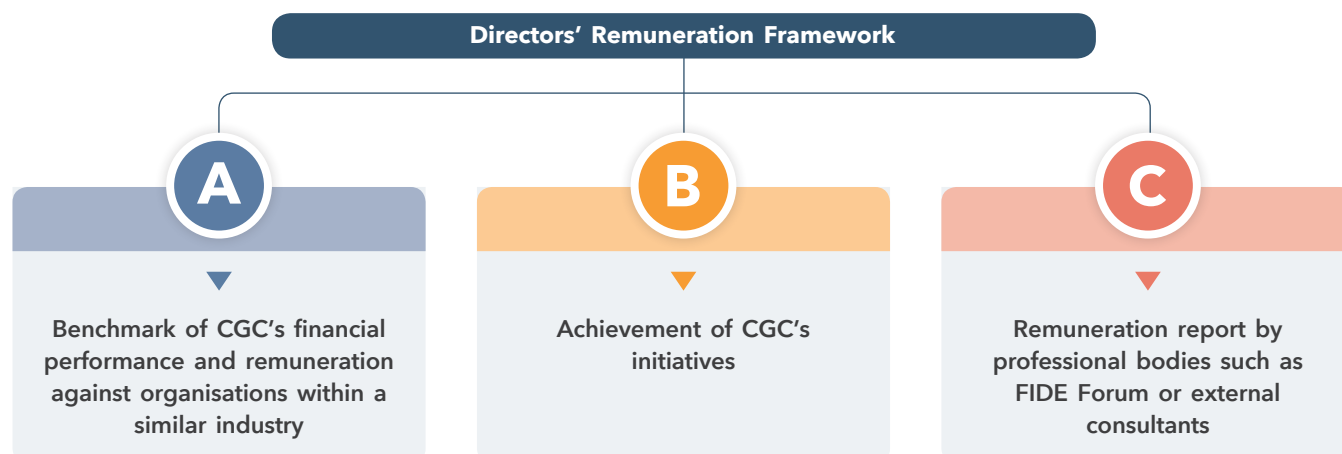
To effectively discharge their responsibilities, Non-Executive Directors must commit sufficient time to their role. The attendance record, with exceptional participation in Board activities and meetings throughout the year, reflects the Directors’ commitment to the Group.

The Chairman continues to commit considerable time, as necessary, to fulfil his duties, with his responsibilities to CGC taking priority over other business commitments.

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

X. DIRECTORS’ REMUNERATION

Fees and benefits payable to Non-Executive Directors (“NEDs”) shall be tabled for approval at CGC’s AGM. Any revision to Directors’ remuneration shall be assessed by the Board, based on benchmarking among peers of similar size in the industry, prior to obtaining shareholders’ approval.



Details of the remuneration received by the Directors during FY2023 are as follows:

Non-Executive Directors	Directors' Fees (RM'000)	Meeting Allowance (RM'000)	Benefit-in-kind¹ (RM'000)	Total (RM'000)
Dato' Mohammed Hussein	180	60	109	349
Choong Tuck Oon	72	42	6	120
Faisal Ismail	72	86	6	164
Saleha M. Ramly	72	63	6	141
Anthony Lim Choon Eng	72	75	6	153
Suhaimi Ali	60	10	-	70
Kellee Kam Chee Khiong²	15	15	1	31
Dato' Haji Syed Moheeb Syed Kamarulzaman³	2	-	-	2
Teoh Kok Lin⁴	35	24	2	62
Suresh Menon⁵	34	21	2	57
Dato' Ong Eng Bin⁶	20	24	1	46
Total	634	420	139	1,195

¹ Figure excludes medical costs and indemnity insurance that were attributable to respective directors

² Appointed as Director on 16 October 2023

³ Retired as Director on 14 January 2023

⁴ Retired as Director on 20 June 2023

⁵ Retired as Director on 26 June 2023

⁶ Retired as Director on 14 October 2023

The last revision of Directors' remuneration was conducted in 2018. Considering their heavy duties and responsibilities with the current composition of seven (7) directors, and based on benchmarking against industry peers, a comprehensive review exercise on directors' remuneration was undertaken.

The Board had on 19 February 2024 deliberated the BNRC's recommendation on the proposed revision of directors' remuneration and thereafter endorsed the proposal on 3 April 2024 to increase the Non-Executive Directors' fee and introduce Board Committees Fee.

The proposed increase in NEDs' fee is to ensure CGC remains competitive against its peers, taking into account the demands and performance of CGC, as well as skills and experience required. With the introduction of the Board Committees fee, Chairman of the Board and of BCs will be accorded higher remuneration packages to reflect their role and the amount of preparation required in chairing the meeting and leading the respective Board and BCs.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

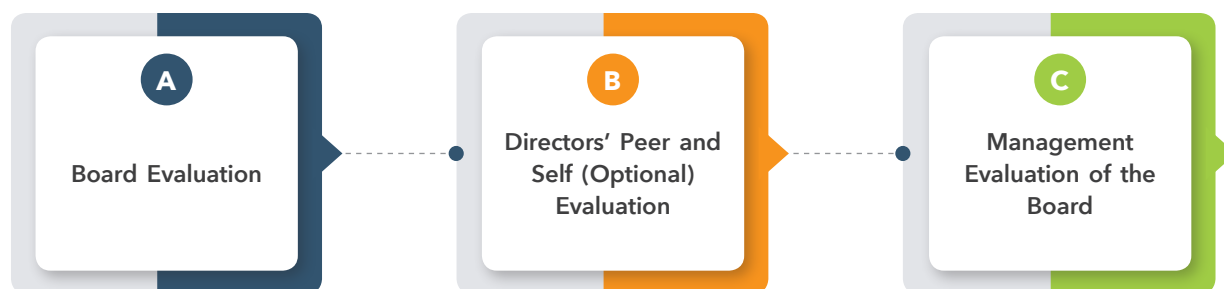
The revised remuneration structure for NEDs of the Group, which will be tabled for shareholders' approval at the 51st AGM, is as below:

Description	Current Fees (Approved at the 45 th AGM on 25 June 2018)		Proposed Fees (Approval sought at 51 st AGM)	
	Chairman	Member	Chairman	Member
Board Fee	RM180,000 per annum	RM72,000 per annum	RM204,000 per annum	RM96,000 per annum
Board Committee Fee	-	-	RM20,000 per annum	RM10,000 per annum

XI. PERFORMANCE EVALUATION

An annual performance review of the Board, its BCs 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 2023 was conducted via online questionnaire. It comprises the following:



In 2023, the overall assessment results of the Board, BCs and individual Directors including the Management evaluation of the Board were 'Exceed Expectations', reflecting the effective discharge of Directors' roles and responsibilities.

XII. BOARD INDUCTION AND TRAINING

All new Directors are entitled to a tailored, extensive and comprehensive induction following their appointment to the Board. The CGC Board Induction Programme is intended to assist new Directors in understanding CGC; the business environment in which it operates; its business strategies, culture, and people and their role in making the organisation a success. This programme comprises a combination of technical briefings about key areas of operation, office visits and introductory meetings.

The CGC Board is aware of the importance of the continuous development of Board members and has continuously observed the quality and frequency of training sessions attended by its members. This ensures that all Directors receive ongoing training and development and participate actively to enhance their role as Directors.

Throughout FY2023, our Board members attended various training programmes in leadership, technology, risk management, strategy and economic outlook, governance, financial industry, and sustainability. A list of these can be seen below:



(A) Leadership

- 1 FIDE FORUM - Distinguished Board Leadership Series 2023 - Empowering Change through Diversity, Equity and Inclusion (DEI)
- 2 FIDE FORUM - Operationalising Resolution Planning
- 3 PwC's Online Academy - Get Unstuck: Science-backed Techniques for Better Ideas at Work
- 4 ICLIF Executive Education Centre, Asia School of Business - Crisis Management & Negotiation
- 5 ICLIF Executive Education Centre, Asia School of Business - Board Role in Value Creation
- 6 Yayasan Hasanah/ILMU Hasanah Tea Talk - Trespassings Around the World in Trains of Thoughts: Life & Leadership Lessons from 77 Trains BC and Other Journeys



(B) Technology

- 1 KWAP - Cyber Security Training
- 2 FIDE FORUM - AI and Financial Institutions: Friend or Foe?
- 3 EC Council/Generali - Risk Management in Technology (RMiT) Awareness
- 4 BNM-FIDE FORUM Dialogue - Cloud Requirement in RMiT Policy Document, AI/ML Learning Adoption Landscape
- 5 BNPP - Malaysia Cyber Security Briefing 2022
- 6 ICLIF Executive Education Center, Asia School of Business - Understanding the Cybersecurity Landscape
- 7 Amazon Web Services | ASEAN - AI Innovations: Generative AI and Machine Learning
- 8 Asia School of Business - AI and the Future of Work
- 9 BNM (CSD) - BNM Annual Cyber Security Drill
- 10 BNM (CSD) - Senior Management Cyber Security Awareness Talk

CORPORATE GOVERNANCE OVERVIEW STATEMENT



(C) Risk Management

- 1 KWAP - Integrity, Governance and Anti-Corruption for Board Members
- 2 ASB/FIDE MIT Campus - Risk Management Committee - Banking Sector
- 3 ASB/FIDE MIT Campus - Market Risk Management for Bank Directors
- 4 CGC - Anti-Bribery and Corruption Training for CGC Board Members and Senior Management
- 5 Dr. Vijayaraj R. Kanniah, Advocate & Solicitor - AML/CFT and Anti-Bribery and Corruption
- 6 ALLIANCE - Information Risk Management and Cyber Security (IRM&CS) FY23/24
- 7 ALLIANCE - Anti-Money Laundering and Counter-Financing of Terrorism (AML/CFT) FY23/24
- 8 ALLIANCE - Anti-Bribery and Corruption Training FY23/24
- 9 ALLIANCE - Operational Risk Management FY22/23
- 10 BNM (EIO) - Anti-Bribery and Corruption Training



(D) Strategy/Economic Outlook

- 1 FIDE FORUM - Can America Stop China's Rise? Will ASEAN Be Damaged?
- 2 MIA & AKPK - Financial and Debt Management Initiatives for SMEs and Individuals



(E) Financial Industry

- 1 EY/Generali - AML/CFT Independent Validation
- 2 BNPP - Sukuk: An Introduction
- 3 BNM Sasana Symposium 2023
- 4 ALLIANCE - Banking Secrecy and MCIPD FY23/24
- 5 Carbon Trust UK - Knowledge Sharing Session on Carbon Accounting
- 6 BIS - The Singapore Fintech Festival

**(F) Sustainability**

- 1 KWAP - Sustainability Training
- 2 Asian Institute of Chartered Bankers - Sustainability in the Digital Era
- 3 BNPP - Sustainable Future Forum Singapore
- 4 BNPP - Sustainability Training for the Board of Directors
- 5 Octagon Advisors - Sustainability Training: Climate Risk Management
- 6 Deloitte - International Sustainability Standards Board (ISSB) Reporting Readiness
- 7 AT Kearney - Sustainability Strategy & Culture
- 8 ALLIANCE - Sustainability

**(G) Others**

- 1 Asia Asset Management - 11th Annual Malaysia Roundtable
- 2 KWAP - Investment Retreat
- 3 ASEAN Social Security Association (ASSA) Conference 2023
- 4 ICLIF Executive Education Center, Asia School of Business - Essentials for Effective Remuneration Committees
- 5 ICAEW - My Career Journey in Corporate Malaysia, Mohd Bakke Salleh
- 6 ALLIANCE - Data Management FY22/23
- 7 BIS - BIS Innovation Summit
- 8 BIS - Point Zero Forum
- 9 CGC Board Induction Programme for New Director - Kellee Kam Chee Khiong

CORPORATE GOVERNANCE OVERVIEW STATEMENT

XIII. BOARD COMMITTEES

The Board delegates certain authority to its respective Board Committees to assist in discharging its fiduciary duties and responsibilities, while ensuring independent oversight. This allows the Board to spend additional time and focus on deliberating on specific and pertinent issues.

Each Board Committees TOR sets out its responsibilities and the conduct of meetings including quorum, voting requirements and Board Committee membership. Board Committees operate under the approved TORs set by the Board, which are reviewed and updated from time to time. The Board Committees operate principally in a review or advisory capacity and their deliberations are reported to the Board, where the ultimate decision lies, except for matters which specifically confer powers and authorisation on a committee.

The Board Digital Committee (BDC) (formerly known as Board imSME Committee) was disbanded effective 31 January 2023 as part of the Board's initiative to encourage its subsidiary, CGC Digital Sdn Bhd, incorporated in July 2022, to step up and take the lead on digital transformation initiatives/projects.

The Board currently has a total of four (4) Board Committees. A description of each Board Committees by the Board is 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 risk, 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 risk 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, Board Committees 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

Where appropriate, the Directors may seek independent professional advice in respect of their duties to the Board and its BCs to assist and enable the Directors to make independent and informed decisions, at the cost of CGC. 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), that conflicts with CGC, in accordance with the Companies Act 2016 and Board Charter.

XVI. SUPPLY OF AND ACCESS TO INFORMATION

The Board is supplied with timely updates and full, unrestricted access to information about the Group’s business and affairs to enable them to discharge their duties effectively.

Prior to meetings, Board materials including agenda and reports relevant to the issues of the meetings are uploaded electronically into a digital platform for Board members. All Directors have full and timely access to information, with Board papers distributed in advance of meetings. This practice ensures that Board members have sufficient time to appreciate issues deliberated on at meetings and to seek explanation and clarification, if required. This, in turn, enhances the decision-making process.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Board Audit Committee (BAC) plays a crucial role in enhancing the governance and oversight mechanisms within the CGC Group, focusing on integrity of financial reporting and effectiveness of risk management, governance, and internal control systems. It accomplishes this through assessments conducted by the Internal Audit Division (IAD), maintaining oversight over the IAD’s independence, scope and resources, and periodically reviewing audit reports to ensure that CGC Group governance standards are upheld.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board plays a crucial role in Corporate Governance (CG). It strives to instil an effective risk governance structure through the Enterprise Risk Management (ERM) Framework in meeting its obligations to benefit customers, shareholders and other stakeholders. As risk evolves and is present in all CGC activities, owing to the dynamic business landscape, the Board continuously reviews CGC’s policies, procedures and processes to ensure that they remain 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.
- Updating its frameworks and policies, such as the recent Technology and Cyber Risk Management Framework.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The above is demonstrated by the Board through:

1

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 misstatement or loss.

2

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.

3

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 neither identified, nor was advised of, any failings or weaknesses which it has determined to be significant.

Further details on Risk Management and Internal Control Framework can be found in Risk Management and Internal Control Statement on pages 255 to 261.

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

I. RELATIONSHIP WITH STAKEHOLDERS

CGC recognises the importance of maintaining a satisfactory and fulfilled relationship with its various stakeholders, and is committed to promoting transparency, disclosure and accountability with them.

II. RELATIONSHIP WITH EMPLOYEES

Significant efforts are made to nurture a productive, engaged and welcoming workplace, directly contributing to the organisation's mission and objectives. The relationship with employees is central, involving the development of a supportive organisational structure, enhancing skills and capabilities for future growth, and addressing current challenges.



Regular communication keeps employees engaged with updates via HCcomms, HR Teams Channel, Quarterly Town Hall, leadership sessions, and HR suggestion box.



Leadership excellence is fostered through inter- and intra-division sessions and direct engagement activities like the Management Walkabout during Merdeka Month, aiming to inspire the spirit of independence and strengthening leadership connection within the organisation.



Various training programmes (internal and external) were offered to address several aspects of core and technical competencies.



Enhancing staff benefits and welfare, supporting employee well-being, and reinforcing a nurturing, supportive work environment.



Several events are staged every year to appreciate employees: Long Service Awards, birthday wishes, and farewell celebrations for retirees.



Employees are engaged in a more informal setting through Kelab Rekreasi CGC (KRCGC) activities, such as treasure hunts, sports activities, solat hajat and recreational activities.

1 Enhance Organisational Effectiveness

Enhancing organisational effectiveness involving clear communication, recognising achievements, fostering professional growth, and building a motivated and efficiency-driven team aligned with strategic goals.

2 Capability & Capacity Building

Empowering employees by expanding their skills and resilience through targeted training, mentorship, and continuous learning, ensuring CGC's growth aligns with CGC strategic objectives to foster an environment where talent thrives.

3 Energise Employees

Continuous engagement initiatives at both corporate and divisional levels are deployed to energise employees, ensuring the team remains motivated and unified.

III. RELATIONSHIP WITH CUSTOMERS

The Client Service Centre (CSC) assists CGC in providing excellent customer service experience through timely and accurate response to received enquiries via its omnichannel, such as call, email, letter, walk-in and social media as well as a Complaint Management Centre to coordinate effective and efficient closure. Alternatives and solutions to customer issues are also available to manage customer's experience and expectations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



In 2023, CSC continued to serve customers via its omnichannel, supporting the chain of customer experience for imSME. This helps them complete their journey on the platform, as well as provide advisory for MyKNP@CGC through inbound and outbound calls.



CSC attended to 11,328 inquiries, resolving them according to our Client Charter. CSC continues to maintain outstanding First Call Resolution Rate (FCR) at 94%, exceeding the target of 80%.



Abandoned call rate is below the tolerable threshold of 5%, of which only 0.06% or equivalent to only 4 abandoned calls against 6,529 calls received. Nevertheless, CSC managed to call back each customer, assisting them accordingly.



In ensuring continuous timely customer service, 99% of calls were answered within 20 seconds, exceeding the target of 80%.



As a Complaint Management Centre for the Corporation, CSC manages and coordinates complaints among various stakeholders to ensure all cases are closed within the Client Charter of 10 working days. On average, complaint cases were closed within 5 working days.



All emails are attended to within the Charter of 24 working hours.



As a virtual communication channel, CSC continuously leads the Chatbot project, also known as imSME Digital Assistant (iDA) under the imSME platform. This provides virtual assistance to customers in reaching CGC, assisting customers with inquiries related to CGC and imSME. Overall, the Chatbot attended to 24,057 users with 81,058 interactions.

IV. RELATIONSHIP WITH SUPPLIERS



Fair Treatment

It is imperative that CGC continues treating all suppliers equally and fairly to foster trust and mutual respect.



Long term Partnership

CGC practises cultivating long-term relationships with suppliers that benefit both parties, such as cost efficiencies, supply chain resilience and sharing best practices, encouraging suppliers to prioritise CGC's needs.



Vendor Code of Conduct

Outlines principles and expectations that CGC upholds for its suppliers, which include ethical standards, sustainability, anti-bribery, anti-money laundering, conflict of interest, compliance and legal protection.



Whistleblowing

CGC has set up multiple channels for suppliers to report inappropriate, unethical or unlawful behaviour and practices by management or employees.



Environment, Social and Governance (ESG)

CGC will continue to focus on promoting ESG practices and building initiatives for suppliers to embark on driving their sustainability agenda, in line with CGC's values.

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 promptly 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 Management of CGC. Active attendance, 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, Management or External Auditors of CGC shall respond to questions accordingly during the meeting.

Another alternative channel of communication through the publication of the Annual Report and CGC's website, www.cgc.com.my, has been made available to shareholders. This enables them to conveniently access 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, it is also mindful of the legal and regulatory framework governing release of material and price-sensitive information to the public.

VI. ANNUAL GENERAL MEETING (AGM)

The 50th AGM was held virtually by leveraging technology in accordance with Section 327 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 promotes shareholders' participation as this enables them to participate remotely, from any location.

The Board ensures that sufficient notice and time are given to the shareholders 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 51st 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 proposed resolutions.

The Directors are committed to attending 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 during the year:

1	Faisal Ismail	Chairperson/Independent Non-Executive Director
2	Dato' Ong Eng Bin	Independent Non-Executive Director <i>Ceased as a BAC member on 14 October 2023</i>
3	Saleha M. Ramly	Independent Non-Executive Director
4	Kellee Kam Chee Khiong	Independent Non-Executive Director <i>Appointed as BAC member on 16 October 2023</i>

There were three (3) members of the Board Audit Committee (BAC) at the beginning of 2023. All three BAC members were Independent Non-Executive Directors. Dato' Ong Eng Bin retired as a Director of CGC on 14 October 2023 and ceased as a BAC member. He was replaced by a new member, Kellee Kam Chee Khiong, who joined the Board on 16 October 2023.

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 234 shows the Directors' meeting attendance 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 (IA) to conduct audits and investigations on any entities within CGC Group or any matters within its Terms of Reference.

ROLES AND RESPONSIBILITIES

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 2023 Internal Audit Plan and the Internal Audit Budget on 2 December 2022. In approving the Audit Plan, the BAC reviewed the risk-based methodology and staffing adequacy to ensure effective implementation of the Audit Plan. A half-year review of the 2023 audit plan was conducted and approved on 13 July 2023.
- Approved the 2023 Key Performance Indicators (KPIs) of the Chief Internal Auditor (CIA) and evaluated the CIA's 2023 performance.
- Reviewed the performance and progress of IA in achieving the annual audit plan. This review was conducted to ensure that internal audit activities were aligned with the Internal Audit Strategy (2022-2024) approved on 7 December 2021.
- Deliberated on the audit reports, the audit recommendations, and the Management's responses. The BAC met six (6) times in 2023 to deliberate on the 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's actions 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 the External Auditors and Bank Negara Malaysia Auditors. The ACC met twelve (12) times in 2023. The BAC reviewed the ACC status of actions taken by Management during every BAC meeting.

EXTERNAL AUDIT

- Reviewed and approved the External Auditor's 2023 Audit Plan and scope of work on 17 October 2022. The Audit Plan highlighted areas that would receive special consideration and the resources to execute the Audit Plan. The BAC also evaluated the objectivity and independence of the External Auditor.
- Management presented a paper on the Distribution of Dividends for Financial Year Ended 31 December 2022 on 7 April 2023 for the BAC's consideration, assessment and endorsement to the Board.
- Completed the annual assessment of the External Auditor, evaluating their fees proposed, value-added services, firms' and partners' credentials, as well as the quality of the presentations before recommending their appointment to the Board for the *Board's consideration and, if satisfactory*, approval. Ernst & Young (EY) was appointed as External Auditor for Financial Year 2023, replacing PricewaterhouseCoopers (PwC).
- Met with the External Auditor on 4 April 2024, without Management presence, and discussed matters privately, communicated, and obtained 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 External Auditor's performance in 2023.
- Assessed the performance and effectiveness of the Auditor and the audit process, including an assessment of audit quality, The External Auditor's handling of key judgement issues, and External Auditor responses to questions from the BAC.
- Reviewed and recommended to the Board for approval the fees and provisions for audit and non-audit based services provided by the External Auditor, in accordance with established procedures. The review of non-audit based services was to ensure that the provision of such services does not impair the External Auditor's judgement or objectivity.

BOARD AUDIT COMMITTEE REPORT

FINANCIAL REPORTING

Received and reviewed comprehensive reports from the External Auditor, which included the audited financial statements, accounting policies, judgements and disclosure requirements.

INTERNAL AUDIT

The IA 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. IA 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.

IA 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.

IA leveraged technology to enhance the effectiveness and efficiency of its audits. Specifically, data analytics has enabled IA to review larger numbers of transactions than it previously could with sampling, increased efficiency through automation and deriving greater insights from its audits.

As of 31 December 2023, the number of audit staff was twenty (20) against the total approved twenty-three (23).

IA’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, IA 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 controls, enterprise risk management and fraud deterrence.

IA’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.

IA had unrestricted access to information and sufficient resources required to complete the audits.

IA presented the internal audit reports to the BAC six (6) times in 2023. 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-eight (28) audit assignments were completed in 2023.
- ➔ Out of twenty-eight (28) audit assignments completed, five (5) audits were performed using the data analytics audit approach. In 2023, IA successfully created twenty-seven (27) new audit bots through the use of Robotic Process Automation software. IA also initiated Continuous Auditing by re-running twenty-three (23) previously developed Audit Bots. The bots assisted IA to perform audits effectively and efficiently.
- ➔ Monitored and followed up on the implementation of the audit recommendations and reported the status of outstanding audit findings at every BAC and ACC meeting.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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, legal and business continuity), 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

<p>➔ Risk Culture</p> <p>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.</p>	<p>➔ Risk Management Policies and Procedures</p> <p>Our effective risk management provides policies, procedures and processes that enable CGC to function effectively in a changing environment. It is a process of:</p> <ul style="list-style-type: none"> • 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
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Adherence to Compliance Standards

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:

1. The outcomes of risk-taking activities are consistent with our strategies and risk appetite.
2. 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.

<p>1 Capital</p>	<ul style="list-style-type: none"> • Guarantee Reserve Ratio • Capital Adequacy Ratio
<p>2 Liquidity</p>	<ul style="list-style-type: none"> • Liquidity Gap
<p>3 Financial Risk</p>	<ul style="list-style-type: none"> • Credit • Market
<p>4 Non-Financial Risk</p>	<ul style="list-style-type: none"> • Operational • People • Business Continuity Plan
<p>5 Compliance</p>	<ul style="list-style-type: none"> • Anti-Money Laundering/Combating the Financing of Terrorism • Regulatory • Shariah Non-Compliance Risk
<p>6 Business Related Risk</p>	<ul style="list-style-type: none"> • Reputation • Investment • Strategy
<p>7 Integrity and Governance</p>	<ul style="list-style-type: none"> • Corruption and Bribery Risk

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)

BCM culture is embedded and integrated within CGC's strategic plans to ensure its alignment with business priorities. CGC's 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.

Post Covid-19, we have increased the need for continued operational resilience of our people, processes and infrastructure through established crisis management and business continuity policies and procedures. This includes several processes which have been embedded as the new norm into the business and operations routine, and continuous assessments to ensure business continuity and recovery strategies are evaluated, and tested and in working order.

Crisis Management

The aim of Crisis Management 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 at least once annually and realignment of AAM is performed. This caters to changes in organisational structure to ensure effective decision-making based on proper governance.

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, and operational, business, or project level of Shariah-compliant schemes/products offered by the Corporation.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 anti-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 Bank Negara Malaysia, and its own internal Anti-Money Laundering/Combating the Financing of Terrorism policy and procedures, as well as best practices recommended by the Financial Action Task Force.

Personal Data Protection Act

As a user of personal data, CGC is under 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.

Technology and Cybersecurity Risk Management

The systematic management of technology and cyber risk is in accordance with relevant regulatory requirements and industry best practices intended to ensure effective protection of the Corporation’s IT ecosystem. The Corporation has its own Technology and Cybersecurity Risk Framework and Policy as a guidance to all staff on the management of technology and cyber risk. This includes the identification, evaluation, treatment, monitoring, reporting, and communication of the risks inherent to the Corporation’s activities.

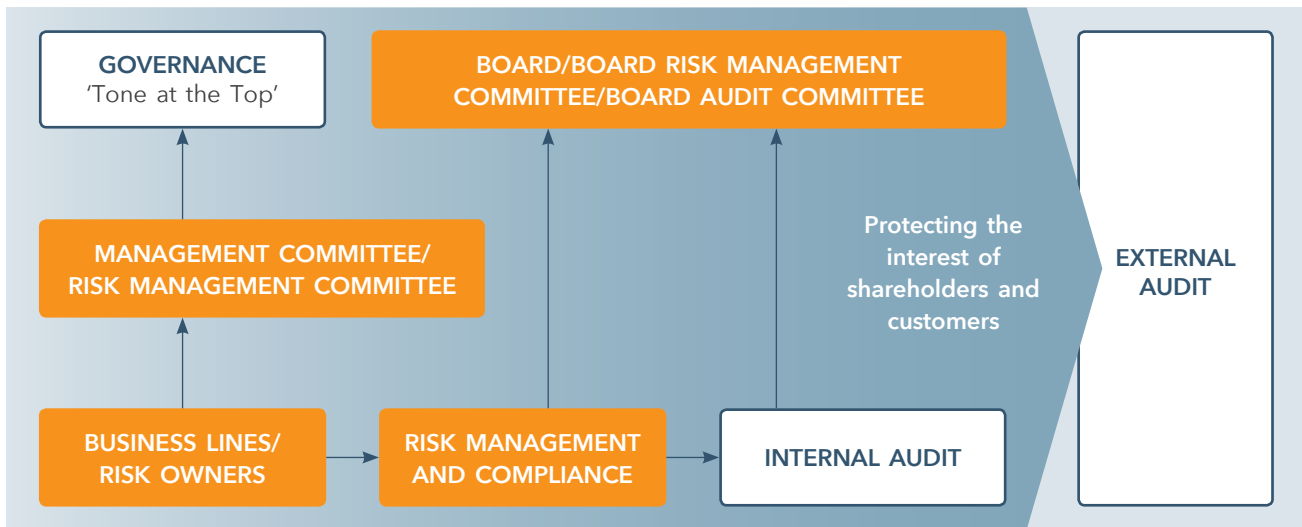
RISK MANAGEMENT PROCESSES

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.

<p>➔ Risk Identification</p> <p>Identify risks that need to be managed.</p>	<p>➔ Risk Assessment</p> <p>Analyse root causes of the risk and determine the likelihood and impact of risk exposure (either quantitatively or qualitatively).</p>	<p>➔ Risk Mitigation</p> <p>Determine appropriate risk mitigation actions that address root causes of the risk.</p>
<p>➔ Risk Monitoring</p> <p>Design an accountability structure within which risks and corresponding risk mitigation actions are implemented and continuously monitored.</p>	<p>➔ Risk Reporting</p> <p>Design a process of risk information reporting to enable risk monitoring and risk-based decision making.</p>	<p>➔ Risk Communication</p> <p>Enable ongoing sharing of ‘lessons learnt’ across the Corporation’s business areas.</p>

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.



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

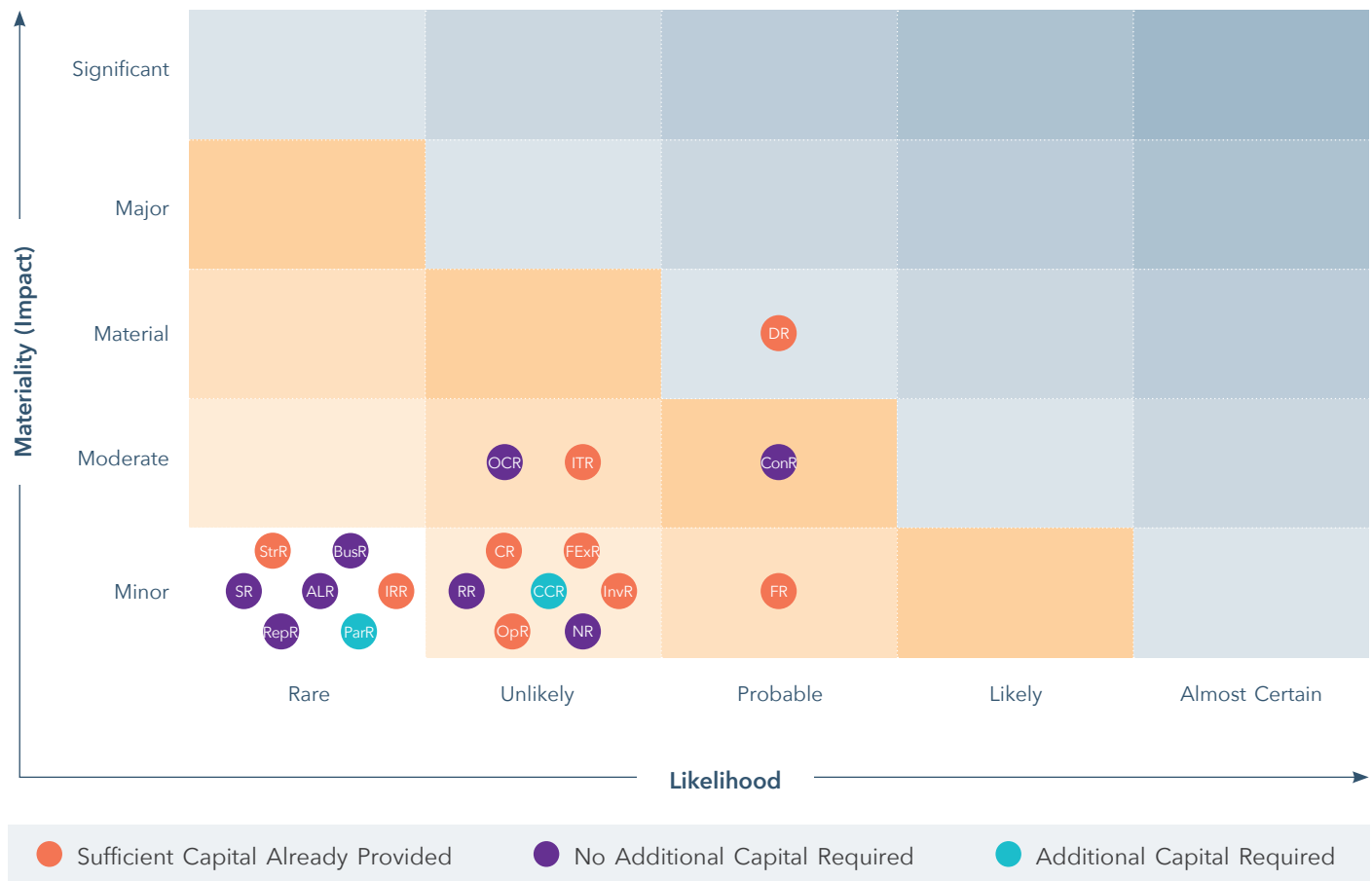
The Internal Audit function provides independent assurance on the design and operating effectiveness of the governance, risk management and internal control framework. It also facilitates enhancement, where appropriate.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Governing and Oversight Functions

The Board provides oversight directly and indirectly through its 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 committees in implementing an effective risk management framework, embedded throughout the Corporation.

SIGNIFICANT MATERIAL RISKS OF CGC



Legend

- | | | | |
|--|---|---|--|
| ● ALR Asset Liquidity Risk | ● DR Default Risk | ● ITR IT Risk | ● RepR Reputation Risk |
| ● BusR Business Risk | ● FR Fraud Risk | ● NR Name Risk | ● RR Recovery Risk |
| ● CR Country Risk | ● FExR Foreign Exchange Risk | ● OpR Operational Risk (excluding Fraud) | ● SR Settlement Risk |
| ● ConR Concentration Risk | ● InvR Investment Risk | ● OCR Opportunity Cost Risk | ● StrR Strategic Risk |
| ● CCR Counterparty Credit Risk | ● IRR Interest Rate Risk | ● ParR Participation 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. The Corporation has been continuously working on initiatives to mitigate operational risk (including 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.

STATUTORY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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DIRECTORS' REPORT

- 31 DECEMBER 2023

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2023.

DIRECTORS

The Directors in office during the financial year and up to the date of this report are:

Dato' Mohammed bin Haji Che Hussein (Chairman)
 Encik Choong Tuck Oon
 Encik Faisal bin Ismail
 Puan Saleha binti M. Ramly
 Encik Lim Choon Eng
 Encik Suhaimi bin Ali
 Encik Kellee Kam Chee Khiong - appointed on 16 October 2023
 Dato' Syed Moheeb bin Syed Kamarulzaman - retired on 14 January 2023
 Encik Suresh Kumar a/l T.A.S Menon - retired on 20 June 2023
 Encik Teoh Kok Lin - retired on 26 June 2023
 Dato' Ong Eng Bin - retired on 14 October 2023

The Directors of the Company's subsidiary who have held office during the financial year and up to the date of this report are:

CGC Digital Sdn. Bhd.

Encik Choong Tuck Oon (Chairman)
 Datuk Mohamad Zamree bin Mohamad Ishak
 Encik Lim Choon Eng
 Encik Suhaimi bin Ali

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiary and associates are disclosed in Notes 7 and 8 to the financial statements, respectively.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	50,016	58,354

DIRECTORS' REPORT

- 31 DECEMBER 2023

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 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 its subsidiary 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 2023.

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	736	672
Directors' other emoluments	835	766

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 coverage 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 by the Company was RM0.1 million (2022: 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.

DIRECTORS' REPORT

- 31 DECEMBER 2023

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 other than in the ordinary course of business.
- (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 their obligations when they fall due.
- (e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and 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.

DIRECTORS' REPORT

- 31 DECEMBER 2023

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and the Company are RM462,000 and RM457,000 respectively while non-audit fees amounted to RM45,600 for the Group and the Company. 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's economic growth settled at 3.7% in 2023, following the strong growth registered in the previous year (2022: 8.7%). Growth moderated amid a challenging external environment, mainly due to slower global trade, the global tech downcycle, geopolitical tensions and tighter monetary policies globally.

In the challenging economic conditions of 2023, CGC registered a commendable performance, evidenced by growth in revenues, as well as in guarantee approvals. Meanwhile, Micro, Small and Medium Enterprises ("MSME") support continued through the CGC's Beyond Guarantee initiatives.

(a) Overall Performance

CGC continued to record higher total revenue. This grew by 8.6% to RM233.0 million (2022: RM214.5 million), with the main contributor being guarantee fees from Portfolio Guarantee ("PG") schemes.

A stellar performance was recorded in 2023 in terms of approval value. During the year, CGC approved more than 10,000 new guarantee and financing accounts with an aggregate approval value of RM5.1 billion. This figure represented a 45.7% year-on-year growth (2022: RM3.5 billion). PG schemes continued to be the significant contributors, with over 90% share of the year's total guarantee approval value.

CGC also approved over 200 accounts for its contract financing scheme, Tabung Pembangunan Usahawan Bumiputera-i ("TPUB-i"). The total approved amount in 2023 was RM115.0 million, a 42.0% year-on-year growth (2022: RM81.0 million). This scheme is to address financial inclusion, aimed specifically at Bumiputera contractors.

Under the Beyond Guarantee pillar, over 80,000 MSMEs had been assisted through the CGC Developmental Programme® as of December 2023. Through imSME, a hassle-free platform allowing MSMEs to access real-time information on financing/loan products whenever they wish, over 6,000 accounts amounting to RM617.0 million had been approved as of December 2023. Khidmat Nasihat Pembiayaan ("MyKNP@CGC") continues to provide financial advisory support to MSMEs, with more than 3,900 enquiries received as at year end since its establishment in August 2019.

(b) Key Performance Indicators ("KPIs")

2023 marked the third year of the 5-Year Strategic Plan ("5SP") 2021-2025. CGC managed to record at least 89.0% achievement in the Headline Targets set in the 5SP i.e. Guarantee & Financing Base, Number of MSMEs Assisted through Financial Assistance, Guarantee Reserve Ratio and Cost-to-Income Ratio.

DIRECTORS' REPORT

- 31 DECEMBER 2023

BUSINESS REVIEW (CONTINUED)

(c) Key Risks and Mitigations

CGC practises 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.

CGC enhanced and tested its business continuity plan, enabling it to continue to provide critical business functions, while protecting staff and customer health and well-being. Nevertheless, there was increased exposure to cyber-attack risks due to 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 risks, 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 risks through strong commitment from the Board of Directors, Senior Management and the Compliance and Integrity Division. Compliance risks in CGC includes risk of legal or regulatory sanctions, material financial loss and 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 and timely reporting to the Board of Directors and Senior Management of any emerging risks or concerns, CGC ensures constant staff awareness vis-à-vis compliance risks through a variety of training courses and knowledge-sharing sessions.

(d) Human Resource Management

At CGC, our commitment to the core values encapsulated by the acronym THINK (Teamwork, Hardworking, Integrity, Nurturing, and Knowledgeable) is the bedrock of our organisational culture, profoundly shaping our belief in the value of every team member. These principles guide us in fostering a supportive and inclusive environment where each individual is given the tools and opportunities to carve out his/her own path to success. By emphasising teamwork, we cultivate a collaborative atmosphere that encourages collective problem-solving and innovation. Our expectation for hard work is matched by our commitment to integrity, ensuring that our actions are always aligned with ethical standards and mutual respect.

In 2024, CGC's Human Resource ("HR") strategy will propel us towards a high-performing, future-ready culture. We will achieve this through multiple approaches, from data-driven job evaluations, competency-based training, and innovative learning initiatives that will equip our workforce for the challenges ahead. We will emphasise emotional intelligence and collaborative spaces to enhance personal and professional growth. Our recruitment and data-driven performance management will aim to elevate organisational capabilities and attract top talent. This holistic approach will ensure CGC remains a dynamic workplace that fosters continuous growth and prepares our team for a successful, future-ready trajectory.

(e) Corporate Social Responsibility ("CSR")

Our CSR initiatives are aligned with the United Nations Sustainable Development Group ("UNSDG") agenda that CGC is committed to uphold, while ensuring that our CSR activities incorporate and promote sustainability. In 2023, CGC continued to reach out to a wider group of unserved and underserved members of communities nationwide, especially amongst the B40 category. CGC assisted approximately 29,700 beneficiaries through its various CSR initiatives.

DIRECTORS' REPORT

- 31 DECEMBER 2023

BUSINESS REVIEW (CONTINUED)

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

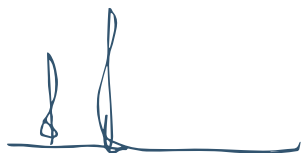
Guided by CGC's key CSR pillars - education, healthcare, and community development - the CGC100 Youth Entrepreneurship Programme ("CGC100 Programme") successfully graduated 20 participants from the Fast Track programme. The programme is a joint collaboration with PINTAR Foundation and is supported by the Ministry of Education. Currently, CGC is preparing to graduate an additional 30 participants from the Comprehensive Track in the first quarter of 2024. In line with our dedication to innovation, we have incorporated cutting-edge modules like Business & Sustainability, reflecting the CGC100 Programme's focus on enhancing skills and fostering adaptability. This CGC 100 initiative targets selected young people aged 18 - 23 from the B40 and M40 communities in Malaysia, providing them with soft skills, business acumen, and entrepreneurial expertise to foster their success as entrepreneurs. In the second quarter of 2024, the second group of the Fast Track programme, with 20 participants, will commence.

CGC remains dedicated to giving back to communities that most need services, aiming to improve quality of life among the unserved and underserved communities, as part of its contribution towards nation-building.

AUDITORS

The auditors, Ernst & Young PLT has expressed its willingness to accept reappointment as the external auditors of the Company and its subsidiary.

This report was approved by the Board of Directors on 23 April 2024. Signed on behalf of the Board of Directors:



DATO' MOHAMMED BIN HAJI CHE HUSSEIN

Chairman



FAISAL BIN ISMAIL

Director

Kuala Lumpur

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 272 to 378 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 2023 and of the financial performance and the cash flows of the Group and of the Company for the financial year ended 31 December 2023 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 23 April 2024.

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, **NURUL AMNI BINTI MOHD AMIN (CA 45480)**, 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 272 to 378 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.

NURUL AMNI BINTI MOHD AMIN

Subscribed and solemnly declared by the abovenamed Nurul Amni Binti Mohd Amin at Petaling Jaya, Selangor on 23 April 2024.

Before me,

COMMISSIONER FOR OATHS



INDEPENDENT AUDITORS' REPORT

to the members of Credit Guarantee Corporation Malaysia Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Credit Guarantee Corporation Malaysia Berhad, which comprise the statements of financial position as at 31 December 2023 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 year then ended, and notes to the financial statements, including a material accounting policy information, as set out on pages 272 to 378.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

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 audit 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 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, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

to the members of Credit Guarantee Corporation Malaysia Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- 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 the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 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.
- 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.
- 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

The financial statements of the Group and of the Company for the financial year ended 31 December 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 18 April 2023.

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.

Ernst & Young PLT
 202006000003 (LLP0022760-LCA) & AF 0039
 Chartered Accountants

Muhammad Syarizal bin Abdul Rahim
 No. 03157/01/2025 J
 Chartered Accountant

Kuala Lumpur, Malaysia
 23 April 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Property, plant and equipment	4	10,617	11,361	10,617	11,361
Intangible assets	5	12,212	15,333	10,898	15,333
Right-of-Use ("ROU") assets	6	3,793	2,328	3,793	2,328
Investment in subsidiary*	7	-	-	20,000	-
Investment in associates	8	9,450	10,020	7,141	7,141
Investment securities: Fair value through profit or loss ("FVTPL")	9	1,164,900	1,078,990	1,164,900	1,078,990
Investment securities: Fair value through other comprehensive income ("FVOCI")	10	2,771,768	2,563,981	2,767,074	2,563,981
Investment securities: Amortised cost	11	181,532	181,266	181,532	181,266
Derivative financial assets	12	12,293	12,253	12,293	12,253
Term deposits	13	424,995	310,210	421,991	310,210
Financing, loans and advances	14	152,582	254,058	152,582	254,058
Amount due from a subsidiary		-	-	1,644	680
Amount due from an associate		-	16	-	16
Other receivables	15	27,028	30,903	27,022	30,903
Deferred tax assets	39	-	-	-	-
Cash and cash equivalents		337,523	488,158	331,349	488,158
TOTAL ASSETS		5,108,693	4,958,877	5,112,836	4,956,678
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	767,322	925,110	767,322	925,110
Retained earnings		1,718,451	1,510,647	1,724,621	1,508,479
FVOCI reserve	18	69,324	(9,785)	69,324	(9,785)
TOTAL EQUITY		4,340,697	4,211,572	4,346,867	4,209,404
Amount due to Bank Negara Malaysia ("BNM")	19	37,957	30,194	37,957	30,194
Funds from BNM	20	156,067	225,786	156,067	225,786
Tabung Usahawan Kecil ("TUK")	21	30,000	42,000	30,000	42,000
Government funds	22	9,602	14,605	9,602	14,605
Small Entrepreneurs Financing Fund ("SEFF")	23	-	-	-	-
Derivative financial liabilities	24	14,538	13,544	14,538	13,544
Expected credit losses for guarantee schemes	25	363,450	282,685	363,450	282,685
Claims payable		1,588	4,417	1,588	4,417
Other payables	26	150,868	131,632	148,841	131,601
Lease liabilities	6	3,926	2,442	3,926	2,442
Deferred tax liabilities	39	-	-	-	-
TOTAL LIABILITIES		767,996	747,305	765,969	747,274
TOTAL EQUITY AND LIABILITIES		5,108,693	4,958,877	5,112,836	4,956,678

* Investment in subsidiary at Company level in FY2022 amounted to RM1

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	29	233,023	214,523	233,023	214,523
Investment income	30	243,478	117,135	243,478	117,135
Other operating income	31	476,501 60,992	331,658 81,923	476,501 61,694	331,658 81,923
Total income		537,493	413,581	538,195	413,581
Staff costs	32	(99,117)	(88,126)	(93,406)	(87,447)
Depreciation on property, plant and equipment	4	(4,153)	(4,464)	(4,153)	(4,464)
Amortisation of intangible assets	5	(5,868)	(6,524)	(5,853)	(6,524)
Interest expense for Government loans		-	(1,500)	-	(1,500)
Other operating expenses		(52,338)	(67,344)	(50,998)	(67,296)
Total operating expenses		(161,476)	(167,958)	(154,410)	(167,231)
Total operating profit before expected credit losses		376,017	245,623	383,785	246,350
Expected credit losses for guarantee schemes	25	(293,774)	(169,177)	(293,774)	(169,177)
Expected credit losses for financing, loans and advances	14	(31,232)	(18,945)	(31,232)	(18,945)
Expected credit losses for investment securities and others	33	(425)	385	(425)	385
Total expected credit losses		(325,431)	(187,737)	(325,431)	(187,737)
Total operating profit		50,586	57,886	58,354	58,613
Share of (loss)/profit after tax of an associate	8(b)	(570)	2,258	-	-
Profit from continuing operations	34	50,016	60,144	58,354	58,613
Taxation	39	-	-	-	-
Net profit for the financial year		50,016	60,144	58,354	58,613
Other comprehensive income: Items that may be subsequently reclassified to profit or loss					
- Net fair value gain/(loss) on FVOCI investments		78,533	(49,480)	78,533	(49,480)
- Changes in expected credit losses for FVOCI investments		576	(60)	576	(60)
Other comprehensive income/(loss) for the financial year		79,109	(49,540)	79,109	(49,540)
Total comprehensive income for the financial year		129,125	10,604	137,463	9,073
Net profit for the financial year attributable to: Shareholders of the Company		50,016	60,144	58,354	58,613
		50,016	60,144	58,354	58,613
Total comprehensive income for the financial year attributable to: Shareholders of the Company		129,125	10,604	137,463	9,073
		129,125	10,604	137,463	9,073

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	←----- Attributable to Shareholders of the Company ----->								
	←----- Non-Distributable ----->				Distributable				
		Special	Skim		Special				
	Note	Share	Programme	Perbankan	Special	FVOCI	Retained	Total	
		capital	reserve	Islam ("SPI")	reserve	reserve	earnings	equity	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
Balance as at 1 January 2023		1,785,600	-	-	458,245	466,865	(9,785)	1,510,647	4,211,572
Total comprehensive income for the financial year		-	-	-	-	-	79,109	50,016	129,125
Transfer between reserves	17	-	-	-	(177,231)	19,443	-	157,788	-
Balance as at 31 December 2023		1,785,600	-	-	281,014	486,308	69,324	1,718,451	4,340,697
<hr/>									
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
<hr/>									
Company									
Balance as at 1 January 2023		1,785,600	-	-	458,245	466,865	(9,785)	1,508,479	4,209,404
Total comprehensive income for the financial year		-	-	-	-	-	79,109	58,354	137,463
Transfer between reserves	17	-	-	-	(177,231)	19,443	-	157,788	-
Balance as at 31 December 2023		1,785,600	-	-	281,014	486,308	69,324	1,724,621	4,346,867
<hr/>									
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

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit for the financial year	50,016	60,144	58,354	58,613
Adjustments for:				
Depreciation on property, plant and equipment	4,153	4,464	4,153	4,464
Depreciation on ROU assets	1,634	1,679	1,634	1,679
Amortisation of intangible assets	5,868	6,524	5,853	6,524
Write-off of property, plant and equipment	-	216	-	216
Write-off of intangible assets	83	3,243	83	3,243
Interest expense for lease liability	195	171	195	171
Realised gain on FVOCI investments	(510)	-	(510)	-
Realised loss on FVTPL investments	5,228	14,245	5,228	14,245
Unrealised fair value (gain)/loss on FVTPL investments	(70,252)	44,904	(70,252)	44,904
Accretion of premium on FVTPL investments	(967)	(485)	(967)	(485)
Amortisation of premium on FVOCI investments	1,367	1,570	1,367	1,570
Realised loss on derivatives	22,963	17,353	22,963	17,353
Unrealised loss on derivatives	954	3,423	954	3,423
Expected credit losses for guarantee schemes	293,774	169,177	293,774	169,177
Expected credit losses for financing, loans and advances	31,232	18,945	31,232	18,945
Expected credit losses for investment securities and others	425	(385)	425	(385)
Derecognition of Government fund	(5,003)	(8,325)	(5,003)	(8,325)
Interest expense on Government loans	-	1,500	-	1,500
Loss on disposal of an associate	-	19	-	3
Share of loss/(profit) after tax of associate	570	(2,258)	-	-
	341,730	336,124	349,483	336,835
Decrease/(Increase) in interest receivable for investments	2,510	(3,374)	2,510	(3,374)
Increase in amount due from a subsidiary	-	-	(964)	(680)
Decrease/(Increase) in other receivables	3,875	(8,466)	3,881	(8,466)
Decrease/(Increase) in financing, loans and advances	70,244	(42,475)	70,244	(42,475)
Decrease in claims payable	(215,838)	(132,920)	(215,838)	(132,920)
Decrease in amount due from an associate	16	141	16	141
Increase/(Decrease) in other payables	19,236	(14,295)	17,240	(14,326)
Net cash inflows from operating activities	221,773	134,735	226,572	134,735

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(3,409)	(4,805)	(3,409)	(4,805)
Purchase of intangible assets	(2,830)	(5,363)	(1,501)	(5,363)
Increase in investment in subsidiary*	-	-	(20,000)	-
Purchase of FVTPL investments	(457,979)	(439,760)	(457,979)	(439,760)
Purchase of FVOCI investments	(363,836)	(594,921)	(359,142)	(594,921)
Proceeds from liquidation of investments in associate	-	197	-	197
Redemption of Amortised Cost investments	-	80,000	-	80,000
Proceeds from disposal of FVOCI investments	235,569	85,000	235,569	85,000
Proceeds from disposal of FVTPL investments	433,592	378,794	433,592	378,794
Increase in derivative financial liabilities - net	(22,963)	(17,352)	(22,963)	(17,352)
(Decrease)/Increase in term deposits - net	(114,785)	765,483	(111,781)	765,483
Net cash (outflows)/inflows from investing activities	(296,641)	247,273	(307,614)	247,273
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of Small Entrepreneurs Guarantee Scheme ("SEGS")	-	(4,000)	-	(4,000)
Repayment of Tabung Usahawan Kecil ("TUK")	(12,000)	(8,000)	(12,000)	(8,000)
Repayment of Small Entrepreneurs Financing Fund ("SEFF")	-	(6)	-	(6)
Increase in amount due to BNM	7,763	18,522	7,763	18,522
(Decrease)/Increase in funds from BNM	(69,719)	26,664	(69,719)	26,664
Repayment of loan due to BNM	-	(301,500)	-	(301,500)
Repayment of lease liability	(1,811)	(1,887)	(1,811)	(1,887)
Net cash outflows from financing activities	(75,767)	(270,207)	(75,767)	(270,207)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR	(150,635)	111,801	(156,809)	111,801
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	488,158	376,357	488,158	376,357
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	337,523	488,158	331,349	488,158
Cash and cash equivalents comprise the following:				
Cash and bank balances	108,863	106,114	105,691	106,114
Term deposits less than 90 days	228,660	382,044	225,658	382,044
	337,523	488,158	331,349	488,158

* Investment in subsidiary at Company level in FY2022 amounted to RM1

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

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

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 Group and the Company are 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 23 April 2024.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION

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 material accounting policies information.

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 2023:

- Amendments to MFRS 101 & MFRS Practice Statement 2 on Disclosure of Accounting Policies, and MFRS 108 on Definition of Accounting Estimate
- Amendments to MFRS 112, Deferred tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform - Pillar Two Model Rules
- Amendments to MFRS 17, Initial Application of MFRS 17 and MFRS 9 - Comparative Information

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.1 Basis of preparation (continued)

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

Amendments to MFRS 101 & MFRS Practice Statement 2 on Disclosure of Accounting Policies, and MFRS 108 on Definition of Accounting Estimate

The amendments to MFRS 101 require companies to disclose material accounting policies rather than significant accounting policies. Entities are expected to make disclosure of accounting policies specific to the entity and not generic disclosures on MFRS applications. The amendment explains an accounting policy is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Also, accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements.

Accordingly, immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. MFRS Practice Statement 2 was amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments to MFRS 108, redefined accounting estimates as 'monetary amounts in financial statements that are subject to measurement uncertainty'. To distinguish from changes in accounting policies, the amendments clarify that effects of a change in an input or measurement technique used to develop an accounting estimate is a change in accounting estimate, if they do not arise from prior period errors. Examples of accounting estimates include expected credit losses; net realisable value of inventory; fair value of an asset or liability; depreciation for property, plant and equipment; and provision for warranty obligations.

Amendments to MFRS 112, Deferred tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform - Pillar Two Model Rules

The amendments 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, companies are required to recognise both deferred tax assets and liabilities for all deductible and taxable temporary differences arising from such transactions.

Amendments to MFRS 17, Initial Application of MFRS 17 and MFRS 9 - Comparative Information

This amendment relates to the classification of comparative information of financial assets on initial application of MFRS 17 (known as 'classification overlay'). The objective of the amendment is to provide an optional transition provision to reduce the one-time accounting mismatch on comparative information between insurance contract liabilities and related financial assets.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (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 2024. 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 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.
- Amendments to MFRS 16 'Lease Liability in a Sale and Leaseback' (effective 1 January 2024) clarify how companies should subsequently measure the leaseback liability that arises in a sale and leaseback transition. Although MFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place, it has not specified how to measure the sale and leaseback transaction when reporting after that date. Therefore, the amendments add subsequent measurement requirements for the lease liability arising from a sale and leaseback transaction by clarifying that a seller-lessee in a sale and leaseback transaction shall subsequently measure the leaseback liability by applying paragraphs 36 to 46 of MFRS 16. The amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction.

The amendments shall be applied retrospectively to sale and leaseback transactions entered into after the date when the seller-lessee initially applied MFRS 16.

The amendments listed above do not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current and future periods.

2.2 Consolidation, subsidiary and associate

(a) Subsidiary

Subsidiary is an entity 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. Subsidiary is 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.2 Consolidation, subsidiary and associate (continued)

(a) Subsidiary (continued)

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.

Accounting policies of subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiary 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 subsidiary 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 subsidiary

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 subsidiary include the carrying amount of goodwill relating to the subsidiary sold.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.2 Consolidation, subsidiary and associate (continued)

(d) Associate

Associate is an entity 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 associate is 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 associate includes goodwill identified on acquisition.

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 associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associate have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group cease to equity account their associate 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 associate are recognised in the profit or loss.

2.3 Investments in subsidiary and associate in separate financial statement

In the Group's separate financial statements, investments in subsidiary and associate are carried at cost less accumulated impairment losses. On disposal of investments in subsidiary and associate, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the statements of comprehensive income.

The amount due from subsidiary from which the Group does not expect repayment in the foreseeable future is considered as part of the Group's investments in the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.4 Property, plant and equipment

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment initially recognised includes its purchase price, import duties, non-refundable purchase taxes and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in the statements of comprehensive income during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in 'other operating income' in the statements of comprehensive income.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are depreciated on the straight-line method to allocate the cost or the revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

Building	25 years
Leasehold land	Over the remaining lease period
Motor vehicles	5 years
Office equipment	5 years
Furniture, fittings and fixtures	5 years
Renovation	5 years
Computer equipment	5 years

At the end of the reporting period, the Group and the Company 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.5 Intangible assets (continued)

Amortisation is recognised in the statements of comprehensive income on a straight-line basis over the estimated lives of the intangible assets, summarised as follows:

Application software	5 years
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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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.7 Financial assets

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 SPPI are measured at amortised cost. Interest income from these financial assets is included in investment income using the effective interest rate ("EIR") 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 statements 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 Other Comprehensive Income ("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 EIR method. Foreign exchange gains and losses are presented in investment income and impairment expenses are presented as a separate line item in the statements 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 statements of comprehensive income and presented net within investment income in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (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 statements 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
- Financing, loans and advances
- 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.

(i) *General 3-stage approach for financial guarantee contracts and financing, loans and advances 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 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.7 Financial assets (continued)

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.
- **Non-funded product consideration**
For financing commitments, using changes in the risk of a default occurring on the financing to which a financing commitment relates. For financial guarantee contracts, an entity considers the changes in the risk that the specified debtor will default on the contract.
- **Derecognition of SICR**
Financial instruments that move from Stage 2 back to Stage 1 need to have a history of timely payment performance against the modified contractual terms.

Macroeconomic information (such as unemployment rates, gross domestic product and others) is incorporated as part of the internal ECL model.

The Group has also considered the emerging risks arising from climate changes in the form of Management Overlay for ECL.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.7 Financial assets (continued)

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.

Groupings of instruments for ECL measured on collective basis

(i) *Collective assessment*

To measure ECL, financial guarantees and financing, loans and advances have been grouped based on shared credit risk characteristics and the days past due. Financing, loans and advances includes contract assets related to unbilled work in progress and have substantially the same risk characteristics as the other financing, loans and advances. The Group and the Company have therefore concluded that the expected loss rates for financial guarantees and financing, loans and advances are a reasonable approximation of the loss rates for the financial 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.

NOTES TO THE FINANCIAL STATEMENTS

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.7 Financial assets (continued)

Modification of financing and loans

The Group and the Company sometimes renegotiate or otherwise modify the contractual cash flows of financing and loans 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 financing/loans;
- Significant extension of the financing/loans term when the borrower is not in financial difficulty;
- Significant change in the profit/interest rate;
- Change in the currency the financing/loans is denominated in; and
- Insertion of collaterals, other securities or credit enhancements that significantly affect the credit risk associated with the financing/loans.

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 financing/loans to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new financing/loans, 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 EIR, the Group and the Company record a modification gain or loss, to the extent that an impairment loss has not already been recorded.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.7 Financial assets (continued)

Derecognition of financial assets (continued)

(b) *Derecognition other than for substantial modification*

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group and the Company transfer substantially all the risks and rewards of ownership, or (ii) the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and the Group and the Company have not retained control.

2.8 Financial liabilities

Financial liabilities are measured at amortised cost, except for trading liabilities designated at fair value, which are held at FVTPL. Financial liabilities are initially recognised at fair value plus transaction costs for all financial liabilities not carried at FVTPL. Financial liabilities at FVTPL are initially recognised at fair value, and transaction costs are expensed in the statements of comprehensive income. Financial liabilities are derecognised when extinguished.

(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 EIR method.

Other financial liabilities measured at amortised cost are 'amount due to BNM', 'SEFF', 'claims payable' and 'other payables'.

(b) Derecognition

Financial liabilities are derecognised 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.10 Derivative financial instruments

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

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

The Group's and the Company's derivatives do not qualify for hedge accounting. They are classified as FVTPL and accounted for in accordance with the accounting policy set out in Note 2.7.

2.11 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

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

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 lessee

The 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.12 Leases in which the Group and the Company is a lessee (continued)

The Group and the Company as a lessee (continued)

Contracts may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of properties for which the Group and the Company are a lessee, it has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

(a) Lease term

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affects whether the Group and the Company are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities (refer to (d) below).

(b) ROU assets

ROU assets are initially measured at cost comprising the following:

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

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.12 Leases in which the Group and the Company is a lessee (continued)

The Group and the Company as a lessee (continued)

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. (continued)

(c) Lease liabilities (continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statements of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in the statements of comprehensive income in the period in which the condition that triggers those payments occurs.

The Group and the Company present the lease liabilities as a separate line item in the statements of financial position. Interest expense on the lease liability is presented within the finance cost in the statements of comprehensive income.

(d) Reassessment of lease liabilities

The Group and the Company are also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

(e) Short-term leases and leases of low-value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in the statements of comprehensive income.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (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)

The Group and the Company derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments is subject to MFRS 9 impairment (refer to Note 2.7 on impairment of financial assets). In addition, the Group and the Company reviews regularly the estimated unguaranteed residual value.

Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return. The Group and the Company revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

(b) Operating leases

The Group and the Company classifies a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Group and the Company recognise lease payments received under operating lease as lease income on a straight-line basis over the lease term.

When assets are leased out under an operating lease, the asset is included in the statements of financial position based on the nature of the asset. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of underlying asset and recognised as an expense over the lease term on the same basis as lease income.

(c) Sublease classification

When the Group and the Company are an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is short-term lease to which the Group and the Company applies the exemption described above, then it classifies the sublease as an operating lease.

(d) Separating lease and non-lease components

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

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.

NOTES TO THE FINANCIAL STATEMENTS

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2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

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.

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 subsidiary and associate 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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

2.18 Current and deferred income tax (continued)

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 subsidiary and associate 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.

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' ("MFRS 9"). 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' ("MFRS 120") 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 MFRS 120 treatment is applied to funds received from the Government and BNM in relation to:

- (i) All Economic Sectors ("AES") for Tabung Projek Usahawan Bumiputera-i ("TPUB-i"), BizMula-i and BizWanita-i,
- (ii) Tabung Usahawan Kecil ("TUK"),
- (iii) Hawkers & Petty Traders ("HPT"), and
- (iv) New Investment Fund ("NIF").

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (CONTINUED)

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.

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) For all financial instruments measured at amortised cost, interest/profit bearing financial assets classified as FVOCI and financial instruments designated at FVTPL, interest/finance income is recognised using the effective interest/profit method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset. The calculation takes into account all contractual terms of the financial instruments (for example, repayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective interest/profit rate, but not future credit losses. For impaired financial assets where the value of the financial asset have been written down as a result of an impairment loss, interest/finance income continues to be recognised using the rate of interest/profit used to discount the future cash flows for the purpose of measuring the impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES INFORMATION (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)

- (iii) Other interest income, including amortisation of premiums or accretion of discounts, is recognised on a time proportion basis that takes into account the effective yield of the asset.
- (iv) Rental income is recognised on a time proportion basis except where default in payment of rent has already occurred and the rent due remains outstanding, in which case recognition of rental income is suspended. Subsequent to suspension, rental income is recognised on the receipt basis until all arrears have been paid.
- (v) Sales of services relates to the provision of credit reference services, credit scoring, distributing and engaging in digital and advisory services, and such other services related to a credit bureau. These services are provided as a fixed-price contract, with contract terms generally ranging from less than one year to three years.
- (vi) Other revenue is recognised when a customer obtains control of the services rendered i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

2.24 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

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 and investment in preference shares) are 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.

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 climate changes, 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 2023.

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 in 2024 onwards.

The overlays and post-model adjustments involved significant level of judgement and reflect the management's views of possible severities of the unaccounted risks and paths of recovery in the forward looking assessment for ECL estimation purposes.

NOTES TO THE FINANCIAL STATEMENTS

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4. PROPERTY, PLANT AND EQUIPMENT

Group/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 2023	39,081	5,010	144	3,911	2,235	26,352	6,829	52	83,614
Additions	-	-	-	114	234	1,828	726	507	3,409
Disposals	-	-	-	(20)	(69)	(945)	(430)	-	(1,464)
Reclassification	-	-	-	-	-	48	-	(48)	-
As at 31 December 2023	39,081	5,010	144	4,005	2,400	27,283	7,125	511	85,559
Less: Accumulated depreciation									
As at 1 January 2023	39,080	3,007	143	3,002	1,825	19,655	5,541	-	72,253
Charge during the financial year	-	29	-	380	182	2,852	710	-	4,153
Disposals	-	-	-	(20)	(69)	(945)	(430)	-	(1,464)
As at 31 December 2023	39,080	3,036	143	3,362	1,938	21,562	5,821	-	74,942
Net book value									
As at 31 December 2023	1	1,974	1	643	462	5,721	1,304	511	10,617
Cost									
As at 1 January 2022	39,081	5,010	144	4,103	1,871	22,867	6,499	107	79,682
Additions	-	-	-	327	33	4,115	330	-	4,805
Disposals	-	-	-	(528)	(22)	(16)	-	-	(566)
Reclassification	-	-	-	9	353	(362)	-	-	-
Write-off	-	-	-	-	-	(307)	-	-	(307)
Transfer from work in progress	-	-	-	-	-	55	-	(55)	-
As at 31 December 2022	39,081	5,010	144	3,911	2,235	26,352	6,829	52	83,614
Less: Accumulated depreciation									
As at 1 January 2022	39,080	2,978	143	3,140	1,544	16,721	4,840	-	68,446
Charge during the financial year	-	29	-	390	201	3,143	701	-	4,464
Disposals	-	-	-	(528)	(22)	(16)	-	-	(566)
Reclassification	-	-	-	-	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	52	11,361

NOTES TO THE FINANCIAL STATEMENTS

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5. INTANGIBLE ASSETS

	Group			Company		
	Software RM'000	Work in progress RM'000	Total RM'000	Software RM'000	Work in progress RM'000	Total RM'000
Cost						
As at 1 January 2023	77,118	1,376	78,494	77,118	1,376	78,494
Additions	2,257	573	2,830	928	573	1,501
Write-off	(559)	-	(559)	(559)	-	(559)
Reclassification	1,071	(1,071)	-	1,071	(1,071)	-
As at 31 December 2023	79,887	878	80,765	78,558	878	79,436
Less: Accumulated amortisation						
As at 1 January 2023	63,161	-	63,161	63,161	-	63,161
Charge during the financial year	5,868	-	5,868	5,853	-	5,853
Write-off	(476)	-	(476)	(476)	-	(476)
As at 31 December 2023	68,553	-	68,553	68,538	-	68,538
Net book value						
As at 31 December 2023	11,334	878	12,212	10,020	878	10,898
Cost						
As at 1 January 2022	75,618	834	76,452	75,618	834	76,452
Additions	1,723	3,640	5,363	1,723	3,640	5,363
Write-off	(3,321)	-	(3,321)	(3,321)	-	(3,321)
Reclassification	3,098	(3,098)	-	3,098	(3,098)	-
As at 31 December 2022	77,118	1,376	78,494	77,118	1,376	78,494
Less: Accumulated amortisation						
At 1 January 2022	56,716	-	56,716	56,716	-	56,716
Charge during the financial year	6,524	-	6,524	6,524	-	6,524
Write-off	(79)	-	(79)	(79)	-	(79)
As at 31 December 2022	63,161	-	63,161	63,161	-	63,161
Net book value						
As at 31 December 2022	13,957	1,376	15,333	13,957	1,376	15,333

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

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

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

	Group/Company	
	2023 RM'000	2022 RM'000
ROU assets:		
Properties	3,768	2,154
Machineries	25	174
	3,793	2,328
Lease liabilities:		
Properties	(3,895)	(2,207)
Machineries	(31)	(235)
	(3,926)	(2,442)

The statements of comprehensive income as at 31 December 2023 shows the following amounts relating to leases:

	Group/Company	
	2023 RM'000	2022 RM'000
Depreciation charge on ROU assets:		
Properties	1,485	1,530
Machineries	149	149
	1,634	1,679
Accumulated depreciation:		
Properties	2,225	2,467
Machineries	720	571
	2,945	3,038

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
2023				
Lease payment	1,377	2,211	751	4,339
Finance cost	(150)	(195)	(68)	(413)
Net present value	1,227	2,016	683	3,926
2022				
Lease payment	1,270	1,329	-	2,599
Finance cost	(89)	(68)	-	(157)
Net present value	1,181	1,261	-	2,442

Included in property, plant and equipment, there is RM1,974,000 (2022: RM2,003,000) of ROU assets in relation to leasehold land.

NOTES TO THE FINANCIAL STATEMENTS

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7. INVESTMENT IN SUBSIDIARY

Details of the subsidiary which is incorporated in Malaysia are as follows:

Name of subsidiary	Percentage of equity held	
	Group	
	2023	2022
CGC Digital Sdn. Bhd. ("CGC Digital")	100%	100%

The principal activity of CGC Digital is provision of business of credit supplementation digitally on behalf of Credit Guarantee Corporation Malaysia Berhad as well as providing a digital ecosystem to facilitate Micro, Small & Medium Enterprises ("MSME") to obtain financing and/or scaling up of their businesses.

In 2022, as part of CGC's digital initiative, CGC Digital has been formed as an independent entity to spearhead CGC's digital process with a share capital investment by CGC amounting to RM1. In 2023, CGC subscribed to 20 million ordinary shares of CGC Digital at RM1 per share.

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares, at cost	7,141	7,341	7,141	7,341
Group's share of post-acquisition reserves	2,309	2,895	-	-
Liquidation of associate	-	(216)	-	(200)
	9,450	10,020	7,141	7,141

Details of the associates are as follows:

Name of associates	Principal activities	Percentage of equity held	
		2023	2022
Aureos CGC Advisers Sdn. Bhd. ("Aureos CGC")	Advisory services (Under voluntary liquidation)	0%	0%
Credit Bureau Malaysia Sdn. Bhd. ("CBM")	Credit reference services, credit rating and such other services related to a credit bureau	49%	49%

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 shareholdings were diluted from 71.7% to 49% and Sunway Holdings Sdn. Bhd. ("SHSB") became the majority shareholder with 51% shareholdings in CBM.

Aureos CGC had completed its voluntary liquidation on 16 May 2022. Hence, CGC no longer has investment in Aureos CGC.

NOTES TO THE FINANCIAL STATEMENTS

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8. INVESTMENTS IN ASSOCIATES (CONTINUED)

(a) Summarised financial information of the associates which are accounted for using the equity method is as follows:

(i) Summarised statements of financial position

	Aureos CGC [^]		CBM		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Assets						
Current assets	-	-	11,010	15,236	11,010	15,236
Non-current assets	-	-	15,441	10,445	15,441	10,445
Total assets	-	-	26,451	25,681	26,451	25,681
Liabilities						
Current liabilities	-	-	(6,801)	(4,844)	(6,801)	(4,844)
Non-current liabilities	-	-	(364)	(387)	(364)	(387)
Total liabilities	-	-	(7,165)	(5,231)	(7,165)	(5,231)
Net assets	-	-	19,286	20,450	19,286	20,450

(ii) Summarised statements of comprehensive income

	Aureos CGC [^]		CBM		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	-	-	16,458	11,301	16,458	11,301
Net (loss)/profit for the financial year	-	-	(1,164)	4,608	(1,164)	4,608
Total comprehensive (loss)/income for the financial year	-	-	(1,164)	4,608	(1,164)	4,608

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

	Aureos CGC [^]		CBM		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net assets as at 1 January	-	-	20,450	15,840	20,450	15,840
Net (loss)/profit for the financial year	-	-	(1,164)	4,610	(1,164)	4,610
Net assets as at 31 December	-	-	19,286	20,450	19,286	20,450
Opening carrying value	-	216	10,020	7,762	10,020	7,978
Net (loss)/profit for the financial year	-	-	(570)	2,258	(570)	2,258
Liquidation of associate	-	(216)	-	-	-	(216)
Closing carrying value	-	-	9,450	10,020	9,450	10,020

[^] No financial information available for financial year ended 31 December 2023. 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.

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9. INVESTMENT SECURITIES: FVTPL

	Group/Company	
	2023 RM'000	2022 RM'000
At fair value		
Money market instruments:		
<u>Unquoted in Malaysia</u>		
Malaysian Government Securities ("MGS")	33,298	28,927
Government Investment Issue ("GII")	31,851	29,941
	65,149	58,868
Unquoted securities:		
<u>In Malaysia</u>		
Private debt securities	691,464	637,220
<u>Outside Malaysia</u>		
Private debt securities	265,446	255,438
	956,910	892,658
Quoted securities:		
<u>In Malaysia</u>		
Real Estate Investment Trusts ("REITs")	29,078	28,841
<u>Outside Malaysia</u>		
Real Estate Investment Trusts ("REITs")	113,763	98,623
	142,841	127,464
	1,164,900	1,078,990

10. INVESTMENT SECURITIES: FVOCI

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At fair value				
Money market instruments:				
<u>Unquoted in Malaysia</u>				
Cagamas bonds	122,871	70,813	122,871	70,813
MGS	125,080	101,116	125,080	101,116
GII	172,982	132,897	172,982	132,897
Other Bonds	306,681	306,576	306,681	306,576
	727,614	611,402	727,614	611,402
Unquoted securities:				
<u>In Malaysia</u>				
Private debt securities	2,039,460	1,952,579	2,039,460	1,952,579
Others:				
<u>Outside Malaysia</u>				
Preference shares and convertible notes*	4,694	-	-	-
	2,771,768	2,563,981	2,767,074	2,563,981

* The Group has elected to designate this investment as FVOCI irrevocably.

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10. INVESTMENT SECURITIES: FVOCI (CONTINUED)

Movements in allowance for impairment of FVOCI

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(i) Expected credit losses - Stage 3				
Balance as at 1 January/31 December	140,025	140,025	140,025	140,025
(ii) Expected credit losses - Stage 1				
Balance as at 1 January/31 December	1,162	1,222	1,162	1,222
Allowance made/(written-back) during the financial year	576	(60)	576	(60)
Balance as at 31 December	1,738	1,162	1,738	1,162

11. INVESTMENT SECURITIES: AMORTISED COST

	Group/Company	
	2023 RM'000	2022 RM'000
At amortised cost		
Unquoted securities:		
In Malaysia		
Private debt securities	182,764	182,649
Peer-to-peer ("P2P")	-	5
Amount written-off	-	(5)
	182,764	182,649
Less: Expected credit losses	(1,232)	(1,388)
Amount written-off	-	5
	181,532	181,266

Movements in allowance for Impairment of amortised cost

	Group/Company	
	2023 RM'000	2022 RM'000
(i) Expected credit losses - Stage 3		
Balance as at 1 January	-	5
Allowance written-off during the financial year	-	(5)
Balance as at 31 December	-	-

NOTES TO THE FINANCIAL STATEMENTS

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11. INVESTMENT SECURITIES: AMORTISED COST (CONTINUED)

Movements in allowance for Impairment of amortised cost (continued)

	Group/Company	
	2023 RM'000	2022 RM'000
(ii) Expected credit losses - Stage 2		
Balance as at 1 January	238	241
Allowance written-back during the financial year	(1)	(3)
Balance as at 31 December	237	238

	Group/Company	
	2023 RM'000	2022 RM'000
(iii) Expected credit losses - Stage 1		
Balance as at 1 January	1,145	1,467
Allowance written-back during the financial year	(150)	(322)
Balance as at 31 December	995	1,145

12. DERIVATIVE FINANCIAL ASSETS

	Group/Company			
	2023		2022	
	Contract/ notional amount RM'000	Assets RM'000	Contract/ notional amount RM'000	Assets RM'000
Derivative assets				
- Currency forward contracts	231,517	12,293	295,370	12,253

13. TERM DEPOSITS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At amortised cost				
Licensed banks	50,804	20,164	50,804	20,164
Licensed Islamic banks	265,654	249,631	262,650	249,631
Other Islamic financial institutions	108,537	40,415	108,537	40,415
	424,995	310,210	421,991	310,210

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14. FINANCING, LOANS AND ADVANCES

(i) By schemes

	Group/Company	
	2023 RM'000	2022 RM'000
Redemption of Direct Access Guarantee Scheme ("DAGS") loans	8,486	12,342
Tabung Pemulihan dan Pembangunan Usahawan ("TPPU")	2,052	2,052
Tabung Pemulihan Peniaga Kecil ("TPPK")	144	144
Tabung Projek Usahawan Bumiputra-i ("TPUB-i")	20,383	31,141
BizMula-i	152,566	203,684
BizWanita-i	30,720	42,543
BizBina-i	34,012	42,741
BizMikro-i	547	981
Staff loans	917	1,045
Gross financing, loans and advances	249,827	336,673
Less: Expected credit losses		
- Stage 3	(77,850)	(63,146)
- Stage 2	(14,783)	(14,285)
- Stage 1	(4,612)	(5,184)
Total net financing, loans and advances	152,582	254,058

(ii) By maturity structure

	Group/Company	
	2023 RM'000	2022 RM'000
Maturity within one year	26,356	32,853
One year to three years	100,594	62,701
Three years to five years	116,394	204,249
Over five years	6,483	36,870
	249,827	336,673

NOTES TO THE FINANCIAL STATEMENTS

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14. FINANCING, LOANS AND ADVANCES (CONTINUED)

(iii) By interest rate/profit rate sensitivity

	Group/Company	
	2023 RM'000	2022 RM'000
Fixed rate		
- Redemption of DAGS loans	8,486	12,342
- Tabung Pemulihan dan Pembangunan Usahawan ("TPPU")	2,052	2,052
- Tabung Pemulihan Peniaga Kecil ("TPPK")	144	144
- Tabung Projek Usahawan Bumiputra ("TPUB-i")	20,383	31,141
- BizMula-i	152,566	203,684
- BizWanita-i	30,720	42,543
- BizBina-i	34,012	42,741
- BizMikro-i	547	981
- Staff loans	917	1,045
	249,827	336,673

(iv) By economic sectors

	Group/Company	
	2023 RM'000	2022 RM'000
Construction	16,203	24,091
Education, health & others	15,051	20,828
Electricity, gas & water supply	873	1,141
Financing, insurance, real estate & business services	41,720	58,210
Manufacturing	20,936	27,260
Mining & quarrying	43	41
Primary agriculture	2,843	3,919
Transport, storage & communication	8,902	11,964
Wholesale, retail trade, restaurants & hotels	140,143	185,935
Others	3,113	3,284
	249,827	336,673

(v) By economic purpose

	Group/Company	
	2023 RM'000	2022 RM'000
Working capital	248,910	335,628
Others	917	1,045
	249,827	336,673

NOTES TO THE FINANCIAL STATEMENTS

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14. FINANCING, LOANS AND ADVANCES (CONTINUED)

(vi) By geographical distribution

	Group/Company	
	2023 RM'000	2022 RM'000
Johor	34,472	49,006
Kedah	12,397	14,483
Kelantan	11,826	16,767
Melaka	11,119	15,606
Negeri Sembilan	7,706	10,511
Pahang	14,008	19,008
Perak	16,955	23,104
Pulau Pinang	13,958	18,598
Sabah	16,043	20,804
Sarawak	26,594	36,207
Selangor	41,876	54,601
Terengganu	14,894	20,163
Wilayah Persekutuan - Kuala Lumpur	27,979	37,815
	249,827	336,673

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

	Group/Company	
	2023 RM'000	2022 RM'000
Balance as at 1 January	63,146	49,991
Add: Classified as impaired	35,054	33,113
Less: Reclassified as non-impaired	(1,749)	(415)
Less: Amount written-back	(1,999)	(4,329)
Less: Amount written-off/waived	(16,602)	(15,214)
Balance as at 31 December	77,850	63,146

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

	Group/Company	
	2023 RM'000	2022 RM'000
Working capital	77,695	62,992
Others	155	154
	77,850	63,146

NOTES TO THE FINANCIAL STATEMENTS

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14. FINANCING, LOANS AND ADVANCES (CONTINUED)

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

	Group/Company	
	2023 RM'000	2022 RM'000
Johor	9,614	8,788
Kedah	4,017	1,720
Kelantan	4,386	5,348
Melaka	2,595	1,485
Negeri Sembilan	1,814	2,297
Pahang	3,963	2,740
Perak	4,552	2,222
Pulau Pinang	4,517	3,442
Sabah	7,282	5,090
Sarawak	5,041	4,687
Selangor	16,259	14,113
Terengganu	4,322	4,411
Wilayah Persekutuan - Kuala Lumpur	9,488	6,803
	77,850	63,146

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

	Group/Company	
	2023 RM'000	2022 RM'000
Expected credit losses - Stage 3		
Balance as at 1 January	63,146	49,991
Allowance made during the financial year	35,054	33,113
Amount written-back during the financial year	(3,748)	(4,744)
Amount written-off/waived during the financial year	(16,602)	(15,214)
Balance as at 31 December	77,850	63,146
Expected credit losses - Stage 2		
Balance as at 1 January	14,285	25,833
Allowance made during the financial year	9,338	7,768
Amount written-back during the financial year	(8,840)	(19,316)
Balance as at 31 December	14,783	14,285
Expected credit losses - Stage 1		
Balance as at 1 January	5,184	3,060
Allowance made during the financial year	745	3,381
Amount written-back during the financial year	(1,317)	(1,257)
Balance as at 31 December	4,612	5,184
Total provision for expected credit losses as at 31 December	97,245	82,615

NOTES TO THE FINANCIAL STATEMENTS

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15. OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Receivables due from financial institutions	13,776	13,265	13,776	13,265
Deposits	997	1,158	997	1,158
Prepayments	9,234	9,218	9,228	9,218
Other receivables	920	648	920	648
Invoice accrual for guarantee fees	2,101	6,614	2,101	6,614
	27,028	30,903	27,022	30,903

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			
	Number of ordinary shares		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 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	
	2023 RM'000	2022 RM'000
Special Programme reserve (a)	-	-
Skim Perbankan Islam ("SPI") reserve (b)	-	-
Special reserve (c)	281,014	458,245
Special Purpose reserve (d)	486,308	466,865
	767,322	925,110

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.

NOTES TO THE FINANCIAL STATEMENTS

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17. RESERVES (CONTINUED)

(a) Special Programme reserve

	Group/Company	
	2023 RM'000	2022 RM'000
As at 1 January	-	363,821
Transfer to Special Reserve during the financial year	-	(363,821)
As at 31 December	-	-

The Special Programme reserve was created to meet possible losses arising from loans granted under TUK, SEFF, Amanah Ikhtiar Malaysia ("AIM"), Franchise Financing Schemes Fund ("FFS") (Note 27), and Projek Usahawan Bumiputra Dalam Bidang Peruncitan ("PROSPER") (Note 28) schemes and is not distributable as dividend as designated by the Directors of the Company.

It includes a guarantee fund of RM40.0 million granted by the Ministry of Entrepreneur and Cooperative Development ("MECD") in 1996 to absorb possible losses on loans granted under SEFF (Note 23). As the schemes are no longer active, the Group had transferred the balances into Special reserve during the financial year ended 31 December 2022.

(b) Skim Perbankan Islam ("SPI") reserve

	Group/Company	
	2023 RM'000	2022 RM'000
As at 1 January	-	17,471
Transfer to Special reserve during the financial year	-	(17,471)
As at 31 December	-	-

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 financial year ended 31 December 2022.

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17. RESERVES (CONTINUED)

(c) Special reserve

	Group/Company	
	2023 RM'000	2022 RM'000
As at 1 January	458,245	188,177
Transfer to retained earnings during the financial year	(177,231)	(111,224)
Transfer from Special Programme and SPI reserves during the financial year	-	381,292
As at 31 December	281,014	458,245

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	
	2023 RM'000	2022 RM'000
As at 1 January	466,865	441,276
Transfer from retained earnings during the financial year	19,443	25,589
As at 31 December	486,308	466,865

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 financial year ended 31 December 2022, the Group had recovered RM14.6 million from Danajamin and this had been ringfenced in Special Purpose reserve.

18. FVOCI RESERVE

	Group/Company	
	2023 RM'000	2022 RM'000
As at 1 January	(9,785)	39,755
Fair value gain/(loss) during the financial year	78,533	(49,480)
Expected credit losses allowance made/(written-back) during the financial year	576	(60)
As at 31 December	69,324	(9,785)

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19. AMOUNT DUE TO BNM

	Group/Company	
	2023 RM'000	2022 RM'000
Amount due to BNM	37,957	30,194

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");
- Recoveries from claims received from third parties payable to BNM which can be set-off against (a) and (b) above; and
- Income generated from SRF which is to be utilised for claims payment.

The amount due to BNM is unsecured, interest-free and has a 14 days to 21 days repayment terms.

20. FUNDS FROM BNM

	Group/Company	
	2023 RM'000	2022 RM'000
TPUB-i (a)	16,695	-
BizWanita-i (b)	21,307	36,633
BizMula-i (b)	118,065	189,153
	156,067	225,786
Loan from BNM	101,582	135,662
Government grant	54,485	90,124
	156,067	225,786
Repayable within 12 months	59,782	70,198
Repayable after 12 months	96,285	155,588
	156,067	225,786

Details of the movement and balance outstanding as at 31 December 2023 are as follows:

- Fund for TPUB-i

Starting from 2023, the Small and Medium Enterprise ("SME") financing for TPUB-i is funded by BNM. The funding cost is 0.5% 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.

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20. FUNDS FROM BNM (CONTINUED)

Details of the movement and balance outstanding as at 31 December 2023 are as follows: (continued)

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

The Company act as the financier for this schemes. Starting from 2018, the SME financing for BizMula-i and BizWanita-i is funded by BNM. The funding cost is 0.5% per annum and payable to BNM twice a year based on the outstanding amount of financing as at 30 June and 31 December each year. The principal amount is repayable to BNM within 10 working days upon receiving repayments of principal from SMEs.

21. TABUNG USAHAWAN KECIL ("TUK")

	Group/Company	
	2023 RM'000	2022 RM'000
Loan from Ministry of Finance ("MOF")	28,395	38,858
Government grant	1,605	3,142
	30,000	42,000
Repayable within 12 months	15,000	12,000
Repayable after 12 months	15,000	30,000
	30,000	42,000

The scheme seeks to assist small entrepreneurs to obtain financing of between RM2,000 to RM20,000 for the purposes of working capital and/or asset acquisition with financing for working capital not exceeding RM10,000.

On 10 December 1998, the Company entered into an agreement as the financier with the Government who contributed RM50.0 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 MECD 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 RM50.0 million with interest free to 2025. The funds will be repaid in accordance with a repayment arrangement with fund providers.

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22. GOVERNMENT FUNDS

	Group/Company	
	2023 RM'000	2022 RM'000
As at 1 January	14,605	22,930
Derecognition of liability	(5,003)	(8,325)
As at 31 December	9,602	14,605
Loan from MOF	9,167	13,313
Government grant	435	1,292
	9,602	14,605
Repayable within 12 months	9,602	14,605
	9,602	14,605

This comprises various placements from BNM amounting to RM150.0 million, intended for loanable funds, of which:

- (i) RM50.0 million for Hawkers and Petty Traders ("HPT") 1992 and is subject to interest at 1% per annum.

The 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.

- (ii) RM100.0 million for the New Investment Fund ("NIF") and is subject to interest at 1% per annum.

The 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.

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23. SMALL ENTREPRENEURS FINANCING FUND ("SEFF")

	Group/Company	
	2023 RM'000	2022 RM'000
As at 1 January	-	6
Repayment during the financial year	-	(6)
As at 31 December	-	-
Repayable within 12 months	-	-

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 RM200.0 million to the fund of which RM50.0 million was received in 1996. The RM50.0 million was subject to repayment 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 RM10.0 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 upon recovery of the loans from the small entrepreneurs. As at to date, RM44.2 million was paid.

In addition to the above, the MECD contributed a guarantee fund of RM40.0 million 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 initially transferred to the Special Programme Reserve and subsequently to the Special Reserve to be utilised for possible losses on loans granted under this scheme (Note 17).

24. DERIVATIVE FINANCIAL LIABILITIES

	Group/Company			
	2023		2022	
	Contract/ notional amount RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Liabilities RM'000
Derivative financial liabilities				
- Currency forward contracts	151,619	14,538	61,918	13,544

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25. EXPECTED CREDIT LOSSES FOR GUARANTEE SCHEMES

	Group/Company	
	2023 RM'000	2022 RM'000
(i) Expected credit losses - Stage 3		
Balance as at 1 January	109,653	23,677
Allowance made during the financial year	262,515	214,631
Transfer to claims payable during the financial year	(213,009)	(128,655)
Balance as at 31 December	159,159	109,653
(ii) Expected credit losses - Stage 2		
Balance as at 1 January	97,667	138,550
Allowance made/(written-back) during the financial year	11,420	(40,883)
Balance as at 31 December	109,087	97,667
(iii) Expected credit losses - Stage 1		
Balance as at 1 January	75,365	79,936
Allowance made/(written-back) during the financial year	19,839	(4,571)
Balance as at 31 December	95,204	75,365
Total allowance made during the financial year	293,774	169,177
Total provision for expected credit losses as at 31 December	363,450	282,685

26. OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred income - contract liabilities	92,298	77,585	92,298	77,585
Refundable proceed TPUB and TPUB-i	456	702	456	702
Sinking fund - TPUB-i	346	346	346	346
Amount due to MOF - Green Technology Financing Scheme ("GTFS")	8,524	13,653	8,524	13,653
Accruals	28,474	28,663	26,478	28,653
Other payables	20,770	10,683	20,739	10,662
	150,868	131,632	148,841	131,601

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27. 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

28. 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 RM30.0 million as a grant from the MOF. The fund is to be used to meet possible loan losses under the scheme.

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29. REVENUE

	Group/Company	
	2023 RM'000	2022 RM'000
Guarantee fees - portfolio guarantee scheme	193,242	171,340
Guarantee fees - wholesale guarantee scheme	2,401	3,588
Guarantee fees - other schemes	23,909	22,644
Interest income - redemption schemes	563	1,188
Profit income - TPUB-i	875	1,023
Profit income - BizMula-i	9,173	11,321
Profit income - BizWanita-i	1,753	2,500
Profit income - BizBina-i	1,095	699
Profit income - BizMikro-i	12	220
	233,023	214,523

30. INVESTMENT INCOME

	Group/Company	
	2023 RM'000	2022 RM'000
Interest income		
- Investment securities: amortised cost	12,666	15,101
- Investment securities: FVOCI	119,719	101,920
- Investment securities: FVTPL	55,573	50,656
- Term deposits	27,322	30,468
	215,280	198,145
Realised (loss)/gain on disposal		
- Derivatives	(22,963)	(17,353)
- Investment securities: FVOCI	510	-
- Investment securities: FVTPL	(5,228)	(14,245)
	(27,681)	(31,598)
Unrealised fair value (loss)/gain		
- Derivatives	(954)	(3,423)
- Investment securities: FVTPL	57,230	(44,904)
	56,276	(48,327)
(Amortisation of premium)/accretion of discount		
- Investment securities: FVOCI	(1,367)	(1,570)
- Investment securities: FVTPL	970	485
	(397)	(1,085)
	243,478	117,135

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31. OTHER OPERATING INCOME

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Rental income	5	40	181	40
Management fees	1,739	2,015	2,270	2,015
Administrative fee - TPUB-i	40	421	40	421
Recovery income	43,834	43,522	43,834	43,522
Amortisation of deferred income				
- Government grant	6,767	9,000	6,767	9,000
Recovery from Danajamin	-	14,575	-	14,575
Other income	8,607	12,350	8,602	12,350
	60,992	81,923	61,694	81,923

32. STAFF COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries	59,182	53,862	55,477	53,455
Bonus	15,139	13,810	14,465	13,810
Employees' Provident Fund	11,507	10,119	10,895	10,056
Others	13,289	10,335	12,569	10,126
	99,117	88,126	93,406	87,447

33. EXPECTED CREDIT LOSSES FOR INVESTMENT SECURITIES AND OTHERS

	Group/Company	
	2023 RM'000	2022 RM'000
Investment Securities: FVOCI		
- Stage 1 - 12-month ECL	576	(60)
Allowance made/(written-back) during the financial year	576	(60)
Investment Securities: Amortised Cost		
- Stage 1 - 12-month ECL	(150)	(322)
- Stage 2 - Lifetime ECL not credit impaired	(1)	(3)
Allowance written-back during the financial year	(151)	(325)
Total allowance made/(written-back) during the financial year	425	(385)

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34. PROFIT FROM CONTINUING OPERATIONS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before taxation is arrived at after charging/ (crediting):				
Computer maintenance	9,315	10,667	9,315	10,667
Recovery expenses	1,418	2,044	1,418	2,044
Accretion of Government loans	6,767	9,000	6,767	9,000
Fund managers expenses	1,476	1,672	1,476	1,672
Rental	244	198	244	198
Electricity	1,390	854	1,390	854
Directors remuneration excluding benefit-in-kind	736	806	672	806
Directors meeting allowance	526	761	457	761
Promotional expenses	2,015	1,320	2,015	1,320
Auditors remuneration:				
- statutory audit	462	467	457	462
- non-audit fees	46	-	46	-
Write-off of property, plant and equipment (Note 4)	-	216	-	216
Write-off of intangible assets (Note 5)	83	3,242	83	3,242
Depreciation on property, plant and equipment (Note 4)	4,153	4,464	4,153	4,464
Amortisation of intangible assets (Note 5)	5,868	6,524	5,853	6,524

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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	
	2023 RM'000	2022 RM'000
Financial guarantees	11,027,609	11,284,111
Irrevocable commitments to extend credit:		
- maturity not exceeding one year	23,185	35,587
Foreign exchange related contracts:		
- maturity not exceeding one year	383,136	357,288
	11,433,930	11,676,986

Out of the total financial guarantees balances of RM11.0 billion as at 31 December 2023 (2022: RM11.3 billion), RM0.8 billion (2022: RM1.0 billion) is reimbursable under Government-Backed Scheme ("GBS") arrangement.

(i) Commitments and Contingencies

	Group/Company	
	2023 RM'000	2022 RM'000
Full Risk		
(a) Conventional		
- DAGS	16,976	23,900
- BizSME	5,191	9,473
(b) Islamic		
- DAGS	63	75
Shared Risk		
(a) Conventional		
- BizJamin	421,668	448,300
- Flexi Guarantee Scheme	43,030	79,320
- Franchise Financing Scheme	1,963	3,260
- Portfolio Guarantee	3,088,626	3,006,615
- Wholesale Guarantee	45,196	125,971
(b) Islamic		
- BizJamin	191,183	181,235
- Flexi Guarantee Scheme	79,978	86,225
- Portfolio Guarantee	3,183,935	2,853,083
- Wholesale Guarantee	16,951	35,599
Gross Full/Shared Risk Financial guarantees	7,094,760	6,853,056
Less: Expected credit losses		
- Stage 3	(159,159)	(109,653)
- Stage 2	(109,087)	(97,667)
- Stage 1	(95,204)	(75,365)
Full/Shared Risk Financial guarantees	6,731,310	6,570,371

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

Out of the total financial guarantees balances of RM11.0 billion as at 31 December 2023 (2022: RM11.3 billion), RM0.8 billion (2022: RM1.0 billion) is reimbursable under Government-Backed Scheme (“GBS”) arrangement. (continued)

(ii) Government-Initiated Schemes

	Group/Company	
	2023 RM'000	2022 RM'000
Other Shared Risk - Government-Initiated Schemes		
(a) Conventional	1,619,671	1,782,480
(b) Islamic	1,883,745	1,947,490
Others Shared Risk - Government-Initiated Schemes Guarantees	3,503,416	3,729,970

(iii) Government-Backed Schemes

	Group/Company	
	2023 RM'000	2022 RM'000
Other Shared Risk - Government-Backed Schemes		
(a) Conventional	359,333	433,060
- Green Technology Financing Scheme	351,281	403,190
- Disaster Relief Facility	8,052	29,870
(b) Islamic	433,550	550,710
- Green Technology Financing Scheme	430,841	537,290
- Disaster Relief Facility	2,709	13,420
Others Shared Risk - Government-Backed Schemes Guarantees	792,883	983,770
Total financial guarantees	11,027,609	11,284,111

The disclosed amount above are inclusive of RM3.5 billion resulting from CGC's participation in Government-Initiated Scheme.

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36. CAPITAL COMMITMENTS

	Group/Company	
	2023 RM'000	2022 RM'000
Capital expenditure not provided for in the financial statements:		
Authorised and contracted for	5,621	8,343
Authorised and not contracted for	154	4,416
	5,775	12,759

37. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Other significant related parties are as follows:

Name of Company	Relationship
Bank Negara Malaysia ("BNM")	Substantial shareholder of the Company
CGC Digital Sdn. Bhd.	Wholly-owned subsidiary
Credit Bureau Malaysia Sdn. Bhd.	Associate
Aureos CGC Advisers Sdn. Bhd.	Associate (Liquidated in 2022)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-Executive Directors' fees	1,571	1,724	1,438	1,724
Other key management personnel (including President & Chief Executive Officer):				
- Short-term employee benefits	7,478	6,107	5,752	5,909
- Contribution to Employees' Provident Fund	1,292	1,035	1,004	1,014
Total compensation	10,341	8,866	8,194	8,647

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37. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

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 senior management personnels.

(i) Directors' fees and remuneration

Total remuneration (including benefit-in-kind) of the Directors of the Group are as follows:

The Group 2023

	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	60	125	365
Dato' Syed Moheeb bin Syed Kamarulzaman	-	3	-	-	3
Encik Teoh Kok Lin	-	35	24	9	68
Encik Suresh Kumar a/l T.A.S. Menon	-	34	21	6	61
Dato' Ong Eng Bin*	-	36	35	3	74
Dato' Ong Eng Bin	-	21	25	7	53
Encik Choong Tuck Oon	-	100	72	43	215
Encik Faisal bin Ismail	-	72	86	31	189
Puan Saleha binti M. Ramly	-	72	63	38	173
Encik Lim Choon Eng	-	90	100	37	227
Encik Suhaimi bin Ali	-	78	24	7	109
Encik Kellee Kam Chee Khiong	-	15	16	3	34
Total Directors' remuneration	-	736	526	309	1,571

The Company 2023

	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	60	125	365
Dato' Syed Moheeb bin Syed Kamarulzaman	-	3	-	-	3
Encik Teoh Kok Lin	-	35	24	9	68
Encik Suresh Kumar a/l T.A.S. Menon	-	34	21	6	61
Dato' Ong Eng Bin*	-	36	35	3	74
Dato' Ong Eng Bin	-	21	25	7	53
Encik Choong Tuck Oon	-	72	42	43	157
Encik Faisal bin Ismail	-	72	86	31	189
Puan Saleha binti M. Ramly	-	72	63	38	173
Encik Lim Choon Eng	-	72	75	37	184
Encik Suhaimi bin Ali	-	60	10	7	77
Encik Kellee Kam Chee Khiong	-	15	16	3	34
Total Directors' remuneration	-	672	457	309	1,438

* Director's fees payable to OCBC Bank (M) Berhad

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37. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

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 senior management personnels. (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 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

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

* Director's fees payable to OCBC Bank (M) Berhad

NOTES TO THE FINANCIAL STATEMENTS

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37. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

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

(i) Directors' fees and remuneration (continued)

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 (2022: RM0.1 Million).

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

Amount due to BNM:

	Group/Company	
	2023 RM'000	2022 RM'000
(i) SRGF, SRGF-2, SRF and SME AGS (Note 19)	37,957	30,194
(ii) Government funds (Note 22)	9,602	14,605
(iii) TPUB-i (Note 20)	16,695	-
(iv) BizMula-i (Note 20)	118,065	189,153
(v) BizWanita-i (Note 20)	21,307	36,633

Amount due from CGC Digital Sdn. Bhd.:

	Company	
	2023 RM'000	2022 RM'000
Payment on behalf	1,644	680

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

	Company	
	2023 RM'000	2022 RM'000
Report fees charged by an associate	435	402
Office rental charged to an associate	-	30
Office rental charged to a subsidiary	176	-
Staff cost paid on behalf of a subsidiary	5,061	680
Management Fee charge to subsidiary	531	-
Utilities charged to a subsidiary	22	-
Interest expense on loan charged by BNM	1,156	3,104

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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 2022 and 2023.

The Group monitors its capital and ability to guarantee by reference to its GRR, which stands at 1.7 times as at 31 December 2023 (2022: 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.

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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. <u>Loans/Financing and Financial Guarantees</u> Newly purchased or issued loans/financing.	12-month ECL
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. <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). 	Lifetime ECL
Stage 3 (Impaired)	<u>Debt Securities</u> Determination of non-performing or credit-impaired assets: <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". 	Lifetime ECL

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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)	<u>Loans/Financing and Financial Guarantees</u> (i) Obligatory triggers: <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. (ii) Judgemental triggers: <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

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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):

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

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

Legend:

PD: the likelihood that a borrower will be unable to meet its debt obligation or default over a particular time horizon, usually in the course of 1 year.

LGD: the percentage of exposure the Group and the Company might lose in case the borrower defaults.

EAD: an estimate of the Group's and the Company's exposure to its counterparty at the time of default. For financial guarantee contracts, EAD is the lower of guarantee cover or outstanding amount x guarantee rate.

EIR: discount rate computed based on Original Effective Profit Rate ("OEPR")/Effective Interest Rate ("EIR") or approximation thereof at time t.

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").

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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	
	2023 Maximum credit exposure RM'000	2022 Maximum credit exposure RM'000	2023 Maximum credit exposure RM'000	2022 Maximum credit exposure RM'000
Credit risk exposures of on-balance sheet assets:				
Investment securities: FVTPL*	1,022,059	951,526	1,022,059	951,526
Other receivables#	17,794	21,685	17,794	21,685
Cash and cash equivalents^	337,503	488,138	331,329	488,138
Credit risk exposure of off-balance sheet items:				
Financial guarantees	11,027,609	11,284,111	11,027,609	11,284,111
Credit related commitments and contingencies	23,185	35,587	23,185	35,587
Total maximum credit risk exposure	12,428,150	12,781,047	12,421,976	12,781,047

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

- * Investment in REITS
- # Prepayments
- ^ Cash in hand

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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, 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*	-	68,212	16,332	388,326	163,519	-	70,923	-	114,254	189,831	10,662	1,022,059
Investment securities: FVOCI**	-	5,198	-	722,729	75,038	-	448,898	-	819,305	623,790	72,116	2,767,074
Investment securities:												
Amortised cost	-	-	-	131,234	-	-	-	-	-	-	50,298	181,532
Derivative financial assets	-	-	-	12,293	-	-	-	-	-	-	-	12,293
Term deposits	-	-	-	424,995	-	-	-	-	-	-	-	424,995
Financing, loans and advances	1,824	10,008	9,653	25,384	12,500	-	5,202	86,709	-	539	763	152,582
Other receivables [#]	-	-	46	15,900	-	-	-	-	163	-	1,685	17,794
Cash and cash equivalents [^]	-	-	-	337,503	-	-	-	-	-	-	-	337,503
	1,824	83,418	26,031	2,058,364	251,057	-	525,023	86,709	933,722	814,160	135,524	4,915,832
Financial guarantees	98,526	747,428	528,442	1,087,489	1,156,900	12,798	784,090	5,836,626	-	775,310	-	11,027,609
Credit related commitments and contingencies	-	-	10,295	6,529	6,361	-	-	-	-	-	-	23,185
Total off balance sheet	98,526	747,428	538,737	1,094,018	1,163,261	12,798	784,090	5,836,626	-	775,310	-	11,050,794

Excludes prepayments of RM9,234,000 (2022: RM9,218,000)

^ Excludes cash in hand of RM19,568 (2022: RM19,600)

* Excludes investment in REITS of RM142,841,000 (2022: RM127,464,000)

** Excludes investment in preference shares and convertible notes of RM4,694,000 (2022: Nil)

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40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit risk concentration (continued)

Group

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: 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	-	-	18,570	6,340	9,098	-	-	1,580	-	-	-	35,588
Total off balance sheet	109,151	723,169	561,807	1,173,591	1,199,787	12,634	776,938	5,848,592	-	914,030	-	11,319,699

* Excludes prepayments of RM9,234,000 (2022: RM9,218,000)

[^] Excludes cash in hand of RM19,568 (2022: RM19,600)

* Excludes investment in REITs of RM142,841,000 (2022: RM127,464,000)

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40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued) Credit risk concentration (continued)

Company

	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
2023												
Investment securities: FVTPL*	-	68,212	16,332	388,326	163,519	-	70,923	-	114,254	189,831	10,662	1,022,059
Investment securities: FVOCI	-	5,198	-	722,729	75,038	-	448,898	-	819,305	623,790	72,116	2,767,074
Investment securities:												
Amortised cost	-	-	-	131,234	-	-	-	-	-	-	50,298	181,532
Derivative financial assets	-	-	-	12,293	-	-	-	-	-	-	-	12,293
Term deposits	-	-	-	421,991	-	-	-	-	-	-	-	421,991
Financing, loans and advances	1,824	10,008	9,653	25,384	12,500	-	5,202	86,709	-	539	763	152,582
Amount due from a subsidiary	-	-	-	-	-	-	-	-	-	-	1,644	1,644
Other receivables [#]	-	-	46	15,900	-	-	-	-	163	-	1,685	17,794
Cash and cash equivalents [^]	-	-	-	331,329	-	-	-	-	-	-	-	331,329
	1,824	83,418	26,031	2,049,186	251,057	-	525,023	86,709	933,722	814,160	137,168	4,908,298
Financial guarantees	98,526	747,428	528,442	1,087,489	1,156,900	12,798	784,090	5,836,626	-	775,310	-	11,027,609
Credit related commitments and contingencies	-	-	10,295	6,529	6,361	-	-	-	-	-	-	23,185
Total off balance sheet	98,526	747,428	538,737	1,094,018	1,163,261	12,798	784,090	5,836,626	-	775,310	-	11,050,794

Excludes prepayments of RM9,228,000 (2022: RM9,218,000)

^ Excludes cash in hand of RM19,568 (2022: RM19,600)

* Excludes investment in REITs of RM142,841,000 (2022: RM127,464,000)

NOTES TO THE FINANCIAL STATEMENTS

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40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued) Credit risk concentration (continued)

Company

	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
2022	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*	-	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	109,151	723,169	543,237	1,167,251	1,190,689	12,634	776,938	5,847,012	-	914,040	-	11,284,111
Credit related commitments and contingencies	-	-	18,570	6,340	9,098	-	-	1,580	-	-	-	35,588
Total off balance sheet	109,151	723,169	561,807	1,173,591	1,199,787	12,634	776,938	5,848,592	-	914,040	-	11,319,699

Excludes prepayments of RM9,228,000 (2022: RM9,218,000)

^ Excludes cash in hand of RM19,568 (2022: RM19,600)

* Excludes investment in REITs of RM142,841,000 (2022: RM127,464,000)

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality

(i) Financing, loans and advances

All financing, loans and advances are unrated and categorised into 'neither past due nor impaired', 'past due but not impaired' and 'impaired'. Past due loans refer to loans that are overdue by one day or more. Impaired loans are loans with months-in-arrears more than 3 months (i.e. 90 days) or with impairment allowances.

Distribution of financing, loans and advances by credit quality

Group/Company

	2023			
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Carrying amount of financing, loans and advances by credit quality:				
Neither past due nor impaired (A)	127,474	4,414	-	131,888
Past due but not impaired (B)	-	40,089	-	40,089
Impaired (C)	-	-	77,850	77,850
Gross financing, loans and advances	127,474	44,503	77,850	249,827
Less: Allowances for impairment losses - Expected credit losses (ECL)	(4,612)	(14,783)	(77,850)	(97,245)
Net financing, loans and advances	122,862	29,720	-	152,582
	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
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

NOTES TO THE FINANCIAL STATEMENTS

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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 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

	2023			
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under-performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Quality classification				
Satisfactory	127,474	4,414	-	131,888
Total	127,474	4,414	-	131,888

	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
Quality classification				
Satisfactory	213,413	6,743	-	220,156
Total	213,413	6,743	-	220,156

Quality classification definitions:

Satisfactory:

Exposures demonstrate a strong capacity to meet financial commitments, with negligible or low probability of default and/or levels of expected loss.

Collateral and other credit enhancement obtained

During the financial year, there is no repossessed collateral as the Group and the Company do not have possession of collateral held as security or other credit enhancement.

NOTES TO THE FINANCIAL STATEMENTS

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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

	2023			
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Past due up to 30 days	-	27,154	-	27,154
Past due 30-60 days	-	12,935	-	12,935
Total	-	40,089	-	40,089

	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
Past due up to 30 days	-	34,573	-	34,573
Past due 30-60 days	-	18,798	-	18,798
Total	-	53,371	-	53,371

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(i) Financing, loans and advances (continued)

Impaired (C)

Group/Company

	2023			
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	Total RM'000
Gross impaired loans	-	-	77,850	77,850
Individually impaired loans	-	-	77,850	77,850

	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
Gross impaired loans	-	-	63,146	63,146
Individually impaired loans	-	-	63,146	63,146

(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").

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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:

Investment securities: FVTPL

Group/Company

	2023			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Sovereign (no rating)	65,150	-	-	65,150
Investment grade (AAA to BBB-)	760,767	-	-	760,767
Non-investment grade (BB+ and below)	94,712	-	-	94,712
Unrated	101,430	-	-	101,430
Total	1,022,059	-	-	1,022,059

	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	
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

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

^ Investment in REITS amounting to RM142,841,000 (2022: RM127,464,000)

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Credit quality (continued)

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

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

Investment securities: FVOCI

Group

	2023			Total RM'000
	12-Month ECL Performing Stage 1 RM'000	Lifetime ECL Under- performing Stage 2 RM'000	Lifetime ECL Impaired Stage 3 RM'000	
Sovereign (no rating)	604,743	-	-	604,743
Investment grade (AAA to BBB-)	2,162,331	-	-	2,162,331
Total	2,767,074	-	-	2,767,074

	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	
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

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

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

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

Investment securities: FVOCI

Company

	2023			
	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)	604,743	-	-	604,743
Investment grade (AAA to BBB-)	2,162,331	-	-	2,162,331
Total	2,767,074	-	-	2,767,074

	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
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

NOTES TO THE FINANCIAL STATEMENTS

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40. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Credit quality (continued)

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

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

Investment securities: Amortised cost

Group/Company

	2023			
	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	132,229	50,535	-	182,764
Expected credit losses ('ECL')	(995)	(237)	-	(1,232)
Total	131,234	50,298	-	181,532

	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
Unrated	132,228	50,421	-	182,649
Expected credit losses ('ECL')	(1,145)	(238)	-	(1,383)
Total	131,083	50,183	-	181,266

NOTES TO THE FINANCIAL STATEMENTS

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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)

Derivative financial assets

Group/Company

	2023			
	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-)	12,293	-	-	12,293
Total	12,293	-	-	12,293

	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
Investment grade (AAA to BBB-)	12,253	-	-	12,253
Total	12,253	-	-	12,253

NOTES TO THE FINANCIAL STATEMENTS

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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)

Term deposits

Group

	2023			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-)	424,995	-	-	424,995
Total	424,995	-	-	424,995

	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 grade (AAA to BBB-)	310,210	-	-	310,210
Total	310,210	-	-	310,210

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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)

Term deposits

Company

	2023			
	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-)	421,991	-	-	421,991
Total	421,991	-	-	421,991

	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
Investment grade (AAA to BBB-)	310,210	-	-	310,210
Total	310,210	-	-	310,210

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

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

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

Cash and cash equivalents

Group

	2023			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-)	337,503	-	-	337,503
Total	337,503	-	-	337,503

	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 grade (AAA to BBB-)	488,138	-	-	488,138
Total	488,138	-	-	488,138

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

^ Cash in hand of RM19,568 (2022: RM19,600)

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

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

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

Cash and cash equivalents

Company

	2023			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-)	331,329	-	-	331,329
Total	331,329	-	-	331,329

	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 grade (AAA to BBB-)	488,138	-	-	488,138
Total	488,138	-	-	488,138

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

^ Cash in hand of RM19,568 (2022: RM19,600)

There are no investment securities, term deposits and cash and cash equivalents which are past due but not impaired or impaired.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

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:

Neither past due nor impaired

Group

	2023			
	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
Other receivables [#]	13,254	-	-	13,254
Total	13,254	-	-	13,254

	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
Other receivables [#]	8,047	-	-	8,047
Total	8,047	-	-	8,047

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- 31 DECEMBER 2023

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)

Past due but not impaired

Group

	2023			
	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
Other receivables [#]	4,540	-	-	4,540
Total	4,540	-	-	4,540

	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
Other receivables [#]	13,638	-	-	13,638
Total	13,638	-	-	13,638

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40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(iii) Other financial assets (continued)

The carrying amount of other financial assets of the Group and the Company are summarised as below:
(continued)

Neither past due nor impaired

Company

	2023			
	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
Other receivables [#]	13,254	-	-	13,254
Total	13,254	-	-	13,254

	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
Other receivables [#]	8,047	-	-	8,047
Total	8,047	-	-	8,047

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

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)

Past due but not impaired

Company

	2023			
	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
Other receivables [#]	4,540	-	-	4,540
Total	4,540	-	-	4,540

	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
Other receivables [#]	13,638	-	-	13,638
Total	13,638	-	-	13,638

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

Prepayments for the Group and the Company amounting RM9,234,000 (2022: RM9,218,000) and RM9,228,000 (2022: RM9,218,000) respectively.

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40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(iii) Other financial assets (continued)

The carrying amount of other financial assets of the 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 PD, EAD and LGD in the period, arising from regular refreshing of inputs to models.

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

Financing, loans and advances

Group/Company

	2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Loss allowance as at 1 January 2023	5,184	14,285	63,146	82,615
Transfers				
Change due to change in credit risk:				
Transfer from Stage 1 to Stage 2	(313)	8,984	-	8,671
Transfer from Stage 1 to Stage 3	(307)	-	12,533	12,226
Transfer from Stage 2 to Stage 3	-	(6,003)	22,021	16,018
Transfer from Stage 3 to Stage 2	-	332	(1,329)	(997)
Transfer from Stage 3 to Stage 1	10	-	(421)	(411)
Transfer from Stage 2 to Stage 1	273	(2,237)	-	(1,964)
New financial assets originated or purchased	461	22	-	483
Financial assets derecognised during the financial year other than write-offs	(668)	(128)	(1,999)	(2,795)
Written-off/waived during the financial year	(28)	(472)	(16,101)	(16,601)
Loss allowance as at 31 December 2023	4,612	14,783	77,850	97,245

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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 (continued)

	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
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)	(4,331)	(6,541)
Written-off/waived during the financial year	-	(224)	(14,990)	(15,214)
Loss allowance as at 31 December 2022	5,184	14,285	63,146	82,615

NOTES TO THE FINANCIAL STATEMENTS

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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

	2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Loss allowance as at 1 January 2023	1,162	-	140,025	141,187
Change due to change in credit risk	486	-	-	486
New financial assets originated or purchased	90	-	-	90
Loss allowance as at 31 December 2023	1,738	-	140,025	141,763

	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
Change due to change in credit risk	(157)	-	-	(157)
New financial assets originated or purchased	97	-	-	97
Loss allowance as at 31 December 2022	1,162	-	140,025	141,187

NOTES TO THE FINANCIAL STATEMENTS

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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

	2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Loss allowance as at 1 January 2023	1,145	238	-	1,383
Change due to change in credit risk	(150)	(1)	-	(151)
Amount written-off	-	-	-	-
Loss allowance as at 31 December 2023	995	237	-	1,232

	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
Change due to change in credit risk	(322)	(3)	-	(325)
Amount written-off	-	-	(5)	(5)
Loss allowance as at 31 December 2022	1,145	238	-	1,383

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40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(v) Movement in gross carrying amount that contributed to changes in the expected credit losses:

Financing, loans and advances

Group/Company

	2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2023	213,413	60,114	63,146	336,673
Transfers				
<u>Change due to change in credit risk:</u>				
Transfer from Stage 1 to Stage 2	(34,415)	34,415	-	-
Transfer from Stage 1 to Stage 3	(14,267)	-	14,267	-
Transfer from Stage 2 to Stage 3	-	(25,134)	25,134	-
Transfer from Stage 3 to Stage 2	-	1,329	(1,329)	-
Transfer from Stage 3 to Stage 1	421	-	(421)	-
Transfer from Stage 2 to Stage 1	10,697	(10,697)	-	-
Remeasurement	(2,809)	(8,009)	(4,847)	(15,665)
New financial assets originated or purchased	8,048	244	-	8,292
Financial assets derecognised during the financial year other than write-offs	(53,586)	(7,287)	(1,998)	(62,871)
Written-off/waived during the financial year	(28)	(473)	(16,101)	(16,602)
Gross carrying amount as at 31 December 2023	127,474	44,502	77,851	249,827

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40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(v) Movement in gross carrying amount that contributed to changes in the expected credit losses: (continued)

Financing, loans and advances (continued)

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
Transfers				
Change due to change in credit risk:				
Transfer from Stage 1 to Stage 2	(17,727)	17,727	-	-
Transfer from Stage 1 to Stage 3	(5,783)	-	5,783	-
Transfer from Stage 2 to Stage 3	-	(28,275)	28,275	-
Transfer from Stage 3 to Stage 2	-	234	(234)	-
Transfer from Stage 3 to Stage 1	185	-	(185)	-
Transfer from Stage 2 to Stage 1	57,770	(57,770)	-	-
Remeasurement	(12,359)	(3,381)	(4,271)	(20,011)
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)	(10,243)	(4,231)	(51,793)
Written-off/waived during the financial year	-	(224)	(14,992)	(15,216)
Gross carrying amount as at 31 December 2022	213,413	60,114	63,146	336,673

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40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(v) Movement in gross carrying amount that contributed to changes in the expected credit losses: (continued)

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:

Group/Company

	2023				
	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	63,146	35,054	(3,748)	(16,602)	77,850
	63,146	35,054	(3,748)	(16,602)	77,850

	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	33,113	(4,744)	(15,214)	63,146
	49,991	33,113	(4,744)	(15,214)	63,146

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40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit Risk (continued)

Credit quality (continued)

(v) Movement in gross carrying amount that contributed to changes in the expected credit losses: (continued)

Investment securities: FVOCI

Group

	2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2023	2,563,981	-	-	2,563,981
Change due to change in credit risk	79,520	-	-	79,520
New financial assets originated or purchased	363,836	-	-	363,836
Maturity/Disposal during the year	(235,569)	-	-	(235,569)
Gross carrying amount as at 31 December 2023	2,771,768	-	-	2,771,768
	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
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

NOTES TO THE FINANCIAL STATEMENTS

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40. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Credit quality (continued)

(v) **Movement in gross carrying amount that contributed to changes in the expected credit losses: (continued)**

Investment securities: FVOCI (continued)

Company

	2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2023	2,563,981	-	-	2,563,981
Change due to change in credit risk	79,519	-	-	79,519
New financial assets originated or purchased	359,143	-	-	359,143
Maturity/Disposal during the year	(235,569)	-	-	(235,569)
Gross carrying amount as at 31 December 2023	2,767,074	-	-	2,767,074

	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
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

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40. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

Credit quality (continued)

(v) **Movement in gross carrying amount that contributed to changes in the expected credit losses: (continued)**

Investment securities: Amortised cost

Group/Company

	2023			
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	Total RM'000
Gross carrying amount as at 1 January 2023	132,228	50,421	-	182,649
Change due to change in credit risk	-	115	-	115
Gross carrying amount as at 31 December 2023	132,228	50,536	-	182,764

	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
Change due to change in credit risk	(1,980)	53	-	(1,927)
New financial assets originated or purchased	(80,000)	-	-	(80,000)
Maturity/Disposal during the year	-	-	(5)	(5)
Gross carrying amount as at 31 December 2022	132,228	50,421	-	182,649

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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			
	2023		2022	
	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")	49,137	49,928	49,269	48,414
- 100 bps	(49,137)	(49,928)	(49,269)	(48,414)

	Company			
	2023		2022	
	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	49,077	49,868	49,269	48,414
- 100 bps	(49,077)	(49,868)	(49,269)	(48,414)

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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

	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
2023					
Assets					
Investment securities: FVTPL	38,064	300,136	815,032	11,668	1,164,900
Investment securities: FVOCI	268,040	1,069,036	1,429,998	-	2,767,074
Investment securities:					
Amortised cost	101,199	80,333	-	-	181,532
Derivative financial assets	12,293	-	-	-	12,293
Term deposits	417,561	-	-	4,430	421,991
Financing, loans and advances - not impaired*	10,667	156,928	4,382	(19,395)	152,582
Other receivables^	-	-	-	17,794	17,794
Cash and cash equivalents	225,264	-	-	106,085	331,349
Total financial assets	1,073,088	1,606,433	2,249,412	120,582	5,049,515
Liabilities					
Funds from BNM	59,782	96,285	-	-	156,067
Tabung Usahawan Kecil	15,000	15,000	-	-	30,000
Government Funds	9,602	-	-	-	9,602
Small Entrepreneurs Financing Fund	-	-	-	-	-
Derivative financial liabilities	14,538	-	-	-	14,538
Other liabilities®	-	-	-	555,762	555,762
Total financial liabilities	98,922	111,285	-	555,762	765,969
Net interest sensitivity gap	974,166	1,495,148	2,249,412		

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40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Interest/Profit rate risk (continued)

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
Liabilities					
Funds from BNM	70,198	155,588	-	-	225,786
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		

* The negative balance represents collective allowance for financing, loans and advances

^ Excludes prepayment amounting to RM9,228,000 (2022: RM9,218,000)

® Other liabilities includes amount due to BNM, expected credit losses, claims payable, other payables and lease liabilities

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40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Market risk (continued)

Foreign exchange risk

The 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

	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
2023							
Assets							
Investment securities: FVTPL	195,544	145,587	14,815	-	11,784	11,479	379,209
Derivatives	1,368	10,871	-	-	16	38	12,293
Cash and cash equivalents	5,273	5,114	89	542	5	10	11,033
Net on-balance sheet financial position	202,185	161,572	14,904	542	11,805	11,527	402,535
Liability							
Derivatives	691	13,462	245	-	103	37	14,538
Net on-balance sheet financial position	691	13,462	245	-	103	37	14,538
Off-balance sheet commitments	192,292	137,396	14,648	6,237	1,785	6,221	358,579
2022							
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

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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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
+ 1%				
United States Dollar	3,885	3,963	3,885	3,963
Singapore Dollar	2,804	2,645	2,804	2,645
Australian Dollar	292	291	292	291
Renminbi	135	32	135	32
Great Britain Pound	62	132	62	132
Euro	177	124	177	124
- 1%				
United States Dollar	(3,885)	(3,963)	(3,885)	(3,963)
Singapore Dollar	(2,804)	(2,645)	(2,804)	(2,645)
Australian Dollar	(292)	(291)	(292)	(291)
Renminbi	(135)	(32)	(135)	(32)
Great Britain Pound	(62)	(132)	(62)	(132)
Euro	(177)	(124)	(177)	(124)

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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

	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
2023				
Liabilities				
Amount due to BNM	37,957	-	-	37,957
Funds from BNM	59,782	96,285	-	156,067
Tabung Usahawan Kecil	15,000	15,000	-	30,000
Government Funds	9,602	-	-	9,602
Expected credit losses for guarantee schemes	41,695	271,313	50,442	363,450
Claims payable	1,588	-	-	1,588
Other payables	150,868	-	-	150,868
	316,492	382,598	50,442	749,532
2022				
Liabilities				
Amount due to BNM	30,194	-	-	30,194
Funds from BNM	70,198	155,588	-	225,787
Tabung Usahawan Kecil	12,000	30,000	-	42,000
Government Funds	14,605	-	-	14,605
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
	295,204	401,251	38,006	734,462

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40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

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

Company

	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
2023				
Liabilities				
Amount due to BNM	37,957	-	-	37,957
Funds from BNM	59,782	96,285	-	156,067
Tabung Usahawan Kecil	15,000	15,000	-	30,000
Government Funds	9,602	-	-	9,602
Small Entrepreneurs Financing Fund	-	-	-	-
Expected credit losses for guarantee schemes	41,695	271,313	50,442	363,450
Claims payable	1,588	-	-	1,588
Other payables	148,841	-	-	148,841
	314,465	382,598	50,442	747,505
2022				
Liabilities				
Amount due to BNM	30,194	-	-	30,194
Funds from BNM	70,198	155,588	-	225,786
Tabung Usahawan Kecil	12,000	30,000	-	42,000
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	131,601	-	-	131,601
	292,031	401,251	38,006	731,288

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

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

Derivative financial liabilities based on contractual undiscounted cash flows:

Group/Company

	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
2023				
Derivatives settled on a gross basis				
Foreign exchange derivatives:				
- outflow	166,157	-	-	166,157
- inflow	(151,619)	-	-	(151,619)
	14,538	-	-	14,538
2022				
Derivatives settled on a gross basis				
Foreign exchange derivatives:				
- outflow	75,462	-	-	75,462
- inflow	(61,918)	-	-	(61,918)
	13,544	-	-	13,544

(d) Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

40. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value of financial instruments (continued)

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. (continued)

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities as well as fixed income securities such as government securities and corporate bonds.

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the Group and the Company determine fair value based upon valuation techniques that use as inputs, market parameters including but not limited to yield curves, volatilities and foreign exchange rates. The majority of valuation techniques employ only observable market data and so reliability of the fair value measurement is high. For structured investments, the fair value is obtained from the counterparty bank.

Financial instruments are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). Such inputs are generally determined based on observable inputs of a similar nature, historical observations on the level of the input or other analytical techniques.

The Group and the Company recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. Transfers between fair value hierarchy primarily due to change in the level of trading activity, change in observable market activity related to an input, reassessment of available pricing information and change in the significance of the unobservable input. There were no transfers between Level 1, 2 and 3 of the fair value hierarchy during the financial year (2022: Nil).

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

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

2023	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Assets</u>				
Investment securities: FVTPL				
- Money market instruments	-	65,150	-	65,150
- Private debt securities	-	956,910	-	956,910
Investment securities: REITS				
- REITS	142,840	-	-	142,840
Investment securities: FVOCI				
- Private debt securities	-	2,034,766	-	2,034,766
- Money market instruments	-	727,614	-	727,614
Preference shares and convertible notes	-	-	4,694	4,694
Derivative financial assets	-	12,293	-	12,293
	142,840	3,796,733	4,694	3,944,267
<u>Liabilities</u>				
Tabung Usahawan Kecil	-	30,000	-	30,000
Derivative financial liabilities	-	14,538	-	14,538
	-	44,538	-	44,538

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

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

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: HFT				
- Private debt securities				
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>				
Tabung Usahawan Kecil	-	38,858	-	38,858
Derivative financial liabilities	-	13,544	-	13,544
	-	52,402	-	52,402

The following table shows a reconciliation of the opening and closing amounts of Level 3 financial instruments which are recorded at fair value.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Financial investments at FVOCI				
Preference shares and convertible notes				
As at 1 January	-	-	-	-
Addition	4,694	-	-	-
As at 31 December	4,694	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

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

	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2023					
<u>Financial assets</u>					
Investment securities:					
amortised cost	181,532	-	171,851	-	171,851
Financing, loans and advances	152,582	-	150,458	-	150,458
<u>Financial liabilities</u>					
Funds from BNM	156,067	-	101,642	-	101,642
Government funds	9,602	-	9,771	-	9,771

	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2022					
<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

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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

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, TUK, SEFF 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

- 31 DECEMBER 2023

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

	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
2023			
Financial assets			
Amount due from BNM	-	-	-
Financial liabilities			
Amount due to BNM	-	37,957	(37,957)
2022			
Financial assets			
Amount due from BNM	-	-	-
Financial liabilities			
Amount due to BNM	-	30,194	(30,194)

42. SIGNIFICANT EVENT AND EVENT OCCURRING AFTER THE BALANCE SHEET DATE

Repayments of HPT and NIF

On 22 February 2024, CGC had performed full settlement of the Government Fund (Note 22) amounting to RM9.6 million.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

Suhaimi Ali
Non-Independent Non-Executive Director

Kellee Kam Chee Khiong
*Independent Non-Executive Director
(Appointed on 16 October 2023)*

Dato' Haji Syed Moheeb Syed Kamarulzaman
*Independent Non-Executive Director
(Retired on 14 January 2023)*

Teoh Kok Lin
*Independent Non-Executive Director
(Retired on 26 June 2023)*

Suresh Menon
*Independent Non-Executive Director
(Retired on 20 June 2023)*

Dato' Ong Eng Bin
*Independent Non-Executive Director
(Retired on 14 October 2023)*

BOARD AUDIT COMMITTEE

Faisal Ismail
*Independent Non-Executive Director
(Chairman)*

Saleha M. Ramly
Independent Non-Executive Director

Kellee Kam Chee Khiong
*Independent Non-Executive Director
(Appointed as Member on 16 October 2023)*

BOARD RISK MANAGEMENT COMMITTEE

Anthony Lim Choon Eng
*Independent Non-Executive Director
(Chairman)*

Choong Tuck Oon
Independent Non-Executive Director

Faisal Ismail
Independent Non-Executive Director

BOARD NOMINATION & REMUNERATION COMMITTEE

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

Saleha M. Ramly
Independent Non-Executive Director

Kellee Kam Chee Khiong
*Independent Non-Executive Director
(Appointed as Member on 16 October 2023)*

BOARD INVESTMENT COMMITTEE

Kellee Kam Chee Khiong
*Independent Non-Executive Director
(Chairman)
(Appointed as Chairman on 16 October 2023)*

Anthony Lim Choon Eng
Independent Non-Executive Director

Faisal Ismail
*Independent Non-Executive Director
(Appointed as Member on 27 June 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

ERNST & YOUNG PLT
202006000003 (LLP0022760-LCA) & AF 0039
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BUSINESS AND CORRESPONDENCE ADDRESS

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

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www.facebook.com/CGCmy

[cgcmalaysia](https://www.instagram.com/cgcmalaysia)

CGC Malaysia

CORPORATE DIRECTORY

CGC Main

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Person to Contact:

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CGC Alor Setar

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GLOBAL REPORTING INITIATIVE (GRI) INDEX

GRI Standard	Disclosure	Description	Page Number(s), URL or Direct Answer	Omissions and Explanation
GRI 2: General Disclosures 2021	2-1	Organisational details a. report its legal name b. report its nature of ownership and legal form c. report location of its headquarters d. report its countries of operation	6, 10-11	
	2-2	Entities included in organisation's sustainability reporting	1	
	2-3	Reporting period, frequency and contact point	1	
	2-4	Restatements of information	-	Restatements of data compared to prior years is not available since this is the first report CGC following GRI standard
	2-5	External assurance	-	Sustainability reporting in this report has not been externally assured. CGC will seek external assurance in the future
	2-6	Activities, value chain and other business relationships	6, 8	
	2-7	Employees	194-197	
	2-8	Workers who are not employees	194-197	
	2-9	Governance structure and composition	224-225, 230-234	
	2-10	Nomination and selection of highest governance body	237-240	
	2-11	Chair of highest governance body	230-232	
	2-12	Role of highest governance body in overseeing management of impacts	142, 232	
	2-13	Delegation of responsibility for managing impacts	142	
	2-14	Role of highest governance body in sustainability reporting	50, 142	
	2-15	Conflicts of interest	207-217, 247	
	2-16	Communication of critical concerns	71, 202, 252	
	2-17	Collective knowledge of highest governance body	243-245	
	2-18	Evaluation of performance of highest governance body	242	
	2-19	Remuneration policies	240	
	2-20	Process to determine remuneration	241-242, 246, 264	
	2-21	Annual total compensation ratio	-	CGC intends to include disclosures on the annual total compensation ratio in the future

GLOBAL REPORTING INITIATIVE (GRI) INDEX

GRI Standard	Disclosure	Description	Page Number(s), URL or Direct Answer	Omissions and Explanation
GRI 2: General Disclosures 2021 (continued)	2-22	Statement on sustainable development strategy	26-34	
	2-23	Policy commitments	71, 99-100, 202-203	
	2-24	Embedding policy commitments	71, 99-100, 202-203	
	2-25	Processes to remediate negative impacts	71, 202-203	
	2-26	Mechanisms for seeking advice and raising concerns	202-203, https://www.cgc.com.my/whistle-blowing/	
	2-27	Compliance with laws and regulations	No instance of significant non-compliance with laws and regulations during the reporting period	
	2-28	Membership associations	Association of Development Financing Institutions in Asia and the Pacific (ADFIAP), Association of Development Financial Institution of Malaysia (ADFIM), Federation of Malaysian Manufacturers (FMM), Global Sustainable Finance Network (GSFN), Asian Credit Supplementation Institution Confederation (ACSIC)	
	2-29	Approach to stakeholder engagement	42-44	
	2-30	Collective bargaining agreements	-	Not applicable. CGC workers are not unionised
MATERIAL TOPICS				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	50-51	
	3-2	List of material topics	51	
PROCUREMENT PRACTICES				
GRI 3: Material Topics 2021	3-3	Management of Material Topics	52-55, 202	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	202	
ANTI-CORRUPTION				
GRI 3: Material Topics 2021	3-3	Management of material topics	52-55, 202-203	
GRI 205: Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	99-100, 202-203	

GRI Standard	Disclosure	Description	Page Number(s), URL or Direct Answer	Omissions and Explanation
ENERGY				
GRI 3: Material Topics 2021	3-3	Management of material topics	52-55, 160	
GRI 302: Energy 2016	302-1	Energy consumption within organisation	160	
	302-4	Reduction of energy consumption	-	The calculation of energy consumption reduction will be conducted in year 2024
EMISSIONS				
GRI 3: Material Topics 2021	3-3	Management of material topics	52-55, 160	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	160	
	305-2	Energy indirect (Scope 2) GHG emissions	160	
	305-3	Other indirect (Scope 3) GHG emissions	-	Scope 3 calculation will commence in year 2024
	305-4	GHG emissions intensity	-	Emission intensity calculation will commence in year 2024
	305-5	Reduction of GHG emissions	-	The calculation of GHG emission reduction will be conducted in year 2024
EMPLOYMENT				
GRI 3: Material Topics 2021	3-3	Management of material topics	52-55, 194-197	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	194-197	
OCCUPATIONAL HEALTH AND SAFETY				
GRI 3: Material Topics 2021	3-3	Management of material topics	52-55, 204-205	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	204-205	
	403-2	Processes to identify and manage work-related hazards are established	204	
	403-3	Occupational health services	204-205	
	403-4	Worker participation, consultation, and communication on occupational health and safety	204-205	
	403-5	Worker training on occupational health and safety	204-205	
	403-6	Promotion of worker health	204-205	

GLOBAL REPORTING INITIATIVE (GRI) INDEX

GRI Standard	Disclosure	Description	Page Number(s), URL or Direct Answer	Omissions and Explanation
GRI 403: Occupational Health and Safety 2018 (continued)	403-7	Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships	204-205	
	403-8	Workers covered by an occupational health and safety management system	-	CGC will include the information in the future
	403-9	Work-related injuries	No incident reported in FY2023	
TRAINING AND EDUCATION				
GRI 3: Material Topics 2021	3-3	Management of material topics	52-55, 104-105	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	-	The training per year per employee were recorded by sessions not hours
	404-2	Programmes for upgrading employee skills and transition assistance programmes	104, 189-192	
	404-3	Percentage of employees receiving regular performance and career development reviews	100% (The Internship and Financial Sector Talent Enrichment Programme (FSTEP) are not included)	
DIVERSITY AND EQUAL OPPORTUNITY				
GRI 3: Material Topics 2021	3-3	Management of material topics	52-55, 194-197	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	194-197	
NON-DISCRIMINATION				
GRI 3: Material Topics 2021	3-3	Management of material topics	194	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	No incident reported in FY2023	
LOCAL COMMUNITIES				
GRI 3: Material Topics 2021	3-3	Management of material topics	43, 52-55	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	102-103, 163-166	
CUSTOMER PRIVACY				
GRI 3: Material Topics 2021	3-3	Management of material topics	52-55, 99-100, 203	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	203	

NOTICE OF 51ST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 51st 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 Thursday, 20 June 2024, 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 2023 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire by rotation in accordance with Articles 76A and 76B of CGC’s Constitution and who being eligible offer themselves for re-election:
 - a) Encik Lim Choon Eng; and **Resolution 1**
 - b) Encik Suhaimi bin Ali. **Resolution 2**
3. To re-elect Encik Kellee Kam Chee Khiong who retire in accordance with Article 77 of CGC’s Constitution and who being eligible offer himself for re-election. **Resolution 3**
4. To approve the payment of the following fees to Non-Executive Directors for the period from the 51st AGM to the 52nd AGM of CGC, payable in a manner as the Board of Directors may determine: **Resolution 4**
 - (i) Non-Executive Chairman’s fee of RM204,000.00 per annum;
 - (ii) Non-Executive Directors’ fee of RM96,000.00 per annum for each Non-Executive Director;
 - (iii) Board Committee Chairman’s fee of RM20,000.00 per annum for Chairman of each Board Committee; and
 - (iv) Board Committee Member’s fee of RM10,000.00 per annum for member of each Board Committee.
5. To approve Directors’ benefits up to an amount of RM904,960.00 payable to the Non-Executive Chairman and Non-Executive Directors from the 51st AGM to the 52nd AGM of CGC, payable in a manner as the Board of Directors may determine. **Resolution 5**
6. To re-appoint Messrs. Ernst & Young PLT as Auditors of CGC for the financial year ending 31 December 2024 and to authorise the Board of Directors to fix their remuneration. **Resolution 6**
7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 2016 and CGC’s Constitution.

BY ORDER OF THE BOARD

DAENG HAFEZ ARAFAT BIN ZUHUD
(LS0007002) (SSM PC No.: 202008003092)
Company Secretary

Petaling Jaya
21 May 2024

NOTICE OF 51ST ANNUAL GENERAL MEETING

NOTES:

Proxy

1. A member entitled to attend, participate, speak and vote is entitled to appoint a proxy to attend, participate, speak and vote on his behalf. A proxy may but need not be a member of CGC and there shall be no restriction as to the qualification of a proxy.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if the appointor is a company under the hand of an officer or attorney of the company.
3. A company member having 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, No. 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 2023

5. The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 ("CA 2016") for discussion only under Agenda 1 which do not require shareholders' approval and hence, will not be put for voting.

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

6. The Board had on 23 April 2024 endorsed the Board Nomination and Remuneration Committee ("BNRC")'s recommendation for re-election of the following directors who shall retire in accordance with Articles of CGC's Constitution:
 - (i) Articles 76A and 76B:
Encik Lim Choon Eng and Encik Suhaimi bin Ali, who have been the longest in office since their last election to retire and shall be eligible for re-election.
 - (ii) Article 77:
Encik Kellee Kam Chee Khiong who was appointed as Independent Non-Executive Director of CGC on 16 October 2023, shall hold office until the 51st AGM and shall be eligible for re-election.

A brief profile of the abovementioned Non-Executive Directors is set out in pages 211, 212 and 213 respectively of CGC Annual Report 2023.

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

Ordinary Resolution 4 - Directors' Fees

7. Section 230(1)(a) of CA 2016 provides that "the fees" of the Directors and "any benefits" payable to the Directors of a public company shall be approved at a general meeting.

The last revision of directors' remuneration was conducted in 2018. Taking into consideration of director's heavy duties and responsibilities with the current composition of seven (7) directors and based on benchmarking against industry peers, a comprehensive review exercise on directors' remuneration was undertaken.

The Board had on 19 February 2024 deliberated the BNRC's recommendation on the proposed revision of directors' remuneration and thereafter endorsed the proposal on 3 April 2024 to increase the Non-Executive Directors' fee and introduce Board Committees Fee as follows:

Description	Current Fees (RM) (Approved at the 45 th AGM on 25 June 2018)		Proposed Fees (RM) (Approval sought at 51 st AGM)	
	Chairman	Member	Chairman	Member
Board Fee	RM180,000 per annum	RM72,000 per annum	RM204,000 per annum	RM96,000 per annum
Board Committee Fee	-	-	RM20,000 per annum	RM10,000 per annum

The above proposal is made to attract, retain and motivate current and future Non-Executive Directors on Board of CGC. CGC believes that based on complexity of role of its Non-Executive Directors and onerous risk and personal liability borne by them, the abovementioned proposed fees are fair and equitable. The proposed fees are also in line with peers within the industry.

With the introduction of Board Committees Fee, Chairman and member of Board Committees will be accorded a distinct and appropriate remuneration package to reflect their role and responsibilities in respective Board Committees.

Ordinary Resolution 5 - Directors' Benefits

8. The proposed Directors' Benefits payable to Non-Executive Chairman and Non-Executive Directors comprise allowances, benefits-in-kind and other emoluments payable to them. Details of the proposed benefits are as follows:

Type	Detail/Amount	Chairman	Members
Meeting Allowance	RM5,000 per meeting	√	
	RM3,500 per meeting		√
Mobile Phone Allowance	RM500 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	√	√

NOTICE OF 51ST ANNUAL GENERAL MEETING

The proposed Directors' Benefit amounting to RM904,960.00 will be paid to Non-Executive Chairman and Non-Executive Directors from the 51st AGM until the 52nd 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 Committees Meetings, training organised for the Board, and also number of Non-Executive Directors involved in these meetings/trainings.

Ordinary Resolution 6 - Re-appointment of Auditors

9. The Board Audit Committee ("BAC") had at its meeting on 4 April 2024 assessed the suitability and independence of the external auditors, Messrs. Ernst & Young PLT ("EY") in accordance with CGC's External Auditor Policy.

The BAC was satisfied with EY's performance in 2023 based on the quality of audit, efficiency, independence and sufficiency of resources provided to complete their assignment. Subsequently, the BAC had recommended to the Board on the re-appointment of EY as CGC's external auditors for the financial year ending 31 December 2024.

The Board at its meeting held on 23 April 2024 endorsed the BAC's recommendation for the shareholders' approval to be sought at the 51st AGM on the re-appointment of EY as CGC's external auditors for the financial year ending 31 December 2024.

FORM OF PROXY

I/We
(company name)

of
(full address)

being a member of Credit Guarantee Corporation Malaysia Berhad ("CGC"), hereby appoint

.....
(full name).....NRIC/Passport No.....

or failing him/her
(full name).....NRIC/Passport No.

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the 51st 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 **Thursday, 20 June 2024 at 12.00 p.m.** and at any adjournment thereof for the following resolutions as set out in the Notice of the 51st 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 offer themselves for re-election:		
1	Encik Lim Choon Eng.		
2	Encik Suhaimi bin Ali.		
3	To re-elect Encik Kellee Kam Chee Khiong who retire in accordance with Article 77 of CGC's Constitution and who being eligible offer himself for re-election.		
4	To approve the payment of the following fees to Non-Executive Directors for the period from the 51 st AGM to the 52 nd AGM of CGC, payable in a manner as the Board of Directors may determine: (i) Non-Executive Chairman's fee of RM204,000.00 per annum; (ii) Non-Executive Directors' fee of RM96,000.00 per annum for each Non-Executive Director; (iii) Board Committee Chairman's fee of RM20,000.00 per annum for Chairman of each Board Committee; and (iv) Board Committee Member's fee of RM10,000.00 per annum for member of each Board Committee.		
5	To approve Directors' benefits up to an amount of RM904,960.00 payable to the Non-Executive Chairman and Non-Executive Directors from the 51 st AGM to the 52 nd AGM of CGC, payable in a manner as the Board of Directors may determine.		
6	To re-appoint Messrs. Ernst & Young PLT as Auditors of CGC for the financial year ending 31 December 2024 and to authorise the Board of Directors to fix their remuneration.		

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

Signed this day of 2024.

.....
 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, No. 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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www.cgc.com.my

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