



POWERING  
MALAYSIAN  
SMEs

# INTENSIFYING ENGAGEMENT ACCELERATING FINANCIAL INCLUSION

ANNUAL REPORT 2017





## COVER RATIONALE

As we remain on course towards achieving our 5-Year Strategic Plan (2016-2020), our Annual Report 2017 theme encapsulates our commitment towards further intensifying micro, small and medium enterprises (MSME) engagements as well as accelerating financial inclusion. Our journey continues as we incorporate digitisation and new technology to further empower MSMEs and accelerate their growth. By leveraging on technology, forging strategic alliances and enhancing our inherent strengths, we are confident of developing competitive and dynamic MSME for a progressive and sustainable future.

Our cover design features a cross-section of the MSME sectors that we engage with and assist create a digital platform to enable them to embrace technology and achieve greater success in their businesses.

## ABOUT THIS REPORT

**CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD'S (CGC) ANNUAL REPORT 2017 IS NOT ONLY BACK WITH A FRESHER LOOK AND VIBRANT CONTENTS; BUT, IT ALSO PROVIDES THE CONSOLIDATED FINANCIAL STATEMENTS AND A DETAILED ANALYSIS OF CGC'S STATUTORY ACCOUNTING RECORDS.**

**THE FINANCIAL STATEMENTS ARE INDEPENDENTLY AUDITED BY PRICEWATERHOUSECOOPERS PLT (PWC), AS INDICATED IN THE INDEPENDENT AUDITORS REPORT; OF WHICH, AN IN-DEPTH DISCLOSURE ON THE FINANCIAL PERFORMANCE OF CGC IS PROVIDED IN ITS TRANSPARENCY.**

### WHERE CAN I FIND OUT MORE?

You can learn more about CGC's business, performance, financing facilities, sustainability measures and the approaches used towards the management of both Governance and Risk issues, on our website; whereby, the latest and past Annual Reports are available for both reading pleasure and for downloading.



The link to the website:

<https://www.cgc.com.my>



### **OPERATING BUSINESSES**

The Annual Report covers the primary activities of CGC, strategic initiatives and partnerships forged, key support areas and product offerings.



### **FINANCIAL AND NON-FINANCIAL REPORTING**

The Annual Report covers both financial and non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders, which have a significant influence on our ability to create value.



### **MATERIALITY AND MATERIAL MATTERS**

We apply the principle of materiality in assessing which information is to be included in our Annual Report.

### **REPORTING FRAMEWORK AND COMBINED ASSURANCE**

The Board ensures that we practice good business ethics, conduct and governance in all that we do.

### **FORWARD-LOOKING STATEMENTS**

This publication contains forward-looking statements with respect to the financial conditions and result of CGC's operations.



A woman wearing a light pink hijab and a blue long-sleeved shirt is shown from the side, standing in a room with wooden paneling. The background is slightly blurred, showing a wooden cabinet and some items on a shelf.

## INTENSIFYING ENGAGEMENT through new alliances

CGC forges new alliances with strategic partners to bring greater digitisation in financing and create alternative delivery channels to enhance our MSME outreach.











# POWERING MALAYSIAN MSMEs through digital transformation

CGC strives to continuously intensify engagement with MSMEs in the country through our innovative financing options and cost effective delivery channels through digitisation.





# ACCELERATING through innovation

By leveraging on technology and going digital in our products & services, CGC strives to provide advisory and financing options that are forward thinking for all levels of MSMEs.









A man and a woman are looking at a tablet together. The man is on the left, wearing a blue and white striped shirt, and the woman is on the right, wearing a grey blazer over a black top. They are both smiling and looking at the tablet. The background is a blurred office setting.

## CREATING GROWTH through wider outreach

Besides guarantees and financing, CGC also provides advisory services and guidance which is aimed at assisting MSMEs to gain access to both local and international markets.





# CONTENTS | AR2017

## 12-25 AN OVERVIEW OF CGC



- 14** Our Overview
  - Aspiration
  - Vision
  - Mission
  - Core Values
  - Core Business
  - Market Positioning
  - Who We Are and What We Do
  - What We Offer
  - Where We Operate
  - Eligibility Criteria
- 18** Business Model
- 20** 2017 Key Highlights
  - Business Highlights
  - Financial Highlights
- 22** Significant Milestones 1972-2017

## 26-33 KEY MESSAGES



- 27** Chairman's Message
- 29** President/CEO's Statement

## 34-47 STRATEGIC REVIEW



- 35** Economic Market Review and Outlook
- 39** Our Strategy: 5-Year Strategic Plan (5SP) 2016-2020
- 43** Our IT Blueprint (ITBP): 2017-2019
- 44** Material Matters
- 46** Performance Scorecard and KPIs
- 47** Key Risks and Mitigation

## 50-59 FINANCIAL REVIEW



- 52** Group 5-Year Financial Summary and Highlights
- 56** Simplified Group Statements of Financial Position
- 58** Balance Sheet

## 60-79 OPERATIONAL OVERVIEW



- 61** Performance by Key Divisions
- 73** Performance Statistics and Highlights
  - Guarantee/Financing Schemes
  - The Use of Credit Guarantee Services
  - Distribution of Guarantees and Financing
  - Guarantee and Direct Financing Approval
  - Operational Performance



## 80-105 LEADERSHIP AND PROFILES



- 81 Board Balance and Composition
- 82 Board of Directors
- 84 Profile of Directors
- 94 Management Team
- 96 Management Team Profile
- 104 Organisation Structure

## 106-133 OUR RESPONSIBLE PRACTICES



- 107 Statement on Corporate Governance
- 118 Board Charter
- 127 Statement of Risk Management and Internal Control
- 132 Board Governance and Audit Committee Report

## 134-169 SUSTAINABILITY AT CGC



- 135 Sustainability Statement
- 146 Corporate Responsibility

## 170-185 OUR ACHIEVEMENTS



- 171 Success Stories
- 173 2017 Achievements and Accomplishments
- 176 Awards & Recognitions
- 178 Corporate Events
- 184 CGC In The News

## 186-285 FINANCIAL STATEMENTS



- 187 Directors' Report
- 191 Statements of Financial Position
- 193 Statements of Comprehensive Income
- 194 Statements of Changes in Equity
- 196 Statements of Cash Flows
- 200 Notes to the Financial Statements
- 283 Statement by Directors
- 283 Statutory Declaration
- 284 Independent Auditors' Report

## 286-296 ADDITIONAL INFORMATION



- 287 Corporate Information
- 290 Branch Network
- 293 Notice of the 45<sup>th</sup> Annual General Meeting
- Form of Proxy



# AN OVERVIEW OF CCGC



14	Our Overview <ul style="list-style-type: none"><li>• Aspiration</li><li>• Vision</li><li>• Mission</li><li>• Core Values</li><li>• Core Business</li><li>• Market Positioning</li><li>• Who We Are and What We Do</li><li>• What We Offer</li><li>• Where We Operate</li><li>• Eligibility Criteria</li></ul>
18	Business Model
20	2017 Key Highlights <ul style="list-style-type: none"><li>• Business Highlights</li><li>• Financial Highlights</li></ul>
22	Significant Milestones 1972-2017



# ■ OUR OVERVIEW

## ASPIRATION

To be The Household Name For SMEs By 2020

## VISION

To be an effective financial institution dedicated to promoting the growth and development of competitive and dynamic small and medium enterprises.

## MISSION

To enhance the viability of small and medium enterprises through the provision of products and services at competitive terms and with the highest degree of professionalism, efficiency and effectiveness.

## CORE VALUES

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

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

## CORE BUSINESS

The core business of Credit Guarantee Corporation Malaysia Berhad (CGC) is to assist micro, small and medium enterprises (MSME), especially those with inadequate or without collateral and track record, to obtain credit facilities from financial institutions by providing guarantee cover on such facilities.

## MARKET POSITIONING

Leading facilitator of financing/loans for Malaysian MSME especially those that have viable businesses but do not have sufficient collateral or lack collateral and track record to obtain financing from the banks on their own merit.



## WHO WE ARE AND WHAT WE DO

CGC was established on 5 July 1972. It is 78.7% owned by Bank Negara Malaysia and the remaining 21.3% by various Financial Institutions (FIs) and Development Financial Institutions (DFIs) in the country.

CGC has been bridging the gap between the financial institutions and the MSMEs by providing guarantee on the financing facilities applied for by the MSME. CGC also offers direct financing for certain segments.

CGC has evolved with the times to stay relevant. It has transformed itself from a traditional guarantee provider into a financially sustainable institution, providing a wide range of products and services for greater MSME outreach. It has forged strategic alliances with leading financial institutions to offer financing on a Portfolio Guarantee (PG) basis to enable MSMEs to have relatively quicker access to the funds needed for their businesses. CGC has also ventured into Wholesale Guarantee (WG), to offer financing for unsecured businesses, a first in the country.

CGC's products also include financing for start-ups, women entrepreneurs, financing to expand and grow your business and contract financing.

To date, CGC has availed over 453,000 guarantees and financing to MSMEs, valued at RM67.1 billion.

CGC has also introduced the **imSME, Malaysia's first online SME financing/loan referral platform** that serves as an alternative channel to search for financing products, saving them time and the hassle of going through a time consuming process. The imSME ensures that MSMEs, at different stages of their business developments, will be guided well to the legitimate and authorised channels to source for their business financing needs.

CGC's **Capacity Building Services** include its **CGC Developmental Programme** to assist MSMEs. The CGC Developmental Programme, which started in May 2016, encompasses three (3) main pillars: Mentoring Programme, Market Access and Cross Border Initiatives, benefitting 1,355 MSMEs, to date.

Under the **Market Access** initiative, CGC assists MSMEs in penetrating local as well as international markets. Since September 2016, CGC has undertaken several initiatives such as workshops and mentoring programmes in collaboration with its strategic partners with expertise in relevant fields to prepare, guide and link the MSMEs to access major local distribution channels and international markets.

As a DFI, CGC has in the past two (2) years brought 13 SMEs to participate in the international trade exhibitions such as the China-ASEAN Expo (CAEXPO) and Canton Fair. CGC aspires to continue assisting more MSMEs to enter the international market space.

CGC's support for MSMEs is not only confined to provide guarantees, direct financing facilities and advisory services but also **Credit Information and Credit Rating Services** through its subsidiary, Credit Bureau Malaysia Sdn Bhd. Through the Bureau, CGC assists MSMEs to build a credit history and track record to enhance their credibility and bankability to secure financing on their own merit and at reasonable cost.

CGC remains focused on its mandated role to assist potentially viable MSME with access to financing. This is in line with CGC's vision to be an effective financial institution dedicated to promoting the growth and development of competitive and dynamic small and medium enterprises, aptly reflected in its tagline '**Powering Malaysian SMEs.**'

# Our Overview (continued)

## WHAT WE OFFER

- Customised Guarantee Schemes
- Direct Financing
- Bumiputera Financing
- imSME, Malaysia's first online SME financing/loan referral platform
- Developmental Programme: Market Access, Mentoring Programme and Cross Border Initiatives
- Credit Information and Credit Rating Services  
*(by Credit Bureau Malaysia Sdn Bhd – a subsidiary of CGC)*

## WHERE WE OPERATE



- |     |                 |      |                  |      |          |
|-----|-----------------|------|------------------|------|----------|
| ● 1 | HQ: Kelana Jaya | ● 7  | Kota Kinabalu    | ● 13 | Miri     |
| ● 2 | Alor Setar      | ● 8  | Kuala Lumpur     | ● 14 | Prai     |
| ● 3 | Batu Pahat      | ● 9  | Kuala Terengganu | ● 15 | Sandakan |
| ● 4 | Ipoh            | ● 10 | Kuantan          | ● 16 | Seremban |
| ● 5 | Johor Bahru     | ● 11 | Kuching          |      |          |
| ● 6 | Kota Bharu      | ● 12 | Melaka           |      |          |



## ELIGIBILITY CRITERIA

### KEY QUALIFYING CRITERIA FOR A CREDIT GUARANTEE & FINANCING FACILITY

i

- Business must be an MSME based on the National SME Development Council's (NSDC) Definition
- Business must be Malaysian-controlled and Malaysian-owned (at least 51% shareholding)
- Business is registered with the Companies Commission of Malaysia (SSM) or the authorities/district offices in Sabah and Sarawak or statutory bodies for professional service providers
- No adverse track records on CTOS/CCRIS/DCHEQS

### AMOUNT OF FINANCING AND TENURE

ii

Percentage of Guarantee: generally range from 30%-90% (exact % depends on the products, as we have customised and generic guarantees offered)

- Financing Range: RM5,000.00 to RM10 million
- Purpose of Financing: working capital and/or asset acquisition
- Financing/Loan Facility: Term Financing/Loan and/or Overdraft
- Term: Average of 7 years

## GUARANTEE FEE & FINANCING RATES

iii

Guarantee Schemes	Guarantee Fees
CGC Schemes	0.5% to 5.8%
Government – backed Schemes	0.5% to 2.2%

Direct Financing Products	Profit Rates
BizMula-i	Effective Profit Rate: BFR+0.3% to BFR+1.7% p.a.
BizWanita-i	Effective Profit Rate: BFR+0.2% to BFR+1.7% p.a.
BizBina-i	5.8% per annum
TPUB-i	First time financing – 5.0% per annum. Subsequent financing – Maybank Islamic BFR (Base Financing Rate) + 1.0% per annum.

# ■ BUSINESS MODEL

## OUR CAPITALS



### Financial Capital

Our source of funds are derived from other liability instruments, operations and equity to run our business and fund our growth and operational activities.

**SHARE CAPITAL:** RM1.6 BILLION



### Human Capital

We invest in the development, knowledge, skills and experience of our people. This is to ensure operational excellence and innovative culture in implementing our strategies and initiatives.

**TOTAL NO. OF EMPLOYEES:** 537  
UNIQUE CLIENT CENTERED CULTURE



### Social and Relationships

Social Capital is the relationship we build with our stakeholders including the communities within which we operate. We create an enabling environment for all our stakeholders, integrate their needs into our business process and deliver on our commitments, creating long-term value and collective growth.



## ...ENABLE OUR VALUE-ADDING ACTIVITIES

We provide guarantee on financing facilities applied for by MSMEs through Financial Institution.

We offer financing for business start-ups, women entrepreneurs, Bumiputera financing, financing to expand and grow business and contract financing.

We offer Credit Information and Credit Rating Services, assisting MSMEs to build a credit history and track record.

We provide Malaysia's First Online SME Financing/Loan Referral Platform through imSME.

We maintain, optimise and invest in our operations, including technology and infrastructure.

We forge strategic alliances with relevant agencies and trade associations in an effort to reach out to the MSMEs.

We provide Developmental Programmes; encompassing Mentoring Programmes, Market Access and Cross Border Initiatives.

We reward performance and invest in attracting, developing and retaining our people.



## ...WHILE MANAGING OUR RISKS

CREDIT RISK	OPERATIONAL RISK	STRATEGIC, BUSINESS AND FINANCIAL RISK
MARKET RISK	REGULATORY AND COMPLIANCE RISK	REPUTATIONAL RISK

## VALUE CREATED FOR CGC AND OUR STAKEHOLDERS



### ...DELIVERING FINANCIAL OUTCOMES FOR CGC

<b>PROFIT AFTER TAX</b> RM222.0 MILLION	<b>GUARANTEE FEES</b> RM133.5 MILLION	<b>SHAREHOLDERS' EQUITY</b> RM3.6 BILLION
<b>REVENUE</b> RM411.0 MILLION	<b>FINANCING INCOME</b> RM22.1 MILLION	<b>RETAINED EARNINGS</b> RM1.1 BILLION



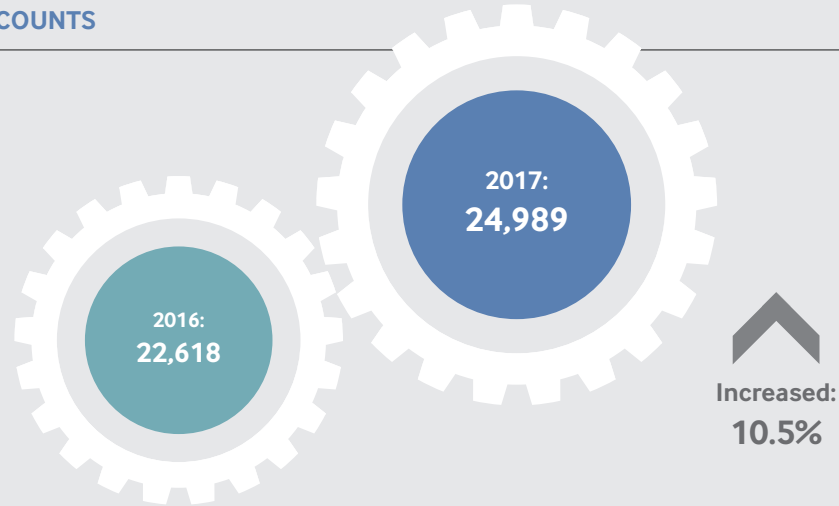
### ...VALUE CREATED FOR OUR STAKEHOLDERS

<p><b>EMPLOYEE</b></p> <ul style="list-style-type: none"> <li>Created new and permanent job opportunities</li> <li>Invested RM2.0 million (i.e. 2.9% of Staff Cost) for Staff Training and Development in 2017</li> </ul>	<p><b>CLIENTS</b></p> <ul style="list-style-type: none"> <li>CGC has availed over 453,000 guarantees and financing to MSMEs valued at RM67.1 billion</li> <li>No. of Guarantee and Financing Approval for MSMEs RM8.6 billion (FYE 2017)</li> <li>Value of Guarantee and Financing Approval for MSMEs RM4.7 billion (FYE 2017)</li> <li>With the launch of imSME, MSMEs are guided faster, hassle-free and at their convenience to legitimate and authorised channels to source for their business financing needs</li> <li>The launch of Customer Centric branches and the relocation of Kota Kinabalu, Melaka, Seremban and Prai branches provide easy access and convenience for MSMEs</li> <li>The Capacity Building Services have benefitted over 1,300 MSMEs</li> <li>A total of 15 MSMEs have benefitted from participation in both local and international Market Access</li> <li>Through our subsidiary, Credit Bureau Malaysia, Credit Info and Credit Rating Services to MSMEs are made available to enhance their credibility and bankability to secure financing</li> </ul>
<p><b>SHAREHOLDERS</b></p> <ul style="list-style-type: none"> <li>Maintained transparent, timely and relevant stakeholder engagement and communication and reporting</li> <li>Recorded a healthy financial results of RM222.0 million in profit</li> </ul>	
<p><b>REGULATORS</b></p> <ul style="list-style-type: none"> <li>Adhered to sustainable practices to safeguard our assets</li> <li>Complied with regulation to mitigate against systemic risk</li> </ul>	

# 2017 KEY HIGHLIGHTS

## BUSINESS HIGHLIGHTS

### NUMBER OF ACCOUNTS



Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

### TOP SELLING PRODUCTS

#### Portfolio Guarantee (PG)

- Numbers: **5,449** Accounts
- Approved Value: **RM1,850.0** Million

#### Wholesale Guarantee (WG)

- Numbers: **1,487** Accounts
- Approved Value: **RM74.0** Million

#### Flexi Guarantee Scheme (FGS)

- Numbers: **449** Accounts
- Approved Value: **RM219.2** Million

### 2017 AWARDS/RECOGNITIONS/LAUNCHES

- Secured the naming rights to **CGC-Glenmarie LRT Station** **6 February 2017**
- Launched: **imSME, Malaysia's First Online SME Financing/ Loan Referral Platform** **9 February 2018**
- CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak, awarded: **"Outstanding CEO of the Year"** **20 February 2018**  
*by Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)*
- CGC awarded: **"TalentCorp Career Comeback ReIGNITE Award"** for diversity and inclusion **8 March 2018**
- CGC awarded: **"Best Annual Report"** in the Special Awards Category **10 May 2017**  
*by Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)*

Established in

**1972**

Branches/Offices

**16**

Employees

**537**



## FINANCIAL HIGHLIGHTS

Revenue  
RM **407.6**  
million

Operating Income  
RM **220.3**  
million

Liabilities  
RM **1.5**  
billion

Equities  
RM **3.3**  
billion

Total Provision  
RM **107.5**  
million

Return on Assets  
**3.5%**

Total Assets  
RM **4.7**  
billion

Cost to Income Ratio  
**31.2%**

Net Profit  
RM **167.9**  
million

# ■ SIGNIFICANT MILESTONES

## 1972-2017

### 1972

- Establishment of CGC as a Credit Guarantee Service Provider at Wisma Yakin, Kuala Lumpur

### 1973

- Launching of the 1<sup>st</sup> Guarantee Scheme – ‘General Guarantee Scheme’ (GGS)
- Publication of CGC’s 1<sup>st</sup> Annual Report

### 1981

- Launching of the 2<sup>nd</sup> Guarantee Scheme – ‘Special Loan Scheme’ (SLS)

### 1986

- Launching of the 3<sup>rd</sup> Guarantee Scheme – ‘Hawkers & Petty Traders (HPT) Loan Scheme’

### 1989

- Appointed administrator for the ‘New Entrepreneurs Fund (NEF)’ by Bank Negara Malaysia (BNM)
- Launching of the 4<sup>th</sup> Guarantee Scheme – ‘Principal Guarantee Scheme’ (PGS)

### 1990

- Launching of the 5<sup>th</sup> Guarantee Scheme – ‘Association of Special Loan Scheme’ (ASLS)

### 1992

- Launching of the ‘Association of Special Loan Scheme 1992’ (ASLS 1992)
- First Joint Collaboration – Amanah Ikhtiar Malaysia (AIM): ‘Amanah Ikhtiar Malaysia Revolving Fund’
- Launching of the ‘Loan Fund for Hawkers & Petty Traders 1992’ (LFHPT 1992)

### 1994

- Launching of the ‘New Principal Guarantee Scheme’ (NPGS)
- Launching of the ‘Block Guarantee Scheme’ (BGS)

### 1996

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

### 1997

- After 25 years in operation, CGC moved into Bangunan CGC, its own 16-storey head office building located at Kelana Business Centre, Kelana Jaya, Selangor Darul Ehsan
- Launching of the ‘Interest Free Banking Scheme’ (IFBS)
- Launching of the ‘Franchise Financing Scheme’ (FFS)

### 1998

- Launching of the ‘Small Entrepreneurs Fund’ (SEF) [Replace: ASLS & LFHPT]
- Launching of the ‘Youth Economic Development Fund’ (TEB)

### 1999

- Launching of the ‘Flexi Guarantee Scheme’ (FGS) which includes ‘Fund for SMI’, ‘Rehabilitation Fund for SMI’, ‘Fund for Food’ and the ‘New Entrepreneurs Fund’



## 2000

- Opens four (4) branches: Main Branch (Kelana Jaya), Alor Setar, Ipoh and Johor Bahru
- Launching of the Direct Access Guarantee Scheme (DAGS)
- Launching of the 'Small Entrepreneurs Guarantee Scheme' (SEGS)
- Launching of the 'Enterprise Programme Guarantee Scheme' (EPGS)

## 2001

- Launching of the '*i-guarantee*' – CGC's one – stop centre for online application from SMEs
- Appointed administrator for the 'Fund for Small and Medium Industries 2' (FSMI2) & the 'New Entrepreneurs Fund 2' (NEF2) by Bank Negara Malaysia (BNM)
- Opens six (6) branches: Melaka, Kuantan, Kota Bharu, Prai, Seremban and Terengganu

## 2002

- Opens two (2) Branches: Kota Kinabalu and Kuching

## 2003

- Introduced the 'Balance Scorecard' tool, a Company Performance Management System
- Opens two (2) Branches: Kuala Lumpur and Batu Pahat
- Launching of the 'Islamic Banking Guarantee Scheme' (IBGS) [Replace: IFBS & NPGS]
- Launching of the 'Special Relief Guarantee Fund' (SRGF)
- Signed the 1<sup>st</sup> MoU with Bumiputera Commerce Bank for 'BCB Fast Track Financing' scheme

## 2004

- Opens two (2) Branches: Miri and Sandakan

## 2005

- Official appointment of the 'Business Advisory Service Entity (BASE); whereby, six (6) consultants were appointed to assist SMEs in preparing their application documents, as a means of speeding up the loan application process
- Launching of the 'Direct Access Guarantee Scheme – Islamic' (DAGS-i)

## 2006

- Introduction of the Risk Adjusted Pricing Mechanism (RAP)
- Launching of the 'Credit Enhancer Scheme' (Enhancer) [Replaces: NPGS]
- Embarked on a three (3) year Business Transformation Plan (2006 – 2008)

## 2007

- Launching of the 'Special Relief Guarantee Fund 2' (SRGF2)
- Signed the 1<sup>st</sup> MoU with eight (8) Islamic Banks to enhance SMEs access to financing & promote the growth of Islamic Financing.  
(The eight (8) participating banks were: *Affin Islamic Bank Berhad, AmBank Islamic Berhad, Bank Islam Berhad, Bank Muamalat Malaysia Berhad, CIMB Islamic Bank Berhad, EONCAP Islamic Bank Berhad, Hong Leong Islamic Bank Berhad and RHB Islamic Bank Berhad.*)
- Launching of the Direct Access Guarantee Scheme – Start-up (DAGS – Start-up)
- Launching of the 'Direct Bank Guarantee Scheme' (DBGS)
- Signed the 1<sup>st</sup> MoU with Aureos Capital Limited, to develop '*Aureos CGC Advisers Sdn Bhd*' for Equity funding
- Participated in Malaysia's first Securitisation of SME loans amounting to RM600 million with Malayan Banking Berhad (Maybank) and Cagamas Berhad

# Significant Milestones (continued)

## 2008

- Appointed administrator for the 'SME Modernisation Facility' (SMF) & the 'SME Assistance Facility' (SAF) funds by Bank Negara Malaysia (BNM)
- Signed the 1<sup>st</sup> MoU with Dun & Bradstreet (D&B) Malaysia Sdn Bhd, to establish the 'SME Credit Bureau Sdn Bhd'; which was later rebranded as *Credit Bureau Malaysia* in the year 2010
- Launching of the 'Credit Enhancer-i Scheme' (Enhancer-i)
- Signed MoU with OCBC Bank Berhad, the 1<sup>st</sup> foreign bank to participate in CGC's DAGS product.

## 2009

- Appointed Deutsche Bank AG Singapore, to provide Advisory and Risk Management Services to CGC
- Introduction and Implementation of the 'Comprehensive Approval System' (COMPAS), a unique web-based system that assists CGC in efficiently managing its Credit Risks and the Loan Application Process
- Signed MoU with Standard Chartered Bank Malaysia Berhad on Portfolio Guarantee scheme, a new financing scheme for women Entrepreneurs, the first in Malaysia
- Absorbed the operations of Entrepreneur Rehabilitation Fund Sdn Bhd (ERF Sdn Bhd) and managed its 'ERF Bumiputera Entrepreneur Project Fund'
- Launching of the 'Tabung Projek Usahawan Bumiputera-i' (TPUB-i), a direct financing facility
- Launching of the 'SME Assistance Guarantee Scheme' (SME AGS)

## 2010

- Launching of the 'SmallBiz Express Scheme' (SBE) [Replace: SEGS]
- Appointed administrator for the 'Green Technology Financing Scheme' (GTFS) by the Ministry of Finance (MoF)
- Launching of the 'SmallBiz Express Scheme- i' Product Scheme (SBE-i)
- Launching of the 'SME Express' Scheme
- Launching of the 'SME Quick Financing' Scheme
- Signed MoU with CIMB Bank Malaysia Berhad, to avail the Green Technology Financing Scheme (GTFS) for both 'Producer' & 'User'

## 2011

- Launching of the 'Enhancer Express' Scheme
- Launching of the 'Enhancer Direct' Scheme

## 2013

- Appointed administrator of the 'Intellectual Property Financing Scheme' (IPFS) by the Ministry of Finance (MoF)
- Signed MoU on Islamic PG Scheme with Standard Chartered Saadiq, the first in Malaysia
- Launching of CGC's Book 'Catalyzing SME Growth'

## 2014

- Introduction of the 'Rebate' Mechanism, to inculcate good credit culture among the SMEs
- Launching of the 'BizMula-i', a direct financing facility for start-ups
- Signed MoU with Dewan Perniagaan Melayu Malaysia (DPMM), to establish a collaborative framework in an effort to develop the Bumiputera SME segment



## 2014<sup>(continued)</sup>

- Signed MoU on SME Wholesale Guarantee (WG) with OCBC Al-Amin Bank Berhad, the 1<sup>st</sup> in Malaysia
- Signed MoU on PG with distinct Risk Sharing Mechanism with Affin Bank Berhad
- Signed MoU on PG Bumi SME Scheme, the 1<sup>st</sup> in Malaysia with Malayan Banking Berhad (Maybank)

## 2015

- Launching of the 'BizWanita-i', a direct financing facility for Women Entrepreneurs
- Launching of the 'Special Assistance Scheme' (SAS-i)
- Signed MoU with the Socio-Economic Development of Indian Community (SEED), to foster and develop the growth of Indian SMEs and Entrepreneurs
- Signed MoU with Banco Central de Timor Leste, to develop credit guarantee schemes for SMEs in Timor Leste
- Signed MoU with Business Development Fund (BDF) of Rwanda, to develop a credit guarantee framework for Rwanda SMEs
- Launching of CGC's website in Mandarin and Tamil languages, the first among the Financial Institutions and Development Financial Institutions

## 2016

- Launching of CGC's Facebook page – CGC Malaysia
- Launching of CGC's 'Graduate Trainee Programme' for unemployed graduates
- Signed MoU with MRT Corporation Malaysia Berhad (MRT Corp), to assist Bumiputera SMEs that are involved in the MRT Sg. Buloh – Serdang – Putrajaya (SJPP) Line with financing
- Sponsored the International Shari'ah Research Academy for Islamic Finance (ISRA) Economy Textbook Project

## 2016<sup>(continued)</sup>

- Organised the SME Awards ceremony for customers, in recognition of their success and exemplary conduct of their credit facility with CGC

## 2017

- Launching of CGC's New Logo – rebranded for greater brand recall and visibility
- Won the LRT Station Naming Rights bid and launched the 'CGC – Glenmarie' LRT Station
- Signed MoU on PG on Micro Financing with Bank Simpanan Nasional Berhad (BSN), the 1<sup>st</sup> in Malaysia
- Launching of CGC's 'SME Apprentice Scheme' Programme, for the Technical and Vocational Education and Training (TVET) graduates
- Signed MoU with RHB Islamic Bank Berhad, the 1<sup>st</sup> bank to offer Wholesale Guarantee – Islamic Bumiputera Scheme (WG-i Bumi) in Malaysia
- Signed the joint MoU with RHB Islamic Bank Berhad, SME Bank, SJPP & TERAJU, for the Pan Borneo Highway Sarawak Project

## 2018 (Jan – Apr)

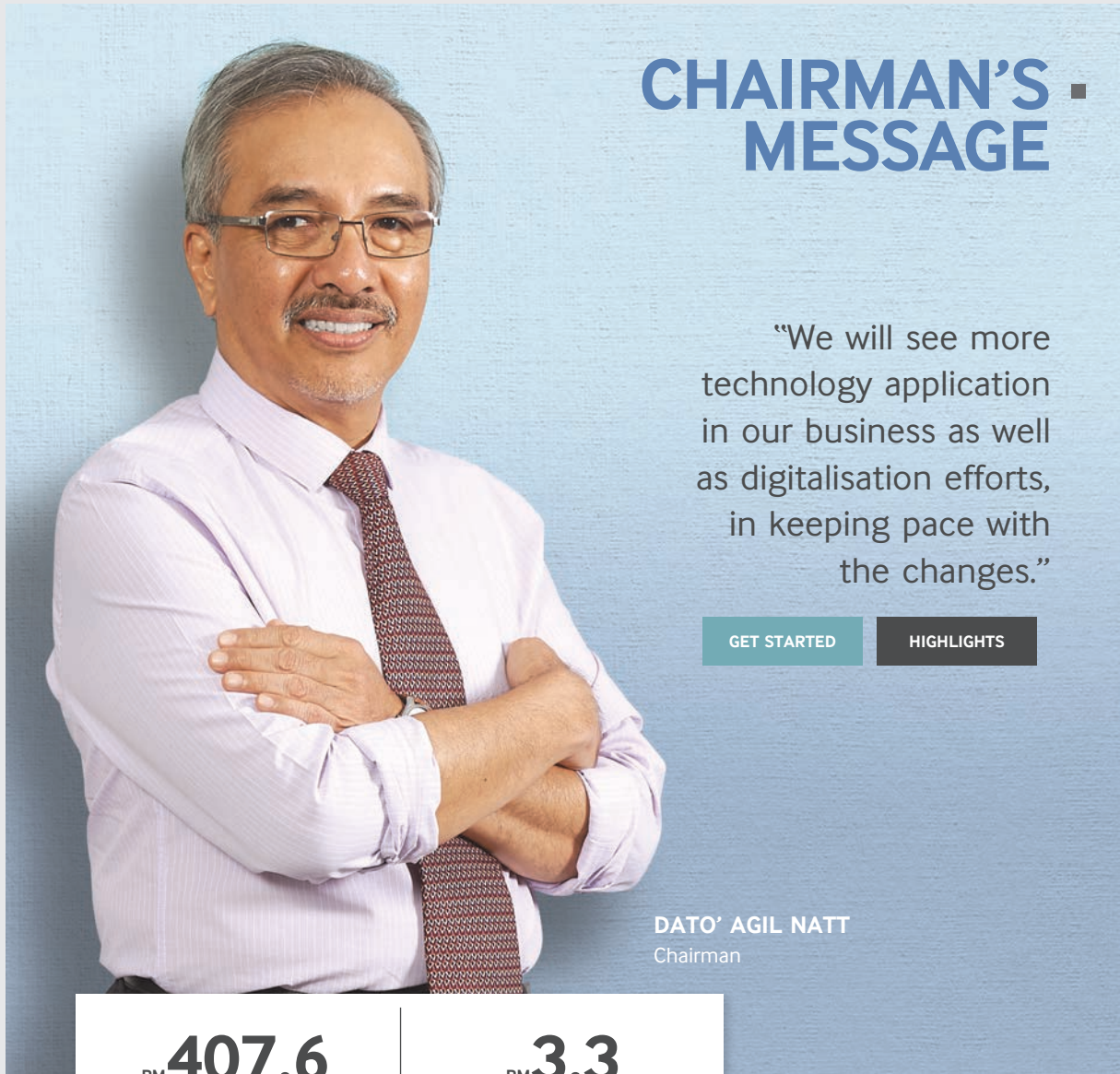
- Signed MoU with the Taiwan Small and Medium Enterprise Credit Guarantee Fund (Taiwan SMEG)
- Launched the imSME: Malaysia's First Online SME Financing/Loan Referral Platform
- Signed MoU with Hong Leong Bank Berhad (HLB) on the PG Scheme
- Signed MoU with Standard Chartered Bank Malaysia Berhad on PG Scheme

27 Chairman's Message  
29 President/CEO's Statement

# KEY MESSAGES







# CHAIRMAN'S MESSAGE

“We will see more technology application in our business as well as digitalisation efforts, in keeping pace with the changes.”

GET STARTED

HIGHLIGHTS

DATO' AGIL NATT  
Chairman



## DEAR SHAREHOLDERS,

Unprecedented changes particularly on how technology is changing our lives and the way we do business, require us to always be agile and nimble in embracing these externalities. Therefore, staying relevant is key. CGC through our 5-Year Strategic Plan – FY2016-2020 (5SP), has outlined the aspired goals to ensure our sustainability as well as relevancy in the long run.

# Chairman's Message (continued)

## STEADY PERFORMANCE

Producing strong results in times of uncertainty is evidence of both successful business strategies and effective teamwork. We started 2017 with concerns about the heightened competition in the credit supplementation system (CSS), advancing technological innovations and our capability to cope with the changing business landscape. I must say, despite the many challenges, our performance for FY2017 was commendable.

Taking stock of the progress that we have made, I am pleased to share that our concerted efforts and determination had allowed us to register a revenue growth of 7.8% from RM378.1 million in 2016 to RM407.6 million this year. We reached out to more micro, small and medium enterprises (MSMEs) in terms of numbers as well as the amount of guarantees issued. Our balance sheet remained robust with ample room to guarantee more businesses. Our Guarantee Reserve Ratio stood at 2.5x during the year. As at 31 December 2017, shareholder's fund stood at RM3.3 billion, a 5.8% increase from the last corresponding period.

## COMMITMENT IN TECHNOLOGY

We are now living in a world of constant technological disruption. This has given rise to the importance of investment in technology. More than RM48 million was allocated in preparing our business to embrace or keep up with the technological changes. We shall observe more technology application in our business as well as digitalisation efforts in CGC. Our 5SP, under strategic initiatives, IT Blueprint is core in driving operational efficiency and effectiveness. For all these reasons, we are excited about our future as we foresee the heightened technology application in taking CGC forward.

We understand that it is insufficient to leverage only with our experience, scale, and reach of the 16 branches (nationwide) in reaching out to the MSME segments. There is a need for collaboration with relevant institutions, be it financial institutions or non-financial institutions lenders. Technology will also enable us to bring down our outreach costs to the micro segment whilst at the same time, potentially, to bridge the information asymmetries. Simply put, technology is fundamental in driving long-term value in several ways – namely, through enriching our customers' experience, driving efficiency and creating new opportunities.

Our investment in imSME platform, Malaysia's first online referral platform for SME financing/loan, represents one such cutting-edge opportunity. Despite Malaysia's vibrant MSME landscape, access to capital and financing has always been a challenge for them. Thereby, imSME is aimed at bridging the MSMEs financing/loan needs by broadening their access to an array of financing/loan products and services options offered by the participating banks and agencies.

In the event there are no suitable matches, the MSMEs will be referred to an imSME financial advisory team, which will liaise with agencies that have accelerator and capacity-building labs such as the Centre for Entrepreneur Development and Research, National Entrepreneurship Institute and Malaysian Institute of Accountants. This will allow the MSMEs to go through capacity building programmes to improve their business and eventually the chances of securing financings or loans.

## DELIVERING FUTURE GROWTH TOGETHER

Despite the ambitious goals that we have set, we recognise that it is imminent to uphold high ethical standards in the way we conduct our business. We have further emphasised the need to maintain a culture that safeguards the responsible and sustainable business. This underscores our determination to be a trusted company to our customers and other stakeholders as summarised in the Sustainability section of this Annual Report.

Considering the accomplishment of 2017, it is still not safe to say that we are at an excellent point from which to continue our journey forward. Competitions and disruptions will continue to shape the landscape. We need to hone our talents to challenge the norm with the view to set a new norm. We need to adapt our business to meet our customers' evolving needs. If we intend to deliver on this, our goals have to be aligned to contribute meaningfully to MSMEs in the coming years. I am confident that our success will be achieved through the concerted effort from everyone who is a part of this exciting journey.

On behalf of the Board, I would like to thank our management team and employees for their commitment in our transformation journey, undoubtedly a very exciting period of our history.

Since last year's Annual Report, we have had an excellent addition to the CGC board. Ms. Jessica Chew, our current Deputy Governor of Bank Negara Malaysia (BNM) has joined us in August 2017. Ms. Jessica brings over 20 years of valuable experience and fresh insights to our deliberations. Her guidance will be pertinent in steering CGC's way forward. In the meantime, however, Encik Mohamed Rashdi Mohamed Ghazalli has stepped down from the board in November 2017 after having served for four (4) years. We will miss his enduring contributions and on behalf of the Board, we thank him for being such a splendid colleague and contributor.

Our appreciation also extends to Bank Negara Malaysia, all the financial institutions and the many agencies as well as other stakeholders for the continued cooperation and confidence in us. I look forward to sharing more of our strategies with you at our Annual General Meeting.

**Dato' Agil Natt**  
Chairman



# PRESIDENT/CEO'S STATEMENT



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

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

2017 RESULTS

YEAR IN REVIEW

“Given the positive economic outlook coupled with our updated 5SP, we are gearing ourselves up to create a more agile and nimble CGC which will enable us to carry out our mandate better and deliver value to the MSME ecosystem.”

# President/CEO's Statement (continued)

## DEAR SHAREHOLDERS,

In its 45<sup>th</sup> year of establishment; CGC has come a long way, particularly in establishing strategic partnerships with key stakeholders to support the access to financing agenda as well as the development of MSMEs. Over the last couple of years, my colleagues and I have intensified our engagement with key stakeholders to better understand the ever changing landscape, in order to effectively serve the MSME community. Although we have been successful in making our presence felt, we believe that there is still room for further improvement. Concluding from our 2017 achievements, we are preparing ourselves to better perform in the years to come with MSMEs being at the heart of our impetus. This is very much in line with our vision to be an effective financial institutions dedicated to promoting the growth and development of competitive and dynamic MSMEs.

## THE YEAR IN REVIEW

In 2017, Malaysia's economy performed strongly with the registered growth of 5.9%. Domestic demand coupled with external demand continued to drive our economic growth.

In this regard, I am pleased to share that we continued to register a healthy financial position with the total of RM155.6 million in revenue, mainly derived from guarantee fees totaling to RM133.5 million. The growth is a testament to our aggressive marketing towards driving our core business further. We delivered encouragingly well in terms of profit and cost management.

Our ongoing commitment in proactively reaching out to MSMEs have successfully resulted in the improvement of our 2017 overall performance, which was made possible via the launch of 13 Portfolio Guarantee (PG) tranches and two (2) Wholesale Guarantee (WG) tranches totaling to RM1.9 billion from 10 Financial Institutions and three (3) Development Financial Institutions.

The successful implementation of our initiatives have resulted in the following achievement in our Key Headline Targets:

Key Headline Targets	Actual	Target	Achievement
Guarantee and Financing Base	RM11.1 billion	RM11.0 billion	100.9%
Guarantee Reserve Ratio	2.5 x	2.6 x	96.2%
Cost-to-Income	31.2%	34.4%	109.3%
Graduation Rate	43.8%	48.0%	91.3%
Brand Awareness	55.0%	67.0%	82.1%



In addition to the above Headline Targets, we also monitor closely our performance with regards to our MSME Outreach and Efficiency Charter as shown below:

MSME Outreach		Actual	Target	Achievement
1	No. of Guarantee and Financing Approval	8,637	9,500	90.9%
2	Value of Guarantee and Financing Approval	RM3.4 billion	RM4.7 billion	71.9%
3	No. of Bumi Guarantee and Financing Approval	3,511	2,850	123.2%
4	Value of Bumi Guarantee and Financing Approval	RM1.4 billion	RM1.2 billion	117.8%

#### Efficiency Charter

5	Loans Processing for Portfolio Guarantee (PG)	98% within 2 days	90% within 2 days	108.9%
6	Claim Payment	100% within 5 days	90% within 5 days	111.1%

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Annual Report 2017

The number of approvals for guarantees and financing rose by 14.1% to 8,637 MSMEs from 7,568 in 2016. This achievement was possible due to our greater focus in reaching out to the underserved MSMEs especially, the micro MSMEs which generally requires smaller amount of financing. I am also pleased to share that we have set a new record for Bumiputera MSMEs at RM1.4 billion approvals surpassing our target of RM1.2 billion as well as reaching out to 3,511 Bumiputera MSMEs surpassing our target of 2,850. Our growth in the Bumiputera MSME segment was mainly driven by our strategic partnerships with Agrobank and Bank Simpanan Nasional, which marked our entry into the micro segment. Our Tabung Projek Usahawan Bumiputera (TPUB-i) Scheme was also aggressively promoted through strategic alliances with Government-Linked Companies (GLCs), for the benefit of Bumiputera contractors that were involved in several infrastructure projects.

We have also witnessed the increasing use of technology, in improving business growth and performance. In CGC, technology remains a key catalyst for our continued growth. You may recall reading in my message last year, about CGC embarking on our 3-Year IT Blueprint (ITBP). I am pleased to share that we are on track with regards to the implementation of this very important blueprint. As a result, we have successfully launched our first FinTech initiative, imSME which I would touch more on in the MSME Outreach section.

On the global arena, we received the following recognition:

- i. Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)
  - Merit Award under the *Financial Inclusion Category* for Portfolio Guarantee under the Micro Enterprise segment
  - Special Merit Award for *Best Annual Report 2016* which is a testament of CGC effort in enhancing public accountability
- ii. The Karlsruhe Sustainable Finance Award
  - Certificate of Merit for *Best Innovation in Financial Services* for Tabung Pembangunan Usahawan Bumiputera-i (TPUB-i) Scheme

# President/CEO's Statement (continued)

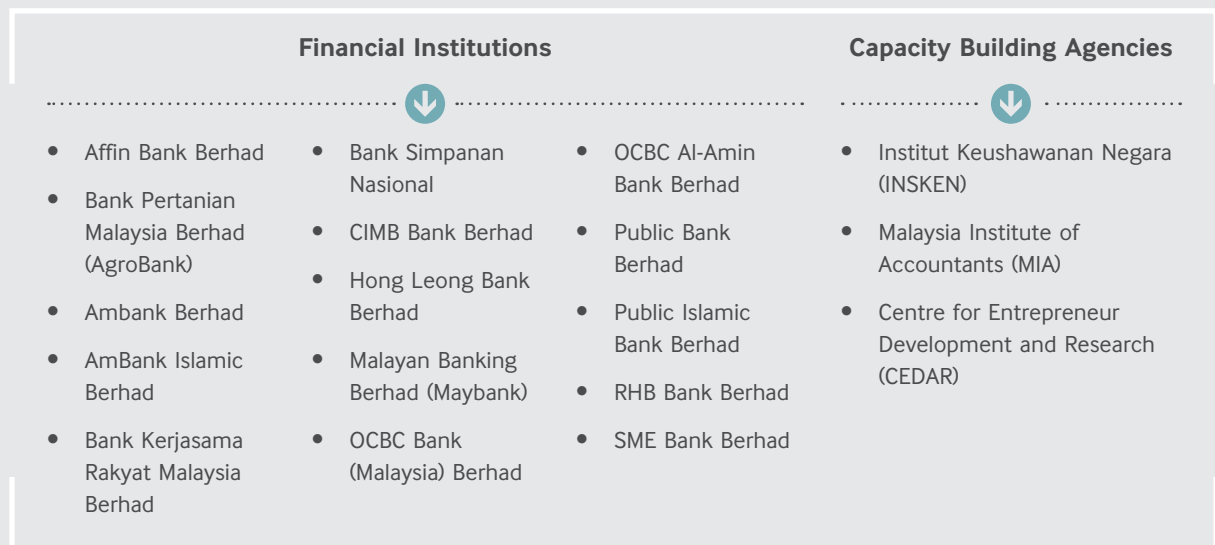
## MSME OUTREACH

We have also intensified our developmental activities and they are distinguished into three (3) areas – Mentoring Programme, Market Access and Cross Border Initiatives. In driving these initiatives, we collaborated with relevant Government agencies namely Institut Keusahawanan Negara (INSKEN), Malaysia Digital Economy Corporation (MDEC), SME Corporation Malaysia (SMECorp) and various Chambers of Commerce and Trade Associations, in availing capacity building programmes for MSMEs.

We also continued our collaboration with Malaysia External Trade Development Corporation (MATRADE) to expose our MSMEs to international markets via the Canton Fair that was held at Guangzhou, China in April 2017. This initiative is our investment to facilitate our customers' capability and capacity building which is important to increase CGC's developmental impact. We shall continue these developmental activities as we are aware of the importance in striking a balance between having a sustainable business and at the same time discharging our developmental role.

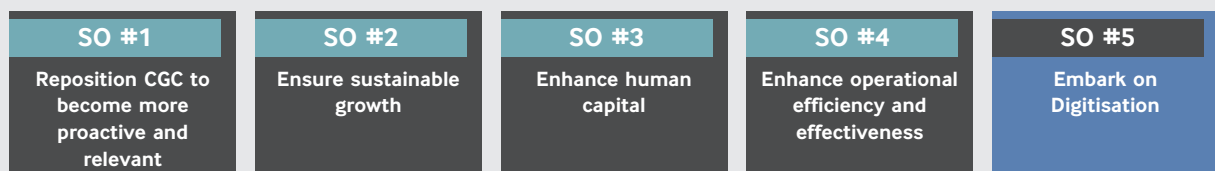
As mentioned earlier, we launched imSME - Malaysia's first online referral platform for SMEs financing/loan which is an innovative idea mooted by Bank Negara Malaysia. imSME leverages on the use of technology and would increase our MSME outreach agenda further in a more cost effective manner. The successful launch of imSME, is an important new channel that is used to reach out to the MSMEs and the realisation of this channel was made possible by the strategic alliances with our following partners:

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## STRATEGIES AND OUTLOOK

In our 2015 Annual Report, I shared CGC's 5-Year Strategic Plan – FY2016-2020 (5SP). Our 5SP is now in its second year of implementation and I am pleased to share that it is progressing well. To ensure the freshness/relevancy of our 5SP, we have undertaken a review of it by taking into account, the rapid changes in the business landscape and MSME ecosystem. As a result, in addition to our existing four (4) Strategic Objectives, we have added a fifth Strategic Objective – Digitisation.



Digitisation cuts across the entire operations of CGC and has a profound impact on our People, Process and Technology. In this regard, we will continue to invest in transforming and upskilling our People, in enhancing the efficiency of our Processes and in fully embracing Technology.

On the People front, the fast changing digital landscape makes it imperative for us to pursue development programmes or even upskill our people in embracing these changes. Our Business Process Re-engineering (BPR) project is progressing well and we have seen increasing efficiency in CGC. Nevertheless, there is much room for further improvement and we look forward to leverage on technology to further improve our efficiency. Technology being another catalyst of growth, has its own unique set of risks. Cyber security and IT governance are areas that requires greater attention. Hence, cohesive efforts in relation to controls are being put in place to better manage these risks.

Given the positive economic outlook coupled with our updated SSP, we are gearing ourselves up to create a more agile and nimble CGC which will enable us to carry out our mandate better and deliver value to the MSME ecosystem. The end result that we expect to achieve from the above five (5) Strategic Objectives is to better serve the MSME community.

For 2018, CGC will continue to enhance the financial inclusion agenda via increasing access to financing. The tables below are our Key Headline Targets, MSME Outreach and Efficiency Charter:

Headline Targets	Target 2018	MSME Outreach & Efficiency Charter	Target 2018
Guarantee and Financing Base	RM13.7 billion	<b>MSME Outreach</b>	
Guarantee Reserve Ratio	2.9 x	1 No. of Guarantee and Financing Approval	9,000
Cost-to-Income Ratio	26.3%	2 Value of Guarantee and Financing Approval	RM4.9 billion
Graduation Rate	44.7%	3 No. of Bumi Guarantee and Financing Approval	3,400
Brand Awareness	71.0%	4 Value of Bumi Guarantee and Financing Approval	RM1.3 billion
		<b>Efficiency Charter</b>	
		5 Loans Processing for Portfolio Guarantee (PG)	90% within 2 days
		6 Claims Payment	90% within 5 days

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## IN APPRECIATION

I wish to express my utmost appreciation to our valued customers for their unwavering support. I am also deeply grateful to both Federal and State Governments, Bank Negara Malaysia, Financial Institutions and Development Financial Institutions, Chambers of Commerce, as well as Business and Trade Associations for their continued support and trust in our journey to serve the MSMEs.

Recently, I received the 2018 Outstanding CEO Award from ADFIAP. I am indeed humbled and honoured to receive the award and I would like to dedicate it to all my colleagues in CGC for their unwavering support and to CGC's Chairman and Board of Directors for their continuous counsel and guidance. CGC's strength is in the diversity of our People and the credit for this award goes to them.

In closing, I look forward to the continuous support from all of our Stakeholders as we progress further to make CGC a forward looking and agile nation building institution and continue with our journey **"To be The Household Name for SMEs by 2020"**.

**Datuk Mohd Zamree Mohd Ishak**  
President/Chief Executive Officer



# STRATEGIC REVIEW



- 35 Economic Market Review and Outlook
- 39 Our Strategy: 5-Year Strategic Plan (5SP)  
2016-2020
- 43 Our IT Blueprint (ITBP): 2017-2019
- 44 Material Matters
- 46 Performance Scorecard and KPIs
- 47 Key Risks and Mitigation

# ECONOMIC MARKET REVIEW AND OUTLOOK

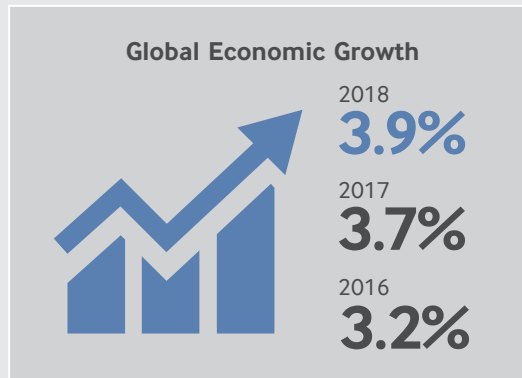


## GLOBAL ECONOMY REVIEW & OUTLOOK

'The Global Recovery Has Strengthened'.



(Source: IMF's World Economic Outlook 22 January 2018)



- i. 'The Global Recovery Has Strengthened'. Global economic activity continues to firm up, to have grown by 3.7% in 2017 (2016: 3.2%). The pickup in growth has been broad based, with notable upside surprises in Europe and Asia. World trade has grown strongly in recent months, supported by a pickup in investment, particularly among advanced economies, and increased manufacturing output in Asia in the run up to the launch of new smartphone models.
- ii. Global economy: 'Global Growth Forecast to Rise Further in 2018 and 2019'. The stronger momentum experienced in 2017 is expected to carry into 2018 and 2019, with global growth revised up to 3.9% for both years. For the two-year forecast horizon, the upward revisions to the global outlook result mainly from advanced economies, where growth is now expected to exceed 2.0% in 2018 and 2019. Emerging and developing Asia will grow at around 6.5% over 2018 – 2019, broadly the same pace as in 2017.

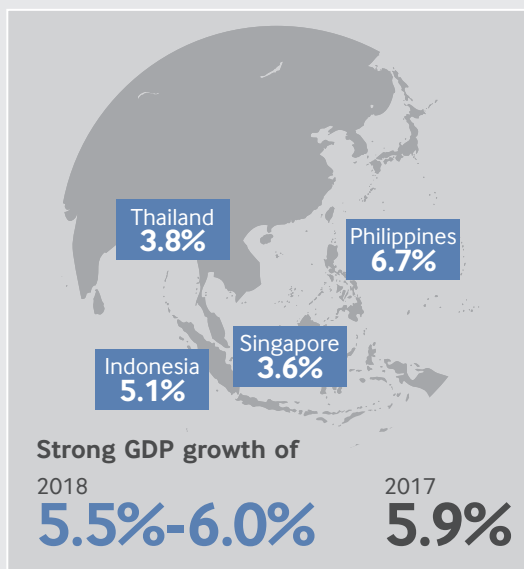
# Economic Market Review and Outlook (continued)



## DOMESTIC ECONOMY REVIEW & OUTLOOK



(Source: BNM Annual Report 2017, BNM Quarterly Bulletin – Q4 2017 and MARC Malaysia's 4Q 2017 GDP – Another Quarter of Strong Performance and MARC Malaysia's Economic Outlook 2018: How sunny will it be?)



- i. Strong GDP growth of 5.9%. The growth is also stronger than most ASEAN-5 countries save for the Philippines in 2017 (Indonesia: 5.1%; Singapore: 3.6%, Thailand (estimate): 3.8%; the Philippines: 6.7%). Continued expansion in domestic demand and across most economic sectors. Private sector demand continued to be the primary driver of growth and external demand provided further support to growth. The surge in exports was in tandem with the sharp rebound in the prices of crude oil and other major commodities. On the supply side, the manufacturing and services sectors remained the key drivers of growth.
- ii. Malaysia's GDP is expected to expand between 5.5%-6.0% according to BNM in 2018. Private consumption, which has chalked up an average growth rate that is in line with its long-term trend of 7% in three consecutive quarters since 1Q 2017 will continue to strengthen. The strong momentum in consumer spending is also reflected in the amount of Goods and Services Tax (GST) collected in 2017. Going into 2018, we expect private consumption to remain resilient, growing by an average of 7.2%. The domestic economy will also benefit from higher contribution from investments in 2018. The ongoing large infrastructure projects (MRT2, LRT3, Pan Borneo Highway, Menara Warisan and others) will continue to support the upward momentum in investment. As for Malaysia, external trade is key to its economic performance in 2018. Malaysia's real export is expected to grow by 4.5% in 2018.





## SME INDUSTRY REVIEW & OUTLOOK



(Source: BUDGET 2017 COMMENT SME Corp Malaysia/ SME Corp Annual Report 2016/2017 by SME Corp./MIER's Business Condition Index/Retail Trade Survey/Tourism Market/Consumer Sentiment Index/)



### i. Year in review

- a. The year 2017 has been declared by the government as the Start-up & SME Promotion Year. The Budget looks into both the long-term development as well as the short-term needs of SMEs to cushion the impact of the current economic challenges. A total allocation of RM6.7 billion has been allocated for SME development, to be implemented by the various Government Ministries and Agencies.
- b. SME GDP growth is expected to record a much higher growth than the earlier growth projection of between 5.5% – 6.0% in 2017, probably at the upper limit of the range that is at 6.0% or more.
- c. Given that the SMEs' performance is closely linked with domestic demand and tourism activity, the anticipated pick-up in private consumption activities and increase in tourism-related activities are expected to feature more robust growth performance of SMEs in 2017. Weakened ringgit, rising costs, labour shortage and weaker consumer spending are only some of the challenges faced by companies.
- d. According to Malaysian Institute of Economic Research (MIER) 4Q 2017 Business Condition index, business confidence levels including SMEs were trending downward 1.6 points to settle at 101.5 points which is still above the demarcation level of 100. Business is growing slower, but positive. Retail Trade Index and Tourism Market Index were settled down lower than the previous quarter due to cautious consumers' spending and drop in expected demand for hotel reservations and expected travel prices. Nevertheless, consumer sentiment index improved 5.5 points though remains below optimism threshold. Households ended the year 2017 on better but cautious notes with positive current income and employment and financial outlook.
- e. Economic Census 2016 was published by Department of Statistics Malaysia (DOSM) in 2017. Economic Census 2016 indicated 903,818 establishments operating in 2015 with 76.5% micro-sized SMEs. This number of establishments in Malaysia increased as compared to 662,939 in 2010 (EC 2011) with an annual growth rate of 6.4%. Services sector was the major contributor to the percentage of establishments, at 88.5%, followed by Manufacturing sector (5.4%), Construction sector (4.5%), Agriculture sector (1.3%), Mining & Quarrying sector (0.1%), the Water Supply, Sewerage, Waste Management and Remediation Activities sector (0.1%) and Electricity, Gas, Steam and Air Conditioning sector (0.03%).
- f. New development for SMEs include:
  - The launched of the world's first Digital Free Trade Zone (DFTZ) in March that will provide physical and virtual zones to facilitate SMEs to capitalise on the convergence of exponential growth of the internet economy and cross-border eCommerce activities.
  - 'Leap Market' launched on 25 July, the new market aims to provide SMEs with an alternative and efficient fund-raising platform and visibility through the capital market.
  - The SME Central Incentives System (SCENIC) will enable optimum distribution of resources to SMEs and avoid overlapping of assistance provided. SCENIC will aid recipients under the SME development programme. According to SME Corp Malaysia, who is the developer of SCENIC, it will serve as an important referral to avoid duplication of resources while encouraging optimisation of resources.

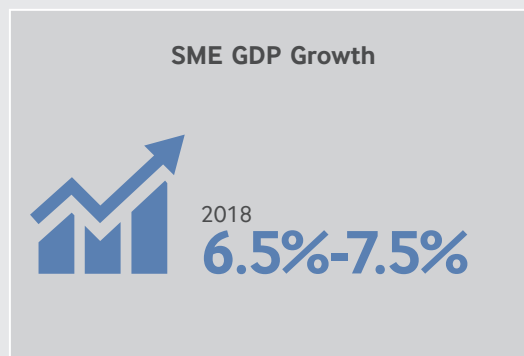
# Economic Market Review and Outlook (continued)



## SME INDUSTRY REVIEW & OUTLOOK



(Source: The Malaysian Insight: Forecasted higher growth for SMEs in 2018/SME Association of Malaysia president Datuk Michael Kang: SMEs need to rise to the challenge/NiagaTimes/Department of Statistics Malaysia/BERNAMA – Mustapa: SMEs Get Significant Boost In Budget 2018/NST – MITI eyes 10,000 e-commerce companies joining DFTZ)



### ii. Outlook

- a. SME GDP growth is expected to range from 6.5% to 7.5% in 2018 according to the then Prime Minister. Allocations of RM22.2 billion for SME development in the 2018 Budget will help propel its growth compared to RM5.9 billion in 2016 and this resulted in a growth of 5.2%.
- b. In the year 2018, the huge budget allocation for SMEs guarantee that we have received considerable attention from the government which has set aside RM22.2 billion under the 2018 Budget for the development purposes of the industry. This year's budget also provides a special approach in preparing Malaysia's growth in accordance with the Industry 4.0. Government Agencies and Trade Associations have been actively urging small businesses and manufacturers to look into the usage of technology to increase efficiency, enhance productivity and grow sales. However a lot of the developments in e-commerce, robotics, artificial intelligence and the Internet of Things are still lost on these small companies. Industry observers note that SMEs have not seriously moved into automation and have not taken full advantage of the digital economy and e-commerce because they lack the talent to lead them forward in these developments. The 2018 Budget is also positive for the consumption, infrastructure, tourism and finance sectors.
- c. In 2018, Malaysian SMEs should also take advantage of the China's One Belt, One Road initiatives to improve and globalise their businesses. China's Belt and Road Initiative, the broad infrastructure and market-building initiative of the world's second-largest economy opens up a new world of opportunities for the business communities in Malaysia. According to Forbes, the Belt and Road Initiative is intended to span 68 countries on four continents, reaching more than 60% of the world's total population, one-third of global GDP, and a quarter of all goods the world moves.
- d. Businesses are looking forward to better days, at least in the first half of the year, judging from business confidence indices which remain at a positive level. Findings from the recent RAM Business Confidence Index (RAM BCI) indicated positive sentiment readings in the corporate and SME indices of 55.6 and 52.4, respectively, for the first half (H1) of 2018. The benchmark for the indices is 50 and anything above that figure is regarded as a positive indicator. Similar positivity was also recorded in the Dun & Bradstreet (D&B) Malaysia Quarterly Business Optimism Index (BOI) as business optimism among local enterprises peaked at +7.3 percentage points for the first quarter of 2018 compared with +5.5 percentage points for the fourth quarter of 2017. While economic reports on paper paint a pretty picture, SME industry players are more pessimistic of the year ahead. Small and Medium Enterprises Association Malaysia president says SME sentiments for H1 2018 are generally fair but do expect some shake-up after the 14<sup>th</sup> general election. The highly anticipated GE14 which is predicted to take place during H1 is a widely discussed topic among SMEs and market sentiments are generally slow, post-election.
- e. FinTech is the way moving forward in the industry whereby regulators i.e. the Security Commissions and BNM has serious commitment to regulate FinTech market as a means of innovative practices in various areas of payment and billings, marketplace financing/lending, financial inclusion, regulatory tech and many more. There are 12 licensed Equity crowdfunding (ECF) and Peer-to-peer financing (P2P) platforms as registered market operators. In late May last year, Bank Negara Malaysia (BNM) announced that four FinTech companies had been approved as participants in its Financial Technology Regulatory Sandbox.
- f. Since the DFTZ pilot project was launched, there had been growing interest among local and international e-Commerce players. The International Trade and Industry Ministry (MITI) is targeting to increase the number of companies coming on-board the Digital Free-Trade Zone (DFTZ) e-commerce platform to about 10,000 by year-end from 1,998 last November 2017.

# OUR STRATEGY: 5-YEAR STRATEGIC PLAN (5SP)

2016-2020

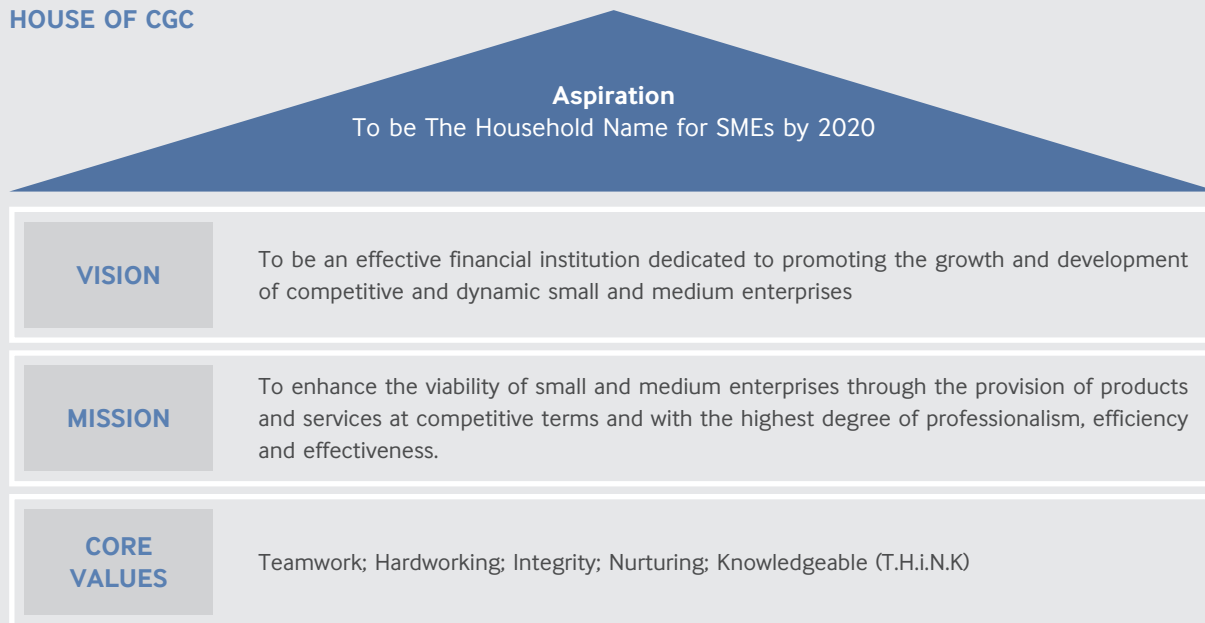
## SUPPORTED BY BOTH OUR VISION AND MISSION STATEMENTS

CGC aspires **To be The Household Name for SMEs by 2020** by promoting its brand more effectively to increase its visibility amongst the MSMEs. In realising the aspiration, CGC has identified four (4) key strategic objectives.

The 5-Year Strategic Plan will see CGC gearing up to create a stronger brand presence among the general public and micro, small and medium enterprises (MSME) community while enhancing its People, Processes and Technology. Under the Transformation-led pillar of the plan, CGC to further develop the staff to inculcate a high performance culture to ensure our processes are enhanced for more effective and efficient delivery of services.

Staff are required to uphold and advocate CGC's Core Values "THiNK" with the highest degree of commitment. To recap, "THiNK" (representing Teamwork, Hardworking, Integrity, Nurturing and Knowledgeable), serves as a common foundation for all CGC staff.

## HOUSE OF CGC



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## 4 Strategic Objectives

SO #1	SO #2	SO #3	SO #4
Reposition CGC to become more proactive and relevant	Ensure sustainable growth	Enhance human capital	Enhance operational efficiency and effectiveness

## Headline Targets for 2020

Guarantee and Financing Base RM14.5 billion	Guarantee Reserve Ratio 4 times	Pretax Profit RM160 million	Cost to Income capped 35%	Graduation Rate 50%	Brand Awareness 80%
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# Our Strategy: 5-Year Strategic Plan (5SP) 2016-2020 (continued)

## STRATEGIC OBJECTIVES

To realise our aspiration, we have identified four (4) Strategic Objectives (SO) with 15 strategies and 31 initiatives:

### 1. Reposition CGC to become more proactive and relevant

Initiatives identified shall support CGC to **explore new and niche opportunities** that facilitate a **shift in the perception of CGC within the market**, i.e. MSMEs, FIs and other partners.

### 2. Ensure sustainable growth

Initiatives identified shall support CGC to **maintain sustainable growth by enhancing and leveraging on current core activities**, as well as **aligning to mandated and complementary role** in the overall MSME financing ecosystem.

### 3. Enhance human capital

Initiatives identified shall support CGC to ensure **human capital is aligned to key strategies** through **enhancement of capabilities and its effort to attract, develop and retain talent**.

### 4. Enhance operational efficiency and effectiveness

Initiatives identified shall support CGC to enhance operational efficiency and effectiveness continuously by **ensuring that key enablers are in place**, i.e. people, process and technology.

This detailed plan or 'roadmap' consists of **15 strategies, 31 initiatives, and identification of respective execution timeline with dedicated initiative owners**. (Prior to introducing our fifth strategic objective: Digitisation resulting from our 5SP Mid Term Review.)

Strategic objectives	No. of initiatives	No. of initiatives implemented	Initiatives still on-going and to be implemented in 2018 and onwards
S.O.1. Reposition CGC to become more proactive and relevant	13	3	10
S.O.2. Ensure sustainable growth	8	5	3
S.O.3. Enhance human capital	8	7	1
S.O.4. Enhance operational efficiency and effectiveness	2	1	1
<b>Total</b>	<b>31</b>	<b>16</b>	<b>15</b>

This aptly reflects the transformative journey that CGC has embarked on that will enable us to effectively carry out our developmental role in the MSME financing ecosystem. With our strategic direction and headline targets clearly set, we continue to carefully execute these imperatives in stages and make good advances forward in several areas.

Our strategic roadmap to 2020 calls for the rollout of our initiatives in three (3) waves over the course of five (5) years. These waves are as follows:



**Wave 1**  
(Year 2016)

"Building Strong Foundations"



**Wave 2**  
(Year 2017-2018)

"Creating Growth"



**Wave 3**  
(Year 2019-2020)

"Sustaining Momentum"

## FOCUS AREAS FOR FY2018

The CGC Focus for FY2018 is “*Intensifying Outreach; Accelerating Financial Inclusion*”.

### i) Intensifying Outreach

In realising CGC’s aspiration “To be The Household Name for SMEs by 2020”, CGC has identified number 1 strategic objective to reposition CGC to become more proactive and relevant. One of the initiatives is by intensifying outreach to expand into micro financing and collaborations to reach out more to the underserved segments.

### ii) Financial Inclusion

Financial inclusion means that individuals and businesses have access to useful and affordable financial products and services that meet their needs e.g. transactions, payments, savings, credit and insurance, delivered in a responsible and sustainable way.

## BROAD STRATEGIES FOR FY2018

In line with the budget theme, CGC has identified four (4) broad strategies for FY2018 namely:

2018 Strategic Priorities	Action Plans
Intensifying Outreach	<p><b>Segment Focus Strategy</b></p> <ul style="list-style-type: none"> <li>Propose guarantee mechanism to microfinance institutions and or entrepreneurs’ development organisations</li> <li>Collaboration with peer-to-peer (P2P) lending platform via guarantee mechanism</li> <li>Development of new/extension of existing products to localise risk.</li> </ul> <p><b>Product Growth Strategy</b></p> <ul style="list-style-type: none"> <li>New product/guarantee model i.e. capital management product and securitisation</li> <li>Enhance existing PG products by providing new facilities/model. This includes PG which offers trade line facility.</li> </ul> <p><b>Online SMEs Aggregator (imSME)</b></p> <ul style="list-style-type: none"> <li>The Online SMEs Aggregator (<i>imSME</i>) is a an online platform based business model aimed at referring Malaysian MSMEs with comprehensive information about financing/ loans and funding options available that matches their DNA.</li> </ul>
Improve Operational Efficiency	<ul style="list-style-type: none"> <li>Continuous effort in enhancing IT infrastructure via <i>IT Blueprint (ITBP)</i> projects</li> <li>Enhancing operational efficiency continuously via <i>Business Process Reengineering (BPR)</i> and 5-Year Strategic Plan</li> <li>Fully measure end-to-end processes (End-to-End Charter)</li> </ul>

# Our Strategy: 5-Year Strategic Plan (5SP) 2016-2020 (continued)

## BROAD STRATEGIES FOR FY2018 (CONTINUED)

2018 Strategic Priorities	Action Plans
<p><b>Improve Brand Awareness</b></p>	<p><b>Brand Awareness</b></p> <p>In 2014, CGC had changed its tagline from “Helping Your Business Grow” to “Powering Malaysian SMEs” in line with the strategy to create top-of-mind recollection of CGC as the guarantee institution to grow the MSME businesses.</p> <p>Brand awareness survey are conducted annually to gauge the level of awareness amongst the MSMEs across the country. Since 2014, results have shown continuous improvement increasing from 44.3% to 54.5% at end 2016. The 2017 survey results were being reviewed and analysed at the time of printing this Annual Report.</p> <p>In line with CGC’s aspiration “<b>To be The Household Name for SMEs by 2020</b>”, CGC will continue pursuing its media strategies in a more cost efficient and effective manner.</p> <p><b>Digital Media Strategy</b></p> <p>A plan to establish and maintain a strong online brand presence and create greater impact amongst our target audience using digital channels as follows:</p> <ul style="list-style-type: none"> <li>• Social media (Facebook and YouTube)</li> <li>• Popular online sites, SEOs, Google AdWords, websites etc.</li> </ul> <p><b>Broad Advertising:</b></p> <p>To further improve Brand Awareness, the proposed plans for 2018 are as follows:</p> <ul style="list-style-type: none"> <li>• Outdoor advertising (billboards): corporate and products/services</li> <li>• Print Media advertising</li> <li>• Electronic Media Advertising (TV &amp; Radio)</li> <li>• Social media: YouTube and FB videos on success stories</li> <li>• PR Activities: leveraging on corporate events and media network to secure coverage regularly in the media</li> </ul> <p>CGC’s presence in the media came out stronger since 2015 with significant media coverage secured on its collaboration with local financial institutions, and corporate responsibility (CR) initiatives, amongst others.</p> <p>On top of that, efforts and initiatives to foster closer ties with the media through networking activities such as media luncheons and media visits were also organised.</p>
<p><b>Enhance Risk and Credit Management</b></p>	<p>Continuous improvement in asset quality in view of the proposed new focused segment and challenging economy ahead. Action plans that would be in place to improve asset quality includes:</p> <ul style="list-style-type: none"> <li>• EC enhancement for FIs to mitigate higher default accounts i.e. any accounts more than 3 MIA for record of 12 months to be excluded from PG/WG tranches</li> <li>• Mitigation of provisioning impact due to adoption of MFRS9 in 2018 by continuous close &amp; structured monitoring activities especially the FIs</li> <li>• To develop a product mix of short to medium term tenure (1-5 Years)</li> </ul>



# OUR IT BLUEPRINT (ITBP): 2017-2019

With the development within the Financial Services industry, banks and financial institutions are increasingly challenged in ensuring cost effective investment, filling gaps in their leadership and workforce, making infrastructure upgrades, keeping up with beneficial new technology and market opportunities, and addressing new regulatory mandates and concerns from the customers and stakeholders. In addressing the key challenges and future needs of CGC, six (6) strategic outcomes have been identified. These outcomes are also considered the emerging/disruptive technologies that can be adopted as part of the way forward, for CGC's digital roadmap.

## CGC'S IT BLUEPRINT IS ENVISIONED TO HAVE THESE STRATEGIC OUTCOMES



### CUSTOMER ENGAGEMENT

All possible customer touch-points may be made online through mobile devices with a rich, intuitive and engaging interface.



### STRAIGHT THROUGH PROCESSING/AUTOMATION

Market-leading reductions in the time taken by various core processes through automation and integration (e.g. application from days/hours to minutes).



### AGILITY, SPEED, EFFICIENCY

Uses technology to keep pace with market and consumer velocity, such as the introduction of new features, marketing campaigns, and even entirely new services.



### DATA AND DECISIONS

Embeds analytics into all aspects of the business that deliver value in context and sometimes in predictive modes (know who you are, what you want, where you are, what you are about to need, etc.).



### NEW TYPES OF SERVICES

To also potentially adopt a digital operating model, e.g. provide a range of newer types of financial product, such as innovative mobile payments via FinTech, DLT-based money transfers etc.



### BUSINESS PARTNERSHIP

By being closely engaged in a partnership with the business, IT can drive insights and innovation.

# ■ MATERIAL MATTERS

A MATTER IS MATERIAL WHEN IT HAS THE ABILITY TO INFLUENCE OUR FINANCIAL PERFORMANCE, REPUTATION, OR IMPACT ON OUR LICENCE TO OPERATE AND THUS INFLUENCE OUR LONG-TERM SUSTAINABILITY.

Material matters and environmental context play a large role in shaping our strategy moving forward, as they represent our primary risks and opportunities. Identifying and determining these factors that are material to the Group and our stakeholders is an ongoing process as new developments continue to impact our operating environment.

HOW WE DETERMINE MATERIAL MATTERS:



## ▶ IDENTIFY AND ASSESS

We **identify** and assess matters that have the potential to impact our strategy and the sustainability of our business. It is a group wide effort and includes internal deliberations, independent research, monitoring external environment, inputs from all our business units, support divisions as well as feedback from all our stakeholders.



## ▶ PRIORITISE AND RANK

The issues identified are **prioritised** according to the greatest relevance and highest impact on our business, relationship with stakeholders and our sustainability.



## ▶ INTEGRATE AND RESPOND

Material matters that have been identified and prioritised inform our long-term business strategies as well as short-to-medium term business plans and are then **integrated** into our balanced scorecard.

Material Matters	Material Determination	CGC Strategy
<b>Underserved Segment in MSME market</b>	<ul style="list-style-type: none"> <li>• Microenterprises serve a vital purpose in improving the quality of life for people in developing countries.</li> <li>• A microenterprise will usually operate with fewer than 10 people and is started with a small amount of capital.</li> <li>• Micro SMEs make-up 77% of total SME establishments.</li> </ul>	<ul style="list-style-type: none"> <li>• Introduce new product for Microenterprises segment.</li> <li>• Formulate a developmental pricing strategy for this segment.</li> <li>• Collaborate with Non-traditional partners e.g. TEKUN, MARA and AIM to accelerate financial inclusion.</li> </ul>
<b>Digital Wave</b>	<b>Adoption of technology to improve operational efficiency by the financial industry</b> Dependency on manual business process.	<b>Maximise existing technology enhancement</b> CGC to enhance Information Communication Technology (ICT) to leverage on digitisation to better serve our customers and increase operational efficiency.
	<b>FinTech in financial services</b> Digital innovations rose among Banks and non-Banks increased competition and financing relevancy of CGC's role in market.	<b>CGC FinTech Initiative</b> CGC is embarking on several FinTech initiative in 2018 onwards which include FinTech Innovation Lab and adopting FinTech as a permanent agenda in Board IT.
<b>Regulatory and Monetary Policies</b>	Tougher operating environment expected due to more stringent regulatory and monetary policies with MFRS9 to come into effect on 1 January 2018.	<ul style="list-style-type: none"> <li>• Mitigation of provisioning impact due to adoption of MFRS9 in 2018 by continuous close and structured monitoring activities especially the FIs.</li> <li>• To develop a product mix of short to medium term tenure (1-5 Years).</li> </ul>
<b>Brand Building</b>	<b>Developmental Role</b> Enhancement of developmental role to reach and assist more MSMEs.	Launching "imSME" online platform to refer Malaysian MSMEs with comprehensive information about loans/financing and funding options available that matches their DNA.
	<b>Brand Awareness</b> Brand awareness survey outcome is below the target set.	CGC's aspiration "To be The Household Name for SMEs by 2020" will continue to pursue its digital media and broad advertising strategies.



# ■ PERFORMANCE SCORECARD AND KPIS

The successful implementation of the strategic initiatives resulted in the following achievements in our 6 Headline Targets:

6 Headline Targets	Achievement FY2017	Target FY2018
Guarantee and Financing Base	RM11.1 billion	RM13.7 billion
Guarantee Reserve Ratio <sup>1</sup>	2.5 times	2.9 times
Pretax Profit	RM167.8 million	RM204.5 million
Cost to Income Ratio <sup>2</sup>	31.2%	26.3%
Graduation Rate <sup>3</sup>	43.8%	44.7%
Brand Awareness	55.0%	71.0%

<sup>1</sup> Capital adequacy measurement

<sup>2</sup> Operational efficiency measurement

<sup>3</sup> Rate of MSME customers that no longer require CGC's assistance to obtain financing

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

In addition to the above Headline Targets, we also monitor closely our performance with regards to our **MSME OUTREACH** and **EFFICIENCY CHARTER** as shown below:

MSME OUTREACH	FY2017			Target FY2018
	Target	Actual	Achievement*	
1 No. of Guarantee and Financing Approval	9,500	8,637	90.9%	9,000
2 Value of Guarantee and Financing Approval (RM million)	4,700	3,380	71.9%	4,900
3 No. of Bumi Guarantee and Financing Approval	2,850	3,511	123.2%	3,400
4 Value of Bumi Guarantee and Financing Approval (RM million)	1,175	1,392	118.5%	1,280

## EFFICIENCY CHARTER

5 Loans Processing For PG (%)	48.0%	43.8%	91.3%	90.0% within 2 days
6 Claims Payment (%)	67.0%	55.0%	82.1%	90.0% within 5 days

46

Pretax Profit >	Cost to Income Ratio >	Brand Awareness >
RM <b>167.8</b> million	<b>31.2</b> %	<b>55.0</b> %

\* The outreach achievement is calculated using the following formula (Actual/Target x 100)

# KEY RISKS AND MITIGATION

TYPE OF RISK	HOW WE PERFORMED IN THIS RISK AREA
<p style="text-align: center;"><b>1</b></p> <p><b>CREDIT RISK</b></p>	<p>The key goal of credit risk management is to maximise the CGC’s risk-adjusted rate of return by maintaining credit risk exposure within acceptable parameters. The CGC manages the credit risk inherent in the entire portfolio as well as the risk in individual credit transactions. Guidelines and risk management limits are established to govern day to day management of the CGC’s exposures such as Tier and Step-Up Pricing, Stop Loss, Portfolio Capping, High Risk Sector Capping, Concentration Limit, Single Counterparty Exposure Limit (SCEL).</p> <p>The Internal Credit Scoring Model and Internal Risk Rating Model are used to evaluate borrower’s credit worthiness by using statistical and judgmental scoring analysis. These models are reviewed and validated regularly to ensure consistency with the CGC’s risk appetite and tolerance.</p> <p>The CGC also adopts a multi-tiered credit approving authority aims to facilitate workflows to ensure work efficiency and effectiveness, to promote empowerment to the middle/lower Management as well as where the decision process can be expedited with less touch point.</p>
<p style="text-align: center;"><b>2</b></p> <p><b>MARKET RISK</b></p>	<p>To facilitate the management of market risk, the CGC monitors and reviews independently the risk limits and risk levels within the agreed risk tolerance of the CGC. The interest rate risk is monitored in Asset Liability Management Committee and interest rate sensitivity analysis is performed quarterly.</p> <p>The Liquidity Risk Management Framework was established to monitor and control liquidity risks exposures and funding needs to ensure financial obligations can be met at all times.</p> <p>Liquidity Coverage Ratio is monitored in the Asset Liability Management Committee to ensure high quality liquefiable assets are maintained to meet the liquidity needs for the CGC.</p>

# Key Risks and Mitigation (continued)

TYPE OF RISK	HOW WE PERFORMED IN THIS RISK AREA										
<p style="text-align: center;"><b>3</b></p> <p><b>OPERATIONAL RISK</b></p>	<p>The CGC's Operational Risk Management is governed by the Enterprise Risk Management framework as well as operational risk policies and procedures.</p> <p>In line with best practices, the following tools are implemented for the management of operational risk:</p> <table border="1" data-bbox="616 612 1488 1070"> <thead> <tr> <th data-bbox="616 612 872 661">Tool</th> <th data-bbox="872 612 1488 661">Description</th> </tr> </thead> <tbody> <tr> <td data-bbox="616 661 872 740">Risk Control Self-Assessment (RCSA)</td> <td data-bbox="872 661 1488 740">Self-assessment of risks and controls within the CGC by the risk owners.</td> </tr> <tr> <td data-bbox="616 740 872 819">Control Self-Assessment (CSA)</td> <td data-bbox="872 740 1488 819">Validation of the control effectiveness declared in the RCSA. Also known as 'control testing'.</td> </tr> <tr> <td data-bbox="616 819 872 927">Key Risk Indicators (KRI)</td> <td data-bbox="872 819 1488 927">Provides early warning signals to the CGC on critical operational risk areas with exposure levels potentially exceeding tolerable risk limit set.</td> </tr> <tr> <td data-bbox="616 927 872 1070">Incident Management (IM)</td> <td data-bbox="872 927 1488 1070">Record events related to risks and the outcomes associated with the events, such as financial effects (losses), non-financial effects, direct recoveries, insurance recoveries, causes and failed controls.</td> </tr> </tbody> </table> <p>Periodic risk awareness sessions are conducted to inculcate and reinforce sound operational risk management amongst staff.</p> <p>Business Continuity Management (BCM) exercises, i.e. Business Continuity Plan and Disaster Recovery Plan tests are conducted to ensure the effectiveness of BCM in providing a predetermined list of minimum essential services during business disruptions.</p>	Tool	Description	Risk Control Self-Assessment (RCSA)	Self-assessment of risks and controls within the CGC by the risk owners.	Control Self-Assessment (CSA)	Validation of the control effectiveness declared in the RCSA. Also known as 'control testing'.	Key Risk Indicators (KRI)	Provides early warning signals to the CGC on critical operational risk areas with exposure levels potentially exceeding tolerable risk limit set.	Incident Management (IM)	Record events related to risks and the outcomes associated with the events, such as financial effects (losses), non-financial effects, direct recoveries, insurance recoveries, causes and failed controls.
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<p style="text-align: center;"><b>4</b></p> <p><b>COMPLIANCE RISK</b></p>	<p>Compliance keeps a constant communication with the Senior Management and all appointed Designated Compliance Officer ("DCOs") in ensuring compliance to the applicable laws and regulations governing the CGC's business.</p> <p>Review and test selected key processes based on the Compliance and Self-Testing Matrix ("CSTM") issued to DCOs. CSTM is the tool adopted to monitor all related legislation that may affect the CGC.</p> <p>On Anti Money Laundering/Counter Financing of Terrorism ("AML/CFT"), the CGC has automated the risk assessment and incorporated the Fraud Module in AML/CFT system.</p>										
<p style="text-align: center;"><b>5</b></p> <p><b>STRATEGIC RISK</b></p>	<p>The CGC monitors strategic risk to ensure its strategic plans are executed by taking into account the potential risks that could prevent the CGC from achieving its strategic objectives.</p>										
<p style="text-align: center;"><b>6</b></p> <p><b>REPUTATIONAL RISK</b></p>	<p>In managing reputational risk effectively, reputational risk factors are integrated into the management of strategic risk, credit risk, market risk, operational risk and compliance risk. All disclosures to stakeholders are also shown in a clear, accurate and transparent manner.</p>										

## CAPITAL MANAGEMENT

The CGC has implemented the Capital Adequacy Framework, which defines the mechanism for determining capital adequacy along with the remedial action plans for addressing capital shortfalls. It aims to ensure an adequate capital buffer to support the CGC's risk profile and growth strategy.

This framework is adopted by the CGC on the approaches for capital requirement as spelled out under BNM's Guidelines on Capital Adequacy. The maintenance of regulatory capital is based on three major components of risk i.e. credit risk, operational risk, and market risk.

The CGC has adopted three different ratios, i.e. the Capital Adequacy Ratio, Guarantee Reserve Ratio and Liquidity Coverage Ratio. These ratios are reported to the Board and Management regularly:

Ratio	Rationale
Capital Adequacy Ratio	To measure the CGC's preparedness and ability to withstand the expected losses arising from adverse credit, market and operational events.
Guarantee Reserve Ratio	To ensure that the CGC operates in a prudent and capital efficient manner, to reduce the likelihood of future capital calls from shareholders.
Liquidity Coverage Ratio	To ensure that the corporation have an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted easily and immediately in private markets into cash to meet liquidity needs for a 30 calendar day liquidity stress scenario. This is in accordance with BASEL standards.

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

## STRESS TESTING

Stress testing is an important risk management tool which acts as an alert to adverse unexpected outcomes related to a variety of risks and to identify possible events or future changes in the financial and economic conditions that could have adverse effects on the CGC's exposure. It is an assessment on the CGC's ability to withstand such changes, usually in relation to the capacity of its capital and earnings to absorb potentially significant losses.

Stress testing aims to identify and mitigate areas of concern to prevent or mitigate the effects of adverse conditions which could have an impact against the CGC's Return of Investment (ROI), Guarantee Income and Capital Adequacy Ratio.

Stress test is performed regularly and the results of stress tests are updated to the Board and Management. Management takes corrective and appropriate actions to address the identified risk if the result could have a significant impact on the CGC's strategy. Independent assessments of stress testing procedures and processes are carried out regularly to ensure the quality and effectiveness of the stress test.



52 Group 5-Year Financial Summary and Highlights  
56 Simplified Group Statements of Financial Position  
58 Balance Sheet

# FINANCIAL REVIEW

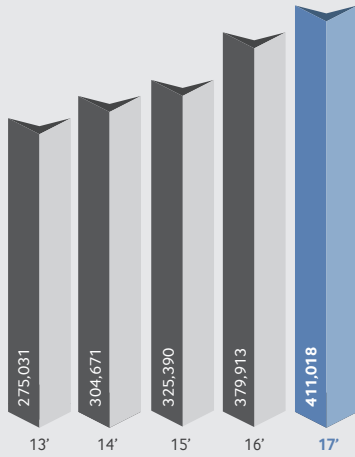




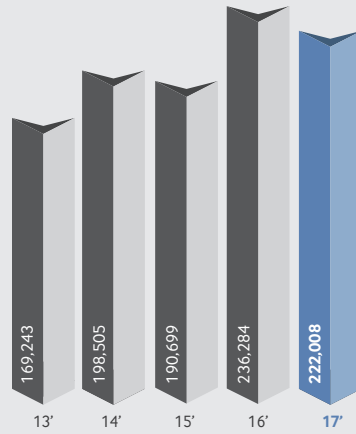
# GROUP 5-YEAR FINANCIAL SUMMARY AND HIGHLIGHTS

GROUP	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
Revenue	<b>411,018</b>	379,913	325,390	304,671	275,031
Profit Before Taxation	<b>221,658</b>	236,664	190,699	199,550	168,203
Profit After Taxation	<b>222,008</b>	236,284	190,699	198,505	169,243
Profit Attributable to Shareholders	<b>222,497</b>	237,191	192,221	200,606	168,957
Shareholders' Equity	<b>3,611,818</b>	3,377,484	3,150,975	2,958,531	2,757,788
Total Equity	<b>3,613,789</b>	3,379,944	3,154,342	2,958,726	2,760,084
Total Assets	<b>5,091,909</b>	4,841,083	4,767,381	4,563,430	4,465,398

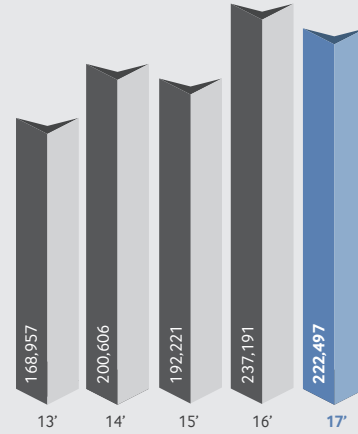
## REVENUE



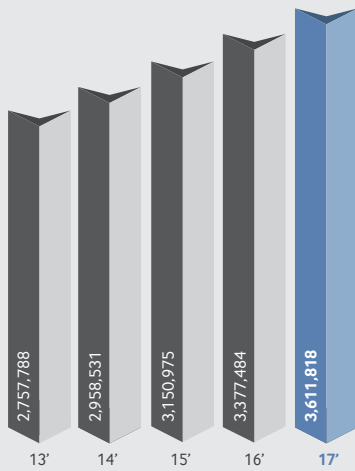
## PROFIT AFTER TAX



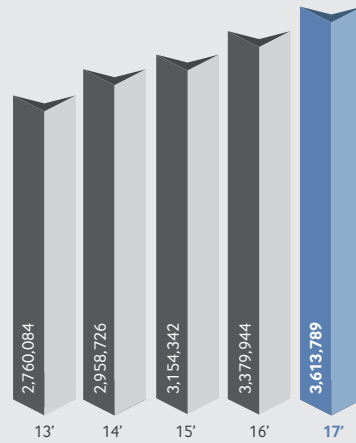
## PROFIT ATTRIBUTABLE TO SHAREHOLDERS



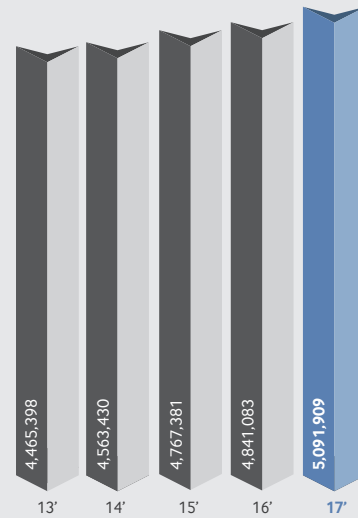
## SHAREHOLDERS' EQUITY



## TOTAL EQUITY



## TOTAL ASSETS

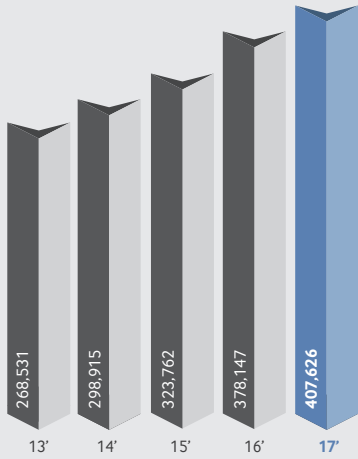




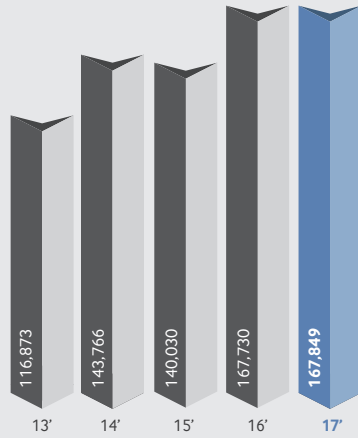
# Group 5-Year Financial Summary and Highlights (continued)

COMPANY	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000
Revenue	<b>407,626</b>	378,147	323,762	298,915	268,531
Profit Before Taxation	<b>167,849</b>	167,730	140,030	143,766	116,873
Profit After Taxation	<b>167,849</b>	167,730	140,030	143,766	116,873
Profit Attributable to Shareholders	<b>167,849</b>	167,730	140,030	143,766	116,873
Total Equity	<b>3,266,715</b>	3,088,604	2,932,565	2,790,375	2,646,197
Total Assets	<b>4,742,429</b>	4,546,819	4,542,817	4,392,241	4,348,357

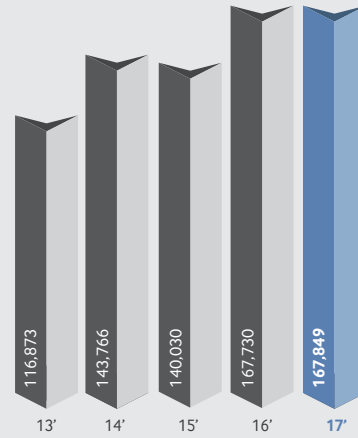
## REVENUE



## PROFIT AFTER TAX

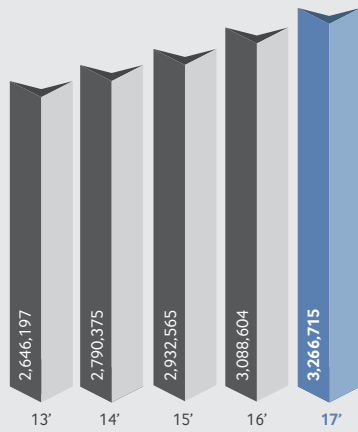


## PROFIT ATTRIBUTABLE TO SHAREHOLDERS

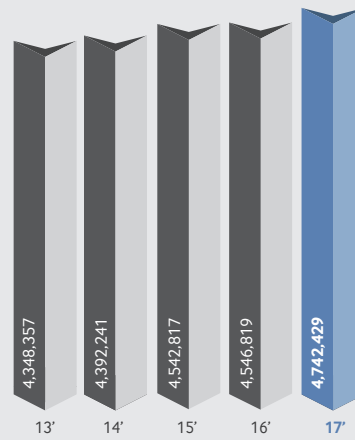


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Malaysia Berhad  
Annual Report 2017

## TOTAL EQUITY

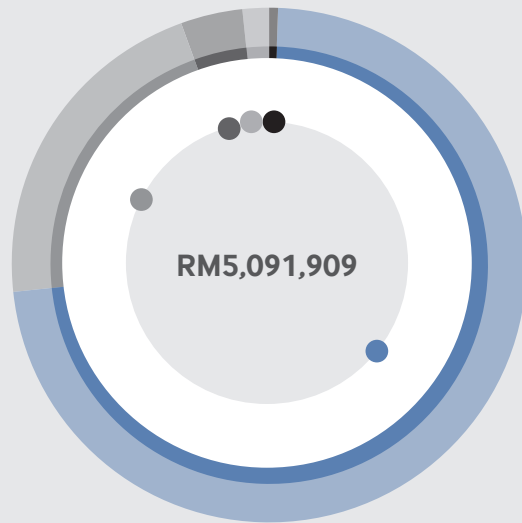


## TOTAL ASSETS

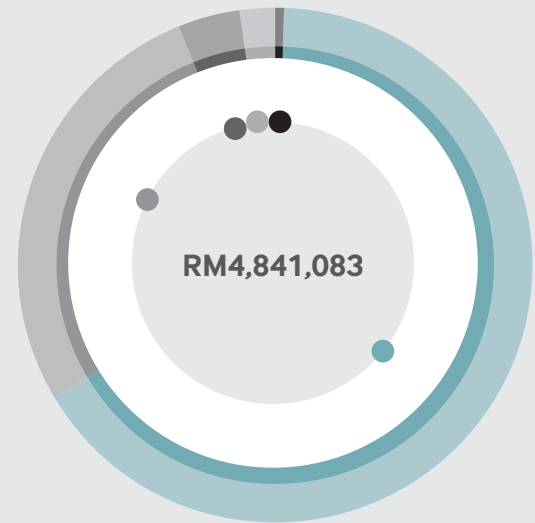


# ■ SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION

## GROUP



2017

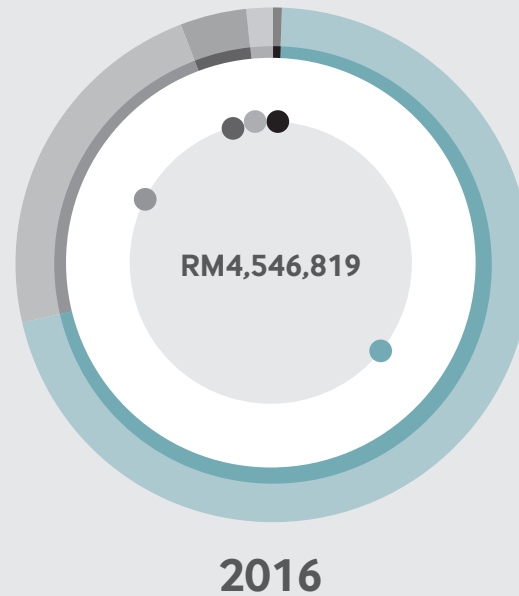
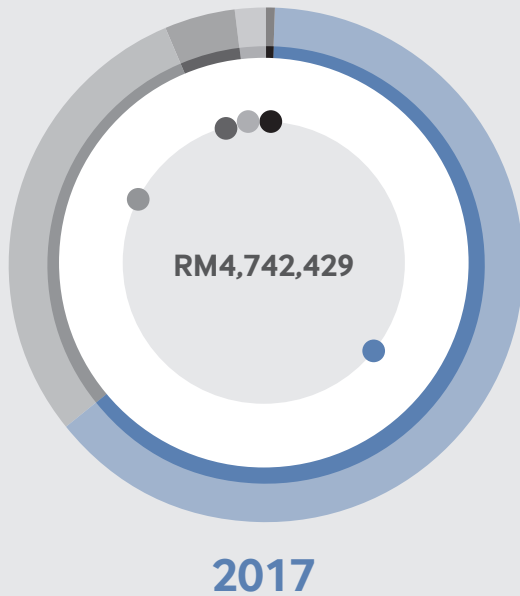


2016

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Malaysia Berhad  
Annual Report 2017

GROUP	2017		2016	
	RM'000	%	RM'000	%
Property, plant and equipment and intangible assets	41,602	0.8	39,203	0.8
Financial investments	3,696,914	72.6	3,178,773	65.7
Term deposits	1,080,949	21.2	1,334,841	27.5
Loans, advances and financing	189,724	3.8	192,627	4.0
Others	82,720	1.6	95,639	2.0
<b>TOTAL</b>	<b>5,091,909</b>	<b>100</b>	<b>4,841,083</b>	<b>100</b>

## COMPANY



Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

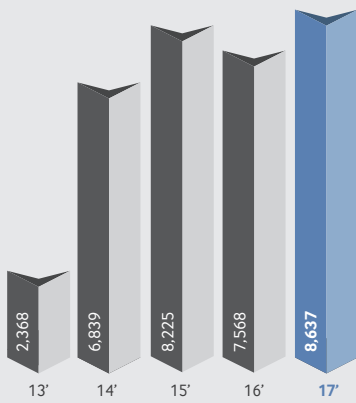
COMPANY	2017		2016	
	RM'000	%	RM'000	%
Property, plant and equipment and intangible assets	35,706	0.7	33,089	0.7
Financial investments	3,356,793	70.8	2,896,105	63.7
Term deposits	1,080,949	22.8	1,334,841	29.4
Loans, advances and financing	194,285	4.1	194,617	4.3
Others	74,696	1.6	88,167	1.9
<b>TOTAL</b>	<b>4,742,429</b>	<b>100</b>	<b>4,546,819</b>	<b>100</b>



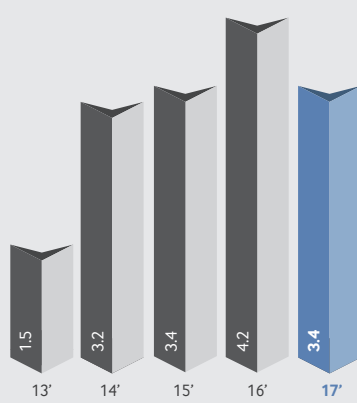
# ■ BALANCE SHEET

BALANCE SHEET	Group		Company	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
<b>ASSETS</b>				
Property, plant and equipment	24,672	20,540	24,018	19,925
Intangible assets	16,930	18,663	11,688	13,164
Investment in a subsidiary	–	–	–	5,182
Investments in associates	840,321	788,050	500,200	500,200
Structured investments: Fair value through profit or loss (“FVTPL”)	147,061	143,868	147,061	143,868
Investment securities: AFS	1,762,312	1,491,345	1,762,312	1,491,345
Investment securities: Held-to-maturity (“HTM”)	172,575	90,574	172,575	90,574
Investment securities: Held-for-trading (“HFT”)	–	15,115	–	15,115
Investment securities: FVTPL	772,225	649,676	772,225	649,676
Derivative financial assets	2,420	145	2,420	145
Term deposits	1,080,949	1,334,841	1,080,949	1,334,841
Loans, advances and financing	189,724	192,627	189,724	192,627
Loan due from a subsidiary	–	–	125	125
Amount due from a subsidiary	–	–	4,436	1,865
Trade and other receivables	18,388	29,739	16,174	28,197
Cash and cash equivalents	64,332	65,900	58,522	59,970
<b>TOTAL ASSETS</b>	<b>5,091,909</b>	<b>4,841,083</b>	<b>4,742,429</b>	<b>4,546,819</b>
<b>Equity Attributable to the Shareholders of the Company</b>				
Share capital	1,585,600	1,585,600	1,585,600	1,585,600
Reserves	870,742	795,375	870,742	795,375
Retained earnings	1,141,435	994,305	797,836	705,354
Available-for-sale reserve	14,041	2,204	12,537	2,275
	<b>3,611,818</b>	<b>3,377,484</b>	<b>3,266,715</b>	<b>3,088,604</b>
Non-controlling interest	1,971	2,460	–	–
<b>TOTAL EQUITY</b>	<b>3,613,789</b>	<b>3,379,944</b>	<b>3,266,715</b>	<b>3,088,604</b>
<b>LIABILITIES</b>				
Amount due to Bank Negara Malaysia (“BNM”)	509	1,919	509	1,919
Funds from BNM	801,500	801,500	801,500	801,500
Small Entrepreneurs Guarantee Scheme (“SEGS”)	37,176	44,523	37,176	44,523
Tabung Usahawan Kecil (“TUK”)	38,326	36,809	38,326	36,809
Government funds	150,342	150,342	150,342	150,342
Preference shares	200,000	200,000	200,000	200,000
Small Entrepreneurs Financing Fund (“SEFF”)	11,075	11,075	11,075	11,075
Derivative financial liabilities	228	1,014	228	1,014
Loan due to non-controlling interest	38	38	–	–
Provision for claims under guarantee schemes	22,799	20,743	22,799	20,743
Claims payable	1,480	1,671	1,480	1,671
Trade and other payables	214,647	191,125	212,279	188,619
Deferred tax liabilities	–	380	–	–
<b>TOTAL LIABILITIES</b>	<b>1,478,120</b>	<b>1,461,139</b>	<b>1,475,714</b>	<b>1,458,215</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,091,909</b>	<b>4,841,083</b>	<b>4,742,429</b>	<b>4,546,819</b>

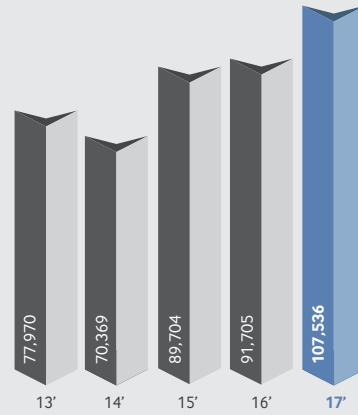
**LOAN BASE**  
(No.)



**LOAN BASE**  
(RM Billion)

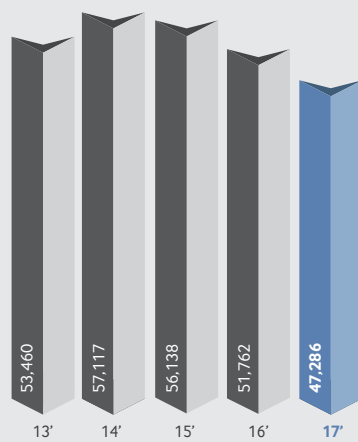


**TOTAL PROVISION**  
(RM'000)

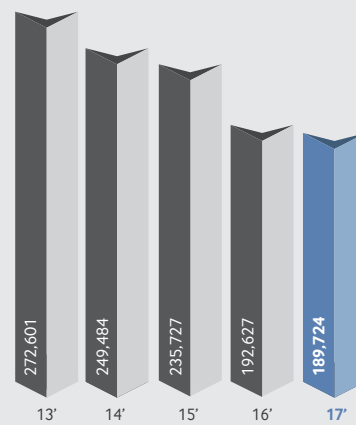


Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

**RECOVERIES**  
(RM'000)



**FINANCING ASSETS**  
(RM'000)



# OPERATIONAL OVERVIEW



61 Performance by Key Divisions

73 Performance Statistics and Highlights

- Guarantee/Financing Schemes
- The Use of Credit Guarantee Services
- Distribution of Guarantees and Financing
- Guarantee and Direct Financing Approval
- Operational Performance

# PERFORMANCE BY KEY DIVISIONS



## BUSINESS DIVISION

### FUNCTIONS

### KEY ACCOMPLISHMENTS FOR 2017

- Drive CGC's guarantee and direct financing businesses.
- Promote and enhance the participation of Bumiputera MSMEs.

- CGC registered a 14% increase or 8,637 new micro, small and medium enterprises (MSMEs) outreach for the year as compared to 7,568 MSMEs outreach in the previous year. However, lower approval value of RM3.4 billion was recorded as compared to previous year at RM4.2 billion mainly due to the lower average financing size on the increased penetration to micro SME market segment.
- CGC exceeded the loan disbursement outreach numbers at 8,504 accounts against target of 8,000 accounts as well exceeded the disbursement value at RM3.4 billion against target of RM3.4 billion.

- CGC surpassed both the Bumiputera MSMEs outreach and approval value targets as follow:-

	Target	Actual	%
Outreach	2,580	3,511	136
Value (RM'm)	1,175	1,391	118

- Relationship with Developmental Financial Institutions (DFIs) were strengthened and two new DFIs were on boarded namely Bank Simpanan Nasional (BSN) and Bank Pertanian Malaysia Berhad (Agrobank) as partners in the Portfolio and Wholesale Guarantee Schemes. These banks were instrumental in providing support to reach out to more Bumiputera MSMEs.
- To increase awareness of CGC's product and services among the Bumiputera MSMEs, the advertising campaign for the Bumiputera centric products during the year was wholly undertaken on the social media platform for the first time. This resulted in 18.7 million impressions, 4.3 million views and 38 thousand inquiries.
- Relationship with relevant stakeholders including the relevant Government Ministries, Agencies, government linked companies and Bumiputera private businesses were strengthened with strengthening of staff compliments in CGC's Bumiputera Development Division.
- The Bumiputera Development Division held various Taklimat Usahawan to reach out to Bumiputera MSMEs as well as to provide basic financial advisory services. Some of these Taklimat Usahawan were jointly conducted with trade chambers including that with Dewan Perniagaan Melayu Malaysia (DPMM) in various states and Persatuan Pedagang dan Peniaga Melayu Malaysia (PERDASAMA). The Taklimat Usahawan conducted with PERDASAMA during the year was with its Women's Wing, PERDASAMA Wanita and specifically reaching out to Bumiputera women entrepreneurs with a series of Taklimat Usahawan.



# Performance by Key Divisions (continued)

BUSINESS DIVISION	
FUNCTIONS	KEY ACCOMPLISHMENTS FOR 2017
<ul style="list-style-type: none"> <li>Innovate new products and enhance existing product features through the development of products.</li> </ul>	<ul style="list-style-type: none"> <li>A total of 19 new Portfolio Guarantee and Wholesale Guarantee Schemes were rolled out in 2017 (2016: 14).</li> <li>During the year, a new Portfolio Guarantee (PG) concept was developed and introduced namely the Shared Security PG with AmBank (M) Berhad and a new PG Collaboration with Malayan Banking Berhad targeting new Startups was launched.</li> </ul>
<ul style="list-style-type: none"> <li>Developed imSME – Malaysia’s First Online SME Financing/Loan Referral Platform.</li> </ul>	<ul style="list-style-type: none"> <li>Under the auspicious of Bank Negara Malaysia, the imSME Financing/ Loan Referral Platform was developed. The imSME matches the financing needs of the MSMEs with the products and services offered by the Participating Financial Institutions.</li> <li>The imSME is expected to be a game changer for MSMEs seeking financing/loan that fit their business needs best – fast, hassle free and at their convenience.</li> <li>An official launch ceremony was organised at Sasana Kijang, Bank Negara Malaysia, which was officiated by then the Minister of Finance II, YBhg. Datuk Seri Johari Abdul Ghani on 19 January 2018.</li> </ul>
<ul style="list-style-type: none"> <li>Supervise and provide support towards the daily operations and overall branch performance.</li> </ul>	<ul style="list-style-type: none"> <li>The Tabung Projek Usahawan Bumiputera-i (TPUB-i) contract financing scheme contribution (y-o-y) from branches, increased by 45% from RM178 million (2016) to RM258 million (2017) and the number of accounts increased by 27% from 201 cases in 2016 to 255 cases in 2017.</li> <li>The implementation of the Straight-Through-Processing (STP) took effect from the 13 October 2017 and resulted in improvement in turnaround time for approvals.</li> </ul>
<ul style="list-style-type: none"> <li>Ensured excellent customer service and experience.</li> </ul>	<ul style="list-style-type: none"> <li>The Client Service Centre continued to maintain excellent customer service experience where 99.98% of the 17,203 inquiries via various channels were resolved within charter.</li> </ul>

BUSINESS DIVISION	
FUNCTIONS	KEY ACCOMPLISHMENTS FOR 2017
<ul style="list-style-type: none"> <li>• Notable Events by the Division.</li> </ul>	<ul style="list-style-type: none"> <li>• Signing ceremony with AmBank (M) Berhad for Portfolio Guarantee of RM200 million was held on 22 March 2017.</li> <li>• Signing ceremony with Bank Simpanan Nasional on Portfolio Guarantee Micro (PG Micro) Scheme of RM50 Million Conventional and Islamic was held on 15 May 2017.</li> <li>• Signing of Memorandum of Understanding (MoU) with 4 parties namely RHB Islamic Bank Bhd, SME Bank Bhd and Unit Peneraju Agenda Bumiputera (TERAJU) on 13 August 2017 to provide financial guarantees to eligible domestic sub-contractors through CGC's Bizjamin and Bizjamin-i schemes for the Pan Borneo Highway Sarawak Project.</li> <li>• Signing ceremony with RHB Islamic Bank Berhad for Wholesale Guarantee of RM50 million was held on 18 August 2017.</li> <li>• Signing ceremony with Bank Pertanian Malaysia Berhad for RM50 million Wholesale Guarantee Scheme was held on the 30 August 2017.</li> <li>• Signing ceremony with AmBank (M) Berhad for Portfolio Guarantee of RM100 million SME Biz Property Extra on 26 October 2017.</li> </ul>
<ul style="list-style-type: none"> <li>• MSMEs enrichment through the CGC Developmental Programme, which promotes the growth and development of MSMEs.</li> </ul>	<ul style="list-style-type: none"> <li>• Organised Mentoring Workshops on topics such as "Digital Marketing", "Gaining Market Access" and "Optimising Business Cost", throughout all regions in Malaysia. The guest speakers were industry experts from Grab, Air Asia, Digi Telecommunications, Mydin Wholesale, the Human Resource Development Fund (HRDF), successful entrepreneurs and many more. More than 1,100 MSMEs benefitted from CGC's Knowledge Sharing Sessions and Business Networking Sessions at the Workshops that were organised.</li> <li>• A total of fifteen (15) MSMEs benefitted from their participation in both the local and international market access (e.g. Hypermarkets in Malaysia and overseas trade fairs).</li> </ul>
<ul style="list-style-type: none"> <li>• Promote the awareness of CGC's role and responsibility amongst the MSMEs.</li> </ul>	<ul style="list-style-type: none"> <li>• A total of 172 briefings, exhibition and road shows were held, as a means of reaching out to the SMEs at large.</li> </ul>

# Performance by Key Divisions (continued)



## CREDIT DIVISION

### FUNCTIONS

- Performed credit evaluation and approval under the Guarantee Schemes; as well as, CGC's direct financing facilities, to meet the financing needs of MSMEs.
- Credit advisory role to both external and internal parties (i.e. Business Partners, Government agencies, Private Sectors etc).
- Provide credit inputs and feedbacks for new products schemes of CGC; as well as, collaborations with business partners and internal stakeholders.
- Manage CGC's Financing Origination System.
- Conduct credit trainings.

### KEY ACCOMPLISHMENTS FOR 2017

- Overall enhancement of credit and approval process that facilitate faster turnaround time.
- Introduced Green Lane Straight-Through-Processing (STP), which resulted in fast approval within 4 days on average.
- Enhancement of Financing Origination System.
- Maintained good asset quality for CGC's Direct Financing facilities.



## OPERATIONS DIVISION

### FUNCTIONS

### KEY ACCOMPLISHMENTS FOR 2017

#### i) Claims Department:

- Improved the TAT threshold to 5 working days, for claims payment to FIs and DFIs.
- Timely roll out of CCRIS Enhancement Phase 2.

#### i) Claims Department:

- Revision of the claims payment threshold for Full Risk and Shared Risk Schemes, moved from 80% to 90%, effective January 2017 (101% Achievement).
- Successfully completed the 2<sup>nd</sup> phase of CCRIS Enhancement based on Bank Negara Malaysia's requirements on 23 June 2017, ahead of the target date of 30 June 2017.

#### ii) Documentation & Disbursement Department:

- Achievement above threshold on turnaround time (TAT) for documentation and disbursement processes, for Direct Financing schemes (BizMula-i/BizWanita-i and TPUB-i).
- Deliver fair, reliable and accurate reporting on turnaround time for Direct Financing schemes (BizMula-i/BizWanita-i and TPUB-i).
- Continuous improvement to process to ensure good customer satisfaction.

#### ii) Documentation & Disbursement Department:

##### Documentation:

Threshold: 90%	Achievement
BizMula-i (within 9 working days)	95%
BizWanita-i (within 9 working days)	96%
TPUB-i (within 9 working days)	97%

##### Disbursement:

Threshold: 90%	Achievement
BizMula-i (within 1 working day)	93%
BizWanita-i (within 1 working day)	96%
TPUB-i (within 5 working days)	92%

- Categorised the documentation TAT for Direct Financing schemes into 2 components:
  - Within Control for internal processing.
  - Beyond Control for processes which have dependency on external parties; namely, customer, solicitor and Contract Awarder.

# Performance by Key Divisions (continued)

## OPERATIONS DIVISION

### FUNCTIONS

### KEY ACCOMPLISHMENTS FOR 2017

#### iii) Billing Management Department:

- Timely and faster collection of guarantee fee.
- Timely roll out of PG Billing System (2<sup>nd</sup> Phase).
- Continuous improvement strategy for the betterment of the CGC.

#### iii) Billing Management Department:

- Successful collection of long overdue guarantee fee (since 2013), amounting to RM18.8 million within three (3) months from receiving the notification.
- Successfully completed ahead of schedule 2nd phase of billing automation for Portfolio Guarantee schemes. Estimated 98% of invoices to be generated via new PG Billing System from 2018 onwards.
- Streamlined the roles and functions of the department, resulting in a significant achievement (i.e. collection of guarantee rate improved above 90% within 30 days from the invoice date).

#### iv) Loan Monitoring and Rehabilitation Department:

- To analyse, propose and enforce efficient and effective monitoring and rehabilitation of overall portfolios that have been approved by the CGC.
- To ensure that the provisions are within the set threshold.
- To ensure that the Non-Performing Impaired Loan (NPIL)/Non-Performing Loan (NPL) rate is at the set threshold.

#### iv) Loan Monitoring and Rehabilitation Department:

- A Collection Centre Unit was set up and made fully operational in June 2017; under LMR's initiative to streamline the monitoring processes, with implementation of SMS blast system as part of effort in improving the collection activities.
- System enhancement and automation for CFM went 'live' in February 2017; for efficient account management activities.
- Provision savings of RM7 million under TPUB-i was due to the recovery made from leaked accounts prior to recalled. This was accomplished from intense monitoring efforts and follow up with the contract awarders. Similarly, there are provision savings of RM3.5 million for R&C scheme and RM1.8 million for the BizWanita-i scheme.
- Completion of Bank Negara Malaysia's Fund (LMR as the Project Manager), where the system went 'live' on the 13<sup>th</sup> of October 2017.

#### v) Subrogation and Recovery Department:

- Maximise recovery and collection from Full Risk, Shared Risk and Recalled accounts.

#### v) Subrogation and Recovery Department:

- The total actual recovery and collection had exceeded its respective targets for Full Risk, Shared Risk and Recalled accounts:

	Actual (RM million)	Target (RM million)
Recovery	48.55*	48.00
Collection	13.02	7.68

\* The actual recovery differs from the recovery amount reported at RM47.28 million, in Financial Statement due to the Corporation's refund of RM1.27 million, arising from FI's wrong remittance to the Corporation during 2010-2014 which FI realised the error only in 2017.

- System enhancement on SRM for write-off accounts was successfully deployed on 14 March 2017.
- CCRIS Automation (Phase 1) was successfully deployed on 14 April 2017.



OPERATIONS DIVISION	
FUNCTIONS	KEY ACCOMPLISHMENTS FOR 2017
<b>vi) General Administration &amp; Premises Department:</b> <ul style="list-style-type: none"> <li>• Building Maintenance &amp; Upkeep.</li> </ul>	<ul style="list-style-type: none"> <li>• Installation of new signage with CGC's new logo, at the Head office and all CGC branches.</li> <li>• Relocation/Renovation of 2 CGC branches: Seremban &amp; Melaka.</li> <li>• Replacement of the cold water Main Pipe at the Head office.</li> </ul>



FINANCE DIVISION	
FUNCTIONS	KEY ACCOMPLISHMENTS FOR 2017
	<p><b>i) Finance Department:</b></p> <ul style="list-style-type: none"> <li>• Led MFRS 9 project through dedicated governance, which has led to the definition of the Group methodology for the new impairment model.</li> <li>• Continued in undertaking more comprehensive performance reporting to the Board, Management and other key stakeholders.</li> <li>• Managed CGC's overall cost efficiency.</li> </ul> <p><b>ii) Investment Department:</b></p> <ul style="list-style-type: none"> <li>• Ensured that the best investment practices were in place, with properly established investment policies and guidelines.</li> <li>• Successfully restructured a balance investment portfolio with strong credit quality.</li> <li>• Achieved record high investment income and return.</li> </ul>

# Performance by Key Divisions (continued)



## IT DIVISION

### FUNCTIONS

- Management of the overall IT environment through comprehensive IT strategies in meeting the requirements of the business.

### KEY ACCOMPLISHMENTS FOR 2017

- Started the 3-Year IT Blueprint (ITBP) initiative journey with the setting up of the Board IT Committee to oversee the implementation of the ITBP.
- Restructured the IT Division and enhanced the workforce as the foundation to move forward.
- Completed a few IT Governance initiatives including enhancing the IT security controls, policies and procedures and implemented data governance framework.
- Detailed assessment of CGC's core system applications and Data Centre were also conducted to affirm the IT applications and infrastructure strategy, moving forward.
- Facilitated Business Division as a partner for the technology solution of the imSME Financing/Loan Referral Online Platform.



**CORPORATE DIVISION**

**FUNCTIONS**

**KEY ACCOMPLISHMENTS FOR 2017**

**i) Planning and Research Department:**

- Strategic planning, research and development function.
- Board and Management Performance Reporting.

**i) Planning and Research Department:**

- Facilitated and ensured the alignment of the Divisional and Departmental KPIs to that of the Corporate KPIs.
- Appointed two (2) Campus Ambassadors; of which, the objective was to elevate CGC's brand awareness amongst potential university graduates.
- Organised a three (3) day study visit (9-11 October 2017) for the delegates from the Reserve Bank of Zimbabwe to CGC.

# Performance by Key Divisions (continued)

CORPORATE DIVISION	
FUNCTIONS	KEY ACCOMPLISHMENTS FOR 2017
<p><b>ii) Corporate Communications Department:</b></p> <ul style="list-style-type: none"> <li>Brand, Media Engagement and Communications.</li> </ul>	<p><b>ii) Corporate Communications Department:</b></p> <ul style="list-style-type: none"> <li>Undertook the development of a new corporate logo, to give it a fresh and rejuvenated look and feel. Also, successfully launched the logo, in conjunction with the 2016 SME Awards Ceremony in May 2017.</li> <li>Made a successful bid for the 'Glenmarie' LRT Station naming rights and to commemorate the successful bid, organised the launching ceremony of the newly rebranded "CGC – Glenmarie" LRT station.</li> <li>Conducted both corporate and product advertising campaigns through print and digital media.</li> <li>Further improved stakeholders' engagement and brand presence through various sponsorships: The Star Outstanding Business Awards (SOBA) 2017; Nanyang Siang Pau's 'Golden Eagle Awards (GEA2017) and SME Corporation Malaysia Berhad's (SME Corp.) "Chor and Chah" YouTube Drama Series (Season 2); in which, CGC was dedicated a special episode.</li> <li>Increased media presence, with frequent media engagement and coverage. For the year 2017, CGC received 210 media mentions via the mainstream media, including TVs, Radios, newspapers and online publications.</li> <li>A total of 35 media engagement activities were organised with various media.</li> <li>24 Corporate Events and 18 Corporate Responsibility Programmes were successfully organised in collaboration with the FIs and stakeholders.</li> <li>The hosting of the 27<sup>th</sup> ACSIC Training Programme which was participated by 46 delegates from 14 member institutions from 10 countries.</li> <li>Produced CGC's Corporate Video and 15 Successful Customer Video Series, as a means of further promoting the role of CGC and its success stories.</li> <li>Published the first segregated English and Bahasa Malaysia versions of the 2016 Annual Report. <i>(Two (2) reports were published compared to a single bilingual report as in preceding years.)</i></li> </ul>

## CORPORATE DIVISION

### FUNCTIONS

### KEY ACCOMPLISHMENTS FOR 2017

#### iii) Human Capital Department:

- Strategic human resource planning to attract, engage, develop and reward productive talents and achieve efficient HR processes.

#### iii) Human Capital Department:

- In line with the human capital strategy to build a high performance and engaged organisation by 2020, Human Capital derived several strategic initiatives to attract, engage, develop and reward talents.
- Talent Management as a key component in CGC's succession planning process, continued to ensure the readiness of qualified internal talents to fill in vacant positions. A structured succession planning framework was introduced; whereby, it involved the process of identifying potential candidates and providing them with a series of developmental programmes.
- It was CGC's aim to be able to harness the right intellectual capital that resided within our diverse workforce, to ensure business continuity and the availability of prepared leaders for Management succession. A group of eligible talents were nominated based on performance and accomplishments, assessed for leadership potential/functional expertise and development needs, to accelerate development and readiness to be in the leadership pipeline.
- Apart from Talent Management, several learning and developmental programmes were executed. Formal In House Programmes and External/Public courses continued to play a key role in developing and nurturing the employees of CGC. 63 In House Training Programmes and 93 Public courses ranging from Functional to Professional Certification were successfully executed in 2017 with 100% total staff outreach.
- To effectively enhance the impact of training, a primary focus was given on High-Quality Programme Content and customisation; as well as, the post Training Evaluation.
- CGC advocated the Kirk Patrick's Training Assessment Methodology, successfully applying 3 out of the 4 levels of Kirk Patrick's training Evaluation.
- To further add impact to the 'Quality' of Training, an additional assessment called 'Interim Level 1 Evaluation' was initiated. Emphasis was given on the content for further customisation and relevancy during the execution of the programme. This 'Interim Level 1 Evaluation' which was executed at the end of the first day of training, has positively impacted the quality of the programme per se.
- With the IT Blue Print in the pipe line, HCD continuously and proactively research on current and future competency requirements and provide support through the provision of Professional and Certification Programmes. 11 IT Professional and Certification Programmes were successfully executed attended by 13 ITD staff.



# Performance by Key Divisions (continued)

CORPORATE DIVISION	
FUNCTIONS	KEY ACCOMPLISHMENTS FOR 2017
<p><b>iii) Human Capital Department (continued):</b></p>	<p><b>iii) Human Capital Department (continued):</b></p> <ul style="list-style-type: none"> <li>CGC continued to prolifically partner with AICB and ABS in executing CGC's Flagship Programme 'ACE'. To date 335 staff had graduated from the programme since 2007 with 238 staff still with CGC.</li> <li>As a member of Association of Development Financial Institution Malaysia (ADFIM), CGC had established excellent working relationship and continuous support working hand in hand in various activities.</li> <li>As an 'Authorised Training Employer' (ATE) with 'The Institute of Chartered Accountants in England and Wales' (ICAEW), CGC currently sponsors 3 staff from Finance Department to champion the 'ACA', a globally renowned Professional Qualification, as part of CGC's aspiration to develop more working professionals.</li> <li>As part of enhancing employer branding and market recognition, CGC had continuously participated in various career fairs and had enrolled in Career Comeback Programme (Retention Grant) initiated by Talent Corp. For 2017, CGC had recruited 6 women on career break. In March 2018, CGC won the 4<sup>th</sup> place for the TalentCorp Career Comeback ReIGNITE Award 2017/2018. The other companies identified by TalentCorp for this award were Maybank, Key Sight Technology, Mydin and PWC. This award employers' commitment in celebrating diversity and inclusion by practising a forward looking recruitment policy towards women on career break.</li> <li>In addition to that, CGC embarked on another programme called CGC SME Apprentice Scheme, involving Polytechnic and/or Vocational graduates who have been unemployed. The objectives of the scheme are to assist unemployed Polytechnic/Vocational graduates in securing temporary employment at selected MSMEs as part of CGC's CSR activity; help develop value added services to our existing customers (MSMEs) by providing highly skilled resources in running their daily operations and develop the graduates as future potential entrepreneurs via the acquisition of relevant skills and experience throughout their attachment at the selected MSMEs.</li> <li>In the area of staff engagement, CGC continued to engage, motivate and show appreciation to CGC's workforce with the organisation of the yearly Annual Dinner event held in the last quarter. All employees of CGC and the Board of Directors were invited to attend the much awaited event of the year. Awards ceremony were also held during the dinner event to award deserving employees i.e. Sales Achievers Award and Service Appreciation Award.</li> <li>Another new engagement activity was also organised in the last quarter i.e. a two-day event called CGC Appreciation Day. The aim of this event were to develop a culture of giving, appreciate one another, create an overall conducive work environment and promote greater sense of belonging to CGC.</li> </ul>

# PERFORMANCE STATISTICS AND HIGHLIGHTS

## GUARANTEE/FINANCING SCHEMES

In 2017, CGC managed a total of 21 guarantees/financing schemes; eight (8) of which falls under the Guarantee Schemes category, four (4) under the Direct Financing Schemes category, seven (7) under the Government-backed Schemes category, Portfolio Guarantee Scheme and Wholesale Guarantee Scheme.

CGC's Guarantees/Financing schemes are as listed below:

### GUARANTEE SCHEMES



BizJamin



BizJamin-i



BizJamin Bumi



BizJamin Bumi-i



BizMaju



BizSME



Flexi Guarantee Scheme  
(SME-All Economic Sectors)



Flexi Guarantee Scheme-i  
(SME-All Economic Sectors)

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Malaysia Berhad  
Annual Report 2017

### DIRECT FINANCING



Tabung Projek Usahawan  
Bumiputera-i (TPUB-i)



BizMula-i



BizWanita-i



BizBina-i

### GOVERNMENT-BACKED SCHEMES



Franchise Financing  
Scheme (FFS)



Green Technology  
Financing Scheme (GTFS)



Green Technology Financing  
Scheme-i (GTFS-i)



Intellectual Property  
Financing Scheme (IPFS)



Intellectual Property  
Financing Scheme-i (IPFS-i)



Disaster Relief Facility  
2017



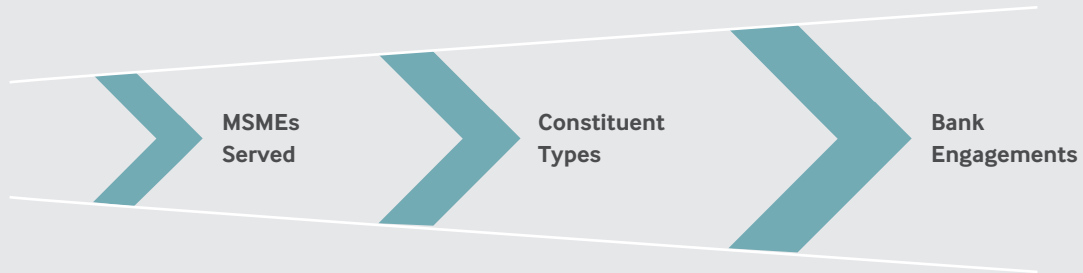
Disaster Relief Facility-i  
2017

### PORTFOLIO GUARANTEE SCHEME

### WHOLESALE GUARANTEE SCHEME

# Performance Statistics and Highlights (continued)

## THE USE OF CREDIT GUARANTEE SERVICES



1

### MORE THAN 330,000 MSMEs SERVED SINCE 1972

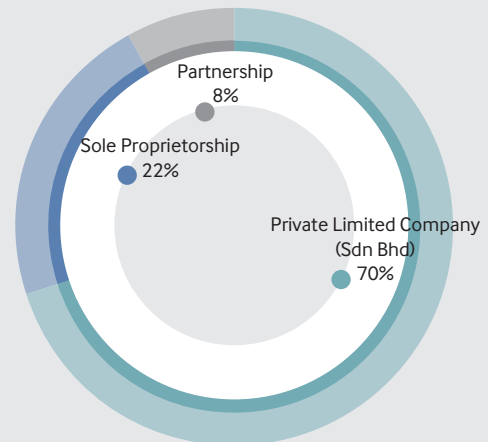
According to the nation's Economic Census 2016 Report, Malaysia records a total of 907,065 registered MSMEs. Since its establishment in 1972, CGC has served more than 330,000 MSMEs and availed 453,854 guarantees/financing that are valued more than RM67.1 billion.

2

### 70% OF OUR CLIENTS ARE FROM THE PRIVATE LIMITED ENTERPRISE CONSTITUENT

\* Total MSMEs as at 31 December 2017

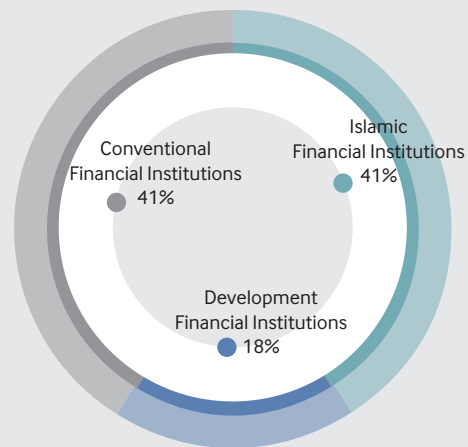
Constituents	MSMEs	Value (RM'000)
Private Limited Company (Sdn Bhd)	6,046	2,873.2
Sole Proprietorship	1,900	304.2
Partnership	691	202.8
<b>Grand Total</b>	<b>8,637</b>	<b>3,380.2</b>



3

**OUR CREDIT GUARANTEE SERVICES ARE ENGAGED BY DIFFERENT BANK CATEGORIES**

Bank Categorisations	Total Institutions
Conventional Financial Institutions	14
Islamic Financial Institutions	14
Development Financial Institutions	6
<b>Grand Total</b>	<b>34</b>



# Performance Statistics and Highlights (continued)

## DISTRIBUTION OF GUARANTEES AND FINANCING

### GUARANTEES/FINANCING – SECTORS (TOP 3):

Sectors	Accounts	Total Amount (RM Million)
Wholesale & Retail Marketing	3,611	1,368.5
Manufacturing	706	417.3
Agriculture	1,511	61.8

### GUARANTEES/FINANCING – STATES (TOP 3):

States	Accounts	Total Amount (RM Million)
Wilayah Persekutuan (14)	2,512	1,039.8
Selangor (12)	1,606	973.7
Johor (01)	671	473.7

### GUARANTEES/FINANCING APPROVED – LOAN RANGE:

Loan Range	Accounts	Total Amount (RM Million)
RM100,000 & Below	3,107	127.9
RM100,001 – RM500,000	3,811	1,223.8
RM500,001 – RM1,000,000	1,389	1,120.6
RM1,000,001 – RM2,000,000	225	339.7
RM2,000,001 & Above	105	897.9



## STRATEGIC PARTNERSHIPS FORGED IN 2017

No.	Partners	Collaboration Type	Amount
1.	Bank Simpanan Nasional (BSN)	<ul style="list-style-type: none"> <li>Maiden collaboration with BSN.</li> <li>Portfolio Guarantee (PG) Agreement for the micro enterprise sector.</li> <li>This is the first-ever PG in Malaysia in support of the micro business segment.</li> </ul>	RM50 million: <ol style="list-style-type: none"> <li>Islamic: RM15 million</li> <li>Conventional: RM35 million</li> </ol>
2.	Ambank (M) Berhad	<ul style="list-style-type: none"> <li>SME Portfolio Guarantee (SPG) Agreement with Ambank's Retail SME Banking.</li> <li>Continuation of the ongoing collaboration with Ambank on the SME PG Agreement (which was initially launched in September 2016; whereby, the allocation of RM150 million was fully utilised within 5 months).</li> </ul>	RM200 Million
3.	Pan Borneo Highway Sarawak	<ul style="list-style-type: none"> <li>Entered into an MoU involving four (4) other parties, to provide financial guarantee to eligible domestic sub-contractors through its BizJamin/BizJamin-i products.</li> <li>Parties Involved: CGC, Unit Peneraju Agenda Bumiputera (TERAJU), SME Bank Berhad, RHB Islamic Bank Berhad and Syarikat Jaminan Pembiayaan Perniagaan (SJPP).</li> </ul>	RM250 million (RM50 million/ company)
4.	RHB Islamic Bank Berhad	<ul style="list-style-type: none"> <li>Wholesale Guarantee-i Bumi (WG-i Bumi) Agreement that enables the bank to provide an additional avenue to extend its financing packages to deserving Bumiputera SMEs.</li> <li>First Islamic bank to provide WG-i and the first bank to provide WG-i Bumi scheme under the Programme Financing Module (PFM).</li> </ul>	72 existing Islamic Bumiputera SME customers under the SME portfolio expected to benefit from this scheme.
5.	Ambank (M) Berhad	<ul style="list-style-type: none"> <li>Collaborated on Ambank's "SME Biz Property Extra" programme, a financing solution which is aimed at assisting qualified SMEs on property purchasing (asset financing) as well as to gain access to higher margin of financing in funding their working capital requirement (working capital financing) by using the same collateral.</li> </ul>	RM100 million
6.	Bank Pertanian Malaysia (Agrobank)	<ul style="list-style-type: none"> <li>Maiden collaboration with Agrobank after a long timeframe.</li> <li>Wholesale Guarantee (WG) Agreement for the micro enterprise sector.</li> <li>The 1<sup>st</sup> WG to support the micro business segment.</li> </ul>	RM24 million
7.	Universiti Kebangsaan Malaysia (UKM)	<ul style="list-style-type: none"> <li>MoU inked with UKM for its students to be CGC's Campus Ambassadors.</li> <li>During the tenure of his/her appointment as a CA for six (6) months, a Campus Ambassador will be provided monthly allowances for their contribution on CGC's notable information, that are posted in their social media accounts (i.e. Facebook and Instagram).</li> <li>Aimed to introduce and creating CGC's brand awareness as early as possible amongst future university graduates.</li> </ul>	N/A
8.	Universiti Malaysia Kelantan (UMK)	<ul style="list-style-type: none"> <li>MoU inked for UKM to be CGC's Campus Ambassador.</li> <li>During the tenure of his/her appointment as a CA for six (6) months, a Campus Ambassador will be provided monthly allowances for their contribution on CGC's notable information, that are posted in their social media accounts (i.e. Facebook and Instagram).</li> <li>Aimed to introduce and creating CGC's brand awareness as early as possible amongst future university graduates.</li> </ul>	N/A

# Performance Statistics and Highlights (continued)

## GUARANTEE AND DIRECT FINANCING APPROVAL

Schemes	FY2017		FY2016		FY2015	
	No. of Accounts	Value (RM Million)	No. of Accounts	Value (RM Million)	No. of Accounts	Value (RM Million)
<b>GUARANTEE SCHEMES</b>						
Enhancer	321	96.2	357	99.3	436	123.1
Enhancer-i	147	54.7	127	57.2	113	55.2
BizSME	66	8.7	56	8.5		
FGS/-i	449	219.2	601	310.4	323	141.4
BizMaju	114	16.6	170	29.0	258	47.9
*Others	45	13.0	101	32.2	89	25.7
**Portfolio Guarantee	5,449	1,850.0	3,680	2,705.0	2,997	1,680.0
**Wholesale Guarantee	1,487	74.0	1,815	440.0	2,075	450.0
SBE	–	–	37	1.1	86	3.1
<b>Total</b>	<b>8,078</b>	<b>2,332.6</b>	<b>6,944</b>	<b>3,682.7</b>	<b>6,377</b>	<b>2,526.4</b>
<b>DIRECT FINANCING SCHEMES</b>						
TPUB-i	286	282.2	201	178.0	190	172.4
BizMula-i	116	9.2	230	19.6	587	46.8
BizWanita-i	48	2.7	143	12.6	76	10.0
<b>Total</b>	<b>450</b>	<b>294.1</b>	<b>574</b>	<b>210.2</b>	<b>853</b>	<b>229.3</b>
<b>GOVERNMENT-BACKED SCHEMES</b>						
FFS	1	0.2	2	0.2	4	4.2
GTFS	26	305.9	24	143.2	31	162.7
GTFS-i	25	430.5	23	186.1	24	287.7
IPFS	–	–	–	–	–	–
IPFS-i	–	–	1	1.5	3	6.5
***SRF					933	138.9
***DRF/-i	57	17.0				
<b>Total</b>	<b>109</b>	<b>753.6</b>	<b>50</b>	<b>331.0</b>	<b>995</b>	<b>600.0</b>
<b>Grand Total</b>	<b>8,637</b>	<b>3,380.3</b>	<b>7,568</b>	<b>4,223.9</b>	<b>8,225</b>	<b>3,355.6</b>

\* Others: DAGS & Bizjamin Bumi

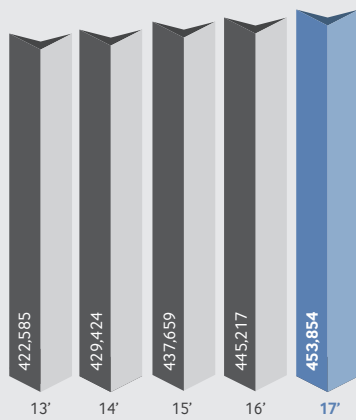
\*\* Total amount for PG & WG are derived based on the signed agreement with FIs

\*\*\* SRF & DRF – 1 time relief fund for disaster occurrences, by BNM: [SRF: Jan 2015 – June 2015; DRF: Nov 2017 – May 2018]

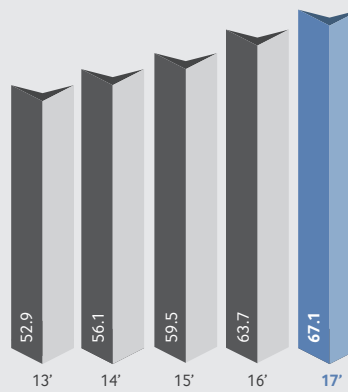
# OPERATIONAL PERFORMANCE

## CUMULATIVE NUMBER AND VALUE OF GUARANTEES/FINANCING UNDER ALL SCHEMES

### NUMBER



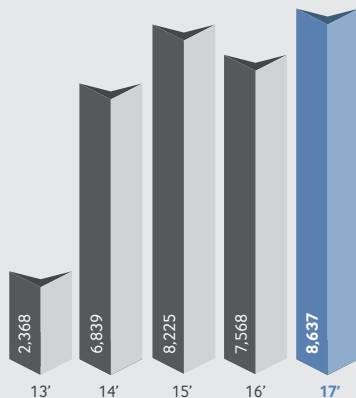
### VALUE (RM BILLION)



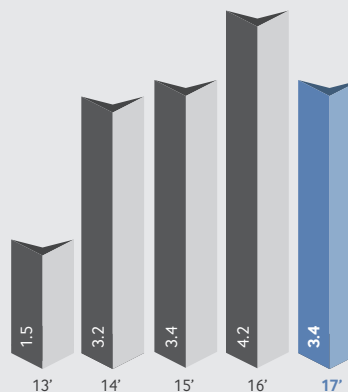
Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

## GUARANTEES/FINANCING (BY NUMBER AND VALUE) UNDER ALL SCHEMES

### NUMBER

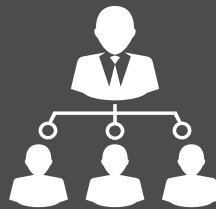


### VALUE (RM BILLION)



81	Board Balance and Composition
82	Board of Directors
84	Profile of Directors
94	Management Team
96	Management Team Profile
104	Organisation Structure

# LEADERSHIP AND PROFILES



# BOARD BALANCE AND COMPOSITION





# ■ BOARD OF DIRECTORS



■  
Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017  
■

82

## Standing, left to right:

1. Nadzirah Abd. Rashid
2. Teoh Kok Lin, CFA
3. Dato' Hj. Syed Moheeb Syed Kamarulzaman
4. Dato' Ong Eng Bin
5. Dato' Agil Natt



6. Datuk David Chua Kok Tee
7. Suresh Menon
8. Jessica Chew Cheng Lian

9. Choong Tuck Oon

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10. Daeng Hafez Arafat Zuhud  
*General Counsel and Company Secretary*

# ■ PROFILE OF DIRECTORS



## DATO' AGIL NATT

- Independent Non-Executive Director (Chairman)
- 66 years of age, Male, Malaysian
- Chairman of Board Nomination and Remuneration Committee

■  
Dato' Agil Natt was appointed as the Non-Executive Chairman of CGC on 18 June 2013.

He currently serves as the Non-Executive Chairman of Manulife Insurance Berhad and Manulife Asset Management Services Berhad. He also sits on the Boards of Export Import Bank of Malaysia Berhad and Cagamas Berhad. Besides these appointments, he is also a Non-Executive Director of Sogo (KL) Department Store Sdn Bhd and a Member of the Board of Trustees of Yayasan Tun Abdul Razak.

He brings with him vast experience in the areas of corporate banking, investment banking as well as Islamic finance. He started his career in Corporate Finance with Bumiputra Merchant Bankers Berhad in 1977 before serving as Senior General Manager with Island & Peninsular Berhad. He was also the Chief Representative of Kleinwort Benson Limited before joining the Maybank Group in 1995 where he served as Senior General Manager, Corporate Banking, Chief Executive Officer of Aseambankers Berhad (now known as Maybank Investment Bank Berhad), and Deputy President/Executive Director of Maybank. He left the Maybank Group to assume the position of the President and Chief Executive Officer of the International Centre for Education in Islamic Finance (INCEIF), the Global University of Islamic Finance established by Bank Negara Malaysia.

Dato' Agil Natt holds a Bachelor of Science in Economics (Hons) from Brunel University, London and a Master of Science in Finance from the Cass Business School, City, University of London. He had also attended the Advance Management Programme (AMP 163) at Harvard Business School in the United States.

He attended all 9 Board meetings held in the financial year ended 31 December 2017.

He does not have any conflict of interest or any family relationship with any Director and/or major shareholders of CGC. He has not been charged and/or convicted for any offence.





## DATUK DAVID CHUA KOK TEE

- Independent Non-Executive Director
- 70 years of age, Male, Malaysian
- Chairman of Board Risk Management Committee
- Member of Board Investment Committee
- Member of Board Bumiputera Development Committee
- Member of Board IT Committee

Datuk David Chua Kok Tee was appointed to the Board of CGC on 15 February 2013 and is also a Director of Credit Bureau Malaysia Sdn Bhd (CBM), a subsidiary of CGC.

He is the Managing Director of DC&A Group of Companies, which is involved in housing and property development, including holiday resorts. He has wide experience in both commercial and industrial sectors.

Currently, he holds the position as a Director of Malaysia-China Business Council (MCBC) and an Adviser of the Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor (KLSCCCI). He also serves as a Member of the Small Debt Restructuring Committee (SDRC) of Bank Negara Malaysia, Member of Anti Corruption Advisory Board (ACAB) of the Malaysian Anti-Corruption Commission (MACC) and Member of Council for Entrepreneurship for National Higher Education, Ministry of Higher Education Malaysia (MOHE) for the period 2014-2017.

In the past, Datuk David Chua had also rendered voluntary services in numerous key and senior positions in Trade Associations, Chambers of Commerce and Industry and Government appointed positions. Among the key positions are Director of the Board of University of Malaya for the period 2007-2015, Chairman of UM Holdings Sdn Bhd (the commercial and investment wing wholly-owned by University of Malaya for the period September 2009 – April 2015), Chairman and later remained a Member of the Board of Directors of UM Specialist Centre Sdn Bhd (UMSC) for the period 2009-2015, Member of Consultation and Prevention Panel of MACC and Member of Advisory Board of Dewan Bandaraya Kuala Lumpur. He was appointed to the National Economic Consultative Council (MAPEN I 1990-1991) and again reappointed to MAPEN II in 1999 and served as Deputy Chairman.

He holds a Bachelor of Arts (B.A. Hons) from University of Malaya. He has been conferred an Honorary Degree of Doctor of Business (Ph.D Hon) by University of Malaya in 2016.

He attended all 9 Board meetings of CGC held in the financial year ended 31 December 2017.

He does not have any conflict of interest or any family relationship with any Director and/or major shareholders of CGC. He has not been charged and/or convicted for any offence.

## Profile of Directors (continued)



**DATO' HAJI SYED MOHEEB  
SYED KAMARULZAMAN,**  
FCII, Snr Assoc.

- Independent Non-Executive Director
- 64 years of age, Male, Malaysian
- Chairman of Board Bumiputera Development Committee
- Member of Board Nomination and Remuneration Committee
- Member of Board Risk Management Committee
- Member of Board IT Committee

Dato' Haji Syed Moheeb Syed Kamarulzaman was appointed to the Board of CGC on 15 January 2014.

He is currently the Chief Executive Officer of the Malaysian Insurance Institute and also sits on the Board of Credit Bureau Malaysia Sdn Bhd (CBM) as well as Board of Trustees, ASEAN Insurance, Training and Research Institute. He is also an Adjunct Professor at the School of Business and Management, Universiti Teknologi MARA.

His career in the conventional insurance, reinsurance and Takaful industry spans over 42 years, where he helmed several local and multi-national direct insurance, reinsurance and Takaful companies. He was a Past Chairman of the Malaysian Takaful Association and Management Committee member of the General Insurance Association of Malaysia.

Dato' Haji Syed Moheeb is a Fellow of the Malaysian Insurance Institute as well as Senior Associate CIP of the Australian and New Zealand Institute of Insurance and Finance. He is also a member of the Chartered Institute of Islamic Finance Professionals.

He attended 8 out of 9 Board meetings held in the financial year ended 31 December 2017.

He does not have any conflict of interest or any family relationship with any Director and/or major shareholders of CGC. He has not been charged and/or convicted for any offence.





## TEOH KOK LIN, CFA

- Independent Non-Executive Director
- 54 years of age, Male, Malaysian
- Chairman of Board Investment Committee
- Member of Board Risk Management Committee
- Member of Board IT Committee

Teoh Kok Lin was appointed to the Board of CGC on 27 June 2014.

He is the Founder and Chief Investment Officer of Singular Asset Management Sdn Bhd, a fund management company established in 2002 and 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 the Monetary Authority of Singapore.

He is the Chairman of the Digital Economy Committee and Deputy Chairman of Socio-Economic Research Committee of the Associated Chinese Chamber of Commerce and Industry of Malaysia. He is also the Chairman of Fiscal and Economic Research Committee for the Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor.

Teoh Kok Lin has more than 30 years of banking, credit and investment experience with financial institutions, starting his career with Citicorp Citibank Malaysia in 1987. He subsequently joined Barings Malaysia, HSBC Research Malaysia and UOB Kay Hian Singapore. He continues to travel extensively across ASEAN and North Asia for research and company visits while managing funds for institutions and high net worth clients.

He graduated top of his class obtaining a Master of Science in Industrial Administration (MBA equivalent) from Purdue University in the United States. Prior to that, he obtained two first class honours bachelor degrees in Electrical Engineering and Commerce. He is one of the earliest Chartered Financial Analysts (CFA) in Malaysia and is a former President of CFA Society Malaysia.

He attended all 9 Board meetings held in the financial year ended 31 December 2017.

He does not have any conflict of interest or any family relationship with any Director and/or major shareholders of CGC. He has not been charged and/or convicted for any offence.

## Profile of Directors (continued)



### SURESH MENON

- Independent Non-Executive Director
- 60 years of age, Male, Malaysian
- Member of Board Risk Management Committee
- Member of Board Investment Committee
- Member of Board Governance and Audit Committee

Suresh Menon was appointed to the Board of CGC on 17 July 2014. He was appointed as Non-Executive Chairman of Credit Bureau Malaysia Sdn Bhd (CBM), a subsidiary of CGC effective 17 July 2014. He also sits on the Board of Danajamin Nasional Berhad.

Since 2010, he has been an Independent Capital Market Consultant providing consultancy and training to financial agencies and regulatory authorities in many countries.

He has close to 38 years of experience in various dynamic sectors such as manufacturing and the international financial and debt markets. His expertise encompasses credit analysis and rating methodology, industry guide and best practices of rating processes, credit report writing, strategic planning and development, corporate and financial analysis, personnel and skills development, operations and production management, and project management and commissioning.

Suresh Menon played an instrumental role in the setting up of RAM Holdings Berhad (formerly known as Rating Agency Malaysia Berhad). For 18 years, he facilitated numerous services and was on the forefront to ensure the agency reached its pinnacle. He was a Board Member at RAM and a member of its Rating Committee. His last position with RAM was as an Executive Director.

He has also participated in developmental projects with international bodies namely the Asian Development Bank (ADB), APEC Business Advisory Council and the Association of Credit Rating Agencies in Asia (ACRAA). He was the Chairman of the ACRAA Training Committee. He was also a member of the Main Committee of the Malaysian Corporate Governance Index 2009, 2010 and 2011 for the Minority Shareholder Watchdog Group (MSWG).

He graduated from the University of Madras with a Bachelor of Technology, majoring in Chemical Engineering in 1979. He obtained his Master in Business Management from the Asian Institute of Management Philippines in 1985.

He attended all 9 Board meetings held in the financial year ended 31 December 2017.

He does not have any conflict of interest or any family relationship with any Director and/or major shareholders of CGC. He has not been charged and/or convicted for any offence.



## DATO' ONG ENG BIN

- Independent Non-Executive Director
- 55 years of age, Male, Malaysian
- Member of Board Governance and Audit Committee
- Member of Board Nomination and Remuneration Committee
- Member of Board Bumiputera Development Committee

Dato' Ong Eng Bin was appointed to the Board of CGC on 14 October 2014.

He is currently the Chief Executive Officer (CEO) of OCBC Bank Malaysia Berhad (OCBC) and was appointed to the said position in August 2014. Apart from his role in OCBC, he is also a Council Member of Asian Institute of Chartered Bankers (AICB) and the Association of Banks in Malaysia (ABM). He is also a Director of the Asian Banking School (ABS) and currently serves as the Chairman of Pac Lease Sdn Bhd.

Dato' Ong Eng Bin brings with him vast experience in the area of corporate banking. His career in corporate banking spanning 30 years started at OCBC in 1988. He was appointed as Head of Corporate Banking in 2004, and later promoted to Head of Business Banking in 2012, with responsibilities covering corporate and commercial, emerging business and transaction banking.

He holds a Bachelor's Degree in Accounting and Finance from the University of Manchester, United Kingdom.

He attended all 9 Board meetings held in the financial year ended 31 December 2017.

He does not have any conflict of interest or any family relationship with any Director and/or major shareholders of CGC, except being the CEO of OCBC. He has not been charged and/or convicted for any offence.

## Profile of Directors (continued)



### NADZIRAH ABD. RASHID

- Independent Non-Executive Director
- 55 years of age, Female, Malaysian
- Chairman of Board Governance and Audit Committee
- Member of Board Nomination and Remuneration Committee
- Member of Board Investment Committee
- Member of Board Bumiputera Development Committee

Nadzirah Abd. Rashid was appointed to the Board of CGC on 22 October 2015.

Currently, she also serves as an Independent Non-Executive Director of CIMB Investment Bank Berhad and a Divisional Councillor of CPA Australia, Malaysian Division. She is a Fellow of CPA Australia and a member of Malaysian Institute of Accountants.

Nadzirah has over 28 years of professional experience in securities market and banking industry. She began her career in Bank Negara Malaysia as a bank examiner and subsequently, moved on to head the finance function of a financial institution. She joined the Bursa Malaysia Group in 1999, holding various positions in Finance and Administration divisions of companies within the Group. She held the position of the Chief Financial Officer of Bursa Malaysia Berhad from 2006 until early 2014.

She holds a Bachelor's Degree in Accountancy from the University of South Australia, Australia.

She attended all 9 Board meetings held in the financial year ended 31 December 2017.

She does not have any conflict of interest or any family relationship with any Director and/or major shareholders of CGC. She has not been charged and/or convicted for any offence.



## CHOONG TUCK OON

- Independent Non-Executive Director
- 59 years of age, Male, Malaysian
- Chairman of Board IT Committee
- Member of Board Governance and Audit Committee

Choong Tuck Oon was appointed to the Board of CGC on 20 January 2017.

He is currently an Independent Non-Executive Director on the Boards of FIDE Forum Malaysia and NTUC Income Insurance Cooperative Singapore. He was also appointed as a Director of Star Media Group Berhad on 1 June 2017.

Choong Tuck Oon specialises in technology, strategy and transformation for banking and insurance. He is also active in the digital start-up ecosystem in ASEAN where he is frequently called upon to advise on digital and Fintech programmes.

He was with Accenture for 25 years, where he retired as Senior Partner in the Asia-Pacific Financial Services practice. He has led strategic initiatives with more than 20 large domestic and global banks and insurers in Malaysia, Singapore, Indonesia, Thailand, China, Hong Kong and Taiwan, including national payment projects in Malaysia and Singapore. He has also been active in voluntary NGO initiatives where he advised a consortium of international aid agencies on core systems for the launch of a bank-of-banks for micro-finance institutions in Indonesia and advised a global wildlife/nature agency on a new growth strategy for 11 countries in Asia. He started his career in Petronas where he held executive positions in various upstream and downstream functions for more than 7 years.

He was previously an Independent Non-Executive Director on the Boards of RHB Bank, RHB Islamic Bank, RHB Indochina Bank, RHB Indochina Securities and RHB Private Equity.

Choong Tuck Oon holds a Bachelor of Science (First Class) in Mathematics from the University of Malaya, a Master of Science in Computer Applications from Asian Institute of Technology and an Executive Diploma in Directorship from Singapore Management University.

He attended all 9 Board meetings of CGC held in the financial year ended 31 December 2017.

He does not have any conflict of interest or any family relationship with any Director and/or major shareholders of CGC. He has not been charged and/or convicted for any offence.



## Profile of Directors (continued)



### JESSICA CHEW CHENG LIAN

- Non-Independent Non-Executive Director
- 48 years of age, Female, Malaysian
- Member of Board Governance and Audit Committee
- Member of Board Nomination and Remuneration Committee
- Member of Board Risk Management Committee

Jessica Chew Cheng Lian was appointed to the Board of CGC on 16 August 2017.

She is a Deputy Governor of Bank Negara Malaysia (BNM), responsible for financial stability and financial sector development, as well as organisational development and centralised shared services for the central bank. She is also a member of BNM's Monetary Policy Committee and the Financial Stability Committee.

She currently serves as Chairman of the Finance Accreditation Agency (Malaysia) representing BNM, a member of the Board of Directors of the Credit Counselling and Debt Management Agency (AKPK) and an advisor to the Malaysian Accounting Standards Board (MASB).

Jessica has over 25 years of experience in financial sector regulation and supervision where she has worked in policy, financial surveillance and examinations of financial institutions. She served in key roles supporting a number of strategic initiatives of BNM, including the development of the Financial Sector Master Plan (2001-2010), the Financial Sector Blueprint (2011-2020), the establishment of a deposit insurance system for Malaysia, the enactment of the Financial Services Act (FSA) 2013 and reforms in the insurance and money services business sectors. Her current responsibilities include promoting inclusive access to financial services, providing an appropriate regulatory environment that fosters fintech innovations, and the oversight of development financial institutions. Jessica is also actively involved in the development of various human capital development strategies for the Malaysian financial sector.

She graduated with a Bachelor of Commerce, majoring in accounting and finance from the University of Melbourne, Australia. She holds a Chartered Banker qualification from the Chartered Banker Institute (Scotland) and is an Associate Member of CPA Australia.

Since her appointment, she attended 3 Board meetings held in the financial year ended 31 December 2017.

She does not have any conflict of interest or any family relationship with any Director and/or major shareholders of CGC, except by virtue of being a representative of BNM. She has not been charged and/or convicted for any offence.



## DAENG HAFEZ ARAFAT ZUHUD

- General Counsel and Company Secretary
- 46 years of age, Male, Malaysian

Daeng Hafez Arafat Zuhud is the General Counsel and Company Secretary of CGC, overseeing legal, company secretarial and corporate governance functions.

In May 2015, he joined CGC as the Head of Legal and Company Secretarial Department. He graduated from International Islamic University Malaysia (IIUM) with an LL.B (Honours) Degree and was admitted as an Advocate and Solicitor of the High Court of Malaya on 18 March 1995. He is licensed as a Company Secretary by the Companies Commission of Malaysia since 1998.

Daeng has more than 20 years of experience in the areas of legal, company secretarial and human resource; having worked in the corporate, legal and secretarial departments for a few private and public listed companies in Malaysia. His last position prior to joining CGC was with Malayan Banking Berhad as Assistant Vice President of the Group Corporate Secretarial. He was also the past Company Secretary of Maybank Asset Management Group of Companies and Maybank (Cambodia) Plc.

# MANAGEMENT TEAM



Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

Standing, from left to right:

- **Sum Leng Kuang**  
Head, Investment

- **K. Perbagaran**  
Chief Risk Officer

- **Mohamed Azman Mohamed Taufik**  
Senior Vice President,  
Bumiputera Developments and Products

- **Daeng Hafez Arafat Zuhud**  
General Counsel and Company Secretary

- **Shazmeer Mokhtar**  
Financial Controller

- **Nazleena Nordin**  
Chief Operations Officer

- **Rahim Raduan**  
Chief Corporate Officer

- **Datuk Mohd Zamree Mohd Ishak**  
President/Chief Executive Officer



Standing, from left to right:

• **Yushida Husin**  
Chief Information Officer

• **Leong Weng Choong**  
Chief Business Officer

• **Zarina Osman**  
Chief Credit Officer

• **Noraishah Jamaludin**  
Chief Internal Auditor

• **Mohd Sukeri Ismail**  
Senior Vice President, Asset Management

• **Wong Keet Loong**  
Senior Vice President, Marketing and Sales

• **Mohd Reza Mohd Hatta**  
Senior Vice President, Strategic Planning



# ■ MANAGEMENT TEAM PROFILE



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

Datuk Mohd Zamree Mohd Ishak was appointed as CGC's President and Chief Executive Officer on 1 January 2015.

Zamree brings with him vast experience in the areas of banking operations, corporate and consumer banking as well as Islamic finance education. He began his career as a Graduate Trainee Officer with Malaysia's largest banking group, Malayan Banking Berhad (Maybank) in 1989. He held several key positions in Maybank which include Executive Assistant to the President and Chief Executive Officer (April 2001 – December 2004), Vice President, Consumer Banking (January 2005 – January 2008) and Executive Vice President, Corporate Banking (January 2008 – July 2009). Zamree also served as the Chief Operations Officer of INCEIF – The Global University of Islamic Finance in July 2009 up to his latest appointment in CGC. He is also a member of the Chartered Institute of Islamic Finance (CIIF).

On 20 February 2018, Zamree was awarded the 2018 Outstanding CEO Award by The Association of Development Financing Institutions in Asia & The Pacific (ADFIAP). ADFIAP is the largest and most prestigious aggrupation of 131 development banks and other financial institutions located in 45 countries within the Asia-Pacific region.

Zamree holds a Bachelor of Science in Business Administration from the Saint Louis University, United States of America (1988) and a Master in Business Administration (Finance) from the University of Hull, United Kingdom (1992). He attended the Asian International Executive Programme (AIEP) at INSEAD and the Global Leadership Development Programme (GLDP), at ICLIF in 2006 and 2010 respectively. In Autumn 2016, he attended the Advanced Management Programme (AMP 191) at Harvard Business School, United States of America.



**NAZLEENA NORDIN**  
Chief Operations Officer



Nazleena Nordin is the Chief Operations Officer, overseeing the management and overall performance of asset management and corporate support of Credit Guarantee Corporation Malaysia Berhad (CGC).

She has over 30 years of working experience in various industries; namely, research, engineering, computer, insurance and finance. She is a highly experienced, a result oriented person with more than 24 years of experience in both the Management and Finance industry.

She also possesses superior interpersonal skills and assertiveness, capable of resolving complex and multiple issues that are related to process efficiency including automation. Her additional expertise includes Process Re-engineering, Process Automation, IT Blueprint, Business Blueprint and Product Development.

She joined CGC as the Assistant General Manager, Organisations and Methods in 2002. In 2007, she was assigned as Assistant General Manager of Corporate Planning and subsequently, was promoted to General Manager of Corporate Services in 2011.

Prior to joining CGC, she was a Systems Engineer at IBM World Trade Corporation supporting the Finance Industry from 1988 to 1994 and a Senior Manager at Mayban Life Assurance (a subsidiary of Maybank now known as ETIQA) from 1994 to 2001.

She is a Chemical Engineer by profession, having graduated with a Bachelor of Engineering (Chemical) degree from the University of Adelaide, South Australia. She started her career as a Chemical Engineer at SANTOS, a petroleum company in Australia.

**LEONG WENG CHOONG**  
Chief Business Officer



Leong Weng Choong joined CGC as the Chief Business Officer, on 15 July 2015. He oversees the overall supervision of development and implementation of business and marketing strategies.

He also leads the development of the client management model and manages CGC's distribution network i.e. the branches. He possesses an approximate 20 years of working experience in the financial industry having worked for OCBC Bank (M) Berhad and Hong Leong Bank (M) Berhad. He started his career in OCBC Finance and after 5 years, he moved to OCBC Bank, where he spent about 14 years doing various functions but mostly related to SME's.

Leong attained his Bachelor of Commerce from University of Western Australia, Australia.

# Management Team Profile (continued)



**YUSHIDA HUSIN**  
Chief Information Officer

Yushida Husin is the Chief Information Officer. She oversees the IT Division which consists of IT Strategy, Enterprise Architecture, IT Governance, IT Applications and IT Infrastructure and Support. Her area of specialty includes system implementation and project management.

She joined CGC in April 2016 as the Senior Vice President of Corporate Programme Management Office (CPMO), overseeing the implementation of the 5SP initiatives which includes Business Process Reengineering, IT Blueprint and other key projects executed by CGC.

Prior to this appointment, she was the Chief Corporate Services Officer at Takaful Ikhlas Berhad and has over 19 years of experience. Her area of specialty includes Project Management, Corporate Planning, Process Improvement, Organisation and Methods as well as Corporate Services and Support functions. She has served with the multinational consultancy firm, Accenture; where she was involved in the system implementation and business process improvement projects for insurance companies for both local and the Asian region.

Yushida has a Bachelor of Science (Statistics) from University of Illinois, Urbana-Champaign, Illinois, United States of America.



**ZARINA OSMAN**  
Chief Credit Officer

Zarina Osman joined CGC as the Chief Credit Officer on 3 April 2017. She oversees credit business operation which includes Credit Evaluation, Credit Management and Direct Lending/Securitisation department.

Prior to joining CGC, she served as the Head, Credit Management at Kuwait Finance House Malaysia. She has also held several senior positions at Bank Muamalat Malaysia Berhad, RHB Islamic Bank Berhad and Alliance Merchant Bank Berhad.

Zarina brings with her 23 years of experience in credit management covering full spectrum of Business Banking from Investment, Treasury and Capital Markets, Corporate and Commercial as well as Retail business.

Zarina holds a Bachelor of Accountancy (Hons) from University of Malaya and is also a Certified Credit Professional and Banking Credit Specialist.

## RAHIM RADUAN

Chief Corporate Officer

Rahim Raduan joined CGC on 2 May 2018 as Chief Corporate Officer, heading the Corporate Division.

As the Chief Corporate Officer, Rahim oversees all strategies and activities of CGC's Investment, Strategic Planning, Corporate Communications, Human Capital and General Administration & Premises functions, and to further strengthening these functions towards achieving CGC's overall objectives.

Rahim has over 19 years of working experience in many sectors, namely: investment and consumer banking, wealth management, fund management, automotive, infrastructure and property development. Prior to CGC, he was the Director in the Group MD/CEO's Office of UEM Group Berhad, where he was responsible to assist the Group MD/CEO on the execution of several strategic initiatives across UEM Group. Prior to UEM Group, he spent over seven (7) years with CIMB Group where he held senior leadership positions which include Head of Consumer Banking's Channel Operations and Service Support at CIMB Bank Berhad, Chief Operating Officer of CIMB-Principal Asset Management Berhad and Chief Operating Officer of CIMB Wealth Advisors Berhad.

A well-rounded professional with extensive experience in corporate strategy, business transformation and financial management, Rahim is a Fellow of the Association of Chartered Certified Accountants (ACCA), a Member of Malaysian Institute of Accountants (MIA), the Financial Planning Association of Malaysia (FPAM) and the Malaysia Financial Planning Council (MFPC). In 2015, Rahim attended the CIMB-INSEAD Leadership Programme at INSEAD, France.



## SHAZMEER MOKHTAR

Financial Controller

Shazmeer Mokhtar joined CGC on 2 May 2018 as Financial Controller heading the Finance Division.

In this role, he oversees the overall finance strategies including ensuring effectiveness and efficiency of both finance and procurement functions.

Shazmeer was formerly the Deputy Director of Malaysian International Islamic Financial Centre (MIFC) in Bank Negara Malaysia (BNM). He has been with BNM for more than 15 years where he served in several sectors including Supervision, Regulation, Investments and Corporate Strategy. He was involved in leading the development and origination of Sukuk including the structuring and inaugural issuance of the world's first liquidity instrument based on Mudharabah. He was instrumental to several strategic national and international initiatives which amongst others include positioning and sustaining Malaysia's leading position internationally as an International Islamic Financial Centre/Marketplace. This includes his involvement as part of the BNM-SC-World Bank technical working group which facilitated the issuance of the world's first Green Sukuk in 2017.

Shazmeer holds a Masters in Public Administration from Harvard University and is an Edward S Mason Fellow of Harvard Kennedy School. He was also the guest speaker in Islamic Finance for Harvard Law School. Shazmeer is a Fellow of Association of Chartered Certified Accountants (ACCA) and member of Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA). In addition, he was an alumnus of the UK MOSAIC International Leadership programme which was founded by the HRH The Prince of Wales and is an Exco member of Malaysian Harvard Club.



# Management Team Profile (continued)



## MOHD SUKERI ISMAIL

Senior Vice President, Asset Management

Mohd Sukeri Ismail is the Senior Vice President, Asset Management overseeing the Subrogation and Recovery, Loan Monitoring and Rehabilitation and the Collection Departments.

He has been with CGC for the last 21 years. Prior to joining CGC, he worked for a financial institution for six years and has experience in the Credit and Operations field.

Sukeri holds a Bachelor of Science in Business Administration majoring in Finance from Creighton University, United States and a qualification on Associate of General Studies from Indiana University.



## K. PERBAGARAN

Chief Risk Officer

K. Perbagaran is the Chief Risk Officer. He joined CGC in August 2005 as the Head of Internal Audit.

In March 2008, he was promoted to Senior Manager of Asset Management overseeing Loan Monitoring and Rehabilitation, Claims and Subrogation and Recovery.

Subsequently, in January 2012 he was promoted to Assistant General Manager. His current responsibility as Chief Risk Officer include ensuring risks relating to credit, market, operational, asset liability and liquidity of the CGC are identified, assessed, managed, monitored and reported to the senior management and Board.

K. Perbagaran holds a Bachelor's Degree in Accounting from University Utara Malaysia and Master of Business Administration from Cardiff Metropolitan University. He is a Chartered Accountant (Malaysia), a Certified Internal Auditor (CIA) as well as an associate member of Institute of Internal Auditors Malaysia and Malaysian Institute of Accountants. He also holds Advance Credit Enhancer (ACE) qualification.

### **MOHAMED AZMAN MOHAMED TAUFIK**

Senior Vice President,  
Bumiputera Developments and Products



Mohamed Azman bin Mohamad Taufik joined CGC as a Senior Vice President, Bumiputera Developments and Products in February 2015. He oversees Bumiputera Development, Product Development and Support and Client Service Centre.

He has over 27 years of working experience in the banking and financial sectors, both in Malaysia and Indonesia. Prior to joining CGC, he held the post of Associate Director and Branch Manager at The Bank of Nova Scotia Berhad.

Mohamed Azman attained his Bachelor of Management Studies from the University of Waikato, New Zealand in 1990, and he is a Certified Credit Practitioner since 2002.

### **WONG KEET LOONG**

Senior Vice President, Marketing and Sales



Wong Keet Loong joined CGC as the Senior Vice President, Marketing and Sales in April 2015. He oversees Marketing and Sales for CGC via Financial Institutions (Conventional), Branches and Strategic Alliances with SME Associations.

He has over 20 years of experience in the financial industry having worked for Ambank, OCBC Bank, EON Bank and Hong Leong Bank. He started his career in audit before he ventured into marketing and sales in business and consumer banking. His other experience includes resource planning and business change management.

He has represented CGC in giving talks on CGC products to SMEs and Banks at various seminars that have been organised by Bank Negara Malaysia, the Star Outstanding Business Awards (SOBA) and was one of the international panel speakers at the Asian Development Bank seminar on SME credit guarantee institutions that was held in Sri Lanka and at the World Bank Conference with the Reserve Bank of Zimbabwe, on SME development in Zimbabwe.

He has qualified in Accountancy from the Association of Chartered Certified Accountants (ACCA).



# Management Team Profile (continued)



**SUM LENG KUANG**  
Head, Investment

Sum Leng Kuang joined CGC as the Head of Investment in September 2015 and oversees the Investment Department.

She brings in extensive fund management experience; particularly, in the area of fixed income portfolio management, credit evaluation and credit risk management. She has consistently delivered commendable performance and good returns. More importantly, she has always demonstrated prudent investment philosophy and ensured the best investment practices.

Sum attained her Bachelor of Commerce (Finance) degree from the University of Canterbury, New Zealand.



**MOHD REZA MOHD HATTA**  
Senior Vice President, Strategic Planning

Mohd Reza Mohd Hatta is the Senior Vice President of the Strategic Planning Division. He joined CGC on the 3<sup>rd</sup> of April 2017 and oversees two (2) core departments; namely, the Planning and Research Department; as well as, the Corporate Communications Department.

Prior to joining CGC, he was the Acting CEO of an international Islamic Bank. He has also served as the Head of Strategic Planning and the Special Assistant to the President when he was with the Export-Import Bank of Malaysia Berhad. He has approximately 17 years of working experience and has served in various institutions, namely in Petronas, OSK Investment Bank, Bank Islam Malaysia Berhad and PricewaterhouseCoopers.

Mohd Reza holds a Bachelor of Accountancy (Hons) from Universiti Utara Malaysia and is also an affiliate of the Association of Chartered Certified Accountant (ACCA).

### **NORAISHAH JAMALUDIN**

Chief Internal Auditor



Noraishah Jamaludin is the Chief Internal Auditor and her primary role is to assist the Board, Board Governance and Audit Committee and Management in the effective discharge of their responsibilities in establishing cost effective controls, assessing risks, recommending measures to mitigate those risks and assuring proper governance process.

She joined CGC in December 2006 as the Assistant Manager of Internal Audit. In August 2013, she was promoted to Chief Internal Auditor. She has several years of experience working with financial institutions in the field of Audit, Credit, Collections, Operations and Branch Management.

She holds a Bachelor of Economics (Accounting) from The Flinders University of South Australia. She holds an Advance Credit Enhancer (ACE) qualification and she is also an Associate Member of the Institute of Internal Auditors Malaysia.

### **DAENG HAFEZ ARAFAT ZUHUD**

General Counsel and Company Secretary

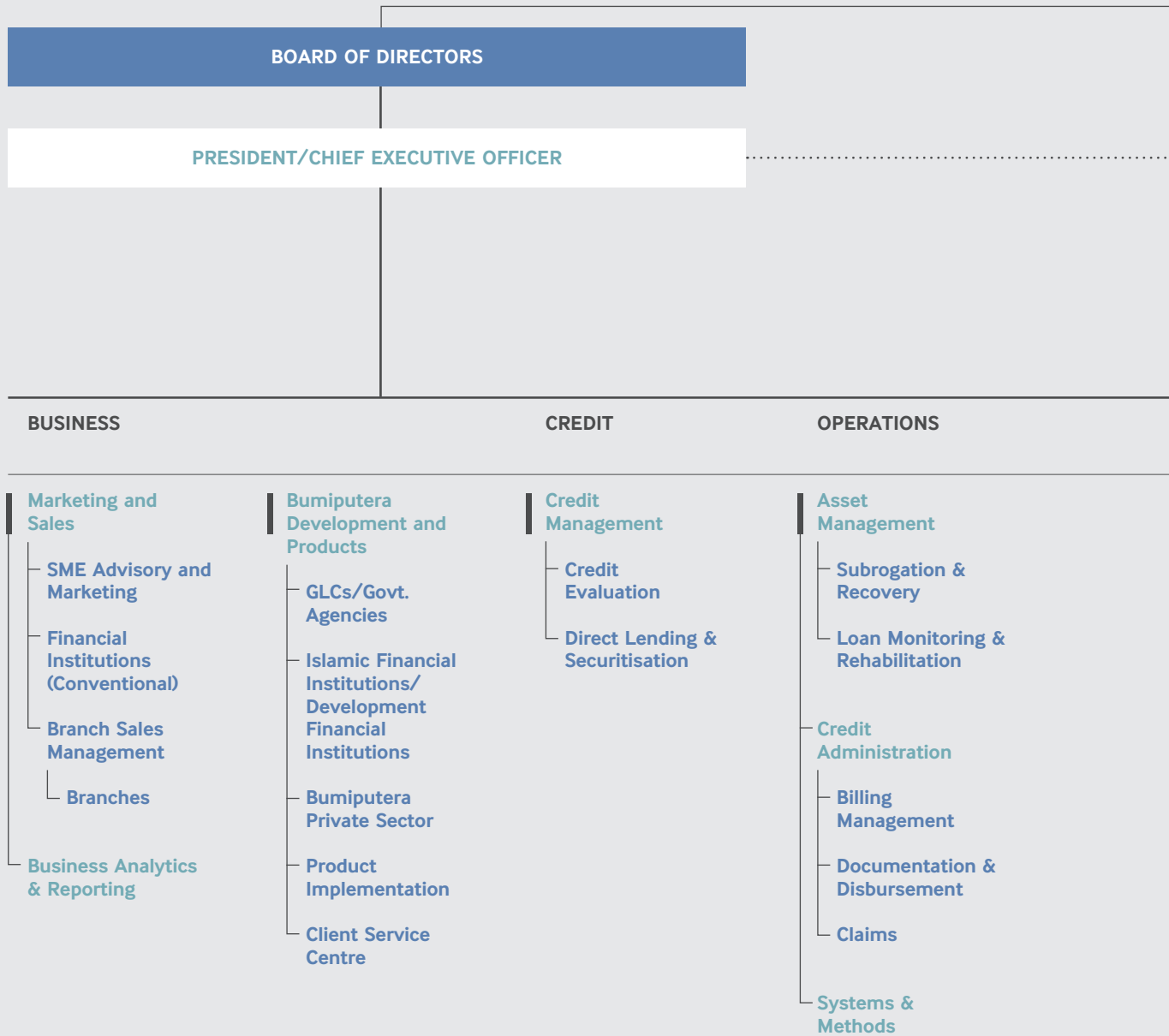


Daeng Hafez Arafat Zuhud is the General Counsel and Company Secretary of CGC, overseeing legal, company secretarial and corporate governance functions.

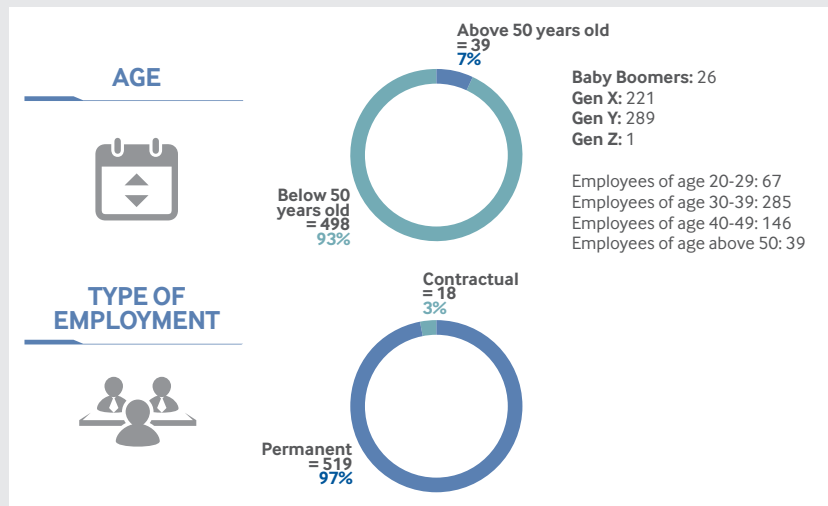
In May 2015, he joined CGC as the Head of Legal and Company Secretarial Department. He graduated from International Islamic University Malaysia (IIUM) with an LL.B (Honours) Degree and was admitted as an Advocate and Solicitor of the High Court of Malaya on 18 March 1995. He is licensed as a Company Secretary by the Companies Commission of Malaysia since 1998.

Daeng has more than 20 years of experience in the areas of legal, company secretarial and human resource; having worked in the corporate, legal and secretarial departments for a few private and public listed companies in Malaysia. His last position prior to joining CGC was with Malayan Banking Berhad as Assistant Vice President of the Group Corporate Secretarial. He was also the past Company Secretary of Maybank Asset Management Group of Companies and Maybank (Cambodia) Plc.

# ORGANISATION STRUCTURE



Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017



**BOARD RISK MANAGEMENT COMMITTEE**

**BOARD GOVERNANCE & AUDIT COMMITTEE**

- Risk Management
- Compliance
- Credit & Market Risk
- Operational Risk

Legal & Company Secretarial

Internal Audit

**INFORMATION TECHNOLOGY**

**CORPORATE**

**FINANCE**

- Enterprise Architecture and IT Strategy
- IT Infrastructure & Support
- IT Governance
- IT Application Support
- Corporate Programme Management Office (CPMO)

Investment

- Strategic Planning
  - Planning & Research
  - Corporate Communications

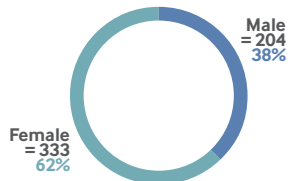
Human Capital

General Administration & Premises

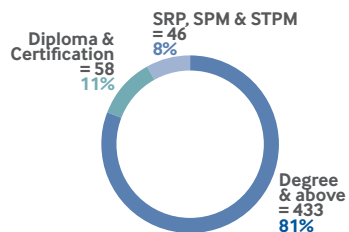
Finance

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

**GENDER**



**EDUCATION**



**TOTAL WORKFORCE**

**537**  
employees

**107** Statement on Corporate Governance  
**118** Board Charter  
**127** Statement of Risk Management and Internal Control  
**132** Board Governance and Audit Committee Report

# OUR RESPONSIBLE PRACTICES





# STATEMENT ON CORPORATE GOVERNANCE

Credit Guarantee Corporation Malaysia Berhad (“CGC”) remains committed in upholding the highest standards of corporate governance as it believes that these standards are vital to its ability in creating value and improving efficiencies, whilst maintaining accountability and transparency in all its business dealings. CGC’s dedication in fostering a culture of integrity, ethical behaviour and professionalism underpins its ability to deliver and sustain its performance to meet future challenges for the interest of all its stakeholders.

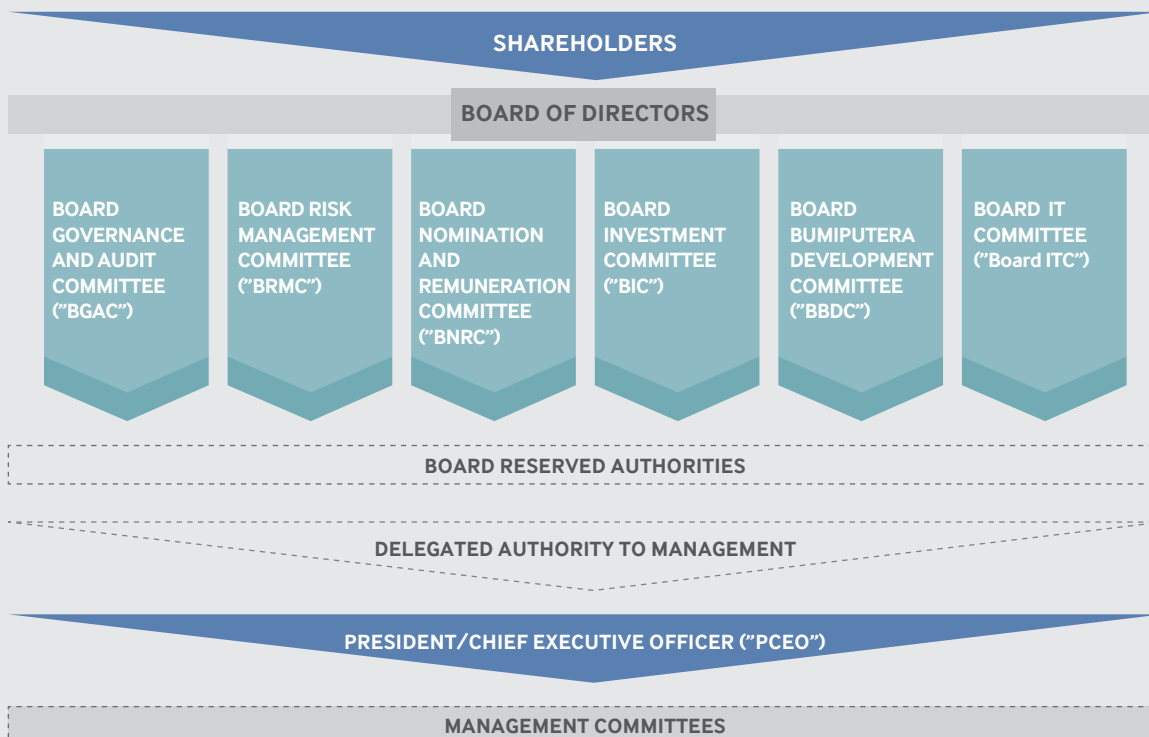
With the release of the Malaysian Code on Corporate Governance 2017 (“the CG Code”) in April 2017, the Board of Directors of CGC (“the Board”) aspires to ensure that the principles and best practices as set out in the CG Code are well understood, applied and reported to promote greater internalisation of corporate governance culture within CGC.

CGC is pleased to present this Statement of Corporate Governance which describes how CGC has applied the principles as set out in the CG Code and the extent of compliance with the said principles.

## A. BOARD LEADERSHIP AND EFFECTIVENESS

### 1. Governance Framework

The diagram below describes the governance framework at CGC. It shows the relationship between the shareholders and the Board as well as the flow of delegation of authority and responsibilities from the Board to its Board Oversight Committees and Management of CGC.



# Statement on Corporate Governance (continued)

The Board is responsible for the oversight and overall management of CGC as well as to periodically review and approve the overall strategies, business, organisation and key policies of CGC.

The Board is guided by its Board Charter which serves as a key point of reference for Directors in relation to the Board's role, powers, duties and functions. The Board Charter sets out, amongst others, the Board composition, roles and responsibilities, authorities, procedures and structures of the Board and Board Oversight Committees, as well as the relationship between the Board with the Management and shareholders of CGC.

The Board Charter also prescribes matters specifically reserved for the Board, covering amongst others, areas such as conduct of the Board, remuneration, operation, finance and other matters. Nevertheless, the Board has the discretion to delegate the reserved matters or specific decision making responsibilities to the Board Oversight Committees, individual Directors or the Management.

A copy of the Board Charter is set out in pages 118 to 126 of this Annual Report and is also made available on CGC's website at [www.cgc.com.my](http://www.cgc.com.my).

## 2. Key Board Activities

The Board significantly commits their time and expertise in the execution of initiatives under CGC's 5-Year Strategic Plan (2016 – 2020). In achieving CGC's aspiration To be The Household Name for SMEs by 2020, key activities of the Board were as follows:-

### Strategy and Governance

- (i) Reviewed and deliberated the following strategy papers:-
  - Fintech initiative – establishment of Malaysia's 1<sup>st</sup> SME loan/financing referral platform i.e. imSME;
  - Development of new product;
  - IT Blueprint ("ITBP") initiatives – review of CGC's core systems, data center revamp, enterprise portal;
  - Budget and Business Plan for FY2018;
  - Gap analysis in accordance with the CG Code; and
  - Board Offsite Policy.
- (ii) Strengthen CGC's branding as follows:-
  - Attainment of naming rights for CGC-Glenmarie LRT station;
  - Conducted Digital Marketing Talk in collaboration with the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM); and
  - Signing of Memorandum of Understanding with various corporations such as Mass Rapid Transport Corporation Sdn Bhd in relation to MRT Line 2 project and Johor Petroleum Development Corporation in relation to Pengerang Integrated Petroleum Complex.
- (iii) Annual Board Assessment for the financial year ended 31 December 2016 by Malaysian Directors Academy ("MINDA"), an independent external consultant;
- (iv) CGC's readiness for Malaysian Financial Reporting Standards (MFRS) 9 implementation;
- (v) Review of CGC's Memorandum and Articles of Association ("M&A") pursuant to the Companies Act, 2016.

### **Risk, Compliance, Oversight**

- (i) Reviewed and deliberated the following papers/reports:-
  - Revised Procurement Policy;
  - Risk and Compliance reports;
  - Internal Audit reports;
  - Availing of BizMula-i and BizWanita-i under Bank Negara Malaysia (“BNM”) fund;
  - Pricing Model; and
  - Implementation of Enterprise Risk Management enhancement project.
- (ii) Establishment of Board IT Committee to oversee and provide direction on IT strategies;
- (iii) Annual Briefing to BNM.

### **3. Board Composition and Diversity**

CGC is led and navigated by a dynamic Chairman who is passionate about CGC’s vision, mission and accomplishment. He is strongly supported by other experienced Board members having wide range of qualifications, skills, knowledge, experience and expertise such as investment and banking, insurance, administration, finance, accounting, credit analysis and rating, information technology, business, consulting, asset management as well as property.

Currently, the Board consists of nine (9) Directors with detailed composition as set out on page 81 of this Annual Report.

The Board has a majority of Independent Non-Executive Directors (“INED”) (89% or eight out of nine directors) and with the appointment of Jessica Chew Cheng Lian as Non-Independent Non-Executive Director (NINED) representing BNM’s interest, the percentage of women Directors on the Board in 2017 has increased to 22% from 11% in 2016.

Besides aiming to have at least 30% women Directors on the Board of CGC, appointment of Board members are based on objective, criteria and merit. Reflecting the focus of CGC in enhancing its IT capabilities via its ITBP and Business Process Reengineering (“BPR”) initiatives, Choong Tuck Oon who has extensive experience in technology, strategy and transformation for banking and insurance had joined the Board in January 2017.

MINDA had during the 2016 Board Effectiveness Assessment and Individual Directors’ Evaluation conducted mapping exercise on current board diversity in terms of skills, experience, age and race. MINDA had suggested for an additional director with Bumiputera micro, small and medium enterprises (MSME) or Human Capital background to be appointed to the Board of CGC to arrive at an optimum size of ten (10) Board members.

On future recruitment of Directors, CGC shall utilise independent resources to identify suitably qualified candidates.

A brief profile of each Board member is set out in pages 84 to 92 of this Annual Report.

# Statement on Corporate Governance (continued)

## 4. Tenure of Independent Directors

The Board Charter provides that the tenure of an Independent Director should not exceed three (3) terms of three (3) years each term or nine (9) years in total. In the event that the service of an Independent Director is to be further extended, the same shall be subjected to the Board's recommendation and shareholders' approval respectively.

None of the Independent Directors have served for a cumulative term of more than nine (9) years for the financial year ended 31 December 2017.

## 5. Division of Roles and Responsibilities between Chairman and President/Chief Executive Officer ("PCEO")

The roles and responsibilities of the Chairman, Dato' Agil Natt, and the PCEO, Datuk Mohd Zamree Mohd Ishak are distinct and clearly separated to ensure balance of power and authority.

The Chairman is responsible for overall leadership and efficient functioning of the Board. His key roles include, amongst others, ensuring that the Board functions effectively, cohesively and independently of the Management as well as providing governance in matters requiring corporate justice and integrity. Whilst, the PCEO is responsible to the Board for day-to-day management to ensure the smooth and effective running of CGC.

Based on the Board Effectiveness Assessment and Individual Directors' Evaluation, MINDA had categorised the Board as an engaged Board in which the Board 'partners' with the PCEO to provide insight, advice and support to the Management on key decisions and their implementation.

The roles and responsibilities of both the Chairman and the PCEO are documented in the Board Charter.

## 6. Board Evaluation

The Board had on 7 December 2016 approved the appointment of an independent external consultant, MINDA, to evaluate current effectiveness of the Board, Board Oversight Committees and individual Directors as well as to support the Board to proactively consider factors to enhance the Board's readiness to address emerging strategic priorities for CGC.

Key findings by MINDA were as follows:-

1. Board composition – suitably diverse and competent Board members;
2. Board leadership – dynamic Chairman who has abundant source of ideas to improve CGC;
3. Board information – appropriate information received in time;
4. Board dynamics – an engaged Board;
5. Board documentation – well-structured agenda drawn up by the Chairman and the General Counsel & Company Secretary ("GC&CS") as well as sufficient time was given to Board members to review Board minutes; and
6. Board Oversight Committees - appropriate number and appropriately staffed in which the Chairman had allocated Directors to chair each and be members according to skill, experience and time availability.

From MINDA's assessment, the Board recognises that there is further room for improvement in certain areas as listed below and is addressing via approved action plans as follows:-

1. Succession planning for Board and Management;
2. Talent management planning;
3. Risk mitigation to ensure CGC's relevance;
4. Actionable financial data management; and
5. Change management.

Internal Board evaluation process is also in place to determine the effectiveness of the Board and its Board Oversight Committees.

## 7. Board Meetings

During the financial year ended 31 December 2017, the Board of Directors met on a bi-monthly basis with additional meetings convened as and when necessary to discuss urgent issues that require deliberation in between the scheduled meetings.

To provide Directors with ample time to plan ahead, the Corporate Calendar and Meeting Dates for 2017 is prepared well in advance in consultation with the Chairman with early scheduling of the Board and Board Oversight Committees meeting dates before the end of financial year ended 31 December 2016.

The agenda of Board meetings is drawn up upon consultation between the Chairman, the PCEO and GC&CS at every pre-Board meeting. Notice of meeting shall be given to each Board Member preferably seven (7) working days before the date of the meeting.

Board papers, proposals and reports are prepared comprising background, objective, key issues, rationale, impact and other relevant information to enable the Board to make informed and effective decisions.

The Board's Terms of Reference states that members of the Board may attend meetings via video conference, internet conference or telephone conference. Decisions of the Board and Board Oversight Committees meetings are made unanimously or by consensus and these decisions and conclusions are recorded in the minutes of the meetings accordingly. In case of a tied vote, the Chairman has a second or casting vote.

Additionally, the minutes of the Board and Board Oversight Committees meetings incorporate both decisions including key deliberations, rationale for decisions made any significant concerns or dissenting views. Decisions may also be obtained via circular resolution which shall thereafter be tabled at the Board meeting for notation.

Senior Management is invited to attend and speak at Board meetings on matters relating to their sphere of responsibility and to advise on relevant agenda items to enable the Board to arrive at an informed decision.



# Statement on Corporate Governance (continued)

The Board held nine (9) Board meetings for the financial year 2017. Details of Directors' attendance at the Board and the Board Oversight Committees meetings for the financial year ended 31 December 2017 are as follows:-

	Date of Appointment	Date of Resignation	BOARD (bi-monthly)	BGAC (bi-monthly)	BIC (quarterly)	BRMC (quarterly)	BBDC (quarterly)	BNRC (quarterly)	Board ITC (quarterly)
<b>Name of Directors</b>	<b>Attendance</b>								
Dato' Agil Natt	18.06.2013	–	9/9 (Chairman)	–	–	–	–	4/4 (Chairman)	–
Datuk David Chua Kok Tee <sup>1</sup>	15.02.2013	–	9/9	–	4/4	5/5 (Chairman)	4/4	–	7/7 (Ex-Chairman)
Dato' Syed Moheeb Syed Kamarulzaman	15.01.2014	–	8/9	–	–	5/5	4/4 (Chairman)	3/4	6/7
Teoh Kok Lin <sup>2</sup>	27.06.2014	–	9/9	4/4	4/4 (Chairman)	5/5	–	–	7/7
Suresh Menon	17.07.2014	–	9/9	6/6	4/4	5/5	–	–	
Dato' Ong Eng Bin	14.10.2014	–	9/9	5/6	–	–	3/4	2/4	–
Nadzirah Abd. Rashid <sup>3</sup>	22.10.2015	–	9/9	6/6 (Chairman)	3/4	–	1/1	4/4	–
Choong Tuck Oon <sup>4</sup>	20.01.2017	–	9/9	1/2	–	–	–	–	7/7 (Chairman)
Jessica Chew Cheng Lian <sup>5</sup>	16.08.2017	–	3/3	2/2	–	1/2	–	1/2	
Mohamed Rashdi Mohamed Ghazalli <sup>6</sup>	03.03.2014	01.11.2017	8/8	–	3/3	4/4 (Ex-Chairman)	3/3	–	6/6
<b>Number of Meetings held in FY2017</b>			<b>9</b>	<b>6</b>	<b>4</b>	<b>5</b>	<b>4</b>	<b>4</b>	<b>7</b>

**Notes:-**

- 1 Redesignated as Chairman of BRMC on 1 November 2017 and member of Board ITC on 19 April 2017.
- 2 Withdrew as a member of BGAC on 24 July 2017.
- 3 Withdrew as a member of Board ITC on 12 January 2017 and appointed as a member of BBDC on 1 November 2017.
- 4 Redesignated as Chairman of Board ITC on 19 April 2017 and appointed as a member of BGAC on 24 July 2017.
- 5 Appointed as a member of BGAC, BRMC and BNRC on 16 August 2017.
- 6 Resigned on 1 November 2017 and ceased to be Chairman of BRMC and member of BIC, BBDC and Board ITC on 1 November 2017.

## 8. Company Secretary

The GC&CS is responsible for ensuring that the Board procedures are adhered to and the applicable rules and regulations for the conduct of the affairs of the Board are complied with. The GC&CS advises the Board on issues relating to corporate governance as well as compliance with laws, rules, procedures and regulatory requirements. He is also responsible to advise the Directors of their obligations and duties to disclose their interest in securities and any conflict of interest in transactions involving CGC.

The Board has unrestricted access to the advice and services of the GC&CS who is responsible for providing Directors with the Board papers and advising on related matters. The support and services provided by the GC&CS is evaluated during the financial year to ensure that he is suitably qualified and competent.

The performance of the GC&CS is appraised via the Board Satisfaction Form. The appraisal is conducted to ensure continuous adequate support is provided by the GC&CS to the Board to assist Directors in discharging their duties effectively. Areas of assessment cover secretarial and advisory functions and overall performance.

A brief profile of the GC&CS is set out on page 93 of this Annual Report.

## 9. Directors' Remuneration

The Board is continually mindful that competitive remuneration is important to attract, retain and motivate the Directors with the relevant experience and expertise required for the stewardship of CGC. The BNRC may propose from time to time the prevailing Directors' remuneration which commensurate with the Director's time commitment, expertise, risk and complexity vis-à-vis vision and mission, and business of CGC.

The Directors' remuneration include a fixed monthly Directors' fee, meeting allowance and benefits-in-kind. Meeting allowance is paid for Board member's attendance at Board meetings, Board Oversight Committee meetings, Board members meetings with Regulators, Annual General Meeting ("AGM"), Extraordinary General Meetings and other meetings sanctioned by the Board. The existing Directors' remuneration has been approved by shareholders. None of the Directors are involved in deciding his or her own remuneration.

The aggregate remuneration paid to the Directors of CGC as disclosed in its Financial Statement is as follows:-

Non-Executive Directors:	Salary and Bonus RM'000	Directors' Fees RM'000	Meeting Allowance RM'000	Benefit-in-Kind RM'000	Total RM'000
Dato' Agil Natt	–	144	30	7 <sup>1</sup>	<b>181</b>
Datuk David Chua Kok Tee	–	60	64	–	<b>124</b>
Dato' Syed Moheeb Syed Kamarulzaman	–	60	58	–	<b>118</b>
Teoh Kok Lin	–	60	64	–	<b>124</b>
Suresh Menon	–	60	52	–	<b>112</b>
Dato' Ong Eng Bin	–	60	40	–	<b>100</b>
Nadzirah Abd. Rashid	–	60	50	–	<b>110</b>
Choong Tuck Oon <sup>2</sup>	–	57	38	–	<b>95</b>
Jessica Chew Cheng Lian <sup>3</sup>	–	23	14	–	<b>37</b>
Mohamed Rashdi Mohamed Ghazalli <sup>4</sup>	–	50	54	–	<b>104</b>
<b>Total</b>	<b>–</b>	<b>634</b>	<b>464</b>	<b>7</b>	<b>1,105</b>

### Notes:-

- 1 Benefits-in-kind for the Chairman i.e. driver.
- 2 Appointed as a Director with effect from 20 January 2017.
- 3 Appointed as a Director with effect from 16 August 2017.
- 4 Resigned as a Director with effect from 1 November 2017.

# Statement on Corporate Governance (continued)

In ensuring that Board members' compensation is competitive and consistent with industry's standards, an internal gap analysis on Directors' remuneration and benefits was conducted in March 2018. Pursuant to the findings, the Board is seeking shareholders' approval at the 45<sup>th</sup> AGM, for a revision to the Directors' remuneration framework per the following:-

- (i) Directors' fee for the Chairman to be increased from RM144,000 per annum to RM180,000 per annum;
- (ii) Directors' fee for Board members (other than the Chairman) to be increased from RM60,000 per annum to RM72,000 per annum and enhancement of Chairman's benefits; and
- (iii) Meeting allowance for the Board and Board Oversight Committees Chairman and Members to be increased from RM2,000 per meeting to RM5,000 and RM3,500 respectively.

The rationale for the proposal is to better align the Directors' fee and meeting allowance of the Board with its counterparts. Per Section 230(1) of the Companies Act 2016, the shareholders' approval on the Directors' fees and benefits payable to the Chairman and Board members shall be sought at CGC's forthcoming 45<sup>th</sup> AGM. Further details of the benefits payable to the Directors can be found in the explanatory notes to the Notice of the 45<sup>th</sup> AGM.

## 10. Supply and Access to Information

The Board is supplied with and have full and unrestricted access to information pertaining to the Group's business and affairs to enable them to discharge their duties effectively.

All scheduled meetings are preceded by a formal agenda issued by the GC&CS in consultation with the Chairman and the PCEO. Prior to meetings, appropriate documents which include the agenda and reports relevant to the issues of the meetings are circulated to the Board Members. All Directors have full and timely access to information with Board papers distributed in advance of meetings. This ensures that the Board Members have sufficient time to appreciate issues deliberated at meetings which in turn enhances the decision making process.

The Board has full access to further information within CGC and is entitled to obtain full disclosure of facts from the Management. The Board may also seek independent advice and information from external parties in carrying out their duties at CGC's expense.

## 11. Directors' Training

The Directors are encouraged to attend seminars and/or conferences from time to time to keep abreast with the necessary knowledge to discharge their duties and responsibilities more effectively.

Induction briefing is also organised for newly appointed Directors to enable them to have a full understanding of the nature of business, current issues within CGC and corporate strategies as well as the structure and management of CGC. Besides Choong Tuck Oon, who had attended such induction briefing on 20 January 2017, Jessica Chew Cheng Lian was briefed on CGC by the PCEO, GC&CS and the Management of CGC on 16 August 2017.

During the financial year, the Directors have, individually or collectively, attended various programmes and briefings, amongst others, as follows:-

### **BNM**

- Briefing on Corporate Governance;
- BNM Compliance Conference 2017;
- The BNM – World Bank Global Symposium on Microfinance; and
- Dialogue with Bank Negara Malaysia Governor and Chairman of Labuan Financial Services Authority.

### **FIDE Forum**

- FIDE Programme – Core Programme Module A and B;
- FIDE Forum on Board Selection for Nomination Committee Members;
- FIDE FORUM – Fintech: Opportunities for the Financial Services Industry in Malaysia; and
- 2<sup>nd</sup> Securities Commission (“SC”) – FIDE Forum Dialogue: Leveraging Technology for Growth.

### **Other External Seminars/Conference/Training**

- Digital Marketing
- Leadership and Organisational Paradoxes – Masterclass;
- Global Symposium on Development Financial Institutions;
- Innovation in the Financial Sector;
- Leadership Asia Summit;
- Singapore Fintech Festival 2017;
- New Technology Risks and Cyber Security;
- Risk Based Capital Framework for Insurers;
- Regulating, Implementing and Supervision Corporate Governance;
- 11<sup>th</sup> ASEAN Insurance Congress;
- Industry Seminar on Recovery and Resolution Planning in Malaysia;
- SC International Investment Fund Forum 2017;
- National Chamber of Commerce and Industry of Malaysia (NCCCIM) Economic Forum;
- Macquarie Global Internet, Media & Technology Conference;
- International Directors Summit 2017;
- The New and Revised Auditor Reporting Standards: Implications to Financial Institutions;
- The 2017 Alliance for Financial Inclusion (AFI) Global Policy Forum; and
- Global Symposium on Development Finance and Enterprise (GSDFIs).

Apart from attending various training programmes, one (1) of the Directors had been invited to speak at forums organised by government bodies and universities.

## **12. Board Oversight Committees**

Under CGC’s M&A and the Board Charter, the Board delegates certain responsibilities to its respective Board Oversight Committees to assist in carrying out its function of ensuring independent oversight. This allows the Board to spend additional and focused time to deliberate on specific and pertinent issues.

The Board Oversight Committees operate principally in a review or advisory capacity, except in cases where powers and authorisation are specifically conferred on a Committee by the Board. The Board currently has six (6) principal Board Oversight Committees, each chaired by a Non-Executive Director who is independent of management, which have been set up with specific delegated authorities to assist the Board in its responsibilities:-

- (i) Board Governance and Audit Committee;
- (ii) Board Investment Committee;
- (iii) Board Risk Management Committee;
- (iv) Board Bumiputera Development Committee;
- (v) Board Nomination and Remuneration Committee; and
- (vi) Board IT Committee.

Each Board Oversight Committee is governed by clearly defined Terms of Reference (“TOR”), which is reviewed from time to time, as the need arises to ensure it remains relevant and is up-to-date. The TORs of the six (6) Board Oversight Committees are available on CGC’s website at [www.cgc.com.my](http://www.cgc.com.my).

# Statement on Corporate Governance (continued)

## 13. Management Committees

The Board may delegate any of their powers to committees, consisting of such members of their body as they think fit. The Board delegates to the PCEO the responsibility for the day-to-day management of CGC. The PCEO and his Management team are responsible for ensuring that high quality information provided to the Board on CGC's financial and strategic performance.

The main role of the Management Committees is to be the primary source of direction and decision making for the operating departments of CGC. Additionally, the Management Committees build the framework which all departments work in to ensure proper management of issues faced by CGC and that all appropriate decisions are made to mitigate them.

## 14. Code of Conduct

Honesty and integrity must be upheld at all times in the course of CGC's daily dealings. To achieve the same, it is necessary for CGC to have documented ethical rules issued as a guidelines. Hence, CGC has established its own Code of Conduct which serves as a guide for employees to uphold the reputation of CGC and maintain the confidence and trust that have been placed upon CGC by its internal and external stakeholders.

## 15. Whistleblowing Policy

The Board is satisfied that an adequate framework on whistleblowing is in place, having been implemented in July 2007 and enhanced in 2013 and 2016. All employees and members of the public can raise their concerns regarding any improper conduct committed or about to be committed by CGC's employees via the following channels without any fear of retribution:-

- Protected Email Address to the Designated Officers;
- Online submission through CGC's website, [www.cgc.com.my](http://www.cgc.com.my);
- In person to any of the Designated Officers using the prescribed Whistle-blowing Form which is downloadable from CGC's website; or
- In writing to the designated Whistle Blowing Address.

These channels protect employees and members of the public who contemplate "blowing the whistle" against any negative repercussions arising from genuine reporting and provide an assurance of confidentiality to them. Confidentiality of all matters raised and the identity of the whistleblower are protected under the Policy.

## B. EFFECTIVE AUDIT AND RISK MANAGEMENT

### 1. Audit

The BGAC consists of a majority of INEDs, and is chaired by an INED.

The primary goal of the BGAC is 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 as well as recommend appropriate remedial action.

None of the current members of the Board or the BGAC had been associated with nor have they held any senior leadership position with CGC's appointed External Auditors in the past two (2) years.

CGC's Internal Audit, which is led by the Chief Internal Auditor, reports the results of its audits directly to the BGAC. Internal Audit is guided by the Internal Audit Charter and regularly evaluates the effectiveness of the risk management process, review the operating effectiveness of the internal controls system and compliance



control across CGC. The minutes of the BGAC meetings are subsequently tabled to the Board for information and serve as useful references, especially if there are pertinent issues that any Directors wishes to highlight or seek clarification on.

The BGAC and the Board place great emphasis on the objectivity and independence of CGC's External Auditors, namely Messrs. Pricewaterhouse Coopers, in providing relevant and transparent reports to the shareholders. To ensure full disclosure of matters, CGC's External Auditors are regularly invited to attend the BGAC meetings (as well as the AGMs), apart from the twice yearly discussions with the BGAC without the presence of Senior Management.

## 2. Risk Management

The BRMC consists of a majority of INEDs, and is chaired by an INED.

The BRMC deliberates CGC's risk management practices and ensures the effectiveness of identification, measurement, monitoring and control of risks as well as compliance with applicable laws, regulations and guidelines for good corporate governance.

The Board has disclosed the key features of its risk management and internal control system as well as its adequacy and effectiveness in the Statement on Risk Management and Internal Control which is set out on pages 127 to 131 of this Annual Report.

## C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### 1. Communication with Shareholders

The Board and Management team recognise the importance of maintaining transparency, consistency and accountability to its shareholders and adhering to the corporate governance framework in order to ensure continued success of CGC. In this regard, CGC is committed to ensure timely dissemination of key information to shareholders.

The AGM is the principal forum for dialogue with all shareholders. At each AGM, the Board takes pleasure in presenting the progress and performance of CGC's business. The Board values dialogue with shareholders and appreciates the keen interest of shareholders in CGC's performance. Shareholders are encouraged to participate in the Question and Answer (Q&A) sessions on the proposed resolutions or CGC's operations in general. The Board members as well as the External Auditors of CGC are also present to respond to the shareholders' inquiries raised during the meeting.

The publication of the Annual Report and CGC's website, [www.cgc.com.my](http://www.cgc.com.my) represent other channels of communication made available to shareholders to ensure that they have convenient and easy access to vital information on CGC's financial performance and major initiatives for the year.

### 2. Conduct of General Meetings

Shareholders are notified of the AGM and provided with a copy of CGC's Annual Report before the meeting. The Notice of the AGM is circulated at least twenty-eight (28) days before the date of the meeting to enable shareholders sufficient time to peruse the Annual Report and papers supporting the resolutions proposed.

All Directors attend AGM which is scheduled and approved in advance by the Board. Once meeting dates have been fixed, Directors would commit themselves to attend the AGM as scheduled, save for unforeseeable reasons that are beyond their control.

# ■ BOARD CHARTER

## 1. INTRODUCTION

### 1.1 Overview

The Board of Directors ("Board") is accountable and responsible for the performance and affairs of Credit Guarantee Corporation Malaysia Berhad ("Corporation"). The Board is expected to show good stewardship and act in a professional manner, as well as uphold the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

### 1.2 Purpose

The purpose of this Board Charter is to promote the highest standards of corporate governance within the Corporation and to set, inter alia, the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance.

### 1.3 Authority

The Board derives its authorities to act from the Memorandum and Articles of Association (M&A) of the Corporation and the laws of Malaysia governing the Corporation.

## 2. BOARD OF DIRECTORS

### 2.1 Composition and Balance

- i) The number of Directors shall not be less than two (2) and shall not be more than twenty (20).
- ii) The Board should preferably be no larger than ten (10) Directors with minimum one third (1/3) Independent Non-Executive Directors and not more than one (1) Executive Director.
- iii) The Board shall be led by a Chairman who must be a Non-Executive Director.
- iv) The post of Chairman and President/Chief Executive Officer shall be distinct and separate with a clear division of responsibilities.
- v) The Board shall comprise of Directors with the mix of skills, backgrounds, academic qualifications and experience in the fields of:-
  - a) banking, finance, accounting, legal, business management, information technology and investment management; and
  - b) entrepreneurship, knowledge of target market/sector and socio-economic perspective and business development (including Small and Medium businesses).
- vi) A representative from the Association of Banks in Malaysia is required to be on the Board.
- vii) The Directors shall sit on the board of not more than five (5) listed companies excluding their subsidiaries or the Corporation's subsidiaries and not more than ten (10) non-listed companies excluding family-owned companies.

## 2.2 Appointment Process, Qualification Criteria, Tenure and Re-Election

### Appointment Process

- i) The Board has the power to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. The new Director so appointed shall hold office until the Corporation's next General Meeting and shall be eligible for re-election.
- ii) A shareholder may nominate a person for appointment as Director for the consideration of the Board Nomination and Remuneration Committee ("BNRC").
- iii) BNRC shall be responsible for assessing the nominee(s) for directorship and Board Oversight Committees' memberships. BNRC shall thereupon submit its recommendation to the Board for decision.
- iv) Bank Negara Malaysia shall be informed accordingly of any appointment of a Director.

### Qualification Criteria

- i) The qualification criterion for the appointment of Director shall be governed by the Companies Act 2016, the Corporation's Articles of Association and the criteria set under Corporation's Guideline on Appointment of the Board of Directors.

### Tenure

- i) The length of service for each term shall not exceed three (3) years and the Directors can be re-appointed subject to Shareholders' approval at the General Meeting.
- ii) The entire term of service for a Director shall not exceed three (3) terms or nine (9) years in total. This requirement is only applicable to Independent Directors. In the event that the service of an Independent Director is to be further extended, the same shall be subjected to the Board's recommendation and the Shareholders' approvals at the General Meeting respectively.

For avoidance of doubt, this provision shall not be applicable to the President/Chief Executive Officer.

### Re-Election

- i) The re-election of Directors shall take place each year at the Annual General Meeting of the Corporation where one third (1/3) of the Directors, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one third (1/3) shall retire from office and the retiring Directors are eligible for re-election.

### Others

- i) The Board will be guided on other matters relating to Directors as set under the Corporation's Guideline on Appointment of the Board of Directors which may be amended from time to time.

## 2.3 Directors Training Programme

- i) The Directors are required to attend Directors Training Programme which consists of:-
  - a) In-house Induction Sessions; and
  - b) Continuous Learning and Development Programme ("CLDP").
- ii) Each newly appointed Director will undergo the In-House Induction Sessions which aim at communicating to the newly appointed Directors, the Corporation's vision and mission, the philosophy and nature of the business, current issues within the Corporation, the corporate strategy and the expectations of the Corporation.

# Board Charter (continued)

- iii) During the directorship tenure, the Directors will participate in the CLDP which aims to provide continuous training for the Directors in order to keep abreast with latest developments in the DFI's industry.
- iv) The Board will assess further training needs for the Directors on an on-going basis.

## 2.4 Effectiveness Evaluation

- i) The BNRC is empowered by the Board to conduct the annual assessment on the performance of each Director.
- ii) The results on the BNRC assessments will be reported to the Board and the BNRC recommendation will be taken into account by the Board in determining its assessment of the Directors to stand for re-appointment/re-election at the next General Meeting.

## 2.5 Remuneration

- i) Suitable remuneration for the Directors shall be assessed and recommended by the BNRC.
- ii) The Directors shall be entitled to traveling, hotel and other expenses as may reasonable be incurred by the Directors in the execution of the duties including any such expenses incurred in connection with the Directors attendance at the Board of Directors Meetings.
- iii) Special remuneration, in addition to the Director's ordinary remuneration (by way of salary, commission, participation in profits or otherwise) may be granted in the event that the Director is required to perform or render any special duties or services outside his/her ordinary duties as a Director.
- iv) The remuneration of the Directors shall from time to time be determined by the Corporation in General Meeting.

## 3. PRINCIPAL ROLES AND RESPONSIBILITIES

### 3.1 Board of Directors

- i) Pursuant to the Articles of Association, in general the business of the Corporation shall be managed by the Board.
- ii) Except for matters which require the approval of the Corporation's Shareholders, the Board may exercise all such powers of the Corporation and do on behalf of the Corporation or such acts as may be exercised and done by the Corporation.
- iii) The Board's stewardship responsibilities shall be discharged based on the following roles and responsibilities:-
  - a) Contribute in developing corporate strategy and setting of targets;
  - b) Uphold a strong corporate performance management approach;
  - c) Oversee development of the Corporation's future leaders and human capital;
  - d) Understand and manage the Corporation's risks;
  - e) Adopt shareholders' perspective when making decisions;
  - f) Balance valid stakeholders' interests; and
  - g) Perform such other functions as prescribed by law.

- iv) Certain specific matters are designated as Reserved Matters whereby the decision making shall be under the sole discretion and responsibilities of the Board. Unless otherwise restricted by the Companies Act 2016 or the Corporation's Articles of Association, nothing herein shall restrict the Board from delegating at any time, the Reserved Matters or specific decision making responsibilities to Board Oversight Committees, individual Directors or the Management.
- v) The details of the Reserved Matter are as attached under **Appendix A** herewith.

### 3.2 Chairman

- i) The Chairman is responsible for the overall leadership and efficient functioning of the Board.
- ii) The key roles of the Chairman, inter alia are as follows:
  - a) ensuring that the Board functions effectively, cohesively and independently of Management;
  - b) providing governance in matters requiring corporate justice and integrity;
  - c) leading the Board, including presiding over the Board of Directors Meetings and the Corporation's General Meetings and directing the Board discussions to effectively use the time available to address critical issues facing the Corporation;
  - d) promoting constructive and respectful relationship among Directors and between the Board and the Management; and
  - e) ensuring that there are effective communications between the Corporation and/or its subsidiaries and its shareholders and/or relevant stakeholders.

### 3.3 President/Chief Executive Officer

- i) The President/Chief Executive Officer is responsible to the Board for the day-to-day management of the Corporation.
- ii) The key roles of the President/Chief Executive Officer, inter alia are as follows:-
  - a) executing the strategic direction of the Corporation as set by the Board;
  - b) ensuring that the Corporation's businesses are properly and efficiently managed by ensuring that the executive team implements the policies and strategies adopted by the Board and Board Oversight Committees;
  - c) ensuring that the objectives and standards of performance are understood by the Management and employees; and
  - d) ensuring that the operational planning and control systems are in place, monitoring performance results against plans and where necessary, taking remedial action.

## 4. PROCESS OF BOARD

### 4.1 Board of Directors Meeting

- i) The Directors may meet together for the dispatch of business, adjourn and otherwise regulate the meetings as the Board thinks fit.
- ii) The Board will be guided by the Terms of Reference for the Board of Directors Meeting.
- iii) Reserved Matters, all strategic decisions and investments decisions are made at Board of Directors Meetings after due processes, discussions and deliberations.

# Board Charter (continued)

## 4.2 Circular Resolution

- i) In between the Board of Directors Meetings, approvals on urgent or important business matters requiring the sanction of the Board could be made by way of Circular Resolution enclosing all relevant information to enable the Board to make informed decisions.
- ii) The Circular Resolution in writing duly executed by ALL Board Members shall be as effective for all purposes as a resolution passed at a Board of Directors Meeting duly convened, held and constituted.

## 4.3 Independent Advice

The Board may seek independent advice and information in furtherance of their duties at the Corporation's expense, so as to ensure the Directors are able to make independent and informed decisions.

## 5. POWER OF DELEGATION

Unless otherwise restricted under the law or the Corporation's Articles of Association, nothing herein shall restrict the Board from delegating specific responsibilities to Board Oversight Committees, individual Directors, the Management or any person.

### 5.1 Board Oversight Committees

- i) The following Board Oversight Committees are established to assist the Board in carrying out its responsibilities:-
  - a) Governance and Audit Committee;
  - b) Risk Management Committee;
  - c) Investment Committee;
  - d) Nomination and Remuneration Committee;
  - e) Bumiputra Development Committee; and
  - f) IT Committee.
- ii) The Board Oversight Committees operate within clearly defined roles and responsibilities as set out in the Terms of Reference of each of the Committee.
- iii) The Board Oversight Committees report to the Board on their deliberations, findings and recommendations. The Chairmen of the Board Oversight Committees report to the Board on matters dealt with at their respective Board Oversight Committees Meetings.
- iv) Minutes of the Board Oversight Committees Meetings are presented at the Board of Directors Meetings for further discussion and direction.
- v) While these Board Oversight Committees have the authority to deliberate on matters delegated to them, all decisions and/or recommendations made by these Committees will be brought to the attention of the Board, which is collectively responsible for the Corporation's success, business, strategy, risk management, operational and financial performance.
- vi) The Board may from time to time establish any other committees or ad hoc committees to delegate specific functions as it considers necessary or expedient.



## 5.2 Management

- i) The Board may delegate its power or function to the Management through appropriate manual of delegations or manual of authorities.
- ii) However, ultimate responsibility for strategy and control rests with the Directors as guided by the President/ Chief Executive Officer.
- iii) The Board will be supplied by the Management with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively.
- iv) The Board is entitled to request any additional information at any time as it may deem necessary.

## 5.3 Power of Attorney, Corporate Representative and Proxy

- i) The Board may by Deed of Power of Attorney, Certificate or Proxy Form appoints any Corporation, firm, person or body of persons to be the attorney, corporate representative or proxy of the Corporation.
- ii) The appointment of attorney, corporate representative or proxy could be made for such purposes and with such powers, authorities and discretions which do not exceed those vested in or exercisable by the Board under the Articles of Association and for such period and subject to such conditions as the Board may think fit.

## 6. DUTY OF CARE, BUSINESS JUDGMENT AND RELIANCE ON INFORMATION

- i) The Board shall at all times exercise the powers for a proper purpose and in good faith in the best interest of the Corporation.
- ii) Each Director shall exercise reasonable care, skill and diligence with the knowledge, skill and experience which may reasonably be expected of a Director having the same responsibilities; and any additional knowledge, skill and experience which the said Director in fact has.
- iii) Each Director who makes a business judgment is deemed to meet the requirements of the duty as aforesaid and the equivalent duties under the common law and in equity if the said Director:-
  - a) makes the business judgment in good faith for a proper purpose;
  - b) does not have a material personal interest in the subject matter of the business judgment;
  - c) is informed about the subject matter of the business judgment to the extent the Director reasonably believes to be appropriate under the circumstances; and
  - d) reasonably believes that the business judgment is in the best interest of the Corporation.
- iv) A Director in exercising the duties may rely on information, professional or expert advice, opinions, reports or statements including financial statements and other financial data, prepared, presented or made by:-
  - a) any officer of the Corporation (or its related companies) whom the Director believes on reasonable grounds to be reliable and competent in relation to the matters concerned;
  - b) any other person retained by the Corporation as to matters involving skills or expertise in relation to matters that the Director believes on reasonable grounds to be within the person's professional or expert competence;
  - c) another Director in relation to matters within the said Director's authority; or

# Board Charter (continued)

- d) any Board Oversight Committees of which the Director does not serve in relation to matters within the said Committees' authorities.
- v) A Director's reliance on information provided by others is deemed to be made on reasonable grounds if it was made in good faith and after making an independent assessment of the information or advice, opinions, reports or statements, including financial statements and other financial data, having regard to the Director's knowledge of the Corporation and the complexity of the structure and operation of the Corporation.

## 7. GENERAL MEETINGS

- i) An Annual General Meeting (AGM) shall be held once in a calendar year at such time (not being more than fifteen months after the holding of the last preceding General Meeting) and at such venue as may be determined by the Board.
- ii) The Board shall have the right to call for Extraordinary General Meeting (EGM) either on its own initiative or as per requisition by Shareholders to decide on any special or urgent matters requiring immediate attention of the Corporation.

## 8. CONFIDENTIALITY AND DISCLOSURE OF INTEREST

- i) The Directors are required to act in the best interests of the Corporation and shall undertake the duty of confidentiality in relation to the Corporation's confidential information.
- ii) A Director shall disclose to the Board:-
  - a) any personal/family interest in a matter which relates to the affairs of the Corporation; and
  - b) any other interest (direct or indirect) which is appropriate to be disclosed in order to avoid any conflict of interest or the perception of a conflict of interest.
- iii) An independent director must immediately disclose to the Board any change in his/her circumstances that may affect his/her status as an independent director. In such a case, the Board must review his/her designation as an independent director to affirm or change his/her designation.

## 9. ETHICS AND COMPLIANCE

The Directors shall observe the Corporation's Code of Corporate Governance including any amendments made thereafter.

## 10. BOARD CHARTER REVIEW

- i) The Board Charter was adopted by the Board on 10 December 2013 and shall be effective commencing from 1 January 2014. Any subsequent amendment to the Board Charter can be made via approval by the Board.
- ii) The Board Charter would be periodically reviewed and updated in accordance with the needs of the Corporation and any new laws or regulations that may have an impact on the discharge of the Board's duties and/or responsibilities.

## APPENDIX A

RESERVED MATTERS	
<b>Conduct of the Board</b>	
1.	Appointment and recommendation for removal of Director.
2.	Appointment and removal of Company Secretary.
3.	Appointment of Board Oversight Committees' members.
4.	Approval of Terms of Reference of Board Oversight Committees' and amendments to such terms.
5.	Appointment of President/Chief Executive Officer and/or Executive Directors of the Corporation and their duties and the continuation (or not) of their service.
6.	Recommendation on the appointment of external auditors and their related audit fees.
<b>Remuneration</b>	
7.	Approval/recommendation of the Directors' fee/remuneration arrangements for Non-Executive Directors.
8.	Approval of the remuneration packages, structure and policy for President/Chief Executive Officer and/or Executive Directors.
<b>Operational</b>	
9.	Approval of business strategy and operational plan and annual budget.
10.	Ongoing review of performance against business strategy and group operational plan, including monitoring of key risks and risk management policies and actions.
11.	Approval of capital expenditure above the Approving Authority Limit as may be determined from time to time.
12.	Approval of bad debts write-off in excess of the prescribed amount as may be determined from time to time.
13.	Approval of investment or divestment in a company/business/property/undertaking.
14.	Approval of investment or divestment of a capital project which represents a significant diversification from the existing business activities.
15.	Approval of changes in the major activities of the Corporation or Group.
16.	Approval of investment policies and bank mandate.
17.	Approval of the Authorized Signatories and Approving Limits of Authority for the Corporation.
18.	Review and approve the Board Oversight Committees' recommendations.

# Board Charter (continued)

## RESERVED MATTERS

### Financial

19.	Approval of interim and annual financial statements.
20.	Approval for the release of financial announcements.
21.	Approval of the Annual Directors' Report, Statutory Accounts and Corporate Governance Statement.
22.	Approval of interim dividends, the recommendation of final dividends and the making of any other distribution.
23.	Adoption of accounting policies.
24.	Review the effectiveness of the Corporation's system of internal control.

### Other Matters

25.	The granting of powers of attorney and the appointment, resignation or removal of the corporate representative or proxy by the Corporation.
26.	The entering into/undertaking of major debt or guarantee schemes/instruments.
27.	Recommendations for the alteration of the Memorandum and/or Articles of Association of the Corporation.
28.	Alteration of the accounting reference date, registered office and name of the Corporation.
29.	Allotment, issuance, registration or any matters related to the shares of the Corporation.
30.	Scheme of reconstruction or restructuring.
31.	Approve, develop and/or implement all the presentation, report or any material shareholder communications for the Corporation.
32.	Any other significant business decision.
33.	Any other matter requiring the convening of a general meeting of shareholders or any class of shareholders.
34.	Any other significant matters as may be required by the laws or the governing authorities.
35.	Any other matters requiring the Board's approval under the Approving Limits of Authority of the Corporation.

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

## ENTERPRISE RISK MANAGEMENT

Amidst today's challenging business conditions, CGC are exposed to numerous uncertainties as business opportunities and risks are constantly changing. A proactive Enterprise Risk Management (ERM) Framework is important to create and protect stakeholders' value with full integration of risk management in the organisation's governance structure as well as the decision making process.

In line with the statement above, Credit Guarantee Corporation Malaysia Berhad (CGC) (hereinafter referred to as the "CGC") has adopted an ERM Framework to govern its business and operations. This enables the CGC to carry out organised and practical management of the organisational risk exposure on an ongoing basis which includes credit risk, market risk, operational risk, compliance risk, strategic risk and reputational risk. The ERM Framework outlines the risk management governance and structure, processes, accountabilities, as well as responsibilities throughout the CGC. It also provides the Board and Management with a tool to anticipate and manage both existing and potential risks, taking into consideration changes in the CGC's internal and external operating environment. ERM in the CGC enables Management to effectively deal with uncertainties and the associated risks and opportunities, enhancing the capacity to build or enhance value for stakeholders.

The following objectives are the guiding principles relating to ERM implementation throughout the CGC:

- a) To ensure that all risks faced are identified, monitored, and adequately managed.
- b) To provide the Board and Management with an enterprise-wide view of the CGC's risk exposure, enabling the CGC to take strategic actions to mitigate potential losses.
- c) To provide the Board and Management with an enterprise-wide view of inter-relationships between risks, controls and the manner in which reducing one risk exposure may increase or impact another.
- d) To provide for a means of prioritising the myriad of risk management and control initiatives.
- e) To ensure that risk management culture is embedded and consistently practiced at all levels within the CGC with the aim of facilitating a reasonably accurate perception of acceptable risks.

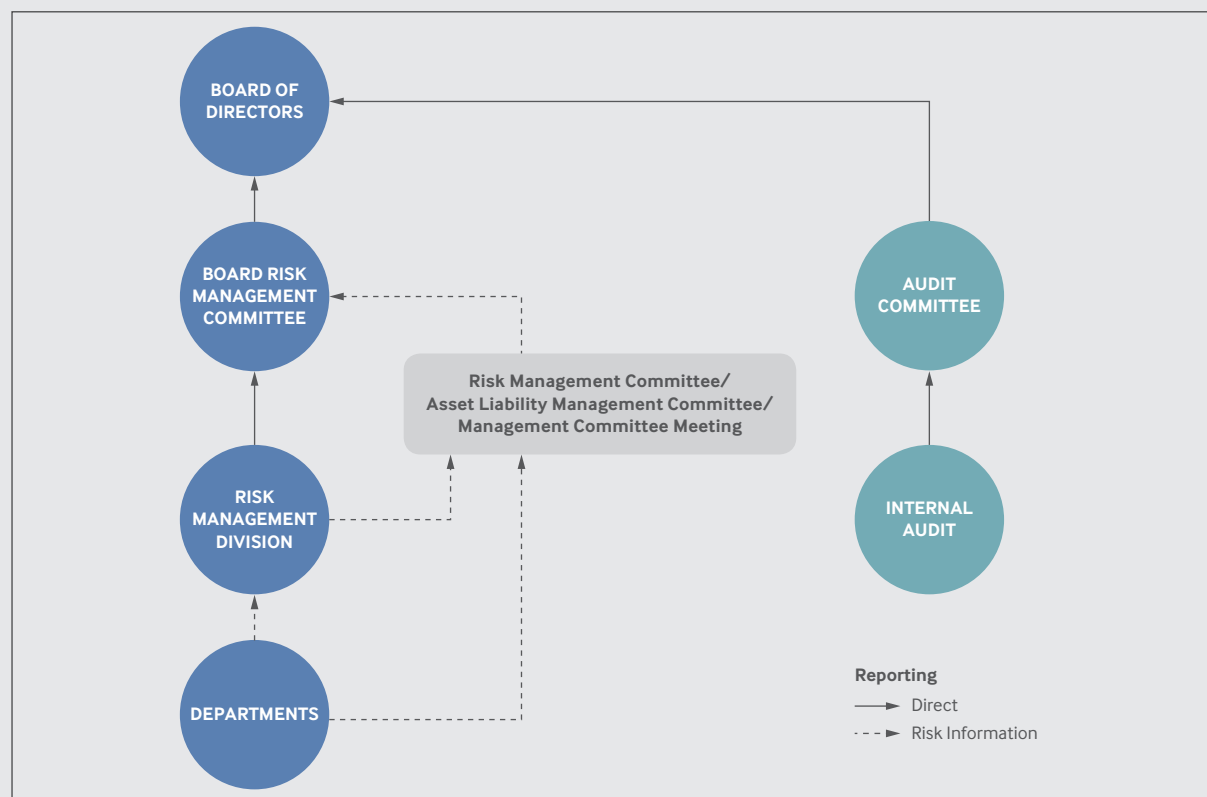
## Milestones in 2017 for ERM

1. Fast Track Credit Assessment via Scorecard (Auto Approval)
2. Implementation of Fraud Module in Anti Money Laundering and Counter Financing of Terrorism (AML/CFT) System on 30 March 2017.
3. Successful completion of Business Continuity Plan testing for Main Office and all of the CGC's branches.
4. Product pricing model review for the CGC.

# Statement of Risk Management and Internal Control (continued)

## ERM GOVERNANCE STRUCTURE

The ERM governance structure provides clear accountabilities and responsibilities in managing risk within the CGC. This ensures that the ERM activities remain appropriate and prudent, and that significant risks are managed and monitored continuously. The CGC's ERM governance structure is set out in the diagram below:



### a) Board of Directors (Board)

The Board has the ultimate responsibility for ERM matters. Through its oversight role, the Board is responsible for ensuring that all risks within the CGC are managed effectively, and at the same time, optimise shareholder and stakeholder value. The Board's key risk responsibilities include approving the CGC's ERM Framework related policies; ensuring that Management takes the necessary steps to identify, measure, monitor and control the risks; and being the final point of escalation for key risk management issues. The Board has also established the Board Risk Management Committee (BRMC) to support its oversight functions.

### b) Board Risk Management Committee (BRMC)

The BRMC is a committee comprising Non-Executive Directors responsible for oversight of the CGC's risk exposure. The BRMC supports the Board in identifying, assessing, managing and controlling the risks in areas such as credit, market, liquidity, operational, compliance, legal, and other risks to ensure that the risk management process is in place and functioning.



### c) Management Level Committees

Management Level Committees comprise senior management responsible for supporting the BRMC in the implementation of an effective ERM framework and ensuring ERM is embedded in the CGC. Two (2) management committees have been established for this purpose, namely:

- i. Risk Management Committee (RMC) – oversees credit risk, market risk, operational risk, compliance risk and strategic risk related matters.
- ii. Asset Liability Management Committee (ALCO) – evaluates, monitors and approves practices relating to risk due to imbalances in the capital structure and liquidity risk related matters.

### THREE LINES OF DEFENCE

The CGC ensures the involvement of all departments within the CGC to manage risks and this is reflected via the concept of “3 Lines of Defence” as set out in the diagram below:



- 1<sup>st</sup> Line of Defence: Business and Support Departments
  - In managing risks, the CGC places accountability and ownership for day-to-day enterprise risk management as close as possible to where the risks originate.
  - Consists of all lines of business and support departments, i.e. risk owners.
  - Responsible to pursue their respective business objectives and take risks within approved policies and limits, enterprise-wide standards as well as approved standard operating procedures.

# Statement of Risk Management and Internal Control (continued)

- 2<sup>nd</sup> Line of Defence: Risk Management Division
  - Facilitate proactive, timely, and objective identification, assessment, measurement, aggregation and reporting of risks to the Board level and Management level committees.
  - Provide the Board level and Management level committees a comprehensive and integrated view of the CGC's risks, through the ERM oversight structure.
  - Provide independent oversight of the management of risks inherent in the CGC.
  - Set the risk policies, methodologies and tools.
- 3<sup>rd</sup> Line of Defence: Internal Audit
  - Perform independent assurance over the effectiveness of ERM initiatives, policies and controls.

In strengthening the internal control governance within the CGC, roles and responsibilities of these three parties are clearly spelled out and segregated, in other words independent from each other. This is to prevent potential conflict of interest between the "3 Lines of Defence" and to ensure accountability.

## ERM PROCESS

In implementing ERM efficiently and effectively, the CGC has six interrelated components which are derived from the way management operates the enterprise and are integrated with management's processes. These components are shown in the ERM cycle below:



- Identify Risks – Identify the risks arising from the CGC’s strategic objectives and those risks that could prevent the CGC from achieving its strategic objectives.
- Assess Risks – Analyse root causes of the risks and determine the likelihood and impact of risk exposures. Prioritise the risks based on risk ratings.
- Manage Risks – Identify controls or mitigating actions to manage risks consistently within the CGC’s risk appetite. Place the controls through constant engagement with risk owners.
- Monitor and Report Risks – Monitor and report risks through various ERM tools and risk reports deployed.
- Communicate Risks – To inculcate a desirable culture, Management ensures that an effective communication strategy is in place to provide common awareness and understanding of the CGC’s ERM processes to all employees, as well as to communicate risk related matters within the CGC.

# ■ BOARD GOVERNANCE AND AUDIT COMMITTEE REPORT

## 1. ATTENDANCE OF MEETINGS

The details of the Board Governance and Audit Committee (BGAC) membership and meetings held in 2017 are tabulated on page 112.

The BGAC consists of a majority of independent non-executive directors (including the Chairman, Puan Nadzirah Abd. Rashid). This is in line with the best practices applied by CGC i.e. Bursa Malaysia Main Market Listing Requirement which prescribes that the Audit Committee must consist of at least three (3) members with the Chairman and a majority of the members being independent non-executive directors. The BGAC composition is also consistent with the Malaysian Code of Corporate Governance (MCCG) practice where the Chairman of the Audit Committee is not the Chairman of the Board.

Minutes of the BGAC meetings held were provided to members of the Board of Directors for updates on issues and significant matters deliberated during the BGAC meetings.

## 2. AUTHORITY

The BGAC has the authority to audit and conduct investigation on any organisational entity in the Corporation, as well as those mandated under contract or any matter within its terms of reference.

The BGAC have the resources which are required to discharge its functions effectively, has full and unrestricted access to the Corporation's records, assets, personnel and premises and to any information pertaining to the Corporation and be able to obtain independent professional or other advice (if necessary).

The BGAC have direct communication channels with the External Auditors and persons carrying out the Internal Audit function or activity and is able to convene meetings with the External Auditors (wherever deemed necessary).

## 3. SUMMARY OF BGAC ACTIVITIES IN 2017

### Internal Audit Process

- a) Approved the Annual Audit Plan and the mid-year review of the plan in February and July 2017 respectively, reviewed the audit scopes planned based on the risk assessment conducted, audit resources requirements and the Internal Audit expenses budget.
- b) Approved the KPIs for Chief Internal Auditor (CIA) and evaluated the CIA's annual performance together with the remuneration payout.
- c) Reviewed and endorsed the proposed revision of the Audit Charter to ensure alignment with the requirement of the Institute of Internal Auditors (IIA). The revised Audit Charter was also tabled by the BGAC to the Board for approval.
- d) Reviewed and endorsed the proposed changes to the BGAC's Terms of Reference to be approved by the Board.
- e) Deliberated on the audit reports, audit recommendations and Management's responses.
- f) Deliberated on the investigation reports and after having understood the case in details, directed the Management to implement controls to strengthen the control environment and prevent recurrence.
- g) Reviewed the progress on the implementation of MFRS 9 and Whistle Blowing Reporting on quarterly basis.
- h) Reviewed the updates on Audit Compliance Committee (ACC) meetings and deliberated on the rectification actions and timeline taken by the Management to ensure the control lapses are addressed and resolved promptly. The BGAC also deliberated on the justification given by Management for extension of rectification timeline and approved such requests where the justifications were acceptable.
- i) Reviewed the minutes of ACC meetings for an overview of the deliberation and remedial actions taken by the Management on the control lapses raised by Internal Auditors.

### External Audit

- a) Reviewed and approved the External Auditor's audit plan and scope of work.
- b) Held two (2) meetings with the External Auditor to review the audit plan, financial results and areas of concerns identified.
- c) Met the External Auditor without the presence of the Management twice to discuss relevant issues and obtain feedback for improvements.
- d) Reviewed and recommended for Board of Directors' approval the audit fees and provision of non-audit services by the External Auditor in accordance with the established procedures, evaluated whether such non-audit services would impair the External Auditor's independence and objectivity.
- e) Completed the annual assessment on the External Auditor covering performance, independence and objectivity, prior to recommendation to the Board of Directors on its reappointment.

### Financial Reporting

- a) Reviewed the quarterly unaudited financial results and the annual audited financial statements of the Corporation to ensure that the financial reporting and disclosure requirements are in compliance with the accounting standards, with special focus on the changes in accounting policy, as well as significant and unusual activities or transactions.

## 4. SUMMARY OF INTERNAL AUDIT DEPARTMENT'S KEY ACTIVITIES

- a) Carried out audits and investigations on the Corporation, issued 41 reports during the year.
- b) The scope of coverage includes all business and support units. Areas audited in 2017 covers branch operations, head office departments, application systems reviews, business contingency plan and IT disaster recovery exercises, compliance reviews and investigations.
- c) Perform various ad hoc compliance, investigations and validation reviews requested by regulators, Management and BGAC. Ten (10) reviews were conducted in 2017.
- d) Monitored and followed up on the implementation of the corrective actions by Management and reported status of outstanding audit findings to every BGAC meetings. Undue delays in the implementation of agreed action plans were also highlighted to BGAC.
- e) Prepared minutes of ACC meetings for submission to BGAC, as well as meeting materials and follow up on matters arising.
- f) Reviewed and provided feedback on the new and revisions to policies of the Corporation, focusing on but not limited to, the governance and control addressing the risk areas.
- g) Supported BGAC in the annual exercise on appointment of External Auditor.
- h) Participated in the Business Continuity Management and IT Disaster Recovery exercises to gauge and assess the readiness of the businesses/systems to resume/recover (in the event of disaster) within the agreed timeline.
- i) Witnessed the tender opening process for procurement of services or assets to ensure the activities in the tendering process are conducted in a fair, transparent and consistent manner.

## 5. TRAINING

Listed on pages 114 and 115 are the seminars and training events which the members of the Board Governance and Audit Committee had attended to keep abreast of latest developments.

# SUSTAINABILITY AT CCGC





# SUSTAINABILITY STATEMENT

Sustainability has always been a part and parcel of CGC's culture as we strive to achieve continual financial performance and uninterrupted growth. Recognising the ever-increasing relevance of sustainability in our business value, our sustainability reports aims to illustrate our strategic approach to address sustainability challenges and opportunities in contributing towards the betterment of the business, environment and society.

## Scope and Methodology

Unless otherwise stated, the Sustainability Report for Year 2017 covers CGC's commitment to undertaking business in a responsible manner through its Economic, Environmental and Societal (EES) performance for the financial year ended 31 December 2017. To avoid content overlap, references may be made to existing information located elsewhere in this Annual Report.

## Sustainability Governance

Our leadership oversees the incorporation of sustainability in CGC's businesses to create value for our stakeholders. CGC will also establish a longer-term governance structure that will enable the incorporation of responsibilities over sustainability in the day-to-day operations. This will also consider the existing risk management processes that CGC has adopted, to harness synergies and efficiencies out of the current governance processes that are already in place.

## Disclosure and External Assurance

While sustainable practices form part and parcel of CGC's daily operations, we are still at the early stages of developing a formal sustainability policy that encompasses all areas. This Sustainability Statement is not subjected to external assurance. We are in the process of streamlining our sustainability data collection and monitoring activities across CGC.

## OUR APPROACH TO SUSTAINABILITY



**“We are committed to embedding sustainability into our business strategy and operations and in a greater measure. CGC will focus its efforts on undertaking measures to ensure that our sustainability agenda aligns with its business strategy and that it delivers sustainable performance on the EES fronts.”**



# Sustainability Statement (continued)

## MATERIALITY ASSESSMENTS

CGC has yet to undertake a formal materiality analysis to determine what topics are of importance to our external and internal stakeholders. However, we have identified several risks in key areas that may have a direct or indirect impact on our ability to create, preserve or erode EES value. These risks and the initiatives to mitigate the impact of these risks are highlighted in the “Statement on Risk Management and Internal Control” section of this Annual Report.

## KEY SUSTAINABILITY ISSUES

CGC has identified a list of sustainability matters relating to Economic, Environmental and Social, that are deemed relevant to CGC’s business. In identifying these issues, CGC has considered, amongst others, the following:



## STAKEHOLDER ENGAGEMENT

CGC defines stakeholders as those in the micro, small and medium enterprises (MSME) eco-system. We also consider Bank Negara Malaysia (BNM) and the commercial banks as well as the relevant ministries/agencies, government-linked companies that are contract awarders, CGC’s Board of Directors, employees, customers (small and medium enterprises), trade associations/chambers, suppliers/vendors, media and the general public as our stakeholders.

CGC has various means of communication channels, both formal and informal, to engage with all the stakeholders to keep them informed of its initiatives and activities to ensure that the ultimate objective is met (i.e) the guarantee, direct financing and advisory services offered are benefitted by the MSMEs.

Stakeholders	Name of the Engagement	Frequency
Shareholder (Bank Negara Malaysia (“BNM”))	1. Meetings 2. Briefings 3. Roadshows	Regular Ad hoc Ad hoc
Shareholders	1. Annual General Meeting (AGM)	Annually
Ministries/Agencies	1. Workshops/Seminars 2. Networking meeting 3. Events	Ad hoc
Business/Trade Associations/ Chambers	1. Workshops/Seminars 2. Networking meeting 3. Events	Ad hoc

Stakeholders	Name of the Engagement	Frequency
Business Partners (FIs)	<ol style="list-style-type: none"> <li>1. Meetings</li> <li>2. Events</li> <li>3. Luncheons</li> <li>4. Strategic Partnerships</li> </ol>	Ad hoc
Vendors/Suppliers	<ol style="list-style-type: none"> <li>1. Formal Meetings</li> <li>2. Sharing Sessions</li> </ol>	Ad hoc
MSMEs/Customers	<ol style="list-style-type: none"> <li>1. Workshops</li> <li>2. Mentoring Sessions</li> <li>3. Business Matching Sessions</li> <li>4. International exhibitions</li> <li>5. Customer Feedback Management</li> <li>6. Events by CGC</li> </ol>	<p>Ad hoc</p> <ol style="list-style-type: none"> <li>1. Immediate follow up and return call to the customers.</li> </ol> <p>CLIENT CHARTER:</p> <ol style="list-style-type: none"> <li>1. Written acknowledgment for written feedback i.e. within one (1) working day.</li> <li>2. Decision/closure of the case within 14 working days from the date of feedback receipt.</li> <li>3. If the feedback is complex in nature, longer timeframe may be required and customer would be notified accordingly.</li> </ol>
Employees	<ol style="list-style-type: none"> <li>1. Town hall</li> <li>2. Employee Satisfaction Survey</li> <li>3. Dialogues</li> <li>4. Intranet and Newsletters</li> <li>5. Employee Engagement Programmes</li> </ol>	<p>Quarterly</p> <p>Annually</p> <p>Regularly</p> <p>Regularly</p> <p>Regularly</p>
Academics	<ol style="list-style-type: none"> <li>1. Talent Sourcing</li> </ol>	Ad hoc
Media	<ol style="list-style-type: none"> <li>1. Press Releases</li> <li>2. Press Conferences</li> <li>3. Networking Sessions/Luncheons/Visits</li> </ol>	Regularly
Community	<ol style="list-style-type: none"> <li>1. Website</li> <li>2. Annual reports</li> <li>3. Visits, Seminars and Joint Activities</li> <li>4. Corporate Responsibility Programmes</li> </ol>	<p>Daily</p> <p>Annually</p> <p>Ad hoc</p> <p>Regularly</p>

# Sustainability Statement (continued)

## STRATEGIC ENGAGEMENT

The Government relations scope of activities are focused on strengthening the relationship with the relevant Ministries and agencies for the benefit of CGC and the MSMEs interests. The scope includes implementing and executing Government-backed schemes such as the Tabung Projek Usahawan Bumiputera-i (TPUB-i), Flexi Guarantee Scheme, Franchise Financing Scheme, Disaster Relief Facility 2017 (DRF) and Disaster Relief Facility-i 2017 (DRF-i).

## UPHOLDING GOOD ECONOMIC PRACTICES

### Focused Business Strategy

CGC continues to refine its business strategy to ensure the sustainable growth of its businesses. By maintaining a laser-focused approach, this enables CGC to cater to the evolving economic and business environments. For insights into CGC's overall strategic direction plus its financial and operational performance, please refer to the "President/CEO's Statement" (PCEO's Statement) section in this Annual Report.

### Strategic Partnerships

In support of the MSME development, CGC continues to enter into strategic partnerships with diverse strategic partners, to accord the MSMEs, with continuous access to financing. For the year in review, CGC entered into these arrangements, among others:

1. Special collaboration with the Malay Trade Chambers; namely, the Dewan Perniagaan Melayu Malaysia (DPMM) and Persatuan Pedagang dan Peniaga Melayu Malaysia (PERDASAMA), as a means of reaching out to the Bumiputera women entrepreneurs, in a series consisting of six (6) roadshows.
2. On 27 January 2017, CGC and Bank Simpanan Nasional (BSN) inked a Portfolio Guarantee (PG) agreement to avail up to RM50 million of financing to micro-enterprises. This is the first ever PG in Malaysia in support of the micro business segment.
3. On 22 March 2017, CGC and AmBank (M) Berhad (AmBank) signed the SME Portfolio Guarantee (PG) agreement in order to further enhance its strategic focus in developing and financing the SME segment in Malaysia via AmBank's SME Banking. The signing ceremony is a progression of the ongoing strategic collaboration between AmBank and CGC.
4. On 13 August 2017, CGC has entered into a Memorandum of Understanding (MoU) involving four (4) parties to provide financial guarantees to eligible domestic sub-contractors through its Bizjamin-i scheme for the Pan Borneo Highway Sarawak Project.
5. On 18 August 2017, CGC inked a Strategic Partnership Agreement with RHB Islamic Bank Berhad, making it the country's first bank to provide Wholesale Guarantee Islamic (WG-i) Bumi, a scheme for Bumiputera SMEs. The agreement provides additional avenue for the Bank to extend its financing packages to deserving Bumiputera SMEs.
6. On 21 November 2017, CGC and AmBank continued their existing collaboration by signing an Agreement, to further assist Malaysian SMEs with access to asset financing.

## Knowledge Sharing and Networking

CGC's knowledge sharing and business networking activities has brought about the following results:

1. Organised Mentoring Workshops on topics such as "Digital Marketing", "Gaining Market Access" and "Optimising Business Cost", at all regions in Malaysia. The guest speakers were industry experts from Grab, Air Asia, Digi Telecommunications, Mydin Wholesale, the Human Resource Development Fund (HRDF), successful entrepreneurs and many more. More than 1,126 MSMEs benefitted from CGC's Knowledge Sharing Sessions and Business Networking Sessions at the workshops that were organised.
2. A total of 15 MSMEs benefitted from their participation in both the local and international market access initiatives (e.g. hypermarkets in Malaysia and overseas trade fairs).
3. A total of 176 briefings, exhibition and road shows were held, as a means of reaching out to the MSMEs at large.

## Transparent Marketplace Practices

We continue to implement policies in our day-to-day operations to uphold governance, transparency and good marketplace behaviour. These include the following:

- The Statement on Corporate Governance which spells out the workings of the Board of Directors is published in CGC's Annual Report;
- A Code of Conduct emphasising business ethics with regard to dealings between CGC staff and clients;
- A Whistle Blowing Policy (updated in November 2016) and published on CGC's website, plus a Fraud Management Framework and Whistle Blowing Policy, which are to be read in conjunction with one another, cover matters of misconduct.



# Sustainability Statement (continued)

## CGC's Sustainable Product Pricing

CGC continue to adopt pricing model that is sustainable and relevant to the current market needs. The pricing models namely Portfolio Guarantee/Wholesale Guarantee (PG/WG) products and Full Risk/Shared Risk products is jointly developed with JP Wall Consulting Partners (JP Wall).

The above models will be adopted for benchmarking purposes of computing the developmental cost of CGC's products. The models were developed taking into account the claims experience as well as overhead incurred. The proposal was deliberated and endorsed at the 3<sup>rd</sup> Special Management Committee Meeting held on 6 March 2018.

## Current Pricing Model

The current pricing models practiced by CGC are as below:

### a) Portfolio/Wholesale Guarantee (PG/WG) products.

The internally developed pricing model for PG/WG was built and customised based on the experience of default, guided by profit mandate of minimum 2.7% [pursuant to 44<sup>th</sup> BRMC (14 September 2016) approval]. Prior to 44<sup>th</sup> BRMC, profit mandate was at 5.0%. The same concept was applied to WG except that it was rolled out with the objective of outreach to penetrate the market and to also offer capital relief for the FIs. Due to this, WG was priced at breakeven. First built in 2009, the model has been in use and has undergone modifications, to suit the changes to both the portfolio structure and pricing strategy mechanism.

### b) Guarantee products of Full/Shared Risk.

The model was developed together with JPWALL using risk rating bands as determinant for the guarantee fees. The Full Risk and Shared Risk products are currently priced according to Internal Risk Rating Model (IRRM) with regard to the risk rating applied individually. The IRRM has since been redeveloped in 2016 under Blaze Scoring System developed with FICO (Fair Isaac Corporation).

In 2016, the Management decided to review the pricing methodology, giving way to a more accurate and robust pricing model through the partnership with JP Wall.

## Current Products Pricing Range

Full Risk	Shared Risk	PG/WG	Direct Financing: Base Lending/Financing Rate
0.8% to 6.0% p.a	0.8% to 4.2% p.a	1.4% to 5.5% p.a	6.9% +(0.2% to 1.7%)

(The current pricing does not consider the operational costing or overheads when they are priced)

In a nutshell, the pricing strategy for CGC shall be guided by the principle of sustainability pursuant to the CGC's developmental role for the MSMEs.



## Business Awards and Accolades

CGC continues to garner recognition from the marketplace for our achievements on several fronts. For the year in review, we received a host of awards and accolades for our commitment to business excellence. These include:

1. ADFIAP Awards 2017 – the Merit Award was accorded for its Portfolio Guarantee (PG) for Micro Enterprises (financial inclusion category) and Best Annual Report (Special Awards Category), respectively.
2. Karlsruhe Sustainable Finance Certificate of Merit 2017 – TPUB-i MRT.
3. ADFIAP's Outstanding CEO of The Year Award 2018.
4. TalentCorp Career Comeback ReIGNITE Award.



## UPHOLDING GOOD ENVIRONMENTAL PRACTICES

CGC is mindful about environmental sustainability. As we undertake our operations, we are at all times committed to protecting the environment through indirect efforts such as undertaking direct activities that promote environmental awareness.

# Sustainability Statement (continued)

## UPHOLDING GOOD SOCIAL PRACTICES

### Labour Practices and Decent Work

CGC's growth in recent years has created a new labour environment that is home to three different generations, a landscape in which it is vital for it to be able to adapt to the changing business realities in the markets where we operate. We offer a customised employee value proposition based on development, transparency and flexibility, which allows us to attract and retain talent, as well as ensure the ongoing growth and development of our employees in order to have team-oriented people capable of adjusting to the ever-changing working environment.

#### i. Development

CGC is committed to the development of its employees, offering them an attractive professional career and aligning their capabilities and skills with the current and future needs of CGC. The growth and development of CGC's business has led to the investment of people with potential, who can contribute to the creation of value. Our objective is to attract talented people and to create opportunities for current employees through mobility and development actions in order to boost the potential of our employees. The HR strategy supports different initiatives to give them visibility and foster their professional development inside the company. The cornerstones of development at CGC are mobility, training and development programmes and workshops.

#### ii. Transparency

At CGC, we strive to attract, integrate and develop our employees who seek to excel in their work in order to position the company as the "the first choice for employees" in the labour market.

#### iii. Flexibility:

As part of our value proposition at CGC, we offer a competitive remuneration package, aligned with the best practices in the market. In addition, we understand the importance of maintaining a work-life balance (WLB). We believe that WLB must be a shared responsibility. We seek to constantly improve our WLB measures and provide the most suitable benefits to employees.

In addition to these three pillars, guaranteeing the health, safety and well-being of our employees is top priority at CGC.

The composition of CGC's workforce is as follows:-

	2017	2016	2015
<b>Gender</b>			
Male	204 (38%)	200 (37%)	204 (38%)
Female	333 (62%)	335 (63%)	335 (62%)
<b>Education</b>			
Degree and Above	433 (81%)	413 (77%)	417 (77%)
Diploma and Certification	58 (11%)	64 (12%)	64 (12%)
Others	46 (8%)	58 (11%)	58 (11%)
<b>Age</b>			
Above 50 years old	39 (7%)	38 (7%)	34 (6%)
Below 50 years old	498 (93%)	497 (93%)	505 (94%)

	2017	2016	2015
<b>Type of Employment</b>			
Permanent	519 (97%)	523 (98%)	528 (98%)
Contractual	18 (3%)	12 (2%)	11 (2%)
<b>Type of Skills</b>			
Technical	Nil	Nil	Nil
Non-Technical	Nil	Nil	Nil
<b>Total Workforce</b>	<b>537 employees</b>	535 employees	539 employees

### Employee Engagement and Recognition

- Given the importance of employee engagement to organisations, CGC continues to engage, motivate and show appreciation to its workforce. For instance, the Annual Dinner event was held in the last quarter of the year 2017; whereby all employees of CGC and the Board of Directors were invited to attend the much awaited event of the year themed 'Colours of Fiesta'. Qualified and deserving employees were honoured with Awards during the annual dinner. Among the awards presented were the Sales Achievers Award for the employees who had achieved their sales target, Service Appreciation Award to those employees who have been serving CGC for more than 10, 20 and 30 years, respectively. For the first time ever, an employee received the '40 year Service Appreciation Award' from CGC.
- Another new engagement activity was also introduced and held in the last quarter of the year 2017 i.e. a 2-day event called CGC Appreciation Day. The aim of this event is to develop a culture of giving, appreciating one another, create an overall conducive work environment and promote greater sense of belonging to CGC. The response was overwhelming whereby 1,700 gifts were distributed to the Head Office and branch staff nationwide.

### Learning and Development

- In reinforcing CGC's goal of becoming High Performing Organisation, 2017 saw a growing shift in its learning culture, creating a more domineering learning growth, providing wider opportunities for internal staff to learn, develop and progress in their careers. Emphasis is given on the impact of training, with the primary focus on High Quality Programme Content and Customisation; as well as, the Post Training Evaluation. CGC's overall Competency gap was bridged by 15% through the second year's achievement of 100% Staff Outreach and Training. This has elevated CGC's overall Competency in 2016, from 80% to 95% with 63 In-house Training Programmes and 93 External Training Programmes organised and successfully executed, averaging to approximately 5.5 training man-days per staff, individual Staff performance had improved by an average of 21% exceeding the Industry best practice target of 15%.
- CGC strive to stay ahead of its peers through constant innovation in continuous process improvement for efficiency. In addition to Kirk Patrick's 4 Level Evaluation, HCD invented a 'Level 1 Interim Evaluation' where programme content deliberated are continuously being closely monitored even during training execution to ensure pertinent subject and issues are being addressed accordingly. Premium Quality in every Training Programme developed and executed is anticipated with high importance.
- Safety, Health and Wellbeing of staff has always been a priority to CGC. Our common straight forward principle is to help staff perform to their full potential. A full line up of trained CPR Officers and First Aiders were strategically placed in each floor at CGC's Head Office; as well as, the branches, in order to ensure that the workplace was a healthy and safe environment.

# Sustainability Statement (continued)



- In achieving the organisational Goals, Human Capital Department continuously support the organisation's business direction and strategic plans. Hence, the progress of 5YSP was reviewed in the 'Senior Management Retreat' which was organised in October 2017. This retreat brought together CGC's 'Think Tank' and the aspiration to achieve the Plan is undoubtedly demonstrated.

## Strategic Talent Management

- Talent Management is a key component in CGC's succession planning process to ensure that CGC is able to fill in the key positions with internal talents that are qualified. It involves process of identifying the potential candidate and providing them with series of development programme.
- It is CGC's aim to be able to harness the right intellectual capital that resides within our diverse workforce so that we can ensure business continuity and the availability of prepared leaders for Management succession.
- Hence, in line with the human capital strategy of building a high and engaged performance organisation by 2020, it is our aspiration that by then, we would have developed a pool of ready talents to fill up the internal vacancies.
- A group of eligible talents who have been nominated based on performance and accomplishments, assessed for leadership potential/functional expertise and development needs to accelerate development and readiness to be in the leadership pipeline.
- In 2017, a minimum of 1:1 bench strength ratio for succession planning has been established of which a group of eligible talents have been nominated and identified based on their performance and accomplishments. The talent assessment was conducted to measure their leadership and functional expertise.





## SOCIETY/COMMUNITY


We remain fully committed to positively impacting the communities in which we operate. From supporting schools and school children, to providing support in cash and kind to charity organisations and physically challenged, to spreading joy during festive celebrations such as Hari Raya Aidilfitri, Chinese New Year, Deepavali, Hari Keamatan, Hari Gawai and Christmas, CGC continues to focus its efforts on nurturing communities and developing a sustainable future for them. Reaching out to needy groups, CGC interacts with school children and local communities, charity organisations and other interest groups to facilitate long-term and constructive resource development.

In 2017, CGC allocated approximately RM400,000 for community development and outreach programmes. This included the rollout of 18 Corporate Responsibility (CR) programmes in collaboration with various charity organisations and NGOs.

A list of the CR activities as mentioned above can be found in the “Corporate Responsibility” section of this Annual Report.

## BUILDING A SUSTAINABLE FUTURE

As CGC ventures forth, we are committed to embedding sustainability into our business strategy and operations and in a greater measure. CGC will focus its efforts on undertaking measures to ensure that our sustainability agenda aligns with its business strategy and that it delivers sustainable performance on the EES fronts. Ultimately, CGC’s ambition is to balance its good economic performance with responsible environmental and social considerations for the long-term so that CGC emerges as one of the role model for other corporations in promoting and executing effective corporate responsibility.

 For more information on Stakeholder Engagement please refer to Strategic Review section on pages 136 to 137.

# ■ CORPORATE RESPONSIBILITY

## STAKEHOLDER ENGAGEMENT ACTIVITIES

### WORKSHOPS AND STUDY VISITS HOSTED BY CGC

1. Visit by then Deputy Finance Minister 1, Dato' Wira Othman Aziz to CGC (12 January)
2. Study Visit by the Japanese Ministry of Economy, Trade and Industry (METI) and Japan Finance Corporation (JFC) (24 January)
3. Study Visit by the Ministry of Industry and Commerce of Lao PDR (22 February)
4. Courtesy Visit by the Secretary of Contractor and the Entrepreneur Development Division, Ministry of Works Malaysia (2 May)
5. Study Visit by the Ministry of Economy and Finance (MEF), Cambodia (25 July)
6. Courtesy Visit by Malaysian Petroleum Resources Corporation (MPRC) and Petroliaam Nasional Berhad (PETRONAS) (29 September)
7. Study Visit by Zimbabwe and S. African Delegates (9-11 October)

### COLLABORATION AND PARTICIPATION ENGAGEMENTS

1. Participated in TM SME BizFest 2017 (14 February)
2. Participated in the Official Launching of the Star Outstanding Business Awards 2017 (27 April)
3. Collaborated with MATRADE to participate in the 121<sup>st</sup> Canton Fair held at Guangzhou, China (30 April)
4. Supported Golden Eagle Awards (GEA) 2017 by Nanyang Siang Pau (23 May and 17 November)
5. Participated in the 21<sup>st</sup> Malaysian Banking Summit (25-26 May)
6. Participated at the NCCIM Economic Forum (8 August)
7. Participated in the GLC ExplorAce (8 August)
8. Participated in SME Corporation Malaysia's "Tunas Usahawan Belia Bumiputera" (TUBE 4.0) – (7 & 20 October)
9. Participated in the Bumipreneurs of Tomorrow (BAHTERA) event by the Ministry of Finance (14-15 October)
10. Participated in the International CEO Forum organised by ADFIM & ADFIAP (25 October)
11. Participated in the PERDASAMA – EXPLOREASEAN Programme (25 October)
12. Participated in the National Integrity Convention 2017 (9 November)
13. Participated in the SME Annual Showcase and Conference – SMIDEX 2017 (16 November)

### 7 JANUARY 2017: CGC COLLABORATED WITH KLSCCI – RETAILING IN A DIGITAL ERA TALK



Moderated by Yeoh Chen Chow (middle), panelists – Tan Thiam Tock (left) and Clarence Leong Chee Yee (right) answering queries from the participants.

CGC collaborated with the Kuala Lumpur and Selangor Chinese Chambers of Commerce and Industry (KLSCCI) in organising yet another successful programme at Bangunan CGC, Kelana Jaya, Selangor. The talk was on 'Retailing in a Digital Era'. About 100 participants and MSMEs, including KLSCCI's members participated in the talk.

The panelists were Tan Thiam Tock, Founder of 'Silkygirl' and Clarence Leong Chee Yee, Founder of 'Easy Parcel'. The event was moderated by Yeoh Chen Chow, co-founder of KFit and Fave (previously known as the 'groupon' application.)

The talk focused on equipping the MSMEs in being more digital technology and enterprise savvy, in line with emerging market requirements.



**13-15 JANUARY 2017:  
KARNIVAL KEWANGAN 2017**



CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak with Governor of Bank Negara Malaysia, Tan Sri Muhammad bin Ibrahim visiting CGC booth at Karnival Kewangan Kuala Lumpur.



CGC's Kota Kinabalu branch together with the then Chief Minister of Sabah, YAB Datuk Musa Haji Aman (8<sup>th</sup> from left), the Governor of Bank Negara Malaysia, Tan Sri Muhammad bin Ibrahim (7<sup>th</sup> from left), and CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak (9<sup>th</sup> from right) at CGC's booth during Karnival Kewangan Sabah at Suria Sabah Shopping Centre.



CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak (right) with Chief Minister of Sarawak, YAB Datuk Patinggi (Dr.) Abang Haji Abdul Rahman Zohari bin Tun Datuk Abang Haji Openg (middle) and Governor of Bank Negara Malaysia, Tan Sri Muhammad bin Ibrahim (left) at Karnival Kewangan Sarawak.



CGC's President and CEO, Datuk Mohd Zamree Mohd Ishak (4<sup>th</sup> from right), Chairman of Industrial and Investment Committee, Domestic Trade, Consumer Affairs and Cooperative and Triangle of Indonesia, Malaysia and Thailand (IMT-GT) Datuk Dr Ku Abdul Rahman Ku Ismail (middle), Governor of Bank Negara Malaysia, Tan Sri Muhammad bin Ibrahim (4<sup>th</sup> from left), with staff from CGC Alor Setar Branch during the Karnival Kewangan Kedah.

CGC participated in the three (3) day "Karnival Kewangan" that was organised by Bank Negara Malaysia (BNM), in Kuala Lumpur, Kota Kinabalu, Kuching, Alor Setar in January, August, November 2017 and January 2018 respectively. Themed "Your Financial Needs Matters", the Karnival aimed to inform and educate the public on financial matters, including available services that could help individuals and businesses, manage their financial affairs more effectively. CGC participated in the carnival as one of the exhibitors.

The 3-day carnival, participated by all the financial institutions and agencies offered a variety of finance-related activities and opportunities. This includes facilities to open a bank account, assistance in loan applications, CCRIS checks, debt management advice (by AKPK and the Small Debt Resolution Scheme), platforms that allow consumers to seek redress solutions, opportunities for innovative MSMEs to submit business proposals as well as group lecture sessions. CGC showcased its products and services including those offered by its subsidiary, Credit Bureau Malaysia Sdn Bhd.

# Corporate Responsibility (continued)

## 30 MARCH 2017: CGC CO-HOSTED A POCKET TALK WITH SME CORPORATION MALAYSIA, NEGERI SEMBILAN



The CGC's Seremban branch co-organised a pocket talk session with SME Corp Malaysia on the vital steps that the MSMEs would need to undertake in order to secure an MSME loan. The seminar was held at SME Corp Malaysia's Negeri Sembilan office. A total of 19 MSMEs attended the Pocket Talk.

The Pocket Talk was also graced by SME Corp Malaysia's (Negeri Sembilan) Director, Faiz Ramzi and the Secretary of PERDASAMA, Mohd Edi Rizal Ramli.

## 11 APRIL 2017: KONVENSYEN USAHANITA BINAAN (KUBINA) 2017



The 'Konvensyen Usahanita Binaan' (KUBINA), organised by the Ministry of Works, serves as a platform to gather women professionals and women entrepreneurs under one roof for better business networking. It aims to create an intellectually and proactively interactive environment, which would then open up the potential of existing businesses and enterprises via new opportunities; as well as, become a hub for the exploration and exchange of knowledge and expertise among the entrepreneurs. CGC participated in the event as one of the panel speakers.

## 23 MARCH 2017: CGC HOSTED AN OPEN DAY AND BUSINESS MATCHING SEMINAR FOR THE MSMEs WITH MYDIN



CGC hosted a talk by Norman Rajen Abdullah, General Manager of Import and Export of Mydin Malaysia and a business matching session at Bangunan CGC. Aimed at encouraging the MSMEs to improve their product marketability and business expansion on a larger scale, the session saw the participation of more than 30 MSMEs who are from the manufacturing sector.

**13 APRIL 2017:**

### **CGC WORKSHOP SERIES: GAINING MARKET ACCESS WORKSHOP**



Ustaz Muhamad Elyas Harun, a professional Halal Industry Trainer, Consultant and subject matter expert sharing his knowledge with the participants on the mechanism of Halal Certification.

In collaboration with Steinbeis Malaysia Foundation, CGC organised a one (1) day workshop on how both parties could collaboratively lend a helping hand in assisting the MSMEs to gain market access in promoting their products and/or services to the public.

The 'Gaining Market Access' workshop is one of the numerous initiatives under the CGC Developmental Programme, specifically designed for potential MSMEs to penetrate the hypermarkets. The one (1) day workshop which was held in Kuantan, Pahang saw the participation of more than 50 MSMEs. Aside from Kuantan, CGC also organised similar workshops at Melaka in July, Ipoh in August, Kota Kinabalu in November 2017, and Kuching in March 2018.

**22 APRIL 2017:**

### **CGC HOSTED TALK ON "SHARING ECONOMY"**



Nadhir Ashafiq sharing his success story with the participants.

CGC partnered with the Kuala Lumpur and Selangor Chinese Chamber of Commerce and Industry (KLSCCI) to organise a talk to equip MSMEs with the revolving nature of the nation's economic status, trends and what to expect in the year in April. The talk was held at the Bangunan CGC, Kelana Jaya, Selangor which saw the participation of MSMEs and budding entrepreneurs.

The guest speakers were Wan Khye Theng, the Operations Manager for both GrabCar & GrabTaxi of the famous application – Grab Malaysia; as well as, Nadhir Ashafiq, the co-founder and Executive Director of 'The Lorry' – an on demand logistics platform that caters towards connecting their customers with their vehicle choices, ranging from lorries to that of vans and 4x4 drivers.

CGC also organised Digital Marketing workshops such as "Co-Working Space" which was held in July and the "Go Digital Talk" in November 2017.

**1-5 MAY 2017:**

### **CGC BROUGHT ITS CUSTOMERS TO THE 121<sup>ST</sup> CANTON FAIR**



CGC participated in the 121<sup>st</sup> Canton Fair held in Guangzhou, China and enabled (2) of its promising customers to participate at the trade fair. The MSMEs showcased their products during the fair and received positive feedback from the locals there. The Canton Fair is also a great platform for the MSMEs to establish better networking with the businessmen from China and also other emerging economies.



# Corporate Responsibility (continued)

## 25 MAY 2017: CGC ORGANISED 'OPTIMISING BUSINESS COST' WORKSHOP FOR MSMEs



CGC's Vice President of Strategic Alliances, Advisory and Branding, Jenny Hoh Chiew Moi, delivering the opening speech at the workshop.



CGC, in collaboration with Steinbeis Malaysia Foundation; an initiative of Agensi Inovasi Malaysia (AIM), organised a half day knowledge sharing workshop on 'Optimising Business Cost' for MSMEs in Penang.

The 'Optimising Business Cost' is another initiative under CGC Developmental Programme, which is aimed at assisting and equipping the MSMEs on valuable insights as to how one could effectively reduce the costs incurred during their operation undertakings, ideas; as well as, techniques that would further enable them in optimising the business model that was invested in, to its maximum capacity.

The workshop comprised of three (3) major topics – Optimising Business using Cloud Accounting, Efficient Management for MSMEs and lastly, how a good payment record went a long way in saving one's business expenditure. The workshop saw the participation of more than 100 MSMEs, from various fields of businesses and startups.

Aside from Penang, this workshop was also organised at Bangunan CGC in Kelana Jaya, Kuala Terengganu and Johor Bahru.

**27 MAY:  
CGC ORGANISED COFFEE TALK WITH PERAK  
CHINESE CHAMBER OF COMMERCE AND  
INDUSTRY (PCCCI)**



CGC Ipoh's Branch Head, Punitha Jeyabalan conducting the briefing session.



Chin Poi Mei conducting the briefing.

CGC'S Ipoh branch organised a Coffee Talk session with the Perak Chinese Chamber of Commerce and Industry (PCCCI) in May, to educate the MSMEs on CGC's Guarantee and Financing facilities; as well as, the advisory services that are being offered.

The event was held at the Pa Khuan Hall, Perak Chinese Chamber of Commerce and Industry (PCCCI) and was attended by approximately 50 members from both PCCCI and their customers.

Following its success, another installment of the coffee talk session was held in Taiping in the month of August. The event took place at the Multipurpose hall of PCCCI's North branch and was attended by 100 entrepreneurs and MSMEs.

**30 MAY 2017:  
CGC COLLABORATED WITH MAYBANK FOR THE  
"FREE PLUG FRIDAY" BROADCAST SESSIONS  
WITH LITE FM AND SINAR FM**



Lite.FM Deejay, Steve, interviewing CGC Chief Business Officer, Leong Weng Choong and Maybank Head of SME Banking, Adnan Mohd Sharif, at the Astro Radio station.



Group photo with both teams from Maybank and CGC with the radio announcer from Sinar FM, Adi Fashla (seated).

CGC's Chief Business Officer, Leong Weng Choong and Maybank's Head of SME Banking, Adnan Mohd Sharif were interviewed on their latest joint venture by three of the nation's popular radio stations – Lite FM, Sinar FM and Melody FM under the 'Free Plug Friday' Programme.

The 'Free Plug Friday' programme was a campaign that ran from May – July 2017 and is another joint initiative by both CGC and Maybank in further enhance their MSME outreach.

# Corporate Responsibility (continued)

## 13 AUGUST 2017: CGC COLLABORATED WITH CHINESE CHAMBER OF COMMERCE TAWAU IN ORGANISING AN ENTREPRENEUR WORKSHOP



CGC's Sandakan branch, took the opportunity in organising a half-day knowledge sharing session for the benefit of the Chinese Chamber of Commerce Tawau members; as well as, the public.

The workshop was held at the LA Hotel, Tawau and had the participation of 90 MSMEs and entrepreneurs from various business sectors that were rather prominent in the city.

As a part of the workshop, these aspiring MSMEs and entrepreneurs were briefed on the role of CGC, the products and advisory services offered as well as, the requisites and documentation process in applying for a loan with CGC.

## 13 AUGUST 2017: CGC PARTICIPATED IN THE PAN BORNEO HIGHWAY SARAWAK PROJECT



From left: SJPP's Principle Officer, Dr Nungsari Ahmad Radhi; CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak; TERAJU's CEO, Datuk Husni Salleh; the then Minister of Works, Dato' Sri Haji Fadillah Haji Yusof; Sarawak's then Assistant Minister for E-Commerce, Entrepreneur and Small and Medium Enterprise Development, Datuk Mohd Naroden Haji Majais; SME Bank Malaysia Berhad's COO, Datuk Kamaluddin Ismail and RHB Islamic Bank Berhad's MD/CEO, Datuk Adissadikin Ali.

CGC entered into a Memorandum of Understanding (MoU) with four (4) other institutions: RHB Islamic Bank Berhad, SME Bank Malaysia Berhad, Syarikat Jaminan Pembiayaan Perniagaan (SJPP) and Unit Peneraju Bumiputera (TERAJU), to provide financial guarantee for eligible sub-contractors for the Pan Borneo Highway Sarawak Project.

The provision of financial guarantee would be via CGC's BizJamin/BizJamin-i product(s). The signing of the MoU is in line with CGC's business direction i.e of forming strategic partnerships with financial institutions, organisations and government institutions; to assist potentially viable and promising MSMEs, in obtaining the financing required in order for them to sustain and grow their businesses.



**22 AUGUST 2017:**  
**CGC ALOR SETAR ORGANISED A BRIEFING SESSION FOR THE BUMIPUTERA CONTRACTORS**



CGC's Alor Setar branch collaborated with the Biro Kontraktor, Dewan Muda Dewan Perniagaan Melayu Malaysia Kedah, in organising a talk for its members and potential customers.

The session was attended by G1-G4 Bumiputera contractors, as well as supply contractors, who were mainly members from the said organisation.

**23 AUGUST 2017:**  
**CGC LAUNCHED ITS INTERACTIVE KIOSK AT THE CGC-GLENMARIE LRT STATION**



CGC's Interactive kiosk.

An interactive Kiosk was installed at the Concourse level of CGC-Glenmarie LRT Station, as a part of its initiatives to improve brand awareness, outreach and value add to the commuters, MSMEs and general customers. The interactive kiosk displays CGC's products and services, successful customer products, free wifi, and interactive quiz whereby visitors stand a chance to win prizes. It comes in four languages including: Malay, Mandarin, Tamil and English.

# Corporate Responsibility (continued)

## 8 SEPTEMBER 2017: CGC COLLABORATED WITH PERDASAMA WANITA NASIONAL IN CO-HOSTING THE PIONEER WOMEN PROGRAMME



From left: CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak presenting the token of appreciation to the Director of the Women's Development Department, Datuk Yatimah Sarjiman (2<sup>nd</sup> from right). Looking on are the Chairman of PERDASAMA Wanita, Datin Junaidah Mohamed (2<sup>nd</sup> from left), the late Executive Chairman of Securiforce Group, Datuk Wira Dr. Maznah Hamid (middle) and the President of PERDASAMA, Dato' Moehamad Izat Emir (right).

CGC collaborated with Persatuan Pedagang dan Pengusaha Melayu Malaysia Wanita (PERDASAMA Wanita) in hosting an entirely women-based entrepreneur programme talk series that kick started at Bangunan CGC in Kelana Jaya, Selangor on September 2017.

The event themed "Program Pemerkasaan Ekonomi Wanita: Pengawalseliaan dan e-Dagang" was officiated by the Director of Women Development Department, Datuk Yatimah Sarjiman and saw the participation of more than 200 MSMEs.

## 12-15 SEPTEMBER 2017: CGC PARTICIPATED IN THE 14<sup>TH</sup> CHINA-ASEAN EXPO (CAEXPO)



CGC's Assistant Vice President of Branch Sales Management, Sharifah Attashah Syed Ali sharing about CGC and how it has been assisting MSMEs in Malaysia.

In collaboration with the Malaysian External Trade and Development Corporation (MATRADE), CGC participated in the 14<sup>th</sup> China-ASEAN Expo (CAEXPO) that was held at Nanning, China and brought eight (8) promising MSMEs to participate as exhibitors at the trade exposition.

The responses received by the MSMEs were very encouraging, as they not only managed to sell their products to the locals; but also, were given the golden opportunity to interact, mingle and promote their various products to the expo visitors, on an international scale.

## 25 OCTOBER 2017: CGC HELD A HALF DAY WORKSHOP FOR THE PARTICIPANTS OF SABAH ECONOMIC DEVELOPMENT AND INVESTMENT AUTHORITY (SEDIA) INCUBATOR PROGRAMME



CGC's Kota Kinabalu branch organised a half day workshop for the MSMEs and for the dual Sabah Economic Development and Investment Authority (SEDIA) programmes – the "Program Dana Pembangunan IKS dan Start-up Bumiputera Sabah" and that of "Program Inkubator" via collaborating with TERAJU, SME Corporation Malaysia and SEDIA.

The workshop saw the participation of approximately 100 MSMEs, Agro Bank representatives and CKS Supermarket, one of Sabah's top advocate of local MSME products.

**19-22 OCTOBER 2017:  
CGC PARTICIPATED IN THE 'KARNIVAL  
USAHAWAN DESA' (KUD)**



CGC participated in the Karnival Usahawan Desa (KUD) 2017, which was organised by the Ministry of Rural and Regional Development and was held at the Putra World Trade Centre (PWTC), Kuala Lumpur.

The carnival is a biennial initiative that is implemented, to develop the MSMEs in rural areas via the exposure on the available products and services that are specially tailored for them.

The carnival saw the participation of 1,000 MSMEs and 721 exhibitors, which comprised of 680 entrepreneurs, 30 private companies, government agencies and Ministry of Rural and Regional Development.

**1 NOVEMBER 2017:  
CGC PARTNERED WITH AMBANK FOR A BIZRACE  
AND BIZCONFERENCE**



From left: AmMetLife Insurance Bhd's CEO, Ramzi Toubassy; AmBank Group's CEO, Dato' Sulaiman Mohd Tahir; CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak; AmBank Group's Chairman, Tan Sri Azman Hashim; AmBank's Managing Director of Business Banking, Christopher Yap; Digi's Head of Enterprise Business Marketing, Ignatius Lee Wai Keen and K-Pintar's CEO, RA.Thiagaraja.

The AmBank BizRACE is an entrepreneurship challenge aimed at providing MSMEs with access to valuable knowledge sharing sessions and development training that covers the area of leadership development, improvements in business model as well as system and structure, and culture transformation. CGC participated in the BizRace by being one of the sponsors as well as the panel judge for a series of pitching sessions alongside with other company CEOs.

**21 NOVEMBER 2017:  
CGC ORGANISED A BRIEFING SESSION WITH THE BUSINESS OWNERS CLUB PENANG**



CGC's Penang branch organised a workshop with the members of the Business Owners Club (BOC) Penang in the month of November.

The targeted participants consisted of retail and wholesale traders, contractors and manufacturers. The half day workshop which was conducted at Safira Club House saw the participation of 30 business owners.



# Corporate Responsibility (continued)

## 4-5 APRIL 2018: CGC SME CARNIVAL



CGC customers selling their products at the CGC-Glenmarie LRT Station.



CGC customer products that was showcased during the SME Carnival 2018.

## 6 APRIL 2018: STANDARD CHARTERED MALAYSIA AND CGC INKED PORTFOLIO GUARANTEE (PG) AGREEMENT



Left to right: CGC's Chief Business Officer, Leong Weng Choong; CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak; Managing Director/CEO of Standard Chartered Bank Malaysia Berhad, Abrar A. Anwar; and Head of Retail Banking Standard Chartered Bank Malaysia Berhad, Aaron Loo.

Standard Chartered Bank Malaysia Berhad and Credit Guarantee Corporation Malaysia Berhad (CGC) signed a Portfolio Guarantee (PG) Agreement to provide financial assistance to small and medium enterprises (SMEs), on 6 April 2018. This is the ninth tranche signed between the Bank and CGC with a facility of RM75 million in working capital and asset acquisition to MSMEs. Both CGC and Standard Chartered have supported about 3056 MSMEs in various sectors through their collaboration spanning a decade. Since their first agreement in 2009, both parties have availed close to RM1.4 billion of financing to the eligible MSMEs. The agreement was signed by Standard Chartered Bank Malaysia Berhad's Country Head of Retail Banking Aaron Loo and CGC's Chief Business Officer Leong Weng Choong, witnessed by Standard Chartered Bank Malaysia Berhad's Managing Director/CEO, Abrar A. Anwar and CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak.

CGC organised the SME Carnival, an initiative under its Development Programme, to provide a platform for its customers to promote their products and services. Five of its customers namely Fana Ventures, Warisan Uraz, Ummya Berkat, Asia Green Produce and Emraz Travel and Tours participated in these two-days carnival held at the CGC-Glenmarie LRT station at Jalan Lapangan Terbang Subang, Selangor from 4-5 April 2018. The SME Carnival received overwhelming response from the commuters and general public with more than RM8,000 sales achieved by the exhibitors who had displayed their products and services ranging from ready-to-cook food, beverages and Umrah travel packages.

## BRAND AWARENESS AND MEDIA ENGAGEMENT

### MEDIA ENGAGEMENT

CGC's presence in the media has strengthened in 2017 with a significant number of media coverage secured on its collaborations with the local financial institutions, signing of Memorandum of Understanding/agreement and Corporate Responsibility (CR) initiatives, among others.

Besides, several exclusive interviews were also arranged for our President/Chief Executive Officer and the Senior Management, with major newspapers and leading radio and TV Stations.

On top of that, a number of press statements were issued, in line with the current development and happenings at CGC.

CGC also increased its efforts and initiatives to foster closer ties with the media through networking activities such as media luncheons and engagement in the said year.





# Corporate Responsibility (continued)

## ADVERTISING CAMPAIGN

As in the previous years, CGC continued its efforts to improve and promote CGC as a household name for the MSMEs through various advertising campaigns in 2017. The campaigns covered both corporate and product advertising that were carried out in the mainstream media of all mediums including print, radio, online and also social media. To reach out to all MSME segments in the country, the advertising campaigns were conducted in major languages – Bahasa Malaysia, Mandarin, Tamil and English.

In addition to the advertising campaigns, CGC has also sponsored SME Corp's initiated 'Chor & Chah' YouTube drama series (Season 2) to make a stronger presence in the social media. As part of the sponsorship, one of the episodes, which was aired in December 2017, was fully dedicated to CGC. It featured CGC's role in helping the lead character, a businessman, who was advised to seek CGC's financing assistance to expand his business overseas.

CGC also ventured with outdoor advertising, putting up billboard advertisements at 13 strategic locations nationwide including Sabah and Sarawak.



**CGC**

**HEARTIEST CONGRATULATIONS**

**22nd CGC SME AWARDS 2016**

The CGC SME Awards 2016 recognises the significant role played by financial institutions (Fis) in promoting the growth and development of SMEs in Malaysia. CGC congratulates all award recipients for their unwavering support and contributions.

AWARD CATEGORY	AWARD RECIPIENTS
Best Financial Partner	Malayan Banking Berhad
Top FI Partners (Overall Category)	CIMB Bank Berhad Malayan Banking Berhad Maybank Islamic Berhad Standard Chartered Bank (M) Berhad
Top Bumiputera FI Partner	Maybank Islamic Berhad
Top FI Partner (Islamic Bank Category)	Maybank Islamic Berhad

Our heartfelt gratitude and appreciation to  
**YB DATUK SERI JOHARI BIN ABDUL GHANI, MINISTER OF FINANCE II**  
for gracing the 22nd CGC SME Awards 2016 and New CGC Logo Launch Ceremony on Monday, 22 May 2017

**POWERING MALAYSIAN SMEs**      +603-7880 0088      CGCmy

Credit Guarantee Corporation Malaysia Berhad (112421-B)  
Bertanggungjawabkan Risiko Syarikat-Syarikat Kecil dan Sederhana (CGC) Sdn Bhd (112421-A) 47900 Puchong Jaya Selangor Darul Ehsan

[www.cgc.com.my](http://www.cgc.com.my)

NEW STRAITS TIMES - 33cm x 7cols (26,1cm)  
INSERTION DATE: 17/06/2017





## BRAND POSITIONING

CGC has resolved to reposition itself to become more proactive and relevant to the MSMEs. The key highlight would be the unveiling of CGC's new corporate logo by then Minister of Finance II, Datuk Seri Johari Abdul Ghani during the CGC SME Awards 2016 which was held on 22 May 2017.

### LAUNCH OF NEW CORPORATE LOGO



# Corporate Responsibility (continued)

## BRAND POSITIONING

To make a stronger brand presence in the Klang Valley especially amongst the commuters of public transportation such as LRT and MRT, CGC made a successful bid for the Glenmarie LRT station naming rights. The CGC-Glenmarie LRT station provided CGC with a great platform to reach out to about 270,000 commuters utilising the LRT services daily.

The CGC-Glenmarie LRT station was officially launched by the then Deputy Minister of Finance II, Dato' Lee Chee Leong.

### CGC-GLENMARIE LRT STATION NAMING RIGHTS



## EVENT SPONSORSHIP

CGC also ventured into sponsoring of major events and programmes to create awareness and brand presence amongst a wide cross section of stakeholders nationwide. In 2017, CGC had sponsored seven events as follows:



### SMIDEX 2017 BY SME CORP

An annual showcase and conference held from 15-17 November 2017 at the Malaysian International Trade and Exhibition Centre (MITEC). It provided an opportunity to CGC to collaborate with SME Corp in complementing Government's efforts in developing MSMEs in Malaysia. About 10,000 visitors attended SMIDEX 2017 which served as a platform for MSMEs, GLCs, large-scale industries and MNCs to showcase their products, services and technology to the market. It was also open to the public, especially budding entrepreneurs. This Showcase & Conference was held back-to-back with the Enterprise 50 (E50) Award programme which encapsulated the essence of a complete cycle of MSME development.



### NCCIM ECONOMIC FORUM

This inaugural event was organised by National Chamber of Commerce and Industry of Malaysia (NCCIM), a federation of five (5) national trade organisations; namely the Malay Chamber of Commerce Malaysia (Dewan Perniagaan Melayu Malaysia), The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCIM), Malaysian Associated Indian Chambers of Commerce and Industry (MAICCI), Malaysian International Chamber of Commerce and Industry (MICCI); and the Federation of Malaysian Manufacturers (FMM).

The Economic Forum officiated by the then Prime Minister of Malaysia, was attended by about 700 participants from various businesses, MSMEs and budding young entrepreneurs from throughout Malaysia attended this forum.

# Corporate Responsibility (continued)

## EVENT SPONSORSHIP (CON'T)



### 21<sup>ST</sup> MALAYSIAN BANKING SUMMIT BY ASLI

This annual high-level conference was organised by Asian Strategy & Leadership Institute (ASLI) that serves as a platform for participants, mainly bankers, to discuss and evaluate key challenges, trends and opportunities in the banking and finance industry. The Summit provides useful insights into the thinking of the key players of the banking industry, as well as provide a timely platform for exchange of ideas, industry updates and knowledge for banking and finance professionals. The theme for this year's Summit was 'Disruptive Technology Shaping the Future of Banking' as held at Shangri-La Hotel, Kuala Lumpur. It was officiated by the then Minister of Finance II Datuk Seri Johari Abdul Ghani and with the State of the Industry Address by Governor of Bank Negara Malaysia, Tan Sri Muhammad bin Ibrahim.



### 3<sup>RD</sup> ANNUAL SYMPOSIUM ON ISLAMIC FINANCE BY INCEIF

The World Bank, Islamic Research and Training Institute (IRTI) and Guidance Financial Group in collaboration with INCEIF, the Global University for Islamic Finance organised the symposium, bringing together a wide range of stakeholders from the industry, academia, regulatory and supervisory areas to engage in stimulating research.

As most of the attendees were related to Islamic financing, the symposium was a good platform for CGC to promote and increase awareness of CGC's role in MSME development and also to build good rapport with experts of the Islamic banking industry. The symposium held at Sasana Kijang, Bank Negara Malaysia was officiated by then Minister of Finance II, Datuk Seri Johari Abdul Ghani.





### ADFIM INTERNATIONAL CEO FORUM

ADFIM in collaboration with ADFIAP and ADFIMI organised the International CEO Forum 2017 with the theme 'Sustaining Economic Growth with Social Consciences – Modalities of the New Era'.

The International CEO Forum is the initiative of ADFIM which started in 2003 and is now gaining recognition and participation amongst association from foreign countries, who take turns to host it every year.

The Forum was a good platform for CGC to promote and increase awareness of CGC's role in MSME development amongst the Malaysian and foreign delegates. It is also an effective platform to build good rapport with leaders and experts of the banking industry to expand reach and business opportunities.

The Forum held at the InterContinental Hotel, Kuala Lumpur was officiated by the then Minister of Finance II, Datuk Seri Johari Abdul Ghani.



### STAR OUTSTANDING BUSINESS AWARD 2017 (SOBA 2017)

Now in its 8<sup>th</sup> year running, SOBA recognises up and coming enterprises and their contributions to the Malaysian economy. It is also to inspire and encourage local businesses to promote Malaysia and showcase its products and services to the world. SOBA awards are presented to local enterprises for excelling in their respective industries.

CGC had sponsored SOBA for three years in a row (2015 until 2017) as SOBA presents a good platform for CGC to demonstrate its continued support for the growth and development of MSMEs. In addition, CGC's association with The Star, the leading English language daily enhances its image and brand name further amongst the MSME fraternity.

The awards dinner held at Connexion @ Nexus, Bangsar South City, Kuala Lumpur on 16 January 2017 was officiated by the then Minister of International Trade and Industry II, Dato' Seri Ong Ka Chuan.



### GOLDEN EAGLE AWARDS 2017 (GEA 2017) BY NANYANG SIANG PAU

The GEA honours the best of MSMEs in Malaysia. It also aims to provide an effective platform to benchmark successful MSMEs and to encourage more MSMEs to strive for excellence in today's ever-changing, competitive and globalised marketplace.

The year 2017 marked the 16<sup>th</sup> year of The Golden Eagle Award (formerly known as The Golden Bull Award) and CGC's 2<sup>nd</sup> year of sponsorship, an initiative aimed at making a big presence among the Chinese MSMEs and business community.

The awards dinner held at Genting International Convention Centre (GICC) was officiated by the then Minister of Finance II, Datuk Seri Johari Abdul Ghani.

# Corporate Responsibility (continued)

## CORPORATE RESPONSIBILITY

### MAY 2017: CR IN CONJUNCTION WITH PESTA KAAMATAN



CGC organised a contribution and charity dinner session with the residents from Sabah Cheshire Home, as part of its Corporate Responsibility (CR) initiative in conjunction with the Pesta Kaamatan.

A dinner was hosted at the Hilton Hotel, Kota Kinabalu and saw the participation of 60 children and caretakers from the Home.

CGC contributed RM10,000 to the Home which was presented by CGC's Chief Operations Officer, Nazleena Nordin to the State Manager of Sabah Cheshire Home, Jenifer Liew.

### JUNE 2017: GAWAI HARVEST FESTIVAL CR PROGRAMME WITH SK ST. JOHN, BAU, SARAWAK



CGC's Chief Business Officer, Leong Weng Choong encouraging the pre-school students during the colouring contest activity.

CGC celebrated the Gawai Harvest Festival with 59 pre-school students of SK ST. John, Bau, Sarawak with hope of sharing the festive joy and cheers on this auspicious day.

SK ST. John is currently home to over 300 students, comprising of standard one (1) to six (6) students, mostly of Bidayuh descent.

CGC contributed RM10,000 to enable the school in upgrading the facilities at the pre-school and providing a conducive learning environment for the students. CGC's Chief Business Officer, Leong Weng Choong presented the cash contribution to the headmaster of SK ST. John, Litercelon Kaon Anak Juin.



The contribution was presented by Leong Weng Choong to Litercelon Kaon Anak Juin and looked on by CGC's Kuching Branch Manager, Stellarose AK Nelson and the school children.



**JUNE 2017:  
RAMADHAN SHOPPING SPREE AND 'MAJLIS  
BERBUKA PUASA'**



CGC Board Member, Datuk David Chua, presenting 'duit raya' to the residents of Asrama Damai Kuang at the 'Majlis Berbuka Puasa' at TH Hotel Kelana Jaya, Selangor.



CGC's staff with the residents of Asrama Damai Kuang after the Raya shopping spree at Mydin Hypermarket in USJ, Subang Jaya, Selangor.

In conjunction with Ramadhan; CGC hosted a Ramadhan shopping spree and 'Majlis Berbuka Puasa' with the orphans and single mothers from Asrama Anak-anak Yatim Damai, Kuang or better known as *Asrama Damai Kuang*.

The Ramadhan shopping spree was held at Mydin Hypermarket in USJ, Subang Jaya, followed by 'Majlis Berbuka Puasa' at TH Hotel Kelana Jaya, Selangor.

CGC also contributed RM5,000.0 in financial support to Asrama Damai Kuang; as well as, the presentation of 'duit raya' and door gifts to the orphans and single mothers.

CGC also provided 'duit raya' for the children of CGC's staff, as a way of spreading its care and appreciation to its employees on this auspicious month of Ramadhan.

**AUGUST 2017:  
COLLABORATIVE 'CYCLETHON' CR INITIATIVE  
WITH OCBC AL-AMIN WITH THE RESIDENTS OF  
SEKOLAH KEBANGSAAN PENDIDIKAN KHAS  
SELANGOR**



CGC partnered with OCBC Al-Amin Bank Berhad, to organise a cycling fiesta; as one of its Corporate Responsibility (CR) programme for Sekolah Kebangsaan Pendidikan Khas Selangor on 19 August 2017.

About 81 students accompanied by their parents and teachers, participated in the cycling session. Prior to that, 20 new bicycles and helmets were presented to the school's Cycling Club, to encourage the students in leading a healthy lifestyle, socially; through cycling, courtesy of CGC and OCBC Al-Amin.

Both CGC and OCBC Al-Amin also donated RM10,000.0 each to the school to cope with their high operational costs. The cheque was presented to the headmaster of SK Pendidikan Khas Selangor, Mohd Asari B. Hj Omar by CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak and OCBC Al-Amin's Director/CEO, Syed Abdull Jailani Syed Kechik.

# Corporate Responsibility (continued)

## SEPTEMBER 2017: 'RELAY FOR LIFE' BY THE NATIONAL CANCER SOCIETY OF MALAYSIA (NCSM)



CGC participated in the 'Relay for Life' charity event that was organised by NCSM on 9 September 2017.

A team of 10 CGC volunteers including the Senior Vice President, Strategic Planning, Mohd Reza Mohd Hatta, participated in this overnight event that brings communities together to celebrate the lives of cancer survivors, and raise funds to help NCSM in the fight against cancer.

CGC contributed RM10,000.0 to NCSM which was presented by Mohd Reza to the Chairperson of the Relay For Life event, Dato' Zuraidah Atan.

## OCTOBER 2017: BLOOD DONATION DRIVE



In collaboration with the National Blood Centre, CGC organised a blood donation drive at its headquarters in Kelana Jaya, Selangor on 2 October 2017.

The blood donation drive, an annual CR activity, received the support of 43 staff including the senior management who came forward to donate blood.

**OCTOBER 2017:  
DEEPAVALI SHOPPING SPREE AND DINNER**



CGC Management Team and the residents of Pusat Jagaan Sai Annai Illam, Pandamaran, Klang at Premiere Hotel, Klang.

CGC brought Deepavali joy to 32 residents from Pusat Jagaan Sai Annai Illam, Pandamaran Klang, by treating them to a shopping spree, sumptuous dinner and cash contribution.

A total of 29 children, two (2) caretakers; as well as, a single mother were all given RM250 each, to buy their festive needs at the AEON Bukit Tinggi Shopping Centre.

The children and the caretakers also received 'pocket money' of RM50.0 and RM100.0 each, respectively. CGC also gave cash contribution of RM5,000.0 to the orphanage, to ease their operational costs.

**DECEMBER 2017:  
– BACK-TO-SCHOOL CR PROGRAMME FOR ORANG  
ASLI CHILDREN AT SEKOLAH KEBANGSAAN  
SUNGAI DUA, BENTONG, PAHANG**



The students of SK Sungai Dua with their bags each filled with school uniforms, shoes and stationeries.

CGC organised its annual 'Back-to-School CR Programme' for 134 Orang Asli students from Sekolah Kebangsaan Sungai Dua, Bentong, Pahang. This CR initiative is aimed at easing the financial constraints faced by the Orang Asli families, in preparation for the 2018 school term.

CGC contributed school supplies such as new bags, shoes, school uniforms, stationeries and pencil cases, to the primary school students of SK Sg Dua, Bentong, Pahang. The programme is also to create an interest, awareness; as well as, highlight the importance of education amongst the Orang Asli children.

The students were then treated to fun-filled and interactive activities during the programme. The 'Back-to-School CR Programme' was supported by the Department of Education, Pahang and was attended by representatives from the Orang Asli Development Department of Bentong and Bentong District and Land Office.



# Corporate Responsibility (continued)

## DECEMBER 2017: CHRISTMAS CR PROGRAMME



In conjunction with Christmas celebration, CGC organised a fun-filled visit to Pusat Kasih Sayang YWCA, Klang which houses 21 intellectually impaired women.

A team of CGC volunteers decorated the home with colourful Christmas decorations. The residents were also given Christmas gifts and treated with a luncheon followed by games and musical activities. CGC also contributed some basic necessities such as household items and groceries, besides RM6,000.0 cash contributions to Pusat Kasih Sayang YWCA in support of their noteworthy cause.

## JANUARY 2018: CGC OFFERED FINANCIAL ASSISTANCE TO SINGLE INDIAN MOTHERS BUSINESS (SIMBIZ) PROJECT



CGC's Senior Vice President of Strategic Planning, Mohd Reza Mohd Hatta congratulating the 3<sup>rd</sup> batch of SIMBiz Programme graduates in January 2018.

The Single Indian Mothers Business (SIMBiz) project, initiated by Persatuan i-Alumni UKM, an association of Indian graduates from University Kebangsaan Malaysia, is aimed at empowering single mothers via skills training that would enable them to start their own small businesses and transform their lives. The programme is targeted at women from segments of society who come from dysfunctional homes, deprived of education and are economically challenged.

Under this programme, the single Indian mothers and women aged between 30 – 50 years and with only primary and lower secondary education, would attend eight (8) months of basic and intermediate tailoring skills training every Saturday at MySkills Foundation Hall, Port Klang, Selangor. CGC was one of the sponsors of this SIMBiz Project which has to date produced 42 new women entrepreneurs.

**MARCH 2018:  
CHINESE NEW YEAR CR PROGRAMME**



In conjunction with the Chinese New Year festival, CGC organised a festive treat for 50 children and caretakers of Rumah Charis (Home for the Children) in Kuala Lumpur on 2 March 2018.

The charity event brought joy and smiles to the children, as they were all presented with 'ang pao', goodie bags; as well as, treated with dinner at their residence. CGC also contributed RM5,000 to Rumah Charis, in support of their noteworthy cause. The cheque was presented by CGC's Chief Credit Officer, Zarina Osman to the Founder of Rumah Charis, Reverend Teo How Ken, witnessed by CGC's General Counsel and Company Secretary, Daeng Hafez Arafat Zuhud and Vice President of Finance, Norazlina Puasa.

They were also treated with the popular Yee Sang dish, where both residents and CGC staff joined in the tossing of the ingredients high in the air with joyful exclamations of "Loh Hey" ("toss high").



**171** Success Stories  
**173** 2017 Achievements and Accomplishments  
**176** Awards & Recognitions  
**178** Corporate Events  
**184** CGC In The News

# OUR ACHIEVEMENTS



“CGC Developmental Programme aims to build MSMEs’ capacity to achieve long term growth and sustainability.”



Launched in May 2016, CGC Developmental Programme has assisted a total of 1,141 MSMEs via its various initiatives in 2017. Through its Market Access Initiative, CGC assists MSMEs in gaining access to both local and international markets, by collaborating with strategic partners to prepare, guide and link the MSMEs to access major local distribution channels and overseas markets (export).

Various workshops are also organised through its Mentoring Programme Initiative, throughout Malaysia; whereby, CGC collaborates with strategic partners with expertise in relevant fields, to share their experiences and know-how on topics

such as “Digital Marketing”, “Gaining Market Access” and “Optimising Business Cost”, of which the MSMEs can learn to develop and uplift their businesses to the next level.

CGC Developmental Programme also encompasses the Cross Border Initiative; whereby, CGC aims to assist Malaysian MSMEs in expanding and establishing their businesses in foreign countries, through close collaboration with fellow members of the Asian Credit Supplementation Institution Confederation (ACSIC). CGC has engaged most of its counterparts through discussions at various fora and is optimistic of bringing the initiative to the next stage.

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017



“CGC Developmental Programme creates a unique proposition for CGC in Powering Malaysian MSMEs.”

# Success Stories (continued)

## MENTORING PROGRAMME INITIATIVE:

Knowledge-sharing by subject matter experts to further develop SMEs' business capability.

Name of Programmes	Date	*Location	Collaboration Partners	No. of SMEs Participated		
Digital Marketing	7 January	Klang Valley (CGC HQ)	KLSCCCI, GRAB, Digi, AirAsia BIG, Silky Girl, TheLorry.com, Easy Parcel, VLT Labs, 8 Spaces/ Flyspaces, MYDIN, Steinbeis Malaysia Foundation, HRDF, MIMOS, SMITA & **Successful CGC MSMEs	585		
	22 April					
	8 July					
	4 November					
Gaining Market Access	13 April	Kuantan		KLSCCCI, GRAB, Digi, AirAsia BIG, Silky Girl, TheLorry.com, Easy Parcel, VLT Labs, 8 Spaces/ Flyspaces, MYDIN, Steinbeis Malaysia Foundation, HRDF, MIMOS, SMITA & **Successful CGC MSMEs	301	
	6 July	Melaka				
	10 August	Ipoh				
	23 November	Kota Kinabalu				
Optimising Business Cost	25 May	Prai			KLSCCCI, GRAB, Digi, AirAsia BIG, Silky Girl, TheLorry.com, Easy Parcel, VLT Labs, 8 Spaces/ Flyspaces, MYDIN, Steinbeis Malaysia Foundation, HRDF, MIMOS, SMITA & **Successful CGC MSMEs	240
	20 July	Klang Valley (CGC HQ)				
	24 August	Kuala Terengganu				
	1 November	Johor Bahru				
<b>Total</b>						<b>1,126</b>

\* Through the 12 workshops, CGC has covered all regions across Malaysia as part of its nationwide outreach to Malaysian SMEs.

\*\* Besides having subject-matter-experts share their experience and knowledge, CGC's successful customers were also given opportunities as speakers at the Mentoring Workshops, to share their experience as an inspiration to other SMEs.

## MARKET ACCESS INITIATIVE – LOCAL:

Assisting SMEs to grow their businesses and expand into new markets locally.

Name of Companies/MSMEs	Manufacturer	Hypermarket
Azad Food Industries Sdn. Bhd.	Sauces & ketchup	MYDIN
Charles & Kristin	Cat food	
Inflow Global Marketing Sdn. Bhd.	Spaghetti	
SB Food Marketing Sdn. Bhd.	Fruit pickles	
TSL Bestmas Manufacturing Sdn. Bhd.	Frozen Halal Dim Sum	

## MARKET ACCESS INITIATIVE – INTERNATIONAL:

Assisting MSMEs to grow their business and expand into new markets internationally.

Name of Companies/MSMEs	Manufacturer	Participated Exhibition	Partner
Azad Food Industries Sdn. Bhd.	Sauces & ketchup	121 <sup>st</sup> Canton Fair 2017, Guangzhou China 1-5 May	MATRADE
TLN Food Industry Sdn. Bhd.	Coffee & puddings		
*AXG Industries Sdn. Bhd.	Gloves	14 <sup>th</sup> CAEXPO 2017, Nanning China 12-15 September	
Bio Energy Marketing	Juice and coffee		
CS Brands Marketing Sdn. Bhd.	Soya milk and other drinks		
O'Seeker Food Industries Sdn. Bhd.	Brown rice		
Seafood Valley Enterprise	Frozen fish ball		
Ummiya Berkat Enterprise	Soursop juice		
W.A.N.N Trading Corporation Sdn. Bhd.	Frozen pizza and burger buns		
Warisan Uraz	Dodol		

\* Besides assisting its successful customers to access international markets, CGC had also opened the opportunity to FI customers (guaranteed by CGC), as an initiative to strengthen its relationship with FI partners.

# 2017 ACHIEVEMENTS AND ACCOMPLISHMENTS

FEBRUARY 2017



## CGC SECURED NAMING RIGHTS FOR GLENMARIE LRT STATION

CGC has embarked on a new platform to make a stronger brand presence in the Klang Valley by bidding for the Light Rail Transit (LRT) station naming rights. This was part of CGC's branding exercise to become The Household Name for SMEs by 2020. CGC successfully secured the naming rights to CGC-Glenmarie LRT Station on 6 February 2017.

The Kelana Jaya line, which has 37 stations, has an average daily ridership of 270,000 commuters. The CGC-Glenmarie LRT station, located about 100 metres from the CGC headquarters, also has about 80,000 MSMEs operating in the vicinity. A survey conducted by Prasarana Integrated Development Sdn Bhd indicated that that in-train station advertisements could generate about 62% brand recall.

As CGC marches forward to be The Household Name for SMEs by 2020, it will continue to invest significantly in branding and promotional activities, which in return, will bring immense benefit to CGC.

MAY 2017



## CGC BAGGED TWO AWARDS AT ADFIAP IN MAY 2017

CGC bagged two (2) awards at The Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)'s 40<sup>th</sup> Annual Meeting in Macau.

They are the Merit Award under Financial Inclusion Category for Portfolio Guarantee for Micro Entreprises and the Best Annual Report in the Special Awards Category.

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

# 2017 Achievements and Accomplishments (continued)

MAY 2017



## LAUNCH OF NEW CGC CORPORATE LOGO

CGC's new corporate logo was successfully launched on 22 May 2017 as part of its initiative to enhance its brand presence among the MSMEs and the general public.

The new logo with its striking simplicity, embodies CGC's progressive corporate spirit. The concept behind the introduction of the new logo is in line with CGC's core business, with the emphasis on the letter 'G' – which signifies 'Guarantee'.

The logo launch was in conjunction with CGC's 44<sup>th</sup> Annual General Meeting. The event was officiated by the then Minister of Finance II, Datuk Seri Johari Abdul Ghani.

JULY 2017



## CGC RECEIVED KARLSRUHE AWARD FOR THE THIRD CONSECUTIVE YEAR

CGC bagged the Karlsruhe Sustainable Finance Certificate of Merit for the third consecutive year on 14 July 2017 in Germany.

The Certificate of Merit is in recognition for CGC's extraordinary performance in enabling access to financing for Bumiputera contractors involved in the second phase development of the Mass Rapid Transit (MRT) project, under Tabung Projek Usahawan Bumiputera-i (TPUB-i).

CGC President/CEO Datuk Mohd Zamree Mohd Ishak received the certificate from Lord Mayor Dr. Frank Mentrup at the Karlsruhe Sustainable Finance Award Ceremony held in conjunction with the Global Sustainable Finance Conference in Karlsruhe, Germany.

The Karlsruhe Sustainable Finance Award honours financial institutions and organisations with significant contribution to the field of sustainable financing.

In June 2015, CGC won the Karlsruhe Sustainable Finance Award for BizMula-i product under Best Innovation in Financial Services category while in 2016, CGC was awarded the Certificate of Merit under the best innovation in Sustainable Financial Products and Services category for BizWanita-i.



FEBRUARY 2018



### CGC PRESIDENT/CEO NAMED AS ADFIAP 'OUTSTANDING CEO OF THE YEAR'

CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak was awarded the 'Outstanding CEO of the Year' award by the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP).

Zamree bagged the award in recognition of his contribution in championing the national agenda of financial inclusion for MSMEs and transformation of CGC via the Five-Year Strategic Plan (2016-2020). Also to his credit was CGC's success in redefining the MSME financing landscape by spearheading Malaysia's first online SME Financing/Loan referral platform known as imSME.

The Award seeks to recognise dynamic chiefs of development financial institutions (DFIs) who have contributed to the development of their respective organisations in their respective countries.

The award was presented to Datuk Mohd Zamree at a gala dinner and awards night held in conjunction with ADFIAP's 41<sup>st</sup> Annual Meeting on 20 February in New Delhi. The awards dinner was attended by 130 delegates from 100 member institutions representing 37 countries.

MARCH 2018



### CGC AWARDED WITH 'TALENTCORP CAREER COMEBACK REIGNITE AWARD' ON 8 MARCH 2018 AT CYBERJAYA

CGC had participated in Talent Corp's Career Comeback Programme Grant that encourages employers to implement programmes that recruit and retain women who have been on career breaks for more than six (6) months.

CGC was awarded the 'TalentCorp Career Comeback ReIGNITE Award' in recognition of its commitment in celebrating diversity and inclusion by practising a forward looking recruitment policy towards women on career break.

CGC had recruited six (6) women returnees into its workforce last year that paved the way for the recognition. It was a conscious effort by CGC in creating more employment opportunities and better representation of women at all levels of its workforce. Currently, CGC employs 333 women that represents 62% of its total workforce.

The award was presented by the then Minister of Women, Family and Community Development, Datuk Seri Rohani Abdul Karim to CGC's representative, Senior Vice President for Strategic Planning, Mohd Reza Mohd Hatta.

# ■ AWARDS & RECOGNITIONS

CGC was established in the year 1972 and over the past 46 years, it has accomplished major milestones and at the same time, achieved numerous awards. This is reflected in CGC's growth to date.

The awards and milestones are our hallmark of achievement and also serve as testimony, to our efforts and driven purposes. As such, we would like to share them with you:

## AWARDS & RECOGNITIONS

### 2018

- CEO of the Year  
Presented by the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)
- Career Comeback ReIGNITE Award  
Presented by Talent Corporation Malaysia (TalentCorp)

### 2017

- Certificate of Merit (TPUB-i product scheme)  
Presented by the Karlsruhe Sustainable Finance Awards
- Financial Inclusion (Portfolio Guarantee Scheme for Micro Financing)  
Presented by ADFIAP
- Best Annual Report  
Presented by ADFIAP

### 2016

- Best Annual Report under the Non-Listed Organisations Category  
Presented by Bursa Malaysia, the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA), Co-organisers of the National Annual Corporate Report Awards (NACRA)
- Certificate of Merit (BizWanita-i), direct financing product  
Presented by the Karlsruhe Sustainable Finance Awards
- Plaque of Merit (BizWanita-i), direct financing product  
Presented by ADFIAP
- Best Website  
Presented by ADFIAP
- Best Companies to Work for (Malaysian Chapter)  
Presented by HR Asia Magazine
- The BrandLaureate Award – Transformation Organisation Brand 2015/2016  
Presented by The Asia Pacific Brands Foundation & Brand Laureate

## 2015

- Certificate of Merit (BizMula-i), direct financing product  
Presented by the Karlsruhe Sustainable Finance Awards
- Employer of Choice – Silver Award  
Presented by the Malaysian Institute of Human Resource Management (MIHRM)
- Development Award for the innovation of the Wholesale Guarantee-Islamic (WG-i) scheme  
Presented by ADFIAP
- New Authorised Training Employer  
Presented by the Institute of Chartered Accountants in England and Wales (ICAEW)

## 2013

- 'Silk Road' Award  
Presented by ADFIAP
- Outstanding Development Project Award (Portfolio Guarantee scheme)  
Presented by ADFIAP

## 2012

- Sahabat Negara SME Award  
Presented by SMI Malaysia

## 2011

- Sahabat Negara SME Award  
Presented by SMI Malaysia

## 2003

- Sahabat Negara SME Award  
Presented by SMI Malaysia



# ■ CORPORATE EVENTS

26 JANUARY 2017

## CGC & BANK SIMPANAN NASIONAL (BSN) COLLABORATED IN SME MICRO FINANCING

CGC and BSN ventured into their first collaborative Portfolio Guarantee Agreement (PG) to provide RM50 million worth of financing to the Micro Enterprises in January 2017.

Under this agreement, micro enterprises could opt to apply for either the Islamic or Conventional financing facilities, for a tenure of five (5) years; whereby, CGC would guarantee 70% of the approved financing/loan from the Bank.

This collaborative effort marks a new beginning for both parties in providing financial assistance to eligible and viable micro enterprises, as a means of transforming these businesses into successful MSMEs. The PG is expected to benefit about 2,500 Bumiputera and Non-Bumiputera micro-based businesses nationwide.



From left: CGC's Chairman, Dato' Agil Natt, CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak, Bank Negara Malaysia's Director of Development Finance and Enterprise, Marina Abdul Kahar, then Deputy Minister of Finance I, Dato' Wira Othman Aziz, BSN's Deputy Chief Executive, Kameel Abdul Halim and BSN's Chairman, Tan Sri Abu Bakar Hj. Abdullah.

22 MARCH 2017

## CGC AND AMBANK (M) BERHAD SIGNED AN SME PG AGREEMENT

CGC and AmBank (M) Berhad (AmBank) signed the SME Portfolio Guarantee ("SPG") agreement on 22 March 2017 in order to further enhance its strategic focus in developing and financing the Small and Medium Enterprise (SME) segment in Malaysia via AmBank's SME Banking.

Under this scheme, eligible SMEs can apply for financing facilities of up to RM1 million from AmBank SME for the repayment tenure of up to seven years. Seventy percent of the principal financing amount was guaranteed by CGC.

This marks a continuation of the SME Portfolio Guarantee, which was launched in September 2016; whereby, a sum of RM150 million was allocated and fully subscribed within five months.



From left: CGC's Chief Business Officer, Leong Weng Choong exchanging the signed agreement with AmBank (M) Berhad's Managing Director of Retail Banking, Jade Lee (far right), witnessed by CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak (2<sup>nd</sup> from left) and AmBank's Group CEO, Dato' Sulaiman Mohd Tahir (2<sup>nd</sup> from right.)

21 MAY 2017

12 JULY 2017

### CGC HOSTED ITS 22<sup>ND</sup> SME AWARDS CEREMONY

CGC hosted 22<sup>nd</sup> SME Awards ceremony, in conjunction with its 44<sup>th</sup> Annual General Meeting. The event was officiated by then Minister of Finance II, Datuk Seri Johari Abdul Ghani at Royale Chulan Kuala Lumpur.

During the event, CGC honoured leading FIs in four (4) different categories namely the 'Top FI Partner (overall category)', 'Best Financial Partner', Top Bumiputera FI Partner' and the 'Top FI Partner (Islamic Bank)'. The winners of the Top FI Partner Award (overall category) were Malayan Banking Berhad (Maybank), Maybank Islamic Berhad, CIMB Bank Berhad and Standard Chartered Bank Berhad.

CGC also recognised their valued customers with excellent and exemplary customers' awards. The Excellent Customer Awards were presented to their customers who have graduated from CGC's Guarantee Scheme while the Exemplary Customer Awards to those who had good repayment track record on their financing facilities and were offered rebates on their guarantee fees.

CGC also launched its new logo to enhance its brand presence among the MSMEs and the public. The new logo embodies CGC's corporate spirit and aim to elevate the awareness level on CGC among the MSMEs.

### CGC CELEBRATED ITS 45<sup>TH</sup> ANNIVERSARY IN CONJUNCTION WITH JAMUAN AIDILFITRI CGC

CGC celebrated its 45<sup>th</sup> year of anniversary in conjunction with Majlis Jamuan Aidilfitri, which was held on 12 July at Sime Darby Convention Centre, Bukit Kiara, Kuala Lumpur.

The event saw the participation of about 1,000 customers, business partners, media members, staff and other stakeholders.



A historical moment to treasure: CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak (4<sup>th</sup> from left) and CGC's Chairman, Dato' Agil Natt (3<sup>rd</sup> from right) cutting the birthday cake together with the Governor of Bank Negara Malaysia, Tan Sri Muhammad bin Ibrahim (5<sup>th</sup> from left) and the then Deputy Minister of Finance I, Dato' Wira Othman Aziz (4<sup>th</sup> from right) to the witness and accompaniment of CGC's Board of Directors.

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Annual Report 2017



The highlight of the event: The launching of CGC's new logo and the presentation of SME awards to the Financial Institutions and CGC Customers.



# Corporate Events (continued)

3 AUGUST 2017

## CGC SME APPRENTICE SCHEME

The 'CGC SME Apprentice Scheme' is a programme that was developed by CGC, as a means of providing 'hands-on' learning and training skills to the unemployed graduates from the Technical and Vocational Education and Training (TVET) field.

The 'CGC SME Apprentice Scheme' is a one (1) year apprenticeship in which 10 apprentices and 10 MSMEs participated in this programme. CGC paid 90% of the apprentices' salary. Upon the completion of the apprenticeship, the participating SMEs were given the opportunity to hire the apprentices as their permanent employees. The 10 MSMEs range from different fields such as Agro-based manufacturing, civil/electrical contractor, construction, green technology, human resource agencies, IT Solutions, laundry services; as well as, the oil and gas industry.

The apprentice scheme was launched by the then Deputy Minister of Youth and Sports, Datuk M. Saravanan.



18 AUGUST 2017

## CGC INKED PARTNERSHIP WITH RHB ISLAMIC BANK – WHOLESALE GUARANTEE (WG) (i) BUMI

Adding another page to their existing collaboration, both CGC and RHB Islamic Bank Berhad entered into another agreement – the provision of WG financing for Bumiputera businesses.

This would be the second collaborative effort between both parties, after their collaboration on the Pan Borneo Highway Project that was realised earlier.

The CGC-RHB Islamic Bank Berhad's WG (i) Bumi agreement is to provide an additional avenue for the Bank in extending its financing packages to deserving Bumiputera SMEs.

At the same time, this collaboration also marked the country's first Wholesale Guarantee to offer Shariah compliant financing, catering solely for the Bumiputera SMEs.



2<sup>nd</sup> from left: RHB Islamic Bank Berhad's MD, Dato' Adissadikin Ali and CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak marked the official partnership via a handshake, flanked by RHB's Director, Group Business and Transaction Banking, Datin Amy Ooi Swee Lian (left) and CGC's Chief Business Officer, Leong Weng Choong (right).

24-27 SEPTEMBER 2017

13-17 NOVEMBER 2017

### CGC HOSTED ACSIC TRAINING PROGRAMME

The 27<sup>th</sup> Asian Credit Supplementation Institution's Confederation (ACSIC) Training Programme was attended by 46 participants from 14 institutions in 10 ACSIC member countries namely Indonesia, Japan, Malaysia, Mongolia, Nepal, Philippines, South Korea, Sri Lanka, Taiwan and Thailand.

Themed "Credit Supplementation Institutions: Going Beyond Guarantee for SMEs", the focus of the 27<sup>th</sup> ACSIC Training Programme was to not only strengthen the existing roles played by credit supplementation institutions; but also, to brainstorm and discover means of remaining relevant and competitive in the fast paced evolution of technology and that of MSME financing ecosystem.

CGC first played host for the same event back in the year 1991 and subsequently, in the year 1996.



A moment to treasure: CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak (middle, 15<sup>th</sup> from left) and CGC's Senior Vice President of Strategic Planning, Mohd Reza Mohd Hatta (middle, 15<sup>th</sup> from right), with the delegates from the 10 participating countries.

### CGC PARTICIPATED IN THE 30<sup>TH</sup> ACSIC CONFERENCE

In November 2017, the 30<sup>th</sup> ACSIC Conference was hosted by the Small and Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG), which saw the participation of 97 delegates from 10 member countries.

Themed "Credit Supplementation System's Accomplishment and its outlook", the 30<sup>th</sup> ACSIC Conference saw the participation from a new member institution: The Sri Lanka Export Credit Insurance Corporation (SLECIC).

CGC hosted the ACSIC Conference in 1990, 1999, 2006 and 2014.



CGC's President, Dato' Agil Natt (far right) and CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak (far left) together with their spouses and CGC's Vice President of Strategic Alliances, Advisory and Branding, Jenny Hoh Chiew Moi (middle) at the 30<sup>th</sup> ACSIC Conference.



# Corporate Events (continued)

21 NOVEMBER 2017

## CGC INKED PARTNERSHIP WITH AMBANK (M) BERHAD FOR 'AMBANK SME BIZ PROPERTY EXTRA'

CGC and AmBank (M) Berhad entered into another chapter in their joint collaboration, in further supporting the SMEs via the Ambank SME Biz Property Extra.

The Ambank SME Biz Property Extra is a financing solution that assists qualified SMEs that are intent on purchasing property (asset financing) as well as, those sourcing for funds for their working capital requirements.

Since January 2015, CGC and AmBank have availed RM1.4 billion of financing via seven (7) tranches under the Portfolio Guarantee (PG) scheme.



From left: CGC's Chief Business Officer, Leong Weng Choong; CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak; AmBank (M) Berhad's Group CEO, Dato' Sulaiman Mohd Tahir and AmBank (M) Berhad's Managing Director, Retail Banking, Jade Lee.

9 FEBRUARY 2018

## CGC LAUNCHED IMSME, MALAYSIA'S FIRST ONLINE SME FINANCING/LOAN REFERRAL PLATFORM

CGC was proud to have then Minister of Finance II, Datuk Seri Johari Abdul Ghani, to launch the 'imSME', Malaysia's first online SME financing/loan referral platform for the benefit of the country's vibrant micro, small and medium enterprises (MSME), commonly known as SMEs.

imSME, mooted by Bank Negara Malaysia, represents "I am mSME" which covers micro, small and medium-sized entrepreneurs. The platform, which aims to benefit MSMEs serves as an online one-stop-center by providing an array of financing products and services offered by the participating banks and agencies.

The imSME is a unique online platform that enable MSMEs to search and find financing/loan products that best fits their needs from participating financial institutions and development financial institutions faster and at their convenience. The effort is to further strengthen the MSMEs' self-service capabilities while enhancing their total online experience in line with the central bank's call for the MSME sector to embrace financial technology (FinTech) to remain competitive.



A memorable group photo with the Guest of Honour of the day together with imSME partners.



The then Minister of Finance II, Datuk Seri Johari Abdul Ghani (3<sup>rd</sup> right), being taken through the imSME platform by an imSME staff. Accompanying him are CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak (1<sup>st</sup> right) and CGC's Chairman, Dato' Agil Natt (2<sup>nd</sup> right); as well as, the Deputy Governor of Bank Negara Malaysia, Jessica Chew Cheng Lian (1<sup>st</sup> left).



6 MARCH 2018

### CGC FORGED STRATEGIC PARTNERSHIP WITH HONG LEONG BANK TO OFFER RM200 MILLION OF FINANCING TO SMES

CGC stepped into another milestone by having Hong Leong Bank Berhad sign a strategic partnership agreement to participate in its Portfolio Guarantee (PG) scheme to offer financing of up to RM200 million to Small and Medium Enterprises (SMEs).

The maiden partnership with Hong Leong Bank aimed to assist SMEs in achieving their business goals by addressing their financial needs. The scheme is also made available through imSME, Malaysia's first online SME financing/loan referral platform.

The Signing Ceremony, which was held at Menara Hong Leong Kuala Lumpur had CGC's President and CEO, Datuk Mohd Zamree Mohd Ishak and Hong Leong Bank's Group Managing Director and CEO, Domenic Fuda as the witnesses from both parties.



The strategic partnership between CGC and Hong Leong Bank (HLB) inked. CGC's Chief Business Officer, Leong Weng Choong, shaking hands with HLB's Head of Group SME Banking, Terrence Teoh, witnessed by CGC's President and CEO, Datuk Mohd Zamree Mohd Ishak and HLB's Group MD and CEO, Domenic Fuda.

6 APRIL 2018

### CGC AND STANDARD CHARTERED BANK MALAYSIA BERHAD SIGNED PORTFOLIO GUARANTEE (PG) AGREEMENT

CGC had entered into another strategic partnership, with Standard Chartered Bank Malaysia Berhad; in providing financial assistance of up to RM75 million, to the Small and Medium Enterprises (SMEs) via the Portfolio Guarantee (PG) Scheme. The signing ceremony took place on Friday, 6 April 2017.

The agreement was signed by CGC's Chief Business Officer, Leong Weng Choong and Standard Chartered Bank Malaysia Berhad's Country Head of Retail Banking, Aaron Loo. It was witnessed by CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak and Standard Chartered Bank Malaysia Berhad's Managing Director/CEO, Abrar A. Anwar.



CGC's Chief Business Officer, Leong Weng Choong (far left), holding the signed Agreement placard with Standard Chartered Bank Malaysia Berhad's Country Head of Retail Banking, Aaron Loo (far right) witnessed by CGC's President/CEO, Datuk Mohd Zamree Mohd Ishak (middle left) and Standard Chartered Bank Malaysia Berhad's Managing Director/CEO, Abrar A. Anwar (middle right).

# CGC IN THE NEWS



Arumawan, Agil dan Mohd Zamree beramah mesra pada pameran CGC IAI di Kuala Lumpur, semalam.

### CGC yakin dapat capai sasaran 2017

Credit Guarantee Corp Malaysia (CGC) yakin dapat mencapai sasaran RM500 juta untuk pembiayaan PKS pada tahun 2017.

Presiden CGC, Datuk Mohd Zamree Mohd Isahak berkata, pihaknya yakin dapat mencapai sasaran tersebut kerana pihaknya telah menyiapkan semua infrastruktur yang diperlukan untuk mencapai sasaran tersebut.

“Kita yakin dapat mencapai sasaran tersebut kerana kita telah menyiapkan semua infrastruktur yang diperlukan untuk mencapai sasaran tersebut,” katanya.

Beliau berkata, pihaknya telah menyiapkan semua infrastruktur yang diperlukan untuk mencapai sasaran tersebut.

## CGC sedia perkhidmatan tambahan bantu PKS

● Bimbing menjadi lebih berani dalam strategi pasaran

CGC menawarkan perkhidmatan tambahan kepada PKS yang memerlukan bantuan dalam mencari pembeli atau mencari pasaran baharu.

Beliau berkata, pihaknya telah menyiapkan semua infrastruktur yang diperlukan untuk mencapai sasaran tersebut.

## CGC sedia pembiayaan RM50 juta untuk PKS

CGC sedia pembiayaan RM50 juta untuk PKS yang memerlukan bantuan dalam mencari pembeli atau mencari pasaran baharu.

Beliau berkata, pihaknya telah menyiapkan semua infrastruktur yang diperlukan untuk mencapai sasaran tersebut.

## CGC bakal luluskan pembiayaan kira-kira RM240 juta di bawah skim TPUB-I Dana untuk lebih 250 kontraktor

CGC bakal luluskan pembiayaan kira-kira RM240 juta di bawah skim TPUB-I Dana untuk lebih 250 kontraktor.

Beliau berkata, pihaknya telah menyiapkan semua infrastruktur yang diperlukan untuk mencapai sasaran tersebut.

## Jaminan pembiayaan CGC lebih 40 peratus

Jaminan pembiayaan CGC lebih 40 peratus. Beliau berkata, pihaknya telah menyiapkan semua infrastruktur yang diperlukan untuk mencapai sasaran tersebut.

3ஆவது முகநாயக கார்ல்ஸ்ருறை நீம்க்க நிதி ஆற்றல் நற்சான்றிதழை சி.சி. பெற்று சாதனை

Program bantu kontraktor Bumiputera yang berkelayakan dalam projek Lebuhraya Pan Borneo RM500 juta untuk kontraktor

信贷担保机构今年目标 发放4亿助力中小企

CGC获卡尔斯鲁厄荣誉证书

Source from :

- Berita Harian
- Kosmo!
- Utusan Malaysia
- Nanyang Siang Pau
- Sin Chew Daily
- New Straits Times
- The Edge
- The Star
- Tamil Nesan





187	Directors' Report
191	Statements of Financial Position
193	Statements of Comprehensive Income
194	Statements of Changes in Equity
196	Statements of Cash Flows
200	Notes to the Financial Statements
283	Statement by Directors
283	Statutory Declaration
284	Independent Auditors' Report

# FINANCIAL STATEMENTS



# DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

## DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Dato' Agil Natt (Chairman)  
Datuk David Chua Kok Tee  
Dato' Hj. Syed Moheeb Syed Kamarulzaman  
Encik Mohamed Rashdi Mohamed Ghazali – Resigned on 1 November 2017  
Encik Teoh Kok Lin  
Encik Suresh Kumar A/L T.A.S Menon  
Dato' Ong Eng Bin  
Puan Nadzirah Abd. Rashid  
Encik Choong Tuck Oon – Appointed on 20 January 2017  
Puan Jessica Chew Cheng Lian – Appointed on 16 August 2017

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

## PRINCIPAL ACTIVITIES

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

The principal activities of the Group consist of provision of guarantees, loans and financing, credit reference services, credit rating and such other services related to a credit bureau.

## FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit/(loss) for the financial year attributable to:		
Shareholders of the Company	222,497	167,849
Non-controlling interest	(489)	–
Net profit for the financial year	<b>222,008</b>	<b>167,849</b>

## RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

## ISSUE 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 19 to the financial statements.

# Directors' Report (continued)

## DIRECTORS' BENEFITS

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

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

## DIVIDENDS

No dividends were paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividends to be paid for the financial year ended 31 December 2017.

## DIRECTORS' REMUNERATION

Details of Directors' remuneration are set out in Note 42 to the financial statements.

## SHARE OPTION SCHEME

No share options were issued by the Company during the financial year.

## OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## OTHER STATUTORY INFORMATION (CONTINUED)

- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in the Group and in the Company which has arisen since the end of the financial year.
- (d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiary 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 of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Directors:
- (i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## SUBSIDIARIES

Details of a subsidiary are set out in Note 6 to the financial statements.

There is no subsidiary's holding of shares in the Company.

## AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 37 to the financial statements.

## BUSINESS REVIEW

### (a) CGC's Financial Inclusion Agenda

CGC's initiatives in 2017 are strategised to be in line with Bank Negara Malaysia's ("BNM") Financial Sector Blueprint, particularly in enhancing financial inclusion. CGC has embarked into providing greater access to financing to SMEs via innovative channel, product and services. In November 2017, CGC rolled out imSME, which is Malaysia's first online referral platform for SME financing/loan. This platform provides SMEs with access to an array of financing products and services from the participating financial institutions and capacity building agencies.

CGC's Capacity Building Developmental Programmes are focused on three (3) main pillars: Mentoring Program, Market Access and Cross Border Initiatives and benefitted over 1,300 SMEs.



# Directors' Report (continued)

## BUSINESS REVIEW (CONTINUED)

### (b) Key Performance Indicators (KPIs)

CGC's performance in 2017 are largely supported by the improvement of the operating income. The 5-year Strategic Plan: 2016-2020 ("5SP") is on track and is expected to register further improvement going forward. The 5SP will undergo a midterm review with the objective of making the 5SP more reflective of the current business environment.

### (c) Key Risks & Mitigations

Areas of concerns under risk encompass the following:

- (i) Uncertainty of the economic conditions that will cause business slowdown for SMEs will affect CGC's business. Sound credit risk and portfolio management through consistent monitoring, data analytics and insightful reporting, adherence to MFRS and BNM ICAAP standards are some of the measures used to mitigate this risk.
- (ii) Operational risk have heightened especially with the extensive exposure to technology. IT governance and cyber security are key risks and being closely monitored. Relevant controls are in place in effort to manage these operational risks.
- (iii) CGC continues to keep abreast of regulatory and legal developments to ensure compliance with the guidelines and measures issued by the regulators. Relevant preventive measures reflective of CGC's compliance risk profile are implemented and monitored regularly.

### (d) Talent Development

Effort to nurture and elevate the competency of CGC's talents remains the core agenda. In October 2017, CGC established Employee Experience & Internal Communications Unit with the objective of creating a holistic employee experience that drives engagement and job upskilling to ensure employees readiness for digitisation.

### (e) Community Building

In preserving sustainability, CGC has always involved with the community to build relationships and aid the underprivileged while at the same time boost CGC's visibility and brand awareness. Corporate Responsibility programmes were organised, especially during major festive season in the spirit of giving back to the community.

## AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 2 January 2018 and with effect from that date, PricewaterhouseCoopers (AF 1146), a conventional partnership was converted to a limited liability partnership.

This report was approved by the Board of Directors on 23 April 2018. Signed on behalf of the Board of Directors:



**DATO' AGIL NATT**  
Chairman



**NADZIRAH ABD. RASHID**  
Director

Kuala Lumpur

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2017

	Note	Group		Company	
		31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
<b>ASSETS</b>					
Property, plant and equipment	4	24,672	20,540	24,018	19,925
Intangible assets	5	16,930	18,663	11,688	13,164
Investment in a subsidiary	6	–	–	–	5,182
Investments in associates	7	840,321	788,050	500,200	500,200
Structured investments: Fair value through profit or loss ("FVTPL")	8	147,061	143,868	147,061	143,868
Investment securities: AFS	9	1,762,312	1,491,345	1,762,312	1,491,345
Investment securities: Held-to-maturity ("HTM")	10	172,575	90,574	172,575	90,574
Investment securities: Held-for-trading ("HFT")	11	–	15,115	–	15,115
Investment securities: FVTPL	12	772,225	649,676	772,225	649,676
Derivative financial assets	13	2,420	145	2,420	145
Term deposits	14	1,080,949	1,334,841	1,080,949	1,334,841
Loans, advances and financing	15	189,724	192,627	189,724	192,627
Loan due from a subsidiary	16	–	–	125	125
Amount due from a subsidiary	16	–	–	4,436	1,865
Trade and other receivables	18	18,388	29,739	16,174	28,197
Cash and cash equivalents		64,332	65,900	58,522	59,970
<b>TOTAL ASSETS</b>		<b>5,091,909</b>	<b>4,841,083</b>	<b>4,742,429</b>	<b>4,546,819</b>

<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to the shareholders of the Company</b>					
Share capital	19	1,585,600	1,585,600	1,585,600	1,585,600
Reserves	20	870,742	795,375	870,742	795,375
Retained earnings		1,141,435	994,305	797,836	705,354
Available-for-sale reserve	21	14,041	2,204	12,537	2,275
		<b>3,611,818</b>	<b>3,377,484</b>	<b>3,266,715</b>	<b>3,088,604</b>
Non-controlling interest		1,971	2,460	–	–
<b>TOTAL EQUITY</b>		<b>3,613,789</b>	<b>3,379,944</b>	<b>3,266,715</b>	<b>3,088,604</b>

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

# Statements of Financial Position (continued)

as at 31 December 2017

	Note	Group		Company	
		31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
<b>LIABILITIES</b>					
Amount due to Bank Negara Malaysia ("BNM")	17	509	1,919	509	1,919
Funds from BNM	22	801,500	801,500	801,500	801,500
Small Entrepreneurs Guarantee Scheme ("SEGS")	23	37,176	44,523	37,176	44,523
Tabung Usahawan Kecil ("TUK")	24	38,326	36,809	38,326	36,809
Government funds	25	150,342	150,342	150,342	150,342
Preference shares	26	200,000	200,000	200,000	200,000
Small Entrepreneurs Financing Fund ("SEFF")	27	11,075	11,075	11,075	11,075
Derivative financial liabilities	28	228	1,014	228	1,014
Loan due to non-controlling interest	30	38	38	–	–
Provision for claims under guarantee schemes	29	22,799	20,743	22,799	20,743
Claims payable		1,480	1,671	1,480	1,671
Trade and other payables	30	214,647	191,125	212,279	188,619
Deferred tax liabilities	38	–	380	–	–
<b>TOTAL LIABILITIES</b>		<b>1,478,120</b>	1,461,139	<b>1,475,714</b>	1,458,215
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,091,909</b>	4,841,083	<b>4,742,429</b>	4,546,819

# STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	33	165,582	139,912	155,575	131,883
Investment income	34	187,374	178,232	187,374	178,232
Other operating income	35	352,956 58,062	318,144 61,769	342,949 64,677	310,115 68,032
<b>Total income</b>		<b>411,018</b>	379,913	<b>407,626</b>	378,147
Staff costs	36	71,812	62,702	68,717	60,417
Depreciation on property, plant and equipment		4,911	3,783	4,745	3,662
Amortisation of intangible assets		6,016	4,623	4,332	3,021
Provision for claims under guarantee schemes		99,743	71,370	99,743	71,370
Allowance for impairment of loans, advances and financing (net)		7,793	20,335	7,793	20,335
Allowance made for impairment of investment in subsidiary		—	—	5,182	14,993
Interest expense for Government loans		4,500	4,500	4,500	4,500
Other operating expenses		51,582	38,659	44,765	32,119
<b>Total operating expenses</b>		<b>246,357</b>	205,972	<b>239,777</b>	210,417
Share of profit after tax of associates		56,997	62,723	—	—
<b>Profit before taxation</b>	37	<b>221,658</b>	236,664	<b>167,849</b>	167,730
Taxation	38	350	(380)	—	—
<b>Net profit for the financial year</b>		<b>222,008</b>	236,284	<b>167,849</b>	167,730
<b>Other comprehensive income:</b>					
<b>Items that may be subsequently reclassified to profit or loss</b>					
Available-for-sale reserve					
– Net fair value loss on AFS investments		10,262	2,147	10,262	2,147
– Realised gain transferred to statement of income on upon disposal		—	(13,838)	—	(13,838)
– Share of other comprehensive income of associates		1,575	1,009	—	—
<b>Other comprehensive income/(loss) for the financial year</b>		<b>11,837</b>	(10,682)	<b>10,262</b>	(11,691)
<b>Total comprehensive income for the financial year</b>		<b>233,845</b>	225,602	<b>178,111</b>	156,039
Net profit/(loss) for the financial year attributable to:					
Shareholders of the Company		222,497	237,191	167,849	167,730
Non-controlling interest		(489)	(907)	—	—
		<b>222,008</b>	236,284	<b>167,849</b>	167,730
Total comprehensive income/(loss) for the financial year attributable to:					
Shareholders of the Company		234,334	226,509	178,111	156,039
Non-controlling interest		(489)	(907)	—	—
		<b>233,845</b>	225,602	<b>178,111</b>	156,039

# STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2017

Group	Note	Attributable to Shareholders of the Company							Total equity RM'000
		Share capital RM'000	Special Programme reserve RM'000	Skim Perbankan Islam ("SPI") reserve RM'000	Special reserve RM'000	AFS reserve RM'000	Retained earnings RM'000	Non-controlling interest RM'000	
Balance as at 1 January 2016		1,585,600	258,081	14,343	456,800	12,886	823,265	3,367	3,154,342
Total comprehensive income/(loss) for the financial year		–	–	–	–	(10,682)	237,191	(907)	225,602
Transfer between shareholders		–	–	–	–	–	–	–	–
Transfer between reserves	20	–	14,140	595	51,416	–	(66,151)	–	–
Balance as at 31 December 2016		1,585,600	272,221	14,938	508,216	2,204	994,305	2,460	3,379,944

Balance as at 1 January 2017 – as previously reported		1,585,600	272,221	14,938	508,216	2,204	994,305	2,460	3,379,944
Total comprehensive income/(loss) for the financial year		–	–	–	–	11,837	222,497	(489)	233,845
Transfer between shareholders		–	–	–	–	–	–	–	–
Transfer between reserves	20	–	16,631	692	58,044	–	(75,367)	–	–
Balance as at 31 December 2017		1,585,600	288,852	15,630	566,260	14,041	1,141,435	1,971	3,613,789



Company	Note	Non-Distributable				Distributable		
		Share capital RM'000	Special Programme reserve RM'000	Skim Perbankan Islam ("SPI") reserve RM'000	Special reserve RM'000	AFS reserve RM'000	Retained earnings RM'000	Total equity RM'000
Balance as at 1 January 2016		1,585,600	258,081	14,343	456,800	13,966	603,775	2,932,565
Total comprehensive income for the financial year		–	–	–	–	(11,691)	167,730	156,039
Transfer between reserves	20	–	14,140	595	51,416	–	(66,151)	–
Balance as at 31 December 2016		1,585,600	272,221	14,938	508,216	2,275	705,354	3,088,604

Balance as at 1 January 2017 – as previously reported		<b>1,585,600</b>	<b>272,221</b>	<b>14,938</b>	<b>508,216</b>	<b>2,275</b>	<b>705,354</b>	<b>3,088,604</b>
Total comprehensive income for the financial year		–	–	–	–	<b>10,262</b>	<b>167,849</b>	<b>178,111</b>
Transfer between reserves	20	–	<b>16,631</b>	<b>692</b>	<b>58,044</b>	–	<b>(75,367)</b>	–
Balance as at 31 December 2017		<b>1,585,600</b>	<b>288,852</b>	<b>15,630</b>	<b>566,260</b>	<b>12,537</b>	<b>797,836</b>	<b>3,266,715</b>

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

# STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2017

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Net profit for the financial year</b>	<b>222,008</b>	236,284	<b>167,849</b>	167,730
Adjustments for:				
Depreciation on property, plant and equipment	4,911	3,783	4,745	3,662
Amortisation of intangible assets	6,016	4,623	4,332	3,021
Loss on disposal of property, plant and equipment	31	82	31	82
Write-off of intangible assets	26	30	3	29
Gain on disposal of investment fund: AFS	–	(14,991)	–	(14,991)
Unrealised fair value (gain)/loss on structured investments	(3,193)	6,132	(3,193)	6,132
Realised loss on disposal of structured investments	–	10,163	–	10,163
Realised gain on AFS investments	(892)	(1,305)	(892)	(1,305)
Realised gain on FVTPL investments	(7,953)	(23,674)	(7,953)	(23,674)
Realised (gain)/loss on HFT investments	(183)	183	(183)	183
(Accretion)/amortisation of premiums on HFT investments	(3)	3	(3)	3
Unrealised fair value loss on FVTPL investments	14,849	2,868	14,849	2,868
Unrealised foreign exchange loss on FVTPL investments	499	–	499	–
Amortisation of premiums on AFS investments	965	407	965	407
Amortisation of premiums on FVTPL investments	2,262	2,193	2,262	2,193
Realised (gain) loss on derivatives	(17,348)	3,850	(17,348)	3,850
Unrealised (gain)/loss on derivatives	(3,060)	2,217	(3,060)	2,217
Provision for claims under guarantee schemes	99,743	71,370	99,743	71,370
Allowance for impairment of loans, advances and financing (net)	7,793	20,335	7,793	20,335
Loan, advances and financing written-off	(96,734)	(10)	(96,734)	(10)
Allowance made for impairment of investment in subsidiary	–	–	5,182	14,993
Amortisation of deferred income	(3,170)	(3,381)	(3,170)	(3,381)
Accretion of Government loans	3,170	3,381	3,170	3,381
Interest expense on Government loans	4,500	4,500	4,500	4,500
Share of profit of associates	(56,997)	(62,723)	–	–
Taxation	(374)	380	–	–
	<b>176,866</b>	266,700	<b>183,387</b>	273,758
Increase in interest receivable for investments	(6,107)	(10,357)	(6,107)	(10,357)
(Increase)/decrease in amount due from a subsidiary	–	–	(2,571)	6,281
Decrease/(increase) in trade and other receivables	11,351	(10,966)	12,023	(11,564)
Decrease in loans, advances and financing	91,844	22,776	91,844	22,776
Decrease in claims payable	(97,879)	(86,042)	(97,879)	(86,042)
Increase in other payables	26,694	21,342	26,830	21,582
<b>Cash generated from operations</b>	<b>202,769</b>	203,453	<b>207,527</b>	216,434
Tax paid	(7)	(1)	–	–
<b>Net cash inflows from operating activities</b>	<b>202,762</b>	203,452	<b>207,527</b>	216,434

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from disposal of property, plant and equipment	3	150	3	150
Purchase of property, plant and equipment	(9,431)	(6,892)	(9,141)	(6,473)
Purchase of intangible assets	(3,955)	(6,003)	(2,590)	(4,857)
Net capital distribution in investment fund (AFS)	–	30,024	–	30,024
Purchase of AFS investments	(398,082)	(750,086)	(398,082)	(750,086)
Purchase of structured investments	–	(150,000)	–	(150,000)
Purchase of FVTPL investments	(493,880)	(802,387)	(493,880)	(802,387)
Purchase of Held-to-maturity investments	(80,000)	–	(80,000)	–
Purchase of Held-For-Trading investments	–	(15,165)	–	(15,165)
Proceeds from disposal of AFS investments	139,999	231,322	139,999	231,322
Proceeds from disposal of FVTPL investments	363,221	833,235	363,221	833,235
Proceeds from disposal of HFT investments	15,165	–	15,165	–
Proceeds from maturity of structured investments	–	300,000	–	300,000
Increase/(decrease) in derivative financial liabilities – net	17,348	(6,712)	17,348	(6,712)
Decrease in term deposits	253,892	305,916	253,892	305,916
Dividend received from associates	6,300	5,950	–	–
<b>Net cash outflows from investing activities</b>	<b>(189,420)</b>	<b>(30,648)</b>	<b>(194,065)</b>	<b>(35,033)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Repayment of Small Entrepreneurs Guarantee Scheme	(9,000)	(9,000)	(9,000)	(9,000)
Repayment of SME Modernisation and Assistance Facilities	–	(150,000)	–	(150,000)
Payment of interest on Government funds	(4,500)	(4,500)	(4,500)	(4,500)
(Decrease)/increase in amount due to BNM	(1,410)	1,427	(1,410)	1,427
<b>Net cash outflows in financing activities</b>	<b>(14,910)</b>	<b>(162,073)</b>	<b>(14,910)</b>	<b>(162,073)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR</b>	<b>(1,568)</b>	<b>10,731</b>	<b>(1,448)</b>	<b>19,328</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<b>65,900</b>	<b>55,169</b>	<b>59,970</b>	<b>40,642</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>64,332</b>	<b>65,900</b>	<b>58,522</b>	<b>59,970</b>
Cash and cash equivalents comprise:				
Cash and bank balances	64,332	65,900	58,522	59,970

# Statements of Cash Flows (continued)

for the financial year ended 31 December 2017

Group	As at 1 January 2017 RM'000	Cash flows RM'000	Non-cash changes		As at 31 December 2017 RM'000
			Interest accretion RM'000	Interest accrual RM'000	
Amount due to Bank Negara Malaysia ("BNM")	1,919	(1,410)	–	–	509
Funds from BNM	801,500	–	–	–	801,500
Small Entrepreneurs Guarantee Scheme ("SEGS")	44,523	(9,000)	1,653	–	37,176
SME Modernisation and Assistance Facilities	–	–	–	–	–
Tabung Usahawan Kecil ("TUK")	36,809	–	1,517	–	38,326
Government funds	150,342	(4,500)	–	4,500	150,342
Preference shares	200,000	–	–	–	200,000
Small Entrepreneurs Financing Fund ("SEFF")	11,075	–	–	–	11,075
	<b>1,246,168</b>	<b>(14,910)</b>	<b>3,170</b>	<b>4,500</b>	<b>1,238,928</b>

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

Group	As at 1 January 2016 RM'000	Cash flows RM'000	Non-cash changes		As at 31 December 2016 RM'000
			Interest accretion RM'000	Interest accrual RM'000	
Amount due to Bank Negara Malaysia ("BNM")	492	1,427	–	–	1,919
Funds from BNM	801,500	–	–	–	801,500
Small Entrepreneurs Guarantee Scheme ("SEGS")	51,599	(9,000)	1,924	–	44,523
SME Modernisation and Assistance Facilities	150,000	(150,000)	–	–	–
Tabung Usahawan Kecil ("TUK")	35,352	–	1,457	–	36,809
Government funds	150,342	(4,500)	–	4,500	150,342
Preference shares	200,000	–	–	–	200,000
Small Entrepreneurs Financing Fund ("SEFF")	11,075	–	–	–	11,075
	<b>1,400,360</b>	<b>(162,073)</b>	<b>3,381</b>	<b>4,500</b>	<b>1,246,168</b>

Company	As at 1 January 2017 RM'000	Cash flows RM'000	Non-cash changes		As at 31 December 2017 RM'000
			Interest accretion RM'000	Interest accrual RM'000	
Amount due to Bank Negara Malaysia ("BNM")	1,919	(1,410)	–	–	509
Funds from BNM	801,500	–	–	–	801,500
Small Entrepreneurs Guarantee Scheme ("SEGS")	44,523	(9,000)	1,653	–	37,176
SME Modernisation and Assistance Facilities	–	–	–	–	–
Tabung Usahawan Kecil ("TUK")	36,809	–	1,517	–	38,326
Government funds	150,342	(4,500)	–	4,500	150,342
Preference shares	200,000	–	–	–	200,000
Small Entrepreneurs Financing Fund ("SEFF")	11,075	–	–	–	11,075
	<b>1,246,168</b>	<b>(14,910)</b>	<b>3,170</b>	<b>4,500</b>	<b>1,238,928</b>

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

Company	As at 1 January 2016 RM'000	Cash flows RM'000	Non-cash changes		As at 31 December 2016 RM'000
			Interest accretion RM'000	Interest accrual RM'000	
Amount due to Bank Negara Malaysia ("BNM")	492	1,427	–	–	1,919
Funds from BNM	801,500	–	–	–	801,500
Small Entrepreneurs Guarantee Scheme ("SEGS")	51,599	(9,000)	1,924	–	44,523
SME Modernisation and Assistance Facilities	150,000	(150,000)	–	–	–
Tabung Usahawan Kecil ("TUK")	35,352	–	1,457	–	36,809
Government funds	150,342	(4,500)	–	4,500	150,342
Preference shares	200,000	–	–	–	200,000
Small Entrepreneurs Financing Fund ("SEFF")	11,075	–	–	–	11,075
	<b>1,400,360</b>	<b>(162,073)</b>	<b>3,381</b>	<b>4,500</b>	<b>1,246,168</b>

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



# NOTES TO THE FINANCIAL STATEMENTS

– 31 December 2017

## 1. PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia. The address of the registered office of the Company is Level 14, Bangunan CGC, Kelana Business Centre, No. 97, Jalan SS 7/2, 47301 Petaling Jaya, Selangor.

The principal place of business of the Company is located at Level 8, Bangunan CGC, Kelana Business Centre, No. 97, Jalan SS 7/2, 47301 Petaling Jaya, Selangor.

The Company is principally engaged in the provision of guarantees, loans and financing. The principal activity of the subsidiary is the provision of credit reference services, credit rating and such other services related to a credit bureau.

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 23 April 2018.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements unless otherwise stated.

### 2.1 Basis of preparation

The financial statements of the Group and the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group's and Company's accounting policies. Although these estimates and judgement 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 amendments for the first time for the financial year beginning on 1 January 2017:

- Amendments to MFRS 107 "Statement of Cash Flows – Disclosure Initiative"
- Amendments to MFRS 112 "Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses"
- Annual Improvements to MFRSs 2014 – 2016 Cycle: MFRS 12 "Disclosures of Interests in Other Entities"

The adoption of the Amendments to MFRS 107 has required additional disclosure of changes in liabilities arising from financing activities. Other than that, the adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

#### (b) Standards and amendments that have been issued but not yet effective.

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2017:

- IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration” (effective from 1 January 2018) applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires an entity to use the exchange rate at the “date of the transaction” to record foreign currency transactions.

IC Interpretation 22 provides guidance how to determine “the date of transaction” when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made.

The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk.

If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt.

An entity has the option to apply IC Interpretation 22 retrospectively or prospectively.

- MFRS 9 “Financial Instruments” (effective from 1 January 2018) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”.

The Group and the Company have reviewed the financial assets and liabilities and are expecting the following impact from the adoption of the new standard:

#### (A) Classification and measurements

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss (“FVTPL”) and fair value through other comprehensive income (“FVOCI”). The basis of classification depends on the entity’s business model and the cash flow characteristics of the financial asset. Investments in equity instruments are measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in other comprehensive income (“OCI”) (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

#### (i) *Financial instruments classified as FVOCI*

Financial instruments classified as FVOCI will be measured at fair value, with changes in fair value recognised in FVOCI reserve. Gain or loss realised on the sale of financial assets at FVOCI will be transferred to profit or loss on sales.

The majority of the Group’s and the Company’s debt instruments that are currently classified as financial investments AFS will satisfy the conditions for classification as FVOCI and hence there will be no change to the accounting for these assets, except for two investments that do not pass the “solely payment for principal and interest” (“SPPI”) test prescribed under MFRS 9 and these investments are classified as FVTPL. Related fair value gains for these two investments will have to be transferred from the available-for-sale reserve to retained earnings on 1 January 2018.

# Notes to the Financial Statements (continued)

– 31 December 2017

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

#### (b) Standards and amendments that have been issued but not yet effective. (continued)

- MFRS 9 “Financial Instruments” (effective from 1 January 2018) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”. (continued)

#### (A) Classification and measurements (continued)

##### (ii) *Financial instruments classified as amortised cost*

The majority of the Group’s and the Company’s debt instruments currently classified as financial investments HTM and measured at amortised cost will meet the conditions for classification at amortised cost under MFRS 9 and continue to be measured at amortised cost.

##### (iii) *Financial instruments classified as FVTPL*

Under MFRS 9, FVTPL is the residual category and financial instruments which do not qualify to be recognised as FVOCI or at amortised cost will be recognised as FVTPL. The majority of the instruments currently held at fair value through profit or loss will continue to be measured on the same basis under MFRS 9. The Group and the Company have financial instruments currently classified under financial investments AFS that do not pass the SPPI test will be reclassified as FVTPL as mentioned in paragraph (A)(i) above.

#### (B) Financial liabilities

There will be no impact to the Group’s and the Company’s accounting for financial liabilities, as the new requirement only affect the accounting for financial liabilities that are designated at FVTPL and Group and the Company do not have such liabilities. The derecognition rules have been transferred from MFRS 139 “Financial Instruments: Recognition and Measurement” and have not been changed.

#### (C) Impairment

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The new impairment model requires the recognition of impairment allowances based on expected credit losses (“ECL”) rather than only incurred credit losses under MFRS 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under MFRS 15 “Revenue from Contracts with Customers”, lease receivables, loan commitments and certain financial guarantee contracts.

Under MFRS 9, impairment will be measured on each reporting date according to a three-stage expected credit loss impairment model:

- Stage 1 – from initial recognition of a financial asset to the date on which the credit risk of the asset has increased significantly relative to its initial recognition, a loss allowance is recognised equal to the credit losses expected to result from defaults occurring over the next 12 months (12-month ECL).
- Stage 2 – following a significant increase in credit risk relative to the initial recognition of the financial asset, a loss allowance is recognised equal to the credit losses expected over the remaining life of the asset (Lifetime ECL).
- Stage 3 – When a financial asset is considered to be credit-impaired, a loss allowance equal to full lifetime expected credit losses is to be recognised (Lifetime ECL).

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

#### (b) Standards and amendments that have been issued but not yet effective. (continued)

- MFRS 9 “Financial Instruments” (effective from 1 January 2018) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”. (continued)

#### (D) Disclosure requirements

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group’s and the Company’s disclosures about their financial instruments particularly in the year of the adoption of the new standard.

The Group and the Company are in process of implementing this standard. However, based on the preliminary assessments undertaken to-date, the Group and the Company expects an increase in the allowance for impairment on financial guarantee contracts and loans, advances and financing under the new impairment requirements, which will result in a decrease in the opening retained earnings as of 1 January 2018.

- MFRS 15 “Revenue from Contracts with Customers” (effective from 1 January 2018) replaces MFRS 118 “Revenue” and MFRS 111 “Construction Contracts” and related interpretations.

The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers;
- Identify the separate performance obligations;
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

Key provisions of the new standard are as follows:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements.
- If the consideration varies (such as for incentives, rebates, performance fees, royalties, success of an outcome etc), minimum amounts of revenue must be recognised if they are not at significant risk of reversal.
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa.
- There are new specific rules on licenses, warranties, non-refundable upfront fees, and consignment arrangements, to name a few.
- As with any new standard, there are also increased disclosures.

The Group and the Company will adopt the new MFRS 15 accordingly and foresee that there will be a minimal impact on the financial statements.

# Notes to the Financial Statements (continued)

– 31 December 2017

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

#### (b) Standards and amendments that have been issued but not yet effective. (continued)

- MFRS 16 “Leases” (effective from 1 January 2019) supersedes MFRS 117 “Leases” and the related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments for most leases. The right-of-use asset is depreciated in accordance with the principle in MFRS 116 “Property, Plant and Equipment” and the lease liability is accreted over time with interest expense recognised in profit or loss.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group and the Company will adopt the new MFRS 16 accordingly and foresee that there will be a minimal impact on the financial statement.

- IC Interpretation 23 “Uncertainty over Income Tax Treatments” (effective 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

IC Interpretation 23 will be applied retrospectively.

- Amendments to MFRS 128 “Long-term Interests in Associates and Joint Ventures” (effective from 1 January 2019) clarify that an entity should apply MFRS 9 “Financial Instruments” (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity’s net investment, for which settlement is neither planned nor likely to occur in the foreseeable future. In addition, such long-term interest are subject to loss allocation and impairment requirements in MFRS 128.

The amendments shall be applied retrospectively.

- Amendments to MFRS 9 “Prepayment features with negative compensation” (effective 1 January 2019) allow companies to measure some prepayable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a “held to collect” business model.

The amendments will be applied retrospectively.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (continued)

#### (b) Standards and amendments that have been issued but not yet effective. (continued)

- Annual Improvements to MFRSs 2015 – 2017 Cycle:
  - Amendments to MFRS 3 “Business Combinations” (effective from 1 January 2019) clarify that when a party obtains control of a business that is a joint operation, the acquirer should account the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.
  - Amendments to MFRS 11 “Joint Arrangements” (effective from 1 January 2019) clarify that when a party obtains joint control of a business that is a joint operation, the party should not remeasure its previously held interest in the joint operation.
  - Amendments to MFRS 112 “Income Taxes” (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.
  - Amendments to MFRS 123 “Borrowing Costs” (effective from 1 January 2019) clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

The Group and the Company will apply these standards when effective. The adoption of the above standards, amendments to published standards and interpretations to existing standards are not expected to have any significant impact on the financial statements of the Group and the Company except for MFRS 9.

### 2.2 Consolidation, subsidiaries and associates

#### (a) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an a 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 (continued)

– 31 December 2017

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Consolidation, subsidiaries and associates (continued)

#### (a) Subsidiaries (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 profit or loss.

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 re-measurement are recognised in profit or loss.

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 139 either in the profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### (b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policies through the representation of the Board but not power to exercise control over those policies.

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and adjusted thereafter to recognise the Group's share of the post acquisition profits or losses of the associates in profit or loss, and the Group's share of movement in other comprehensive income of the associate in other 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.

When the Group's share of losses in an associate equals or exceeds its interest 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.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Consolidation, subsidiaries and associates (continued)

#### (b) Associates (continued)

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

#### (c) Investments in subsidiaries and associates in separate financial statements

In the Company's separate financial statements, investments in subsidiaries and associates are carried at cost less accumulated impairment losses. At the end of each reporting period, the Group assesses whether there is any indication of impairment. Where indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 2.6 on impairment of non-financial assets.

On disposal of investments in subsidiaries and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

### 2.3 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and expenditure 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.

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 profit or loss during the financial year in which they are incurred.

Property, plant and equipment are depreciated on the straight line basis to allocate the cost of the assets 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

# Notes to the Financial Statements (continued)

– 31 December 2017

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Property, plant and equipment (continued)

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each date of the statement of financial position.

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.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in “other operating income/(loss)” in profit or loss.

### 2.4 Intangible assets

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

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

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets which it relates. All other expenditure is recognised in the income statement as incurred.

Intangible assets with finite useful lives are amortised from the date they are available for use.

Amortisation is recognised in the profit or loss on a straight-line basis over the estimated lives of the intangible assets, summarised as follows:

Capitalised data costs	5 years
Application software	5 – 10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

At the end of the reporting period, the 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.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development cost previously recognised as an expense are not recognised as an asset in subsequent period.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Financial assets

#### (a) Classification

The Group and the Company classify the financial assets in the following categories: financial investments held for trading (“HFT”), loans and receivables, financial investments AFS and financial investments HTM. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition and, in the case of assets classified as financial investments HTM, re-evaluates this designation at the end of each reporting period.

##### (i) *Financial investments HFT*

Financial assets at FVTPL are financial assets acquired principally for the purpose of selling in the short term, i.e. are held for trading.

##### (ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

The Group’s and the Company’s loans and receivables comprise “term deposits”, “loans, advances and financing”, “loan due from a subsidiary”, “amount due from a subsidiary”, “trade and other receivables” and “cash and cash equivalents” in the statements of financial position.

##### (iii) *Financial investments AFS*

Financial investments AFS are non-derivatives that are either designated in this category or not classified in any of the other categories.

##### (iv) *Financial investments HTM*

Financial investments HTM are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group’s and Company’s management has the positive intention and ability to hold to maturity. If the Group and the Company were to sell other than an insignificant amount of HTM financial assets, the whole category would be tainted and reclassified as AFS.

#### (b) Recognition and initial measurement

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

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at FVTPL. Financial assets as FVTPL are initially recognised at fair value, and transaction costs are expensed in the profit or loss.

#### (c) Subsequent measurement – gains and losses

Financial assets at FVTPL and AFS financial assets are subsequently carried at fair value.

Loans and receivables and HTM financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at FVTPL, including the effects of currency translation, interest and dividend income are recognised in the profit or loss in the period in which the changes arise.



# Notes to the Financial Statements (continued)

– 31 December 2017

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Financial assets (continued)

#### (c) Subsequent measurement – gains and losses (continued)

Changes in the fair value of AFS assets are recognised in other comprehensive income, except for impairment losses (see accounting policy Note 2.5(d)) and foreign exchange gains and losses. The exchange differences on monetary assets are recognised in the profit or loss.

Interest and dividend income on AFS financial assets are recognised separately in the profit or loss. Interest on AFS debt securities is calculated using the effective interest method and recognised in the profit or loss. Dividends income on AFS equity instruments are recognised in the profit or loss when the Group's and the Company's right to receive payments is established.

#### (d) Subsequent measurement – Impairment of financial assets

##### Assets carried at amortised cost

The Group and the Company assess at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the borrower or a group of borrowers experiencing significant financial difficulty, the probability that they will enter bankruptcy or other reorganisation, default or delinquency in interest or principal payments or where observable data indicates that there is a measureable decrease in the estimated future cash flows, such as changes in economic conditions that correlate with defaults.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a "loan and receivable" has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group and the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

When an asset is uncollectible, it is written off against the related allowance account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Financial assets (continued)

#### (d) Subsequent measurement – Impairment of financial assets (continued)

##### Assets carried at amortised cost (continued)

##### (i) Individual assessment

The Group and the Company assess if objective evidence of impairment exists for assets carried at amortised cost which are deemed to be individually significant.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the loan's carrying amount and the present value of the estimated future cash flows discounted at the loan's original effective interest rate. The carrying amount of the asset is reduced through an allowance account and the amount of the loss is recognised in the profit or loss.

For loans, advances and financing that have been individually evaluated, but not considered to be individually impaired, they are assessed collectively for impairment.

##### (ii) Collective assessment

Loans, advances and financing which are not individually significant and loans that have been individually assessed with no evidence of impairment loss are grouped together for collective impairment assessment. These loans are grouped within similar credit risk characteristics for collective assessment, whereby data from the loan portfolio (such as credit quality, levels of arrears, credit utilisation, loan to collateral ratios, etc.) and concentration of risks (such as the performance of different individual groups) are taken into consideration.

Future cash flows in a group of financial assets that are collectively evaluated for impairment are estimated based on the historical loss experience of the Group and the Company. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist.

Estimates of changes in future cash flows for groups of assets should reflect and be directionally consistent with changes in related observable data from period to period. The methodology and assumptions used for estimating future cash flows are reviewed regularly by the Group and the Company to reduce any differences between loss estimates and actual loss experience.

##### Assets classified as available-for-sale

The Group and the Company assess at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, the Group and the Company use criteria and measurement of impairment loss applicable for 'assets carried at amortised cost' above. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

# Notes to the Financial Statements (continued)

– 31 December 2017

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Financial assets (continued)

#### (d) Subsequent measurement – Impairment of financial assets (continued)

##### Assets classified as available-for-sale (continued)

In the case of equity securities classified as available-for-sale, in addition to the criteria for 'assets carried at amortised cost' above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in the income statement. The amount of cumulative loss that is reclassified to the income statement is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the profit or loss in subsequent periods.

Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

#### (e) De-recognition

When AFS financial assets are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to the profit or loss.

#### (f) Reclassification of financial assets

The Group and the Company may choose to reclassify non-derivative financial assets HFT out of the HFT category where:

- in rare circumstances, it is no longer held for the purpose of selling or repurchasing in the near term; or
- it is no longer held for purpose of trading, it would have met the definition of a loan and receivable on initial classification and the Group and the Company have the intention and ability to hold it for the foreseeable future, until maturity at the date of reclassification.

Reclassifications are made at the fair value at the date of reclassification.

### 2.6 Impairment of non-financial assets

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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 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 profit or loss. Financial liabilities are de-recognised when extinguished.

#### (a) Recognition and initial measurement

##### Financial liabilities at FVTPL

This category comprises two sub-categories: financial liabilities as HFT and financial liabilities designated at FVTPL upon initial recognition.

A financial liability is classified as HFT if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking. Derivatives are also categorised as HFT unless they are designated as hedges.

##### Other financial liabilities measured at amortised cost

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

Other financial liabilities measured at amortised cost are "amount due to BNM", "Funds from BNM", "SEGS", "TUK", "Government funds", "preference shares", "SEFF", "loan due to non-controlling interest", "amount due to a subsidiary", "claims payable" and "trade and other payables".

#### (b) De-recognition

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

### 2.8 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 HFT and accounted for in accordance with the accounting policy set out in Note 2.5.

# Notes to the Financial Statements (continued)

– 31 December 2017

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

Initial direct costs incurred by the Group and the Company in negotiating and arranging operating leases are recognised in profit or loss when incurred.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

### 2.10 Cash and cash equivalents

For the purposes of the statement 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.

### 2.11 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 and other receivables are recognised initially at fair value.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. See accounting policy Note 2.5(d) on impairment of financial assets.

### 2.12 Share capital

#### Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new shares and options are shown in equity as a deduction, net of tax, from the proceeds.

#### Preference shares

Preference shares are classified as liability if they are redeemable on a specific date, or at the option of the preference share holders or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in the income statement.

### 2.13 Trade payables

Trade 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 payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Current and deferred income tax

#### Current 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 profit or loss, 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 the Company 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

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. Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with property, plant and equipment and intangible assets.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2.15 Employee benefits

#### Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Group and the Company and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as trade and other payables in the statements of financial position.

# Notes to the Financial Statements (continued)

– 31 December 2017

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Employee benefits (continued)

#### Short term employee benefits (continued)

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

#### Defined contribution plan

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 profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

### 2.16 Government grants

The benefit of Government loans at a below-market rate of interest is treated as a Government grants. Government loans are recognised as a financial liabilities, and measured in accordance with MFRS 139 "Financial Instruments: Recognition and Measurement". Government grants are measured as the difference between the initial carrying value of the Government loans determined in accordance with MFRS 139 and the proceeds received. Government grants are 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 profit or loss on a systematic basis over the periods in which the Group and the Company recognise as expenses the related costs for which the grants are intended to compensate.

The Group and the Company have applied the transitional provisions in MFRS 120 "Accounting for Government Grants and Disclosure of Government Assistance" and Amendment to MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standard" on Government loans whereby the accounting provisions of MFRS 120 shall be apply prospectively to grants receivable or repayable after the effective date of the standard. The grants are "Tabung Usahawan Kecil" and "Small Entrepreneurs Guarantee Scheme".

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

### 2.17 Provision for claims under guarantee schemes

Provision for claims to the extent of exposure of the Group's and the Company's guarantees is made based on the notification by financial institutions when an account is classified as non-performing and upon lodgement of claims by the financial institutions.

Provision for claims are charged directly to the profit or loss. Transfer of surplus or deficit attributable to specific reserves is made through retained earnings.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Provisions

Provisions are recognised by the Group and the Company when all of the following conditions have been met:

- (i) the Group and the Company have a present legal, or constructive obligation as a result of past events;
- (ii) it is probable that an outflow of resources will be required to settle the obligation; and
- (iii) a reliable estimate of the amount of obligation can be made.

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.

### 2.19 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 profit or loss 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.

### 2.20 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.

### 2.21 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 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 recognise revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's and the Company's activities as described below. 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.

# Notes to the Financial Statements (continued)

– 31 December 2017

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Revenue recognition (continued)

- (ii) Interest/profit income is recognised using the effective interest/profit method. When a loan and receivable is impaired, the Group and the Company reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest/profit rate of the instrument, and continues unwinding the discount as interest/profit income. Interest/profit income on impaired loans and receivables are recognised using the original effective interest/profit rate.
- (iii) Other interest income, including amortisation of premiums or accretion of discounts, is recognised on a time proportion basis that takes into account the effective yield of the asset.
- (iv) Rental income is recognised on a time proportion basis except where default in payment of rent has already occurred and the rent due remains outstanding, in which case recognition of rental income is suspended. Subsequent to suspension, rental income is recognised on the receipt basis until all arrears have been paid.
- (v) Sales of services is engages in provision of credit reference services, credit scoring and such other services related to a credit bureau. These services are provided as a fixed-price contract, with contract terms generally ranging from less than one year to three years.
- (vi) Other revenue is recognised when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. Revenue for the subsidiary is recognised upon rendering of services and customers' acceptance.

### 2.22 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 consolidated financial statements are presented in Ringgit Malaysia, which is the Group's and the Company's functional and presentation currency.

#### (b) Foreign currency 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 the profit or loss.

Changes in the fair value of monetary securities denominated in foreign currency classified as AFS financial assets 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 profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in the income statement as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.23 Offsetting financial instruments

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

### 2.24 Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or the 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 liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payable of subsidiaries are provided by the Group and the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiary.

## 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 structured products and other financial instruments

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group and the Company use its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Refer to Note 44(d) for key assumptions used to determine the fair values of financial instruments.



# Notes to the Financial Statements (continued)

– 31 December 2017

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

### (b) Allowance for losses on loans, advances and financing

The accounting estimates and judgements related to the impairment of loans and provision for off-balance sheet positions is a critical accounting estimate because the underlying assumptions used for both the individually and collectively assessed impairment can change from period to period and may significantly affect the Group's and the Company's results of operations.

In assessing assets for impairment, management judgement is required. The determination of the impairment allowance required for loans which are deemed to be individually significant often requires the use of considerable management judgement concerning such matters as local economic conditions, the financial performance of the counterparty and the value of any collateral held, for which there may not be a readily accessible market. The actual amount of the future cash flows and their timing may differ from the estimates used by management and consequently may cause actual losses to differ from the reported allowances.

The impairment allowance for those loans which are individually significant but for which no objective evidence of impairment exists, is determined on a collective basis. The collective impairment allowance is calculated on a portfolio basis using statistical models which incorporate numerous estimates and judgements, and therefore is subject to estimation uncertainty. The Group and the Company perform a regular review of the models and underlying data and assumptions as far as possible to reflect the current economic circumstances. The probability of default, loss given defaults, and loss identification period, amongst other things, are all taken into account during this review.

### (c) Deferred tax assets

Significant judgement is required in determining the deferred tax assets as estimates of future taxable profits are involved. Where the final outcome of future taxable profits is different from the amounts that were initially estimated, such differences will impact the deferred tax assets and liabilities in the financial year in which such determination is made.

### (d) Provision for claims under guarantee schemes

Provision for claims by financial institutions under guarantee schemes is made based on notifications of non-performing loans and lodgement of claims by the financial institutions by applying a percentage to the value of non-performing loans and the lodgement of claims based on past experience.

### (e) Allowance for impairment on investment in a subsidiary company (CBM)

The Company assesses the impairment on investment in a subsidiary company on an annual basis in accordance with its accounting policy in Note 2.6 to the financial statements. The recoverable amount of the investment in its subsidiary company is assessed based on its value-in-use. Value-in-use is determined using the present value of estimated future cash flow expected to be generated from the subsidiary's business, using the estimates as disclosed in Note 6 to the financial statements.

#### 4. PROPERTY, PLANT AND EQUIPMENT

Group	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
<b>Cost</b>									
As at 1 January 2017	39,081	5,010	144	3,413	4,428	9,360	15,518	1,346	78,300
Additions	—	—	—	492	380	2,957	921	4,681	9,431
Disposals	—	—	—	(124)	(253)	(266)	(1,962)	—	(2,605)
Transfer from work in progress Reclassification to intangible assets (Note 5)	—	—	—	47	316	513	5	(881)	—
As at 31 December 2017	39,081	5,010	144	3,828	4,871	12,564	14,482	4,792	84,772
<b>Less: Accumulated depreciation</b>									
As at 1 January 2017	31,265	2,834	143	2,159	3,033	5,329	12,997	—	57,760
Charge for the financial year	1,564	28	—	407	449	1,542	921	—	4,911
Disposals	—	—	—	(110)	(233)	(266)	(1,962)	—	(2,571)
As at 31 December 2017	32,829	2,862	143	2,456	3,249	6,605	11,956	—	60,100
<b>Net book value:</b>									
As at 31 December 2017	6,252	2,148	1	1,372	1,622	5,959	2,526	4,792	24,672
<b>Cost</b>									
As at 1 January 2016	39,081	5,010	144	2,795	3,879	8,043	14,042	4,650	77,644
Additions	—	—	—	703	948	1,650	1,583	2,008	6,892
Disposals	—	—	—	(325)	(590)	(333)	(261)	—	(1,509)
Transfer from work in progress Reclassification to intangible assets (Note 5)	—	—	—	240	191	—	154	(585)	—
As at 31 December 2016	39,081	5,010	144	3,413	4,428	9,360	15,518	1,346	78,300
<b>Less: Accumulated depreciation</b>									
As at 1 January 2016	29,701	2,806	143	2,147	3,338	4,752	12,367	—	55,254
Charge for the financial year	1,564	28	—	337	249	858	747	—	3,783
Disposals	—	—	—	(325)	(554)	(281)	(117)	—	(1,277)
Reclassification from intangible assets (Note 5)	—	—	—	—	—	—	—	—	—
As at 31 December 2016	31,265	2,834	143	2,159	3,033	5,329	12,997	—	57,760
<b>Net book value:</b>									
As at 31 December 2016	7,816	2,176	1	1,254	1,395	4,031	2,521	1,346	20,540

# Notes to the Financial Statements (continued)

– 31 December 2017

## 4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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
<b>Cost</b>									
As at 1 January 2017	39,081	5,010	144	3,301	4,273	9,017	13,426	1,256	75,508
Additions	–	–	–	484	324	2,843	809	4,681	9,141
Disposals	–	–	–	(124)	(253)	(266)	(1,962)	–	(2,605)
Transfer from work in progress	–	–	–	47	316	513	–	(876)	–
Reclassification to intangible assets (Note 5)	–	–	–	–	–	–	–	(269)	(269)
As at 31 December 2017	39,081	5,010	144	3,708	4,660	12,107	12,273	4,792	81,775
<b>Less: Accumulated depreciation</b>									
As at 1 January 2017	31,265	2,834	143	2,072	2,884	4,988	11,397	–	55,583
Charge for the financial year	1,564	28	–	399	442	1,534	778	–	4,745
Disposals	–	–	–	(110)	(233)	(266)	(1,962)	–	(2,571)
As at 31 December 2017	32,829	2,862	143	2,361	3,093	6,256	10,213	–	57,757
<b>Net book value:</b>									
As at 31 December 2017	6,252	2,148	1	1,347	1,567	5,851	2,060	4,792	24,018
<b>Cost</b>									
As at 1 January 2016	39,081	5,010	144	2,706	3,728	7,700	12,398	4,398	75,165
Additions	–	–	–	680	944	1,650	1,222	1,977	6,473
Disposals	–	–	–	(325)	(590)	(333)	(261)	–	(1,509)
Transfer from work in progress	–	–	–	240	191	–	67	(498)	–
Reclassification to intangible assets (Note 5)	–	–	–	–	–	–	–	(4,621)	(4,621)
As at 31 December 2016	39,081	5,010	144	3,301	4,273	9,017	13,426	1,256	75,508
<b>Less: Accumulated depreciation</b>									
As at 1 January 2016	29,701	2,806	143	2,066	3,194	4,415	10,873	–	53,198
Charge for the financial year	1,564	28	–	331	244	854	641	–	3,662
Disposals	–	–	–	(325)	(554)	(281)	(117)	–	(1,277)
Reclassification from intangible assets (Note 5)	–	–	–	–	–	–	–	–	–
As at 31 December 2016	31,265	2,834	143	2,072	2,884	4,988	11,397	–	55,583
<b>Net book value:</b>									
As at 31 December 2016	7,816	2,176	1	1,229	1,389	4,029	2,029	1,256	19,925

## 5. INTANGIBLE ASSETS

Group	Software RM'000	Data costs RM'000	Total RM'000
<b>Cost</b>			
As at 1 January 2017	58,408	8,104	66,512
Additions	3,078	877	3,955
Write-off	(506)	–	(506)
Reclassification from property, plant and equipment (Note 4)	354	–	354
As at 31 December 2017	61,334	8,981	70,315
<b>Less: Accumulated amortisation</b>			
As at 1 January 2017	42,651	5,198	47,849
Amortisation charge during the financial year	4,812	1,204	6,016
Write-off	(480)	–	(480)
As at 31 December 2017	46,983	6,402	53,385
<b>Net book value</b>			
As at 31 December 2017	14,351	2,579	16,930
<b>Cost</b>			
As at 1 January 2016	48,740	7,072	55,812
Additions	4,970	1,033	6,003
Write-off	(29)	(1)	(30)
Reclassification from property, plant and equipment (Note 4)	4,727	–	4,727
As at 31 December 2016	58,408	8,104	66,512
<b>Less: Accumulated amortisation</b>			
As at 1 January 2016	39,226	4,000	43,226
Amortisation charge during the financial year	3,425	1,198	4,623
As at 31 December 2016	42,651	5,198	47,849
<b>Net book value</b>			
As at 31 December 2016	15,757	2,906	18,663

# Notes to the Financial Statements (continued)

– 31 December 2017

## 5. INTANGIBLE ASSETS (CONTINUED)

Company	Software RM'000	Data costs RM'000	Total RM'000
<b>Cost</b>			
As at 1 January 2017	46,431	–	46,431
Additions	2,590	–	2,590
Write-off	(483)	–	(483)
Reclassification from property, plant and equipment (Note 4)	269	–	269
As at 31 December 2017	48,807	–	48,807
<b>Less: Accumulated amortisation</b>			
As at 1 January 2017	33,267	–	33,267
Amortisation charge during the financial year	4,332	–	4,332
Write-off	(480)	–	(480)
As at 31 December 2017	37,119	–	37,119
<b>Net book value</b>			
As at 31 December 2017	11,688	–	11,688
<b>Cost</b>			
As at 1 January 2016	36,982	–	36,982
Additions	4,857	–	4,857
Write-off	(29)	–	(29)
Reclassification from property, plant and equipment (Note 4)	4,621	–	4,621
As at 31 December 2016	46,431	–	46,431
<b>Less: Accumulated amortisation</b>			
As at 1 January 2016	30,246	–	30,246
Amortisation charge during the financial year	3,021	–	3,021
As at 31 December 2016	33,267	–	33,267
<b>Net book value</b>			
As at 31 December 2016	13,164	–	13,164

## 6. INVESTMENT IN A SUBSIDIARY

	Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Unquoted shares, at cost	23,650	23,650
Less: Allowance for impairment	(23,650)	(18,468)
	–	5,182

## 6. INVESTMENT IN A SUBSIDIARY (CONTINUED)

On 17 May 2016, the subsidiary, Credit Bureau Malaysia Sdn. Bhd. ("CBM") obtained an order from the High Court of Malaya at Kuala Lumpur to reduce its issued and paid-up share capital from RM33,000,000 divided into 33,000,000 ordinary shares of RM1.00 each to RM13,200,000 divided into 33,000,000 ordinary shares of RM0.40 each.

### Allowance for impairment

The recoverable amount of the investment in CBM is determined based on value-in-use ("VIU") calculation using five years profit and cash flow projection approved by management.

Management's judgment is involved in estimating the five years profit and cash flow projection. The estimated terminal growth rate and discount rate used for VIU calculation are 4% and 10% respectively. The VIU assessment is sensitive to the following key assumptions:

- (i) revenue for commercial business will increase by 0% to 7% (2016: 0% to 12%) over the five years projection.
- (ii) revenue for consumer business will increase by 0% to 43% (2016: 0% to 42%) over the five years projection.
- (iii) direct cost for commercial business is estimated to be 68% to 69% (2016: 68% to 69%) of total commercial business revenue, and direct cost for consumer business is estimated to be 70% to 73% (2016: 68% to 75%) of total consumer business revenue.

As at 31 December 2017, the Company has performed an VIU assessment based on five years profit and cash flow projection covering FY2018 to FY2022 (31.12.2016: FY2017 to FY2021, impairment allowance of RM18,468,000), and has fully impaired the residual cost of investment of RM5,182,000 in CBM.

Details of the subsidiary which is incorporated in Malaysia are as follows:

Name of subsidiary	Percentage of equity held			
	Group		Non-controlling interest	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Credit Bureau Malaysia Sdn. Bhd. ("CBM")	71.67%	71.67%	28.33%	28.33%

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



# Notes to the Financial Statements (continued)

– 31 December 2017

## 6. INVESTMENT IN A SUBSIDIARY (CONTINUED)

Set out below is the summarised financial information for subsidiary that has non-controlling interest that is material to the Group. The summarised financial information below represents amounts before inter-company eliminations.

### (i) Summarised statements of financial position

	CBM	
	2017 RM'000	2016 RM'000
<b>Current</b>		
Assets	8,025	7,473
Liabilities	(6,966)	(4,907)
Total current net assets	1,059	2,566
<b>Non-current</b>		
Assets	5,897	6,116
Liabilities	–	–
Total non-current net assets	5,897	6,116
<b>Net assets</b>	<b>6,956</b>	<b>8,682</b>
<b>Accumulated non-controlling interest as at 31 December</b>	<b>1,971</b>	<b>2,460</b>

### (ii) Summarised statements of comprehensive income

	2017 RM'000	2016 RM'000
Revenue	10,258	8,120
Loss before taxation	(2,075)	(2,825)
Taxation	350	(380)
Net loss and total comprehensive loss for the financial year	(1,725)	(3,205)
<b>Total comprehensive loss allocated to non-controlling interest</b>	<b>(489)</b>	<b>(907)</b>

## 6. INVESTMENT IN A SUBSIDIARY (CONTINUED)

Set out below is the summarised financial information for subsidiary that has non-controlling interest that is material to the Group. The summarised financial information below represents amounts before inter-company eliminations. (continued)

### (iii) Summarised statements of cash flows

	2017 RM'000	2016 RM'000
<b>Cash flows from operating activities</b>		
Cash generated from/(used in) operations	1,544	(7,031)
Tax paid	(7)	(1)
Net cash generated from/(used in) operating activities	1,537	(7,032)
Net cash used in investing activities	(1,656)	(1,565)
Net decrease in cash and cash equivalents	(119)	(8,597)
Cash and cash equivalents at the beginning of the financial year	5,930	14,527
Cash and cash equivalents at the end of the financial year	5,811	5,930

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

## 7. INVESTMENTS IN ASSOCIATES

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

	Group		Company	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Unquoted shares, at cost	500,200	500,200	500,200	500,200
Group's share of post-acquisition reserves	340,121	287,850	–	–
	<b>840,321</b>	788,050	<b>500,200</b>	500,200

Details of the associates are as follows:

Name of associates	Principal activities	Percentage of equity held	
		31.12.2017	31.12.2016
Aureos CGC Advisers Sdn. Bhd. ("Aureos CGC")	Advisory services	40%	40%
Danajamin Nasional Berhad ("Danajamin")	Financial guarantee insurance	50%	50%

# Notes to the Financial Statements (continued)

– 31 December 2017

## 7. INVESTMENTS IN ASSOCIATES (CONTINUED)

(a) Summarised financial information of the associates which are accounted for using the equity method is as follows:

### (i) Summarised statements of financial position

	Danajamin		Aureos CGC		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Assets</b>						
Current assets	1,539,694	1,009,295	689	941	1,540,383	1,010,236
Non-current assets	1,197,807	1,084,890	–	–	1,197,807	1,084,890
Total assets	2,737,501	2,094,185	689	941	2,738,190	2,095,126
<b>Liabilities</b>						
Current liabilities	(9,890)	(12,816)	(99)	(107)	(9,989)	(12,923)
Non-current liabilities	(1,047,442)	(505,938)	–	–	(1,047,442)	(505,938)
Total liabilities	(1,057,332)	(518,754)	(99)	(107)	(1,057,431)	(518,861)
<b>Net assets</b>	<b>1,680,169</b>	<b>1,575,431</b>	<b>590</b>	<b>834</b>	<b>1,680,759</b>	<b>1,576,265</b>

### (ii) Summarised statements of comprehensive income

	Danajamin		Aureos CGC		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	158,853	162,588	–	–	158,853	162,588
Net profit/(loss) for the financial year	114,189	125,513	(244)	(84)	113,945	125,429
Total comprehensive income/(loss) for the financial year	117,338	127,530	(244)	(84)	117,094	127,446

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

	Danajamin		Aureos CGC		Total	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Net assets as at 1 January	1,575,431	1,459,801	834	918	1,576,265	1,460,719
Net profit/(loss) for the financial year	114,189	125,513	(244)	(84)	113,945	125,429
Dividend paid	(12,600)	(11,900)	–	–	(12,600)	(11,900)
Other comprehensive income for the financial year	3,149	2,017	–	–	3,149	2,017
Net assets as at 31 December	1,680,169	1,575,431	590	834	1,680,759	1,576,265
<b>Carrying value</b>	<b>840,085</b>	<b>787,716</b>	<b>236</b>	<b>334</b>	<b>840,321</b>	<b>788,050</b>

## 8. STRUCTURED INVESTMENTS: FVTPL

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
<b>At fair value:</b>		
Structured investments, unquoted in Malaysia	147,061	143,868

	Group/Company	
	2017 RM'000	2016 RM'000
<b>Fair value gain/(loss):</b>		
As at 1 January	(6,132)	10,163
Realised loss during the financial year (Note 34)	–	(10,163)
Unrealised fair value gain/(loss) during the financial year (Note 34)	3,193	(6,132)
As at 31 December	(2,939)	(6,132)

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

## 9. INVESTMENT SECURITIES: AFS

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
<b>At fair value</b>		
<b>Money market instruments:</b>		
<u>Unquoted in Malaysia</u>		
Cagamas bonds	101,903	101,869
Malaysia Government Securities	49,270	49,769
	151,173	151,638
<b>Unquoted securities:</b>		
<u>In Malaysia</u>		
Private debt securities	1,611,139	1,339,707
	1,762,312	1,491,345

## 10. INVESTMENT SECURITIES: HTM

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
<b>At amortised cost</b>		
<b>Unquoted securities:</b>		
<u>In Malaysia</u>		
Private debt securities	172,575	90,574

# Notes to the Financial Statements (continued)

– 31 December 2017

## 11. INVESTMENT SECURITIES: HFT

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
<b>At amortised cost</b>		
<b>Unquoted securities:</b>		
<u>In Malaysia</u>		
Private debt securities	–	15,115

## 12. INVESTMENT SECURITIES: FVTPL

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
<b>At fair value</b>		
<b>Money market instruments:</b>		
<u>Unquoted in Malaysia</u>		
Malaysian Government Securities	29,765	14,353
<b>Unquoted securities:</b>		
<u>In Malaysia</u>		
Private debt securities	510,328	482,628
<u>Outside Malaysia</u>		
Private debt securities	232,132	152,695
	742,460	635,323
	772,225	649,676

## 13. DERIVATIVE FINANCIAL ASSETS

	Group/Company			
	31.12.2017		31.12.2016	
	Contract/ notional amount RM'000	Assets RM'000	Contract/ notional amount RM'000	Assets RM'000
Derivative assets				
– Currency forward contracts	191,971	2,420	14,538	145

#### 14. TERM DEPOSITS

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Licensed banks	865,684	961,663
Other financial institutions	215,265	373,178
	<b>1,080,949</b>	<b>1,334,841</b>

#### 15. LOANS, ADVANCES AND FINANCING

##### (i) By schemes

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Redemption of Direct Access Guarantee Scheme ("DAGS") loans	144,146	256,290
Tabung Pemulihan dan Pembangunan Usahawan ("TPPU")	2,077	2,077
Tabung Pemulihan Peniaga Kecil ("TPPK")	231	259
Tabung Projek Usahawan Bumiputra-i ("TPUB-i")	98,033	74,341
Bizmula-i	61,592	64,735
BizWanita-i	17,729	17,720
Staff loans	1,590	1,820
<b>Gross loans, advances and financing</b>	<b>325,398</b>	<b>417,242</b>
Less: Allowance for impairment		
– Individual allowance	(124,098)	(213,212)
– Collective allowance	(11,576)	(11,403)
<b>Total net loans, advances and financing</b>	<b>189,724</b>	<b>192,627</b>

##### (ii) By maturity structure

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Maturity within one year	75,347	73,922
One year to three years	77,154	82,903
Three years to five years	86,647	88,320
Over five years	86,250	172,097
	<b>325,398</b>	<b>417,242</b>



# Notes to the Financial Statements (continued)

– 31 December 2017

## 15. LOANS, ADVANCES AND FINANCING (CONTINUED)

### (iii) By interest rate/profit rate sensitivity

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Fixed rate		
– Redemption of DAGS loans	144,146	256,290
– Tabung Pemulihan dan Pembangunan Usahawan	2,077	2,077
– Tabung Pemulihan Peniaga Kecil	231	259
– Tabung Projek Usahawan Bumiputra-i	98,033	74,341
– Bizmula-i	61,592	64,735
– BizWanita-i	17,729	17,720
– Staff loans	1,590	1,820
	<b>325,398</b>	417,242

### (iv) By economic sectors

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Primary agriculture	2,307	4,836
Education, health and others	8,947	9,855
Construction	96,205	97,385
Electricity, gas & water supply	491	298
Financing, insurance, real estate & business services	37,528	26,268
Manufacturing	50,531	74,733
Mining & quarrying	315	442
Transport, storage & communication	3,889	8,218
Wholesale, retail trade, restaurants & hotels	121,287	191,050
Others	3,898	4,157
	<b>325,398</b>	417,242

### (v) By economic purpose

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Working capital	323,807	415,422
Others	1,591	1,820
	<b>325,398</b>	417,242

## 15. LOANS, ADVANCES AND FINANCING (CONTINUED)

### (vi) By geographical distribution

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Johor	49,288	63,433
Kedah	14,431	25,389
Kelantan	10,727	11,082
Wilayah Persekutuan – Kuala Lumpur	29,146	31,175
Melaka	14,022	22,190
Negeri Sembilan	24,367	33,143
Pahang	8,895	10,637
Perak	12,385	17,869
Pulau Pinang	35,835	33,155
Sabah	17,827	22,620
Sarawak	27,697	39,240
Selangor	62,708	89,389
Terengganu	18,070	17,920
	<b>325,398</b>	<b>417,242</b>

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

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

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Balance as at 1 January	213,212	188,215
Add: Classified as impaired	16,997	34,587
Less: Reclassified as non-impaired	(4,351)	(3,296)
Less: Amount written-back	(5,026)	(6,284)
Less: Amount written-off/waived	(96,734)	(10)
Balance as at 31 December	<b>124,098</b>	<b>213,212</b>

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

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Working capital	123,944	213,058
Others	154	154
	<b>124,098</b>	<b>213,212</b>

# Notes to the Financial Statements (continued)

– 31 December 2017

## 15. LOANS, ADVANCES AND FINANCING (CONTINUED)

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

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Johor	15,250	26,054
Kedah	7,522	10,942
Kelantan	3,468	5,049
Melaka	628	6,601
Negeri Sembilan	10,728	18,599
Pahang	3,719	4,308
Perak	3,383	9,392
Pulau Pinang	10,506	17,691
Sabah	10,185	13,817
Sarawak	11,690	22,164
Selangor	29,798	49,772
Terengganu	6,651	10,048
Wilayah Persekutuan – Kuala Lumpur	10,570	18,775
	<b>124,098</b>	<b>213,212</b>

### (x) Movements in allowance for impairment of loans, advances and financing

	Group/Company	
	2017 RM'000	2016 RM'000
<b>Individual impairment allowance</b>		
Balance at the beginning of the financial year	213,212	188,215
Allowance made during the financial year	16,997	34,587
Amount written-back during the financial year	(9,377)	(9,580)
Amount written-off/waived during the financial year	(96,734)	(10)
Balance at the end of the financial year	<b>124,098</b>	<b>213,212</b>
<b>Collective impairment allowance</b>		
Balance at the beginning of the financial year	11,403	16,075
Allowance made during the financial year	6,703	5,151
Amount written-back during the financial year	(6,530)	(9,823)
Balance at the end of the financial year	<b>11,576</b>	<b>11,403</b>

## 16. LOAN/AMOUNT DUE FROM A SUBSIDIARY

	Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Loan due from a subsidiary	125	125
Amount due from a subsidiary	4,436	1,865

On 1 May 2011, the Company entered into an agreement with its subsidiary to give a loan with a principal amount of RM3,750,000.

The tenure of the loan is three years from the date of the respective drawdown and interest payment is to be made every 6 months from the respective drawdown date. The repayment of principal shall be on the third anniversary date of the respective drawdown. The interest is charged on the outstanding balance as follows:

- (i) For the initial loan of RM2,750,000, 5% interest will be charged per annum;
- (ii) For the loan balance of RM1,000,000, 7% interest will be charged per annum.

On 1 December 2014, the tenure of the loan was extended from three years to five years from the date of respective drawdowns.

On 23 October 2015, the Company subscribed to issuance of 3,750,000 new ordinary shares of RM1.00 each by the subsidiary for capitalisation of loan due from a subsidiary of RM3,750,000 (Note 6).

The maturity structure of the loan is as follows:

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Maturity: – not later than one year	125	125

The amount due from a subsidiary is unsecured, interest-free and is repayable on demand.

## 17. AMOUNT DUE (TO)/FROM BNM

The amount due (to)/from BNM comprises:

- (a) Claims paid by the Company for Special Relief Guarantee Facility ("SRGF"), Special Relief Guarantee Facility 2 ("SRGF-2"), Special Relief Facility ("SRF"), Disaster Recovery Fund ("DRF"), which are reimbursable by BNM;
- (b) Management fees payable by BNM for services rendered by the Company in administering the SME Assistance Guarantee Scheme ("SME AGS"); and
- (c) Recoveries from claims received from third parties payable to BNM which can be set-off against (a) and (b) above.

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

# Notes to the Financial Statements (continued)

– 31 December 2017

## 18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Trade receivables	2,083	1,414	–	–
Receivables due from financial institutions	10,974	18,868	10,974	18,868
Deposits	1,010	952	965	906
Prepayments	1,229	1,281	1,161	1,213
Other receivables	418	452	400	438
Invoice accrual for guarantee fees	2,052	2,194	2,052	2,194
Receivables – legal fees	597	4,553	597	4,553
Amount due from Entrepreneur Rehabilitation Fund Sdn. Bhd.	25	25	25	25
	<b>18,388</b>	29,739	<b>16,174</b>	28,197

Trade receivables are non-interest bearing and are generally on 45 days repayment terms. Receivables due from financial institutions are non-interest bearing and are generally on 30 working days repayment terms.

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.

## 19. SHARE CAPITAL

The new Companies Act 2016 which came into operation on 31 January 2017 abolished the concept of authorised share capital and par value of share capital.

	Note	Group/ Company
		2016 RM'000
<b>Authorised:</b>		
Ordinary shares of RM1 each		
As at 1 January/31 December		2,500,000
The authorised ordinary share capital is made up of:		
Class A	(a)	1,500,000
Class B	(b)	750,000
Class C	(c)	250,000
Total authorised ordinary share capital		2,500,000

(a) Class A shares comprise all the ordinary shares of RM1.00 each registered to Bank Negara Malaysia.

(b) Class B shares comprise all the ordinary shares of RM1.00 each registered to shareholders who are carrying on a banking business.

(c) All such other shares not classified as Class A or Class B shares are classified as Class C shares.

All classes of ordinary shares rank pari passu with respect to each other.

## 19. SHARE CAPITAL (CONTINUED)

	Group/Company	
	2017 RM'000	2016 RM'000
<b>Issued and fully paid ordinary shares:</b>		
As at 1 January/31 December	<b>1,585,600</b>	1,585,600

The issued and fully paid ordinary share capital is made up of:

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Class A	<b>1,247,096</b>	1,247,096
Class B	<b>336,516</b>	336,516
Class C	<b>1,988</b>	1,988
Total ordinary share capital	<b>1,585,600</b>	1,585,600

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

## 20. RESERVES

	Group		Company	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Special Programme reserve (a)	<b>288,852</b>	272,221	<b>288,852</b>	272,221
SPI reserve (b)	<b>15,630</b>	14,938	<b>15,630</b>	14,938
Special reserve (c)	<b>566,260</b>	508,216	<b>566,260</b>	508,216
	<b>870,742</b>	795,375	<b>870,742</b>	795,375

### (a) Special Programme reserve

	Group/Company	
	2017 RM'000	2016 RM'000
As at 1 January	<b>272,221</b>	258,081
Transfer from retained earnings during the financial year	<b>16,631</b>	14,140
As at 31 December	<b>288,852</b>	272,221

The Special Programme reserve was created to meet possible losses arising from the loans granted under the TUK, Small Entrepreneurs Financing Fund ("SEFF"), AIM, Franchise Financing Schemes Fund ("FFS"), and Projek Usahawan Bumiputra Dalam Bidang Peruncitan ("PROSPER") schemes and is not distributable as cash dividend as designated by the Directors of the Company. It includes a guarantee fund of RM40 million granted by the Ministry of Entrepreneur and Cooperative Development ("MECD") in 1996 to absorb possible losses on loans granted under SEFF (Note 27).



# Notes to the Financial Statements (continued)

– 31 December 2017

## 20. RESERVES (CONTINUED)

### (b) SPI reserve

	Group/Company	
	2017 RM'000	2016 RM'000
As at 1 January	14,938	14,343
Transfer from/(to) retained earnings during the financial year	692	595
As at 31 December	15,630	14,938

The SPI reserve was created to meet claim contingencies under Islamic Guarantees for SPI facilities and is not distributable as cash dividend as designated by the Directors of the Company.

### (c) Special reserve

	Group/Company	
	2017 RM'000	2016 RM'000
As at 1 January	508,216	456,800
Transfer from retained earnings during the financial year	58,044	51,416
As at 31 December	566,260	508,216

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.

The amount transferred from retained earnings to various reserves is the proportion of investment income from investing in those reserves. The basis used for a transfer to any particular reserve is a percentage of the said reserve over total reserves (including retained earnings) at the beginning of the year multiply by gross investment income for the year. The amount transferred to any reserve also takes into account any movement in fund during the year.

## 21. AVAILABLE-FOR-SALE RESERVE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
As at 1 January	2,204	12,886	2,275	13,966
Fair value gain/(loss) during the financial year	11,837	(10,682)	10,262	(11,691)
As at 31 December	14,041	2,204	12,537	2,275

## 22. FUNDS FROM BANK NEGARA MALAYSIA

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Repayable within 12 months	1,500	1,500
Repayable after 12 months	800,000	800,000
	<b>801,500</b>	801,500

Details of the balance outstanding as at 31 December 2017 are as follows:

(a) RM300 million for TPUB-i Fund

In 2009, Bank Negara Malaysia (“BNM”) agreed to contribute RM300 million to a fund known as TPUB-i which is to be administered in accordance with the Shariah principle of qard. The RM300 million financing is to be repaid on the 5th anniversary date of the disbursement. In April 2014, BNM has granted an extension of repayment for a period of 5 years starting from 1 July 2014 until 30 June 2019.

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

(b) RM500 million to subscribe for the shares of Danajamin

In 2009, BNM advanced RM500 million to the Company for establishing and subscribing to the shares of Danajamin which is jointly owned by the Government and the Company to primarily carry out the business of providing financial guarantee insurance.

The RM500 million loan is to be repaid in full within 14 days after either expiry of the loan tenure i.e. 30 years from 12 May 2009, or date the Company disposes of its entire shareholding in Danajamin, as determined by BNM, whichever is earlier.

## 23. SMALL ENTREPRENEURS GUARANTEE SCHEME (“SEGS”)

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Repayable within 12 months	9,000	9,000
Repayable after 12 months	28,176	35,523
	<b>37,176</b>	44,523

The scheme’s purpose is to assist small entrepreneurs to obtain financing of between RM10,000 to RM50,000 for working capital and/or asset acquisition.

On 15 May 2002, the Company entered into an agreement with the Ministry of Finance (“MOF”) who contributed RM50 million to initiate a guarantee fund known as SEGS to meet possible loan losses.

# Notes to the Financial Statements (continued)

– 31 December 2017

## 23. SMALL ENTREPRENEURS GUARANTEE SCHEME (“SEGS”) (CONTINUED)

This fund was to be repaid in one lump sum at the end of 6 years from the date of drawdown on 14 November 2002 and is subject to interest at 3% per annum. However, on 30 August 2005, MOF agreed to waive the interest which was previously charged to the Company.

On 30 August 2005, the Company entered into another agreement with MOF for an additional RM29 million contribution. It is an interest free fund and to be repaid in one lump sum at the end of 6 years.

On 15 June 2011, MOF agreed to reschedule the total repayment of RM79 million with interest free to 2025. The funds will be repaid in accordance with a repayment arrangement with fund providers.

## 24. TABUNG USAHAWAN KECIL (“TUK”)

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Repayable after 12 months	38,326	36,809

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 with the Government who contributed RM50 million to a fund known as TUK. This loanable fund is to be repaid in one lump sum either at the end of 10 years or when the scheme is wound down, whichever is earlier.

The Company ceased to disburse new loans under the TUK Fund as decided by the Minister of Entrepreneur and Cooperative Development effective from 1 January 2000. However, the Company continues to manage the loans disbursed under this scheme prior to the said date.

The earnings from the unutilised portion of the Fund has been transferred to the Special Programme Reserve and will be used to absorb possible losses on loans granted under this scheme.

On 15 June 2011, MOF agreed to reschedule the repayment of RM50 million with interest free to 2025. The funds will be repaid in accordance with a repayment arrangement with fund providers.

## 25. GOVERNMENT FUNDS

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Principal	150,000	150,000
Interest payable	342	342
	150,342	150,342

## 25. GOVERNMENT FUNDS (CONTINUED)

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

- (i) RM50 million for HPT 1992 and is subject to interest at 1% per annum.
- (ii) RM100 million for the New Investment Fund and is subject to interest at 1% per annum.

On 14 December 2008, MOF had agreed to reschedule the repayment table by instalment until 2023 as provided by Jabatan Akauntan Negara ("JAN").

On 27 February 2018, MOF had sent a repayment table to request payment for the outstanding loan as at 31 December 2017 amounting to RM97.5 million, and CGC has paid the amount on 21 March 2018.

## 26. PREFERENCE SHARES

For Financial Year 2017, the concept of authorised share capital and par value of share capital is abolished (CA 2016).

	Group/ Company
	2016 RM'000
<b>Authorised:</b>	
Preference shares of RM1 each:	
As at 1 January/31 December	500,000

	Group/Company	
	2017 RM'000	2016 RM'000
<b>Issued and fully paid:</b>		
200,000,000 ten-year 1%, non-cumulative redeemable preference shares of RM1 each:		
As at 1 January/31 December	200,000	200,000

The preference shares were issued in 2008 to BNM with a maturity period of 10 years from 10 September 2008 to 10 September 2018 to redeem the existing preference shares of RM200 million held by BNM.

The preference shares issued confer the holders a right to a non-cumulative preference dividend of 1% (less tax) on the capital, thereon to be paid within such time and upon such terms as the Directors of their absolute discretion may deem fit to declare, make or pay in relation to any financial year but shall not confer the right to any further participation in profits. No dividend has been declared since the issuance of the preference shares. The redemption of the preference shares is at the option of BNM.

In view of the above terms, the preference shares have been classified as a financial liability.

# Notes to the Financial Statements (continued)

– 31 December 2017

## 27. SMALL ENTREPRENEURS FINANCING FUND (“SEFF”)

	Group/Company	
	2017 RM'000	2016 RM'000
As at 1 January/31 December	11,075	11,075
Repayable within 12 months	11,075	11,075

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

In 1996, the Company entered into an agreement with Permodalan Nasional Berhad (“PNB”) who agreed to contribute RM200 million to the fund of which RM50 million was received in 1996. The RM50 million was subject to repayment by way of 5 equal annual instalments commencing on the 5th anniversary of the disbursement of each advance. In 2001, the Company shall on demand refund all unutilised sums advanced by PNB without interest. The Company had applied for an extension of the repayment for another 5 years. The Company has paid RM10 million in 2006 and 2007 respectively. In year 2008, the Company has requested to repay on the unutilised portion of the fund and upon recovery of the loans from the small entrepreneurs. As at to date, RM32.5 million was paid.

In addition to the above, the MECD contributed a guarantee fund of RM40 million which was received in 1996 and included under the Special Programme Reserve to absorb possible losses on loans granted under the SEFF. Correspondingly, the earnings from the unutilised portion of the fund was transferred to the Special Programme Reserve to be used to absorb possible losses on loans granted under this scheme (Note 20).

## 28. DERIVATIVE FINANCIAL LIABILITIES

	Group/Company			
	31.12.2017		31.12.2016	
	Contract/ notional amount RM'000	Liabilities RM'000	Contract/ notional amount RM'000	Liabilities RM'000
Derivative financial liabilities – currency forward contracts	34,828	228	145,045	1,014

## 29. PROVISION FOR CLAIMS UNDER GUARANTEE SCHEMES

	Group/Company	
	2017 RM'000	2016 RM'000
As at 1 January	20,743	34,528
Provision made during the financial year	99,743	71,370
Transfer to claims payable during the financial year	(97,687)	(85,155)
As at 31 December	22,799	20,743

## 30. TRADE PAYABLES, OTHER PAYABLES AND LOAN DUE TO NON-CONTROLLING INTEREST

	Group		Company	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Loan due to non-controlling interest	38	38	–	–
Trade payables	585	141	–	–
Guarantee fee due unearned	60,294	41,613	60,294	41,613
Refundable proceed TPUB and TPUB-i	3,694	2,366	3,694	2,366
Sinking fund – TPUB-i	5,092	6,192	5,092	6,192
Deferred income				
– ERF	39	39	39	39
– Prepaid package and annual subscription fee	1,404	1,634	–	–
– Government grant	15,498	18,668	15,498	18,668
Surplus attributable to operations of BNM's SAF and SMF	63,511	60,337	63,511	60,337
Green Technology Financing Scheme	8,009	21,417	8,009	21,417
Accruals	28,196	20,527	27,842	20,264
Other payables	28,325	18,191	28,300	17,723
	214,647	191,125	212,279	188,619

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

The details of the loan due to non-controlling interest are similar to the terms and conditions of the loan due from a subsidiary as disclosed in Note 16 to the financial statements.

On 1 May 2011, the non-controlling interest entered into an agreement to give a loan to the subsidiary (Credit Bureau Malaysia Sdn. Bhd.) with a principal of RM1,250,000. The tenure of the loan is three years from the date of respective drawdown and interest payment is to be made every 6 months from the respective drawdown date. The repayment of principal shall be on the third anniversary date of the respective drawdown. Interest of 5% per annum is charged on the loan of RM1,250,000.



# Notes to the Financial Statements (continued)

– 31 December 2017

## 30. TRADE PAYABLES, OTHER PAYABLES AND LOAN DUE TO NON-CONTROLLING INTEREST (CONTINUED)

On 1 December 2014, the tenure of the loan was extended from three years to five years from the date of respective drawdown.

On 23 October 2015, the non-controlling interest subscribed to issuance of 1,250,000 new ordinary shares of RM1.00 each by the subsidiary for capitalisation of loan due to non-controlling interest of RM1,250,000.

The maturity of the loan is as follows:

	Group	
	31.12.2017 RM'000	31.12.2016 RM'000
Maturity:		
– not later than one year	38	38

## 31. FRANCHISE FINANCING SCHEME FUND (“FFS”)

On 27 October 1997, a Memorandum of Understanding (“MOU”) was executed between the Company, MECD and three participating banks aimed at promoting growth in franchise business under a fund known as FFS.

Details of the Company’s receipts from MECD in the form of guarantee fund and subsidy on interest to borrowers as at 31 December 2017 and 31 December 2016 is as follows:

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

This program enables entrepreneurs operating viable franchise businesses to have access to credit facilities up to a maximum of RM7.5 million each. The bank may charge the borrower interest up to a maximum of BLR + 1.5% per annum. However, MECD through the Company will subsidize the interest payment and reduce the borrower’s cost of borrowing.

### 32. PROJEK USAHAWAN BUMIPUTRA DALAM BIDANG PERUNCITAN (“PROSPER”)

The PROSPER scheme was introduced in August 2000 in an effort to encourage more Bumiputra entrepreneurs to be involved in the retail business throughout Malaysia. Under this scheme, four main parties are involved:

- (i) Perbadanan Usahawan Nasional Berhad (“PUNB”)
- (ii) TPPT Sdn. Bhd.
- (iii) Participating Financial Institutions (currently only Malayan Banking Berhad is involved), and
- (iv) The Company

PROSPER scheme facilities are provided under CGC’s Flexi Guarantee Scheme (“FGS”) with 100% guarantee coverage. On 3 March 2005, the Company received an amount of RM30 million as a grant from the MOF. The fund is to be used to meet possible loan losses under the scheme.

### 33. REVENUE

	Group		Company	
	2017 RM’000	2016 RM’000	2017 RM’000	2016 RM’000
Guarantee fees	<b>22,605</b>	21,942	<b>22,605</b>	21,943
Guarantee fees on portfolio guarantee scheme	<b>105,256</b>	78,900	<b>105,256</b>	78,900
Guarantee fees on wholesale guarantee scheme	<b>5,605</b>	7,137	<b>5,605</b>	7,137
Interest income – Redemption schemes	<b>12,179</b>	14,092	<b>12,179</b>	14,091
Interest income – TPUB	<b>28</b>	151	<b>28</b>	151
Profit income – TPUB-i	<b>3,800</b>	3,948	<b>3,800</b>	3,948
Profit income – Bizmula-i	<b>4,683</b>	4,729	<b>4,683</b>	4,729
Profit income – BizWanita-i	<b>1,419</b>	984	<b>1,419</b>	984
Prepaid package fee	<b>2,746</b>	2,065	–	–
Report income	<b>4,839</b>	4,765	–	–
Data services	<b>2,156</b>	504	–	–
Monitoring service fee	<b>76</b>	138	–	–
Subscription fees	<b>183</b>	185	–	–
Lead generation	<b>6</b>	17	–	–
Rating validation	<b>1</b>	355	–	–
	<b>165,582</b>	139,912	<b>155,575</b>	131,883

# Notes to the Financial Statements (continued)

– 31 December 2017

## 34. INVESTMENT INCOME

	Group/Company	
	2017 RM'000	2016 RM'000
Interest income		
– Term deposits	41,038	52,528
– Investment securities: AFS	81,077	58,189
– Investment securities: HTM	7,165	5,184
– Investment securities: HFT	155	122
– Investment securities: FVTPL	36,877	35,310
– Structured investments: FVTPL	7,005	14,945
	<b>173,317</b>	166,278
Realised gain/(loss) on disposal		
– Investment securities: AFS	892	1,305
– Investment securities: FVTPL	7,953	23,674
– Investment securities: HFT	183	(183)
– Investment fund: AFS	–	14,991
– Structured investments: FVTPL	–	(10,163)
– Derivatives	17,348	(3,850)
	<b>26,376</b>	25,774
Unrealised fair value (loss)/gain		
– Investment securities: FVTPL	(14,849)	(2,868)
– Foreign exchange loss	(499)	–
– Structured investments: FVTPL	3,193	(6,132)
– Derivatives	3,060	(2,217)
	<b>(9,095)</b>	(11,217)
Accretion of discounts/(amortisation of premiums)		
– Investment securities: AFS	(965)	(407)
– Investment securities: FVTPL	(2,262)	(2,193)
– Investment securities: HFT	3	(3)
	<b>(3,224)</b>	(2,603)
	<b>187,374</b>	178,232

## 35. OTHER OPERATING INCOME

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Rental income	11	11	262	262
Management fees	1,978	1,799	2,147	1,892
Dividend income from an associate	–	–	6,300	5,950
Administrative fee – TPUB-i	106	365	106	365
Recoveries from guarantee given	47,286	51,762	47,286	51,762
Amortisation of deferred income – Government grant	3,170	3,381	3,170	3,381
Other income	5,511	4,451	5,406	4,420
	<b>58,062</b>	61,769	<b>64,677</b>	68,032

### 36. STAFF COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries	39,158	36,289	36,855	34,600
Bonus	17,144	12,248	17,011	12,161
Employees' Provident Fund	8,452	7,598	8,083	7,316
Others	7,058	6,567	6,768	6,340
	<b>71,812</b>	<b>62,702</b>	<b>68,717</b>	<b>60,417</b>

### 37. PROFIT BEFORE TAXATION

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit before taxation is arrived at after charging:				
Computer maintenance	9,426	9,394	8,518	8,080
Recovery expenses	3,530	3,220	3,530	3,220
Accretion of Government loans	3,170	3,381	3,170	3,381
Fund managers expenses	2,417	1,664	2,417	1,664
Rental	1,445	1,385	1,320	1,249
Electricity	1,246	1,275	1,195	1,230
Directors remuneration	754	692	634	564
Directors meeting allowance	544	524	464	446
Promotional expenses	1,108	850	1,108	850
Auditors remuneration – statutory audit:				
– current year	412	392	390	370
Loss on disposal of property, plant and equipment	31	82	31	82
Write-off of intangible assets	26	30	3	29
Depreciation on property, plant and equipment (Note 4)	4,911	3,783	4,745	3,662
Amortisation of intangible assets (Note 5)	6,016	4,623	4,332	3,021
Provision for claims under guarantee schemes (net)	99,743	71,370	99,743	71,370
Allowance made for impairment of investment in subsidiary	–	–	5,182	14,993
Allowance for impairment of loans, advances and financing (net)	7,793	20,335	7,793	20,335
Irrecoverable SRD legal fee	6,769	–	6,769	–
Interest expense for government loans	4,500	4,500	4,500	4,500

# Notes to the Financial Statements (continued)

– 31 December 2017

## 38. TAXATION AND DEFERRED TAX (LIABILITIES)/ASSETS

	Group	
	2017 RM'000	2016 RM'000
Malaysian income tax:		
Current tax – current financial year	–	–
Deferred tax	(350)	380
Taxation charged	(350)	380

The Company has been granted exemption from income tax for 10 years from year of assessment 2002 under Section 127(3)(b) of the Income Tax Act 1967. The exemption was extended for 5 years covering 2012 to 2016. Subsequently in 2017, the renewed exemption from income tax was obtained for another 5 years from year assessment 2017 under Section 127(3A) of the Income Tax Act 1967.

The explanation of the relationship between taxation and profit before taxation is as follows:

	Group	
	2017 RM'000	2016 RM'000
Profit before taxation	221,658	236,664
Tax calculated at the Malaysian tax rate of 24% (2016: 24%)	53,198	56,799
Tax effects in respect of:		
Expenses not deductible for tax purposes	232	174
Deductible temporary differences previously not recognised	(204)	–
Current year deductible temporary differences not recognised	–	449
Current year tax loss not recognised	113	162
Unabsorbed capital allowances not recognised	–	1,512
Underprovision of tax for prior financial year	6	–
Net income exempted from tax	(53,695)	(58,716)
Taxation	(350)	380

### 38. TAXATION AND DEFERRED TAX (LIABILITIES)/ASSETS (CONTINUED)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same authority.

	Group	
	31.12.2017 RM'000	31.12.2016 RM'000
Deferred tax liabilities – net	–	(380)
The movements in the deferred tax (liabilities)/assets balances are as follows:		
As at 1 January	(380)	1,239
(Charge)/Credited to income statement:	380	(1,619)
– property and equipment	(41)	(28)
– intangible assets	(366)	(58)
– deferred income	337	(294)
– unabsorbed capital allowances	450	(1,239)
As at 31 December	–	(380)

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

	Group	
	31.12.2017 RM'000	31.12.2016 RM'000
Unabsorbed capital allowances	10,112	10,441
Unutilised tax losses	10,389	9,918
	20,501	20,359

### 39. COMMITMENTS AND CONTINGENCIES

The guarantees provided in respect of credit facilities extended by member financial institutions to borrowers under the various schemes guaranteed by the Company are as follows:

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Financial guarantees	6,497,219	5,241,962
Irrevocable commitments to extend credit:		
– maturity not exceeding one year	79,308	50,200
Foreign exchange related contracts:		
– maturity not exceeding one year	226,799	159,582
Net contingencies	6,803,326	5,451,744

Out of the total financial guarantees balances of RM6.5 billion as at 31 December 2017, RM1.3 billion is reimbursable under Government Back Scheme (“GBS”) arrangement.



# Notes to the Financial Statements (continued)

– 31 December 2017

## 39. COMMITMENTS AND CONTINGENCIES (CONTINUED)

### (i) By schemes

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
<b>Full Risk</b>		
(a) Conventional DAGS	317,930	336,760
(b) Islamic DAGS	9,400	9,510
<b>Shared Risk</b>		
(a) Conventional		
Bizjamin	135,540	163,190
New Principal Guarantee Scheme	2,960	8,350
Flexi Guarantee Scheme	478,380	350,440
Small Entrepreneurs Guarantee Scheme	70	70
Principal Guarantee Scheme	110	110
Franchise Financing Scheme	11,810	18,160
Tabung Usahawan Kecil	140	140
Small Enterprise Financing Fund	150	340
Small Biz Express	8,100	13,600
Portfolio Guarantee	2,697,409	1,965,251
(b) Islamic		
Bizjamin	73,870	79,270
Portfolio Guarantee	1,827,274	1,398,231
Wholesale Guarantee	510,807	614,668
<b>Other Shared Risk – Government Backed Schemes</b>		
(a) Conventional		
Special Relief Guarantee Facility	10	10
SME Modernisation Facility	–	24,430
SME Assistance Facility	160	2,680
Green Technology Financing Scheme	540,910	409,460
Intellectual Property Financing Scheme	5,000	5,000
Special Relief Facility	28,880	29,710
Disaster Relief Facility	6,780	–
(b) Islamic		
Green Technology Financing Scheme	674,270	564,590
Intellectual Property Financing Scheme	11,480	12,980
Special Relief Facility	47,180	51,130
Disaster Relief Facility	2,140	–
<b>Gross financial guarantees</b>	<b>7,390,760</b>	<b>6,058,080</b>
Less:		
– Impairment allowance	(22,799)	(20,743)
– Reserves (Note 20)	(870,742)	(795,375)
<b>Total net financial guarantees</b>	<b>6,497,219</b>	<b>5,241,962</b>

#### 40. CAPITAL COMMITMENTS

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Capital expenditure not provided for in the financial statements: Authorised and contracted for	<b>5,479</b>	3,412

#### 41. LEASE COMMITMENTS

The Group and the Company have lease commitments in respect of rented premises, all of which are classified as operating leases.

A summary of the future minimum lease payments, under non-cancellable operating lease commitments are as follows:

	Group		Company	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Not later than one year	<b>1,039</b>	1,116	<b>956</b>	763
Later than one year and not later than three years	<b>1,175</b>	262	<b>722</b>	179
	<b>2,214</b>	1,378	<b>1,678</b>	942

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

#### 42. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Non-Executive Directors' fees	<b>1,305</b>	1,216
Other key management personnel (including President/CEO):		
– Short-term employee benefits	<b>3,934</b>	2,877
– Contribution to Employees' Provident Fund	<b>676</b>	495
Total compensation	<b>5,915</b>	4,588

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

# Notes to the Financial Statements (continued)

– 31 December 2017

## 42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other significant related parties are as follows:

Name of Company	Relationship
Bank Negara Malaysia (“BNM”)	Substantial shareholder of the Company
Credit Bureau Malaysia Sdn. Bhd.	Subsidiary
Aureos CGC Advisers Sdn. Bhd.	Associate
Danajamin Nasional Berhad	Associate

(i) Directors’ fees and remuneration

Total remuneration (including benefit-in-kind) of the Directors of the Group are as follows:

	Salary and bonus RM’000	Fees RM’000	Meeting allowance RM’000	Benefit-in-kind RM’000	Total RM’000
<b>Group 2017</b>					
Non-Executive Directors:					
Dato’ Agil Natt	–	144	30	7	181
Datuk David Chua Kok Tee	–	80	80	–	160
Dato’ Syed Moheeb Syed Kamarulzaman	–	80	72	–	152
Datuk Mohd Zamree Mohd Ishak	–	20	16	–	36
Datuk Hamirullah Boorhan***	–	20	6	–	26
Encik Mohamed Rashdi Mohamed Ghazalli <sup>1</sup>	–	50	54	–	104
Encik Teoh Kok Lin	–	60	64	–	124
Encik Suresh Kumar A/L T.A.S Menon	–	80	68	–	148
Dato’ Ong Eng Bin*	–	60	40	–	100
Encik Koo Chiang**	–	20	12	–	32
Puan Nadzirah Abd. Rashid	–	60	50	–	110
Encik Choong Tuck Oon <sup>2</sup>	–	57	38	–	95
Puan Jessica Chew Cheng Lian <sup>3</sup>	–	23	14	–	37
<b>Total Directors’ remuneration</b>	–	<b>754</b>	<b>544</b>	<b>7</b>	<b>1,305</b>
<b>Group 2016</b>					
Non-Executive Directors:					
Dato’ Agil Natt	–	144	34	–	178
Datuk David Chua Kok Tee	–	80	78	–	158
Dato’ Syed Moheeb Syed Kamarulzaman	–	80	62	–	142
Datuk Mohd Zamree Mohd Ishak	–	20	12	–	32
Datuk Hamirullah Boorhan***	–	20	10	–	30
Encik Mohamed Rashdi Mohamed Ghazalli <sup>1</sup>	–	60	62	–	122
Encik Teoh Kok Lin	–	60	66	–	126
Encik Suresh Kumar A/L T.A.S Menon	–	80	80	–	160
Dato’ Ong Eng Bin*	–	68	50	–	118
Encik Koo Chiang**	–	20	8	–	28
Puan Nadzirah Abd. Rashid	–	60	62	–	122
<b>Total Directors’ remuneration</b>	–	<b>692</b>	<b>524</b>	<b>–</b>	<b>1,216</b>

## 42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other significant related parties are as follows: (continued)

(i) Directors' fees and remuneration (continued)

	Salary and bonus RM'000	Fees RM'000	Meeting allowance RM'000	Benefit-in- kind RM'000	Total RM'000
<b>Company 2017</b>					
Non-Executive Directors:					
Dato' Agil Natt	—	144	30	7	181
Datuk David Chua Kok Tee	—	60	64	—	124
Dato Syed Moheeb Syed Kamarulzaman	—	60	58	—	118
Encik Mohamed Rashdi Mohamed Ghazalli <sup>1</sup>	—	50	54	—	104
Encik Teoh Kok Lin	—	60	64	—	124
Encik Suresh Kumar A/L T.A.S Menon	—	60	52	—	112
Dato' Ong Eng Bin*	—	60	40	—	100
Puan Nadzirah Abd. Rashid	—	60	50	—	110
Encik Choong Tuck Oon <sup>2</sup>	—	57	38	—	95
Puan Jessica Chew Cheng Lian <sup>3</sup>	—	23	14	—	37
<b>Total Directors' remuneration</b>	—	<b>634</b>	<b>464</b>	<b>7</b>	<b>1,105</b>
<b>Company 2016</b>					
Non-Executive Directors:					
Dato' Agil Natt	—	144	34	—	178
Datuk David Chua Kok Tee	—	60	62	—	122
Dato Syed Moheeb Syed Kamarulzaman	—	60	52	—	112
Encik Mohamed Rashdi Mohamed Ghazalli <sup>1</sup>	—	60	62	—	122
Encik Teoh Kok Lin	—	60	66	—	126
Encik Suresh Kumar A/L T.A.S Menon	—	60	64	—	124
Dato' Ong Eng Bin*	—	60	44	—	104
Puan Nadzirah Abd. Rashid	—	60	62	—	122
<b>Total Directors' remuneration</b>	—	<b>564</b>	<b>446</b>	—	<b>1,010</b>

\* Director's fees payable to OCBC Bank (M) Berhad

\*\* Director's fees payable to D&B Malaysia Sdn Bhd

\*\*\* Director's fees payable to Malayan Banking Berhad

<sup>1</sup> Resigned as a Director with effect from 1 November 2017

<sup>2</sup> Appointed as a Director with effect from 20 January 2017

<sup>3</sup> Appointed as a Director with effect from 16 August 2017

# Notes to the Financial Statements (continued)

– 31 December 2017

## 42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other significant related parties are as follows: (continued)

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

	Group		Company	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Loan due from subsidiary (Note 16)	–	–	125	125
Amount due from subsidiary (Note 16)	–	–	4,436	1,865

Amount due (to)/from BNM:

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
(i) SRGF, SRGF-2 and SME AGS (Note 17)	(509)	(1,919)
(ii) Government funds (Note 25)	(150,342)	(150,342)
(iii) Danajamin Nasional Berhad (Note 22)	(500,000)	(500,000)
(iv) TPUB-i (Note 22)	(301,500)	(301,500)
(v) Preference shares (Note 26)	(200,000)	(200,000)

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Subscription fee charged by a subsidiary	–	–	5	5
Report fees charged by a subsidiary	–	–	248	85
Office rental charged to a subsidiary	–	–	251	(251)
Management/secretarial fee charged to a subsidiary	–	–	(170)	(93)
Interest expense and service fee charges to BNM	4,500	4,500	4,500	4,500

### 43. CAPITAL MANAGEMENT

The primary objective of the Company is to ensure that it maintains an adequate Guarantee Reserve Ratio (“GRR”) in order to meet its mandate in promoting the growth and development of SMEs.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares or return capital to shareholders. No changes were made in the objectives and policies during the financial years ended 31 December 2017 and 2016.

The Company monitors capital and its ability to guarantee by reference to its GRR, which stands at 2.5 times as at 31 December 2017 (2016: 2.3 times). The Company’s policy is to maintain a GRR of less than 6 times.

### 44. 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 trade and other receivables, bond investment as well as loans, advances and financing.

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 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 loans vis-à-vis established thresholds.

For other financial assets (including investment securities and placements with fund managers), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

For financial assets recognised in the statements of financial position, the exposure to credit risk equals their carrying amount. For financial guarantees granted, the maximum exposure to credit risk is the maximum amount that the Group and the Company would have to pay if the guarantees were to be called upon. For credit related commitments and contingencies, the maximum exposure to credit risk is full amount of the undrawn credit facilities granted to customers.

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



# Notes to the Financial Statements (continued)

– 31 December 2017

## 44. FINANCIAL RISK MANAGEMENT (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			
	31.12.2017		31.12.2016	
	Carrying value RM'000	Maximum credit exposure RM'000	Carrying value RM'000	Maximum credit exposure RM'000
<b>Credit risk exposures of on-balance sheet assets:</b>				
Trade and other receivables <sup>#</sup>	18,388	17,159	29,739	28,458
Cash and cash equivalents <sup>^</sup>	64,332	64,312	65,900	65,880
<b>Credit risk exposure of off-balance sheet items:</b>				
Financial guarantees	6,497,219	6,497,219	5,241,962	5,241,962
Credit related commitments and contingencies	79,308	79,308	50,200	50,200
<b>Total maximum credit risk exposure</b>	<b>6,659,247</b>	<b>6,657,998</b>	<b>5,387,801</b>	<b>5,386,500</b>

	Company			
	31.12.2017		31.12.2016	
	Carrying value RM'000	Maximum credit exposure RM'000	Carrying value RM'000	Maximum credit exposure RM'000
<b>Credit risk exposures of on-balance sheet assets:</b>				
Trade and other receivables <sup>#</sup>	16,174	15,013	28,197	26,984
Cash and cash equivalents <sup>^</sup>	58,522	58,504	59,970	59,952
<b>Credit risk exposure of off-balance sheet items:</b>				
Financial guarantees	6,497,219	6,497,219	5,241,962	5,241,962
Credit related commitments and contingencies	79,308	79,308	50,200	50,200
<b>Total maximum credit risk exposure</b>	<b>6,651,223</b>	<b>6,650,044</b>	<b>5,380,329</b>	<b>5,379,098</b>

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

<sup>#</sup> Prepayments

<sup>^</sup> Cash in hand

#### 44. 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
2017												
Structured investments: FVTPL	–	–	–	147,061	–	–	–	–	–	–	–	147,061
Investment securities: AFS	66,758	–	131,359	358,505	–	–	314,394	–	498,769	382,352	10,175	1,762,312
Investment securities: HTM	–	–	81,995	40,325	–	–	–	–	–	–	50,255	172,575
Investment securities: HFT	–	–	–	–	–	–	–	–	–	–	–	–
Investment securities: FVTPL	16,495	21,626	33,244	386,977	8,778	2,469	90,211	–	36,239	121,509	54,677	772,225
Derivative financial assets	–	–	–	2,420	–	–	–	–	–	–	–	2,420
Term deposits	–	–	–	1,080,949	–	–	–	–	–	–	–	1,080,949
Loans, advances and financing	1,620	6,779	58,682	28,191	26,633	75	2,323	63,507	–	478	1,436	189,724
Trade and other receivables #	–	–	176	15,530	1	–	68	29	253	1	1,101	17,159
Cash and cash equivalents ^	–	–	–	64,312	–	–	–	–	–	–	–	64,312
	84,873	28,405	305,456	2,124,270	35,412	2,544	406,996	63,536	535,261	504,340	117,644	4,208,737
Financial guarantees	55,462	232,145	2,009,585	965,408	912,078	2,570	79,552	2,174,833	–	16,381	49,205	6,497,219
Credit related commitments and contingencies	–	134	44,268	17,957	1,618	–	1,428	11,493	–	2,410	–	79,308
Total off balance sheet	55,462	232,279	2,053,853	983,365	913,696	2,570	80,980	2,186,326	–	18,791	49,205	6,576,527

# Notes to the Financial Statements (continued)

– 31 December 2017

## 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Credit Risk (continued)

#### Credit risk concentration (continued)

Group 2016	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
Structured investments: FVTPL	–	–	–	143,868	–	–	–	–	–	–	–	143,868
Investment securities: AFS	51,414	–	89,839	382,143	–	–	257,100	–	421,626	269,754	19,469	1,491,345
Investment securities: HTM	–	–	–	40,319	–	–	–	–	–	–	50,255	90,574
Investment securities: HFT	–	–	–	–	–	–	15,115	–	–	–	–	15,115
Investment securities: FVTPL	31,113	18,409	6,811	259,503	–	–	132,728	–	34,555	120,859	45,698	649,676
Derivative financial assets	–	–	–	145	–	–	–	–	–	–	–	145
Term deposits	–	–	–	1,334,841	–	–	–	–	–	–	–	1,334,841
Loans, advances and financing	1,835	6,718	46,404	15,198	30,240	139	4,630	85,503	–	293	1,667	192,627
Trade and other receivables #	–	–	304	25,666	1	–	72	29	209	–	2,177	28,458
Cash and cash equivalents ^	–	–	–	65,880	–	–	–	–	–	–	–	65,880
	84,362	25,127	143,358	2,267,563	30,241	139	409,645	85,532	456,390	390,906	119,266	4,012,529
Financial guarantees	49,945	182,810	1,262,801	413,574	822,918	3,788	125,995	2,326,783	–	7,987	45,361	5,241,962
Credit related commitments and contingencies	–	282	20,841	8,692	3,271	–	2,239	14,875	–	–	–	50,200
Total off balance sheet	49,945	183,092	1,283,642	422,266	826,189	3,788	128,234	2,341,658	–	7,987	45,361	5,292,162

# Excludes prepayments of RM1,229,000 (2016: RM1,281,000)

^ Excludes cash in hand of RM20,050 (2016: RM20,050)

#### 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (a) Credit Risk (continued)

###### Credit risk concentration (continued)

Company 2017	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
Structured investments: FVTPL	-	-	-	147,061	-	-	-	-	-	-	-	147,061
Investment securities: AFS	66,758	-	131,359	358,505	-	-	314,394	-	498,769	382,352	10,175	1,762,312
Investment securities: HTM	-	-	81,995	40,325	-	-	-	-	-	-	50,255	172,575
Investment securities: HFT	-	-	-	-	-	-	-	-	-	-	-	-
Investment securities: FVTPL	16,495	21,626	33,244	386,977	8,778	2,469	90,211	-	36,239	121,509	54,677	772,225
Derivative financial assets	-	-	-	2,420	-	-	-	-	-	-	-	2,420
Term deposits	-	-	-	1,080,949	-	-	-	-	-	-	-	1,080,949
Loans, advances and financing	1,620	6,779	58,682	28,191	26,633	75	2,323	63,507	-	478	1,436	189,724
Loan due from a subsidiary	-	-	-	125	-	-	-	-	-	-	-	125
Amount due from a subsidiary	-	-	-	4,436	-	-	-	-	-	-	-	4,436
Trade and other receivables #	-	-	173	13,507	-	-	16	24	194	-	1,099	15,013
Cash and cash equivalents ^	-	-	-	58,504	-	-	-	-	-	-	-	58,504
	84,873	28,405	305,453	2,121,000	35,411	2,544	406,944	63,531	535,202	504,339	117,642	4,205,344
Financial guarantees	55,462	232,145	2,009,585	965,408	912,078	2,570	79,552	2,174,833	-	16,381	49,205	6,497,219
Credit related commitments and contingencies	-	134	44,268	17,957	1,618	-	1,428	11,493	-	2,410	-	79,308
Total off balance sheet	55,462	232,279	2,053,853	983,365	913,696	2,570	80,980	2,186,326	-	18,791	49,205	6,576,527

# Notes to the Financial Statements (continued)

– 31 December 2017

## 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Credit Risk (continued)

#### Credit risk concentration (continued)

Company 2016	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
Structured investments: FVTPL	–	–	–	143,868	–	–	–	–	–	–	–	143,868
Investment securities: AFS	51,414	–	89,839	382,143	–	–	257,100	–	421,626	269,754	19,469	1,491,345
Investment securities: HTM	–	–	–	40,319	–	–	–	–	–	–	50,255	90,574
Investment securities: HFT	–	–	–	–	–	–	15,115	–	–	–	–	15,115
Investment securities: FVTPL	31,113	18,409	6,811	259,503	–	–	132,728	–	34,555	120,859	45,698	649,676
Derivative financial assets	–	–	–	145	–	–	–	–	–	–	–	145
Term deposits	–	–	–	1,334,841	–	–	–	–	–	–	–	1,334,841
Loans, advances and financing	1,835	6,718	46,404	15,198	30,240	139	4,630	85,503	–	293	1,667	192,627
Loan due from a subsidiary	–	–	–	125	–	–	–	–	–	–	–	125
Amount due from a subsidiary	–	–	–	1,865	–	–	–	–	–	–	–	1,865
Trade and other receivables #	–	–	304	24,263	–	–	16	29	195	–	2,177	26,984
Cash and cash equivalents ^	–	–	–	59,952	–	–	–	–	–	–	–	59,952
	84,362	25,127	143,358	2,262,222	30,240	139	409,589	85,532	456,376	390,906	119,266	4,007,117
Financial guarantees	49,945	182,810	1,262,801	413,574	822,918	3,788	125,995	2,326,783	–	7,987	45,361	5,241,962
Credit related commitments and contingencies	–	282	20,841	8,692	3,271	–	2,239	14,875	–	–	–	50,200
Total off balance sheet	49,945	183,092	1,283,642	422,266	826,189	3,788	128,234	2,341,658	–	7,987	45,361	5,292,162

# Excludes prepayments of RM1,161,000 (2016: RM1,213,000)

^ Excludes cash in hand of RM18,000 (2016: RM18,000)

#### 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (a) Credit Risk (continued)

###### Credit quality

###### (i) Loans, advances and financing

All loans, advances and financing 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 loans, advances and financing by credit quality

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Carrying amount of loans, advances and financing by credit quality:		
Neither past due nor impaired (A)	<b>168,954</b>	165,382
Past due but not impaired (B)	<b>32,346</b>	38,648
Impaired (C)	<b>124,098</b>	213,212
<b>Gross loans, advances and financing</b>	<b>325,398</b>	417,242
Less: Allowances for impairment losses		
– Individual allowance	<b>(124,098)</b>	(213,212)
– Collective allowance	<b>(11,576)</b>	(11,403)
<b>Net loans, advances and financing</b>	<b>189,724</b>	192,627

###### (A) Neither past due nor impaired

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	
	31.12.2017 RM'000	31.12.2016 RM'000
<u>Quality classification</u>		
Satisfactory	<b>168,954</b>	165,382

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 (continued)

– 31 December 2017

## 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Credit Risk (continued)

#### Credit quality (continued)

#### (i) Loans, advances and financing (continued)

##### (B) Past due but not impaired

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Past due up to 30 days	19,696	23,336
Past due 30-60 days	12,650	15,312
Past due 60-90 days	–	–
	<b>32,346</b>	38,648

##### (C) Impaired

	Group/Company	
	31.12.2017 RM'000	31.12.2016 RM'000
Analysis of impaired loans:		
Gross impaired loans	124,098	213,212
Individually impaired loans	124,098	213,212

#### (ii) Private debt securities, derivatives, term deposits and cash and cash equivalents

Private debt securities included in investment security: FVTPL and investment securities: AFS 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 uses external ratings provided by RAM, MARC, Moody's or S&P.

#### 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (a) Credit Risk (continued)

###### Credit quality (continued)

##### (ii) Private debt securities, derivatives, term deposits and cash and cash equivalents (continued)

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

	Sovereign (no rating) RM'000	Investment grade (AAA) RM'000	Non Investment RM'000	Unrated RM'000	Total RM'000
<b>Group 2017</b>					
Structured investments: FVTPL	–	147,061	–	–	147,061
Investment securities: AFS					
– Money market instruments	49,270	101,903	–	–	151,173
– Unquoted securities	316,516	1,294,623	–	–	1,611,139
Investment securities: HTM	–	–	–	172,575	172,575
Investment securities: HFT	–	–	–	–	–
Investment securities: FVTPL	29,765	639,097	–	103,363	772,225
Derivative financial assets	–	2,420	–	–	2,420
Term deposits	42,966	1,032,268	–	5,715	1,080,949
Cash and cash equivalents <sup>^</sup>	–	64,312	–	–	64,312
	<b>438,517</b>	<b>3,281,684</b>	<b>–</b>	<b>281,653</b>	<b>4,001,854</b>
<b>Group 2016</b>					
Structured investments: FVTPL	–	143,868	–	–	143,868
Investment securities: AFS					
– Money market instruments	49,769	101,869	–	–	151,638
– Unquoted securities	269,988	1,069,719	–	–	1,339,707
Investment securities: HTM	–	–	–	90,574	90,574
Investment securities: HFT	–	15,115	–	–	15,115
Investment securities: FVTPL	65,203	573,049	–	11,424	649,676
Derivative financial assets	–	145	–	–	145
Term deposits	40,795	1,261,499	–	32,547	1,334,841
Cash and cash equivalents <sup>^</sup>	–	65,880	–	–	65,880
	<b>425,755</b>	<b>3,231,144</b>	<b>–</b>	<b>134,545</b>	<b>3,791,444</b>

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

<sup>^</sup> Cash in hand of RM20,050 (2016: RM20,050)

There are no private debt securities, term deposits and cash and cash equivalents which are past due but not impaired or impaired.

# Notes to the Financial Statements (continued)

– 31 December 2017

## 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Credit Risk (continued)

#### Credit quality (continued)

#### (ii) Private debt 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)

	Sovereign (no rating) RM'000	Investment grade (AAA) RM'000	Non Investment RM'000	Unrated RM'000	Total RM'000
<b>Company 2017</b>					
Structured investments: FVTPL	–	147,061	–	–	147,061
Investment securities: AFS					
– Money market instruments	49,270	101,903	–	–	151,173
– Unquoted securities	316,516	1,294,623	–	–	1,611,139
Investment securities: HTM	–	–	–	172,575	172,575
Investment securities: HFT	–	–	–	–	–
Investment securities: FVTPL	29,765	639,097	–	103,363	772,225
Derivative financial assets	–	2,420	–	–	2,420
Term deposits	42,966	1,032,268	–	5,715	1,080,949
Cash and cash equivalents <sup>^</sup>	–	58,504	–	–	58,504
	<b>438,517</b>	<b>3,275,876</b>	<b>–</b>	<b>281,653</b>	<b>3,996,046</b>
<b>Company 2016</b>					
Structured investments: FVTPL	–	143,868	–	–	143,868
Investment securities: AFS					
– Money market instruments	49,769	101,869	–	–	151,638
– Unquoted securities	269,988	1,069,719	–	–	1,339,707
Investment securities: HTM	–	–	–	90,574	90,574
Investment securities: HFT	–	15,115	–	–	15,115
Investment securities: FVTPL	65,203	573,049	–	11,424	649,676
Derivative financial assets	–	145	–	–	145
Term deposits	40,795	1,261,499	–	32,547	1,334,841
Cash and cash equivalents <sup>^</sup>	–	59,952	–	–	59,952
	<b>425,755</b>	<b>3,225,216</b>	<b>–</b>	<b>134,545</b>	<b>3,785,516</b>

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

<sup>^</sup> Cash in hand of RM18,000 (2016: RM18,000)

There are no private debt securities, term deposits and cash and cash equivalents which are past due but not impaired or impaired.

#### 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (a) Credit Risk (continued)

##### Credit quality (continued)

##### (iii) Other financial assets

The carrying amount of other financial assets of the Group and the Company are summarised as below:

	Group		Company	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Loan due from a subsidiary	–	–	125	125
Amount due from a subsidiary	–	–	4,436	1,865
Amount due from BNM	–	–	–	–
Trade and other receivables #	17,159	28,458	15,013	26,984
	<b>17,159</b>	28,458	<b>19,574</b>	28,974

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

- # Prepayments for the Group and the Company amounting to RM1,229,000 (2016: RM1,281,000) and RM1,161,000 (2016: RM1,213,000) respectively.

All other financial assets are categorised into “neither past due nor impaired”, “past due but not impaired” and “past due and impaired”. For financial assets categorised as “neither past due nor impaired”, there is a high likelihood of these assets being recovered in full and therefore, 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.

##### Other financial assets neither past due nor impaired

	Group		Company	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Loan due from a subsidiary	–	–	125	125
Amount due from a subsidiary	–	–	4,436	1,865
Trade and other receivables	12,558	16,591	10,735	15,702
	<b>12,558</b>	16,591	<b>15,296</b>	17,692

# Notes to the Financial Statements (continued)

– 31 December 2017

## 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Credit Risk (continued)

#### Credit quality (continued)

#### (iii) Other financial assets (continued)

#### Other financial assets past due but not impaired and past due and impaired

	Group		Company	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Trade and other receivables	4,661	11,867	4,278	11,282
	4,661	11,867	4,278	11,282
<b>Total</b>	<b>17,219</b>	<b>28,458</b>	<b>19,574</b>	<b>28,974</b>

Credit quality of financial assets that are “neither past due nor impaired” as follows:

	Group		Company	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
<b>Satisfactory</b>				
Loan due from a subsidiary	–	–	125	125
Amount due from a subsidiary	–	–	4,436	1,865
Trade and other receivables	12,558	16,591	10,735	15,702

Analysis on the aging of financial assets that are “past due but not impaired” and “past due and impaired” as follows:

	Group		Company	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
Trade and other receivables				
Past due but not impaired	4,601	11,867	4,278	11,282
Past due and impaired	60	–	–	–
Gross trade receivables	4,661	11,867	4,278	11,282
Impairment allowance	(60)	–	–	–
	4,601	11,867	4,278	11,282

#### 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (b) Market risk

Market risk is defined as the risk of losses to the Group's and the Company's portfolio positions arising from movements in market factors such as interest rates, foreign exchange rates and changes in volatility. The Group and the Company are exposed to market risks from its trading and investment activities.

The Group's and the Company's exposure to market risk stems primarily from interest rate risk. Interest rate risk arises mainly from differences in timing between the maturities or repricing of assets, liabilities and derivatives.

##### Net interest income sensitivity analysis

The table below shows the profit after tax net interest income sensitivity for the financial assets and financial liabilities held at reporting date.

	Group			
	31.12.2017		31.12.2016	
	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")	37,748	37,889	36,925	36,947
- 100 bps	(37,748)	(37,889)	(36,925)	(36,947)

	Company			
	31.12.2017		31.12.2016	
	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	37,748	37,874	36,925	36,947
- 100 bps	(37,748)	(37,874)	(36,925)	(36,947)



# Notes to the Financial Statements (continued)

– 31 December 2017

## 44. 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 on 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 2017	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
<b>Assets</b>					
Structured investments: FVTPL	–	147,061	–	–	147,061
Investment securities: AFS	90,177	611,785	1,040,364	19,986	1,762,312
Investment securities: HTM	–	170,000	–	2,575	172,575
Investment securities: HFT	–	–	–	–	–
Investment securities: FVTPL	18,064	182,663	561,697	9,801	772,225
Derivative financial assets	2,420	–	–	–	2,420
Term deposits	1,076,512	–	–	4,437	1,080,949
Loans, advances and financing – not impaired *	35,301	143,470	22,529	(11,576)	189,724
Cash and cash equivalents	–	–	–	64,332	64,332
Trade and other receivables ^	–	–	–	17,159	17,159
<b>Total financial assets</b>	<b>1,222,474</b>	<b>1,254,979</b>	<b>1,624,590</b>	<b>106,714</b>	<b>4,208,757</b>
<b>Liabilities</b>					
Funds from BNM	1,500	300,000	–	500,000	801,500
Small Entrepreneurs Guarantee Scheme	–	–	–	37,176	37,176
Tabung Usahawan Kecil	–	–	–	38,326	38,326
Government funds	–	–	150,342	–	150,342
Preference shares	–	–	–	200,000	200,000
Small Entrepreneurs Financing Fund	–	–	–	11,075	11,075
Derivative financial liabilities	228	–	–	–	228
Loan due to non-controlling interest	38	–	–	–	38
Other liabilities <sup>(a)</sup>	–	–	–	239,435	239,435
<b>Total financial liabilities</b>	<b>1,766</b>	<b>300,000</b>	<b>150,342</b>	<b>1,026,012</b>	<b>1,478,120</b>
<b>Net interest sensitivity gap</b>	<b>1,220,708</b>	<b>954,979</b>	<b>1,474,248</b>		

#### 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (b) Market risk (continued)

##### Interest/Profit rate risk (continued)

Group 2016	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
<b>Assets</b>					
Structured investments: FVTPL	–	143,868	–	–	143,868
Investment securities: AFS	55,062	584,855	834,141	17,287	1,491,345
Investment securities: HTM	–	90,000	–	574	90,574
Investment securities: HFT	14,978	–	–	137	15,115
Investment securities: FVTPL	4,989	134,874	501,558	8,255	649,676
Derivative financial assets	145	–	–	–	145
Term deposits	1,323,672	–	–	11,169	1,334,841
Loans, advances and financing – not impaired *	21,698	134,594	47,738	(11,403)	192,627
Cash and cash equivalents	–	–	–	65,900	65,900
Trade and other receivables ^	–	–	–	28,458	28,458
<b>Total financial assets</b>	<b>1,420,544</b>	<b>1,088,191</b>	<b>1,383,437</b>	<b>120,377</b>	<b>4,012,549</b>
<b>Liabilities</b>					
Funds from BNM	1,500	300,000	–	500,000	801,500
Small Entrepreneurs Guarantee Scheme	–	–	–	44,523	44,523
Tabung Usahawan Kecil	–	–	–	36,809	36,809
Government Funds	–	–	150,342	–	150,342
Preference shares	–	–	–	200,000	200,000
Small Entrepreneurs Financing Fund	–	–	–	11,075	11,075
Derivative financial liabilities	1,014	–	–	–	1,014
Loan due to non-controlling interest	38	–	–	–	38
Other liabilities <sup>Ⓚ</sup>	–	–	–	215,458	215,458
<b>Total financial liabilities</b>	<b>2,552</b>	<b>300,000</b>	<b>150,342</b>	<b>1,007,865</b>	<b>1,460,759</b>
<b>Net interest sensitivity gap</b>	<b>1,417,992</b>	<b>788,191</b>	<b>1,233,095</b>		

\* The negative balance represents collective allowance for loans, advances and financing

^ Excludes prepayment amounting to RM1,229,000 (2016: RM1,281,000)

Ⓚ Other liabilities includes amount due to BNM, provision for claims under guarantee schemes, claims payable, trade and other payables

# Notes to the Financial Statements (continued)

– 31 December 2017

## 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Market risk (continued)

#### Interest/Profit rate risk (continued)

Company 2017	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
<b>Assets</b>					
Structured investments: FVTPL	–	147,061	–	–	147,061
Investment securities: AFS	90,177	611,785	1,040,364	19,986	1,762,312
Investment securities: HTM	–	170,000	–	2,575	172,575
Investment securities: HFT	–	–	–	–	–
Investment securities: FVTPL	18,064	182,663	561,697	9,801	772,225
Derivative financial assets	2,420	–	–	–	2,420
Term deposits	1,076,512	–	–	4,437	1,080,949
Loans, advances and financing – not impaired *	35,301	143,470	22,529	(11,576)	189,724
Loan due from a subsidiary	125	–	–	–	125
Amount due from a subsidiary	–	–	–	4,436	4,436
Cash and cash equivalents	–	–	–	58,522	58,522
Trade and other receivables ^	–	–	–	15,013	15,013
<b>Total financial assets</b>	<b>1,222,599</b>	<b>1,254,979</b>	<b>1,624,590</b>	<b>103,194</b>	<b>4,205,362</b>
<b>Liabilities</b>					
Fund from BNM	1,500	300,000	–	500,000	801,500
Small Entrepreneurs Guarantee Scheme	–	–	–	37,176	37,176
Tabung Usahawan Kecil	–	–	–	38,326	38,326
Government Funds	–	–	150,342	–	150,342
Preference shares	–	–	–	200,000	200,000
Small Entrepreneurs Financing Fund	–	–	–	11,075	11,075
Derivative financial liabilities	228	–	–	–	228
Other liabilities <sup>Ⓐ</sup>	–	–	–	237,067	237,067
<b>Total financial liabilities</b>	<b>1,728</b>	<b>300,000</b>	<b>150,342</b>	<b>1,023,644</b>	<b>1,475,714</b>
<b>Net interest sensitivity gap</b>	<b>1,220,871</b>	<b>954,979</b>	<b>1,474,248</b>		

#### 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (b) Market risk (continued)

##### Interest/Profit rate risk (continued)

Company 2016	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
<b>Assets</b>					
Structured investments: FVTPL	–	143,868	–	–	143,868
Investment securities: AFS	55,062	584,855	834,141	17,287	1,491,345
Investment securities: HTM	–	90,000	–	574	90,574
Investment securities: HFT	14,978	–	–	137	15,115
Investment securities: FVTPL	4,989	134,874	501,558	8,255	649,676
Derivative financial assets	145	–	–	–	145
Term deposits	1,323,672	–	–	11,169	1,334,841
Loans, advances and financing – not impaired *	21,698	134,594	47,738	(11,403)	192,627
Loan due from a subsidiary	125	–	–	–	125
Amount due from a subsidiary	–	–	–	1,865	1,865
Cash and cash equivalents	–	–	–	59,970	59,970
Trade and other receivables <sup>^</sup>	–	–	–	26,984	26,984
<b>Total financial assets</b>	<b>1,420,669</b>	<b>1,088,191</b>	<b>1,383,437</b>	<b>114,838</b>	<b>4,007,135</b>
<b>Liabilities</b>					
Fund from BNM	1,500	300,000	–	500,000	801,500
Small Entrepreneurs Guarantee Scheme	–	–	–	44,523	44,523
Tabung Usahawan Kecil	–	–	–	36,809	36,809
Government Funds	–	–	150,342	–	150,342
Preference shares	–	–	–	200,000	200,000
Small Entrepreneurs Financing Fund	–	–	–	11,075	11,075
Derivative financial liabilities	1,014	–	–	–	1,014
Other liabilities <sup>^</sup>	–	–	–	212,952	212,952
<b>Total financial liabilities</b>	<b>2,514</b>	<b>300,000</b>	<b>150,342</b>	<b>1,005,359</b>	<b>1,458,215</b>
<b>Net interest sensitivity gap</b>	<b>1,418,155</b>	<b>788,191</b>	<b>1,233,095</b>		

\* The negative balance represents collective allowance for loans, advances and financing

<sup>^</sup> Excludes prepayment amounting to RM1,161,000 (2016: RM1,213,000)

<sup>^</sup> Other liabilities includes amount due to BNM, provision for claims under guarantee schemes, claims payable, trade and other payables

# Notes to the Financial Statements (continued)

– 31 December 2017

## 44. 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 2017	United States Dollar RM'000	Singapore Dollar RM'000	Australian Dollar RM'000	Great Britain Pound RM'000	Euro RM'000	Total RM'000
<b>Assets</b>						
Investment securities:						
FVTPL	191,003	17,248	663	1,110	22,108	232,132
Derivatives	2,352	39	29	–	–	2,420
Cash and cash equivalents	4,552	264	753	22	89	5,680
Net on-balance sheet financial position	197,907	17,551	1,445	1,132	22,197	240,232
<b>Liability</b>						
Derivatives	–	24	–	–	204	228
Net on-balance sheet financial position	–	24	–	–	204	228
Off-balance sheet commitments	184,934	16,631	1,269	1,100	20,674	224,608

Group/Company 2016	United States Dollar RM'000	Singapore Dollar RM'000	Australian Dollar RM'000	Great Britain Pound RM'000	Euro RM'000	Total RM'000
<b>Assets</b>						
Investment securities:						
FVTPL	136,570	1,574	4,943	–	9,608	152,695
Derivatives	–	–	110	–	35	145
Cash and cash equivalents	8,883	2	814	–	132	9,831
Net on-balance sheet financial position	145,453	1,576	5,867	–	9,775	162,671
<b>Liability</b>						
Derivatives	1,009	5	–	–	–	1,014
Net on-balance sheet financial position	1,009	5	–	–	–	1,014
Off-balance sheet commitments	144,504	1,555	4,941	–	9,452	160,452

#### 44. 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	
	31.12.2017 RM'000	31.12.2016 RM'000	31.12.2017 RM'000	31.12.2016 RM'000
<b>+ 1%</b>				
United States Dollar	3,828	(1)	3,828	(1)
Singapore Dollar	342	—	342	—
Australian Dollar	27	9	27	9
Great Britain Pound	22	—	22	—
Euro	427	3	427	3
<b>– 1%</b>				
United States Dollar	(3,828)	1	(3,828)	1
Singapore Dollar	(342)	—	(342)	—
Australian Dollar	(27)	(9)	(27)	(9)
Great Britain Pound	(22)	—	(22)	—
Euro	(427)	(3)	(427)	(3)

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

##### (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.



# Notes to the Financial Statements (continued)

– 31 December 2017

## 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk (continued)

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

Group 2017	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
<b>Liabilities</b>				
Amount due to BNM	509	–	–	509
Funds from BNM	3,000	306,000	500,000	809,000
Small Entrepreneurs Guarantee Scheme	9,000	32,000	–	41,000
Tabung Usahawan Kecil	–	–	50,000	50,000
Government Funds	97,493	52,849	–	150,342
Preference shares	–	200,000	–	200,000
SME Modernisation and Assistance Facilities	–	–	–	–
Small Entrepreneurs Financing Fund	11,075	–	–	11,075
Loan due to non-controlling interest	38	–	–	38
Provision for claims under guarantee schemes	22,799	–	–	22,799
Claims payable	1,480	–	–	1,480
Trade and other payables	214,647	–	–	214,647
	<b>360,041</b>	<b>590,849</b>	<b>550,000</b>	<b>1,500,890</b>

Group 2016	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
<b>Liabilities</b>				
Amount due to BNM	1,919	–	–	1,919
Funds from BNM	3,000	306,000	500,000	809,000
Small Entrepreneurs Guarantee Scheme	9,000	37,000	4,000	50,000
Tabung Usahawan Kecil	–	–	50,000	50,000
Government Funds	1,500	6,000	153,000	160,500
Preference shares	–	200,000	–	200,000
SME Modernisation and Assistance Facilities	–	–	–	–
Small Entrepreneurs Financing Fund	11,075	–	–	11,075
Loan due to non-controlling interest	38	–	–	38
Provision for claims under guarantee schemes	20,743	–	–	20,743
Claims payable	1,671	–	–	1,671
Trade and other payables	191,125	–	–	191,125
	<b>240,071</b>	<b>549,000</b>	<b>707,000</b>	<b>1,496,071</b>

#### 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (c) Liquidity risk (continued)

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

Company 2017	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
<b>Liabilities</b>				
Amount due to BNM	509	–	–	509
Funds from BNM	3,000	306,000	500,000	809,000
Small Entrepreneurs Guarantee Scheme	9,000	32,000	–	41,000
Tabung Usahawan Kecil	–	–	50,000	50,000
Government Funds	97,493	52,849	–	150,342
Preference shares	–	200,000	–	200,000
Small Entrepreneurs Financing Fund	11,075	–	–	11,075
Provision for claims under guarantee schemes	22,799	–	–	22,799
Claims payable	1,480	–	–	1,480
Trade and other payables	212,279	–	–	212,279
	<b>357,635</b>	<b>590,849</b>	<b>550,000</b>	<b>1,498,484</b>

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

Company 2016	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
<b>Liabilities</b>				
Amount due to BNM	1,919	–	–	1,919
Funds from BNM	3,000	306,000	500,000	809,000
Small Entrepreneurs Guarantee Scheme	9,000	37,000	4,000	50,000
Tabung Usahawan Kecil	–	–	50,000	50,000
Government Funds	1,500	6,000	153,000	160,500
Preference shares	–	200,000	–	200,000
Small Entrepreneurs Financing Fund	11,075	–	–	11,075
Provision for claims under guarantee schemes	20,743	–	–	20,743
Claims payable	1,671	–	–	1,671
Trade and other payables	188,619	–	–	188,619
	<b>237,527</b>	<b>549,000</b>	<b>707,000</b>	<b>1,493,527</b>

# Notes to the Financial Statements (continued)

– 31 December 2017

## 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk (continued)

Derivative financial liabilities based on contractual undiscounted cash flows:

Group/Company 2017	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
<u>Derivatives settled on a gross basis</u>				
Foreign exchange derivatives:				
– outflow	35,056	–	–	35,056
– inflow	(34,828)	–	–	(34,828)
	228	–	–	228

Group/Company 2016	Within 12 months RM'000	>1-5 years RM'000	Over 5 years RM'000	Total RM'000
<u>Derivatives settled on a gross basis</u>				
Foreign exchange derivatives:				
– outflow	146,059	–	–	146,059
– inflow	(145,045)	–	–	(145,045)
	1,014	–	–	1,014

### (d) Fair value of financial instruments

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Valuations derived from valuation techniques in which one or more significant inputs are not based on observable market data.

Financial instruments are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted prices is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. These would include actively traded listed equities as well as fixed income securities such as government securities and corporate bonds.

#### 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (d) Fair value of financial instruments (continued)

Where fair value is determined using unquoted market prices in less active markets or quoted prices for similar assets and liabilities, such instruments are generally classified as Level 2. In cases where quoted prices are generally not available, the 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 (2016: Nil).

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

##### Recurring fair value measurements

Group/Company 31.12.2017	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Assets</u>				
Structured investments: FVTPL	–	147,061	–	147,061
Investment securities: AFS				
– Private debt securities	–	1,611,139	–	1,611,139
– Low risk assets	–	151,173	–	151,173
Investment securities: FVTPL				
– Private debt securities	–	772,225	–	772,225
Investment securities: HFT				
– Private debt securities	–	–	–	–
Derivative financial assets	–	2,420	–	2,420
	–	2,684,018	–	2,684,018
<u>Liabilities</u>				
Small Entrepreneurs Guarantee Scheme	–	37,176	–	37,176
Tabung Usahawan Kecil	–	38,326	–	38,326
Derivative financial liabilities	–	228	–	228
	–	75,730	–	75,730

# Notes to the Financial Statements (continued)

– 31 December 2017

## 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Fair value of financial instruments (continued)

#### Recurring fair value measurements (continued)

Group/Company 31.12.2016	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Assets</u>				
Structured investments: FVTPL	–	143,868	–	143,868
Investment securities: AFS				
– Private debt securities	–	1,339,707	–	1,339,707
– Low risk assets	–	151,638	–	151,638
Investment securities: FVTPL				
– Private debt securities	–	649,676	–	649,676
Investment securities: HFT				
– Private debt securities	–	15,115	–	15,115
Derivative financial assets	–	145	–	145
	–	2,300,149	–	2,300,149
<u>Liabilities</u>				
Small Entrepreneurs Guarantee Scheme	–	44,523	–	44,523
Tabung Usahawan Kecil	–	36,809	–	36,809
Derivative financial liabilities	–	1,014	–	1,014
	–	82,346	–	82,346

#### Reconciliation of fair value measurements in Level 3

Reconciliation of fair value measurements in Level 3 of the fair value hierarchy is as below:

	Group/Company	
	2017 RM'000	2016 RM'000
As at 1 January	–	310,163
Redemption on maturity	–	(300,000)
Total loss recognised in statement of income under investment income	–	(10,163)
As at 31 December	–	–

#### 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

##### (d) Fair value of financial instruments (continued)

###### Effect of changes in significant unobservable assumptions to reasonably possible alternatives

There were a total of RM300 million notional amount of maturities of structured investments for the financial year 2016.

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 31.12.2017	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Financial assets</u>					
Investment securities: HTM	172,575	–	167,637	–	167,637
Term deposits	1,080,949	–	1,080,949	–	1,080,949
Loan, advances and financing	189,724	–	180,316	–	180,316
<u>Financial liabilities</u>					
Funds from BNM	801,500	–	510,903	–	510,903
Government funds	150,342	–	126,747	–	126,747
Preference shares	200,000	–	195,261	–	195,261
Small Entrepreneurs Financing Fund	11,075	–	11,075	–	11,075
Loan due to non-controlling interest	38	–	38	–	38

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

Group 31.12.2016	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Financial assets</u>					
Investment securities: HTM	90,574	–	90,381	–	90,381
Term deposits	1,334,841	–	1,334,841	–	1,334,841
Loan, advances and financing	192,627	–	179,005	–	179,005
<u>Financial liabilities</u>					
Funds from BNM	801,500	–	481,868	–	481,868
Government funds	150,342	–	120,601	–	120,601
Preference shares	200,000	–	188,622	–	188,622
Small Entrepreneurs Financing Fund	11,075	–	11,075	–	11,075
Loan due to non-controlling interest	38	–	38	–	38



# Notes to the Financial Statements (continued)

– 31 December 2017

## 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Fair value of financial instruments (continued)

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

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: (continued)

Company 31.12.2017	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Financial assets</u>					
Investment securities: HTM	172,575	–	167,637	–	167,637
Term deposits	1,080,949	–	1,080,949	–	1,080,949
Loan, advances and financing	189,724	–	180,316	–	180,316
Loan due from a subsidiary	125	–	125	–	125
<u>Financial liabilities</u>					
Funds from BNM	801,500	–	510,903	–	510,903
Government funds	150,342	–	126,747	–	126,747
Preference shares	200,000	–	195,261	–	195,261
Small Entrepreneurs Financing Fund	11,075	–	11,075	–	11,075

Company 31.12.2016	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<u>Financial assets</u>					
Investment securities: HTM	90,574	–	90,381	–	90,381
Term deposits	1,334,841	–	1,334,841	–	1,334,841
Loan, advances and financing	192,627	–	179,005	–	179,005
Loan due from a subsidiary	125	–	125	–	125
<u>Financial liabilities</u>					
Funds from BNM	801,500	–	481,868	–	481,868
Government funds	150,342	–	120,601	–	120,601
Preference shares	200,000	–	188,622	–	188,622
Small Entrepreneurs Financing Fund	11,075	–	11,075	–	11,075

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.

## 44. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Fair value of financial instruments (continued)

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

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

#### Investment fund: AFS, Securities held at FVTPL, AFS, HFT, and HTM

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.

#### Loans, advances and financing and loan due from a subsidiary

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 individual and collective allowances, being the reasonable estimate of recoverable amount.

#### Funds from BNM, Government funds, SEGS, TUK, Preference shares, Small Entrepreneurs Financing Fund and loan due to non-controlling interest

The estimated fair values of funds and borrowings with maturities of less than twelve months approximate the carrying values. For other funds and borrowings with maturities of more than twelve months, the fair values are estimated based on discounted cash flows using prevailing market rates for such instrument with similar risk profile.

#### Other assets and liabilities

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

### (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 (continued)

– 31 December 2017

## 45. 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

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 2017	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
<b>Financial assets</b>			
Amount due from BNM	420	(420)	–
<b>Financial liabilities</b>			
Amount due to BNM	929	(420)	509

### Group/Company 2016

<b>Financial assets</b>			
Amount due from BNM	473	(473)	–
<b>Financial liabilities</b>			
Amount due to BNM	2,392	(473)	1,919

# STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of The Companies Act 2016

We, **DATO' AGIL NATT** and **NADZIRAH ABD. RASHID**, 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 191 to 282 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 2017 and of the financial performance of the Group and of the Company for the financial year ended 31 December 2017 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 2018.



**DATO' AGIL NATT**  
Chairman

Kuala Lumpur



**NADZIRAH ABD. RASHID**  
Director

# STATUTORY DECLARATION

Pursuant to Section 251(1) of The Companies Act 2016

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

I, **DATUK MOHD ZAMREE MOHD ISHAK**, 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 191 to 282 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.



**DATUK MOHD ZAMREE MOHD ISHAK**

283

Subscribed and solemnly declared by the abovenamed at Petaling Jaya, Selangor in Malaysia on 23 April 2018.

Before me,

**COMMISSIONER FOR OATHS**



No. 69A, Jalan SS21/37  
Damansara Utama (Up Town)  
47400 Petaling Jaya, Selangor D

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD  
(Incorporated in Malaysia)  
(Company No. 12441-M)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of Credit Guarantee Corporation Malaysia Berhad ("the Company") and its subsidiary ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

### What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 191 to 282.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("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 Directors' Report, Statement by Directors, Statutory Declaration and Annual Report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## 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:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or 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 Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**PRICEWATERHOUSECOOPERS PLT**  
LLP0014401-LCA & AF 1146  
Chartered Accountants



**MANJIT SINGH A/L HAJANDER SINGH**  
02954/03/2019 J  
Chartered Accountant

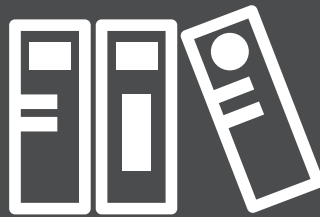
Kuala Lumpur  
23 April 2018



**287** Corporate Information  
**290** Branch Network  
**293** Notice of the 45<sup>th</sup> Annual General Meeting

- Form of Proxy

# ADDITIONAL INFORMATION



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

- 1. DATO' AGIL NATT**  
Chairman/Independent Non-Executive Director
- 2. DATUK DAVID CHUA KOK TEE**  
Independent Non-Executive Director
- 3. DATO' HJ. SYED MOHEEB SYED KAMARULZAMAN**  
Independent Non-Executive Director
- 4. TEOH KOK LIN**  
Independent Non-Executive Director
- 5. SURESH MENON**  
Independent Non-Executive Director
- 6. DATO' ONG ENG BIN**  
Independent Non-Executive Director
- 7. NADZIRAH ABD. RASHID**  
Independent Non-Executive Director
- 8. CHOONG TUCK OON**  
Independent Non-Executive Director  
*(Appointed on 20 January 2017)*
- 9. JESSICA CHEW CHENG LIAN**  
Non-Independent Non-Executive Director  
*(Appointed on 16 August 2017)*
- 10. MOHAMED RASHDI MOHAMED GHAZALLI**  
Independent Non-Executive Director  
*(Resigned on 1 November 2017)*

## BOARD GOVERNANCE AND AUDIT COMMITTEE

- 1. NADZIRAH ABD. RASHID**  
Chairman/  
Independent Non-Executive Director
- 2. SURESH MENON**  
Independent Non-Executive Director
- 3. DATO' ONG ENG BIN**  
Independent Non-Executive Director
- 4. CHOONG TUCK OON**  
Independent Non-Executive Director  
*(Appointed on 24 July 2017)*
- 5. JESSICA CHEW CHENG LIAN**  
Non-Independent Non-Executive Director  
*(Appointed on 16 August 2017)*
- 6. TEOH KOK LIN**  
Independent Non-Executive Director  
*(Withdrew as Member on 24 July 2017)*

## BOARD RISK MANAGEMENT COMMITTEE

- 1. DATUK DAVID CHUA KOK TEE**  
Chairman/  
Independent Non-Executive Director  
*(Redesignated as Chairman on 1 November 2017)*
- 2. DATO' HJ. SYED MOHEEB SYED KAMARULZAMAN**  
Independent Non-Executive Director
- 3. TEOH KOK LIN**  
Independent Non-Executive Director
- 4. SURESH MENON**  
Independent Non-Executive Director
- 5. JESSICA CHEW CHENG LIAN**  
Non-Independent Non-Executive Director  
*(Appointed on 16 August 2017)*
- 6. MOHAMED RASHDI MOHAMED GHAZALLI**  
Independent Non-Executive Director  
*(Resigned on 1 November 2017)*

# Corporate Information (continued)

## BOARD NOMINATION AND REMUNERATION COMMITTEE

- 1. DATO' AGIL NATT**  
Chairman/  
Independent Non-Executive Director
- 2. DATO' HJ. SYED MOHEEB SYED KAMARULZAMAN**  
Independent Non-Executive Director
- 3. DATO' ONG ENG BIN**  
Independent Non-Executive Director
- 4. NADZIRAH ABD. RASHID**  
Independent Non-Executive Director
- 5. JESSICA CHEW CHENG LIAN**  
Non-Independent Non-Executive Director  
*(Appointed on 16 August 2017)*

## BOARD BUMIPUTERA DEVELOPMENT COMMITTEE

- 1. DATO' HJ. SYED MOHEEB SYED KAMARULZAMAN**  
Chairman/  
Independent Non-Executive Director
- 2. DATUK DAVID CHUA KOK TEE**  
Independent Non-Executive Director
- 3. DATO' ONG ENG BIN**  
Independent Non-Executive Director
- 4. NADZIRAH ABD. RASHID**  
Independent Non-Executive Director  
*(Appointed on 1 November 2017)*
- 5. MOHAMED RASHDI MOHAMED GHAZALLI**  
Independent Non-Executive Director  
*(Resigned on 1 November 2017)*

## BOARD INVESTMENT COMMITTEE

- 1. TEOH KOK LIN**  
Chairman/  
Independent Non-Executive Director
- 2. DATUK DAVID CHUA KOK TEE**  
Independent Non-Executive Director
- 3. SURESH MENON**  
Independent Non-Executive Director
- 4. NADZIRAH ABD. RASHID**  
Independent Non-Executive Director
- 5. MOHAMED RASHDI MOHAMED GHAZALLI**  
Independent Non-Executive Director  
*(Resigned on 1 November 2017)*

## BOARD IT COMMITTEE

### 1. CHOONG TUCK OON

Chairman/  
Independent Non-Executive Director  
*(Appointed on 20 January 2017 and  
redesignated as Chairman on 19 April 2017)*

### 2. DATUK DAVID CHUA KOK TEE

Independent Non-Executive Director  
*(Redesignated from Chairman to Member on  
19 April 2017)*

### 3. DATO' HJ. SYED MOHEEB SYED KAMARULZAMAN

Independent Non-Executive Director

### 4. TEOH KOK LIN

Independent Non-Executive Director

### 5. NADZIRAH ABD. RASHID

Independent Non-Executive Director  
*(Withdrew as Member on 12 January 2017)*

### 6. MOHAMED RASHDI MOHAMED GHAZALLI

Independent Non-Executive Director  
*(Resigned on 1 November 2017)*

## PRESIDENT/CHIEF EXECUTIVE OFFICER

**DATUK MOHD ZAMREE MOHD ISHAK**

### REGISTERED OFFICE

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

### BUSINESS AND CORRESPONDENCE ADDRESS

Level 8, Bangunan CGC  
Kelana Business Centre  
No. 97, Jalan SS 7/2  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Tel: (6)03-7806 2300  
Fax: (6)03-7806 3308  
Website: [www.cgc.com.my](http://www.cgc.com.my)

Social media:  
[www.facebook.com/CGCmy](https://www.facebook.com/CGCmy)

### COMPANY SECRETARY

Daeng Hafez Arafat Zuhud  
(LS0007002)  
General Counsel and Company Secretary

### AUDITOR

PricewaterhouseCoopers PLT  
(LLP0014401-LCA & AF 1146)  
Chartered Accountants  
Level 10, 1 Sentral, Jalan Rakyat  
Kuala Lumpur Sentral  
50706 Kuala Lumpur  
Malaysia  
Tel: (6)03-2173 1188  
Fax: (6)03-2173 1288

# ■ BRANCH NETWORK

## HEAD OFFICE

Bangunan CGC,  
No. 97, Jalan SS7/2,  
47301 Petaling Jaya,  
Selangor Darul Ehsan.

## CLIENT SERVICE CENTRE

Level 2, Bangunan CGC,  
Kelana Business Centre  
No. 97, Jalan SS7/2,  
47301 Petaling Jaya,  
Selangor Darul Ehsan.  
Hotline : 03-7880 0088  
Facsimile : 03-7803 0077  
Person to Contact : Zarina Jasami @ Jasmi  
E-mail : csc@cgc.com.my

## ALOR SETAR BRANCH

5 GF, Kompleks Perniagaan Utama Sultanah Sambungan,  
Lebuhraya Sultanah Bahiyah,  
05350 Alor Setar,  
Kedah Darul Aman.  
Phone : 04-731 2300  
Facsimile : 04-734 1500  
Person to Contact : Norella Shaik Haroon  
E-mail : norella@cgc.com.my

## BATU PAHAT BRANCH

No. 20 Jalan Maju,  
Taman Maju Bukit Pasir,  
83000 Batu Pahat,  
Johor Darul Takzim.  
Phone : 07-432 2633  
Facsimile : 07-432 3088  
Person to Contact : Mohd Johari Yousop (Yusof)  
E-mail : mohdjohari@cgc.com.my

## IPOH BRANCH

No. 50, Ground Floor,  
Persiaran Greenhill,  
30450 Ipoh,  
Perak Darul Ridzuan.  
Phone : 05-243 3900  
Facsimile : 05-243 4900  
Person to Contact : Punitha A/P Jeyabalan  
E-mail : punitha@cgc.com.my

## KOTA BHARU BRANCH

P.T. 164 Ground Floor,  
Section 26, Jalan Dusun Muda,  
15400 Kota Bharu,  
Kelantan Darul Naim.  
Phone : 09-743 7730  
Facsimile : 09-743 7752  
Person to Contact : Che Zaitun Ismail  
E-mail : iczaitun@cgc.com.my

## JOHOR BAHRU BRANCH

46, Jalan Sulam,  
Taman Sentosa,  
80150 Johor Bahru,  
Johor Darul Takzim.  
Phone : 07-338 2788  
Facsimile : 07-334 4977  
Person to Contact : Muhamad Fazuli Safar  
E-mail : fazuli@cgc.com.my

## KUANTAN BRANCH

No. 113A, Ground & 1st Floor,  
Sri Dagangan Kuantan,  
Jalan Tun Ismail,  
25000 Kuantan,  
Pahang Darul Makmur.  
Phone : 09-513 9277, 513 3561 & 513 3724  
Facsimile : 09-513 9577  
Person to contact : Rosmi Rizal Mamat @ Ismail  
E-mail : rosmirizal@cgc.com.my

## MAIN BRANCH

Level 1, Bangunan CGC,  
Kelana Business Centre,  
97, Jalan SS 7/2,  
47301 Petaling Jaya,  
Selangor Darul Ehsan.

Phone : 03-7804 8100  
Facsimile : 03-7806 1290  
Person to contact : Muhammad Nazrin Saadon  
E-mail : nazrin@cgcc.com.my

## MIRI BRANCH

Lot No 789 GF,  
Block 9, MCLD Bintang Jaya Commercial Centre  
98000 Miri,  
Sarawak.

Phone : 085-421270  
Facsimile : 085-410370  
Person to contact : Chin Shea Chien (Alex)  
E-mail : scchin@cgcc.com.my

## PRAI BRANCH

No 1, Ground Floor,  
Jalan Todak 5, Pusat Bandar Seberang Jaya,  
13700 Prai,  
Pulau Pinang.

Phone : 04-399 2400  
Facsimile : 04-397 5434  
Person to contact : Wan Faizah Zakaria  
E-mail : faizah@cgcc.com.my

## KUCHING BRANCH

192L GF, Lot 468,  
Al-Idrus Commercial Centre, Jalan Satok,  
93400 Kuching,  
Sarawak.

Phone : 082-42 4200  
Facsimile : 082-42 7300  
Person to contact : Stellarose AK Nelson  
E-mail : stella@cgcc.com.my

## KOTA KINABALU BRANCH

D-21-G & D-21-1, Lot 21 Block D,  
KK Times Square, Signature Office,  
Off Costal Highway,  
88100 Kota Kinabalu,  
Sabah.

Phone : 08-848 6850  
Facsimile : 08-848 6851  
Person to contact : Adolf Anthony Lajinga  
E-mail : adolfanthony@cgcc.com.my

## KUALA LUMPUR BRANCH

No. 34 A-0-1, Jalan 1/27F,  
Pusat Bandar Wangsa Maju,  
53300 Kuala Lumpur.

Phone : 03-4149 6476  
Facsimile : 03-4149 1237  
Person to contact : Azizi Ahmad  
E-mail : aazizi@cgcc.com.my

## KUALA TERENGGANU BRANCH

111A, Ground Floor,  
Jalan Batas Baru,  
20300 Kuala Terengganu,  
Terengganu Darul Iman.

Phone : 09-625 2400  
Facsimile : 09-625 2399  
Person to contact : Rosli Yahya  
E-mail : rosliyahya@cgcc.com.my



# Branch Network (continued)

## MELAKA BRANCH

No. 194, Jalan Merdeka,  
Taman Melaka Raya,  
75000 Melaka.

Phone : 06-284 4300  
Facsimile : 06-283 2205  
Person to contact : Mohd Haniza Mohd Jaapar  
E-mail : mdhaniza@cgcc.com.my

## SANDAKAN BRANCH

Lot 8, Blok 1,  
Jalan Labuk Bandar Indah, Mile 4,  
90000 Sandakan,

Sabah.  
Phone : 089-22 4698  
Facsimile : 089-22 4963  
Person to contact : Yap Pien Chie  
E-mail : pcyap@cgcc.com.my

## SEREMBAN BRANCH

No. 9, Jalan S2 B15,  
Pusat Dagangan Seremban 2,  
70300 Seremban,

Negeri Sembilan Darul Khusus.  
Phone : 06-601 7600  
Facsimile : 06-601 7001  
Person to contact : Aiza Hj. Mat Zip  
E-mail : aiza@cgcc.com.my

# NOTICE OF THE 45<sup>TH</sup> ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **45<sup>th</sup> Annual General Meeting (“AGM”)** of **Credit Guarantee Corporation Malaysia Berhad (“CGC”)** will be held at **Level 7, Bangunan CGC, Kelana Business Centre, 97, Jalan SS 7/2, 47301 Petaling Jaya, Selangor Darul Ehsan** on **Monday, 25 June 2018** at **12.00 p.m.** for the following purposes:

Credit Guarantee Corporation  
Malaysia Berhad  
Annual Report 2017

## AGENDA

### AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 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 Articles of Association and who being eligible offer themselves for re-election:
  - a) Datuk David Chua Kok Tee; **Resolution 1**
  - b) Dato’ Syed Moheeb bin Syed Kamarulzaman; and **Resolution 2**
  - c) Puan Nadzirah binti Abd. Rashid. **Resolution 3**
3. To re-elect Puan Jessica Chew Cheng Lian as Director who retires in accordance with Article 77 of CGC’s Articles of Association and who being eligible offer herself for re-election. **Resolution 4**

# Notice of the 45<sup>th</sup> Annual General Meeting (continued)

4. To approve the Directors' fees amounting to RM180,000 per annum for the Non-Executive Chairman and RM72,000 per annum for each Non-Executive Director from the 45<sup>th</sup> AGM to the 46<sup>th</sup> AGM of CGC, payable in a manner as the Directors may determine. **Resolution 5**
5. To approve the Directors' benefits up to an amount of RM1,783,300 payable to the Non-Executive Chairman and Non-Executive Directors from the 45<sup>th</sup> AGM to the 46<sup>th</sup> AGM of CGC, payable in a manner as the Directors may determine. **Resolution 6**
6. To re-appoint Messrs. PricewaterhouseCoopers as Auditors of CGC for the financial year ending 31 December 2018 and to authorise the Directors to fix their remuneration. **Resolution 7**

## AS SPECIAL BUSINESS:

7. To consider and if thought fit, to pass the following Special Resolution:

**Proposed Amendment of CGC's Existing Memorandum and Articles of Association (M&A)**

"THAT CGC's existing M&A be altered, modified, added and/or deleted, as the case may be, in the form and manner as set out in Appendix A with immediate effect;

AND THAT the Directors be and are hereby authorised to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities, and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing."

**Resolution 8**

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

BY ORDER OF THE BOARD

**DAENG HAFEZ ARAFAT BIN ZUHUD**

(LS0007002)

Company Secretary

Petaling Jaya  
25 May 2018

## 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 corporation under the hand of an officer or attorney of the corporation.
3. A 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 the attorney or other authority, if any, under which it is signed, or a notarial certified copy of that power of authority shall be deposited at the Registered Office of CGC – Level 14, Bangunan CGC, Kelana Business Centre, 97, Jalan SS7/2, 47301 Petaling Jaya, Selangor Darul Ehsan, 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 2017

5. The audited financial statements are laid in accordance with Section 340(1) of the Companies Act 2016 ("CA 2016") for discussion only under Agenda 1. The audited financial statements do not require shareholders' approval and hence, will not be put for voting.

### Ordinary Resolution 1, 2 and 3 – Re-election of Directors who retire in accordance with Articles 76A and 76B of CGC's Articles of Association ("AA")

6. Article 76A of the AA provides that one-third (1/3) of the Directors of CGC 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.
7. Article 76B of the AA provides that the Directors to retire shall be those who have been longest in office since their last election but as between persons who became directors on the same day those to retire be determined by lot.

With the current Board size of nine (9), three (3) Non-Executive Directors are to retire in accordance with Articles 76A and 76B of the AA. The Board Nomination and Remuneration Committee Meeting ("BNRC") had at its meeting held on 12 April 2018 endorsed and the Board had on 23 April 2018 recommended for shareholders' approval at this AGM for Datuk David Chua Kok Tee, Dato' Syed Moheeb Bin Syed Kamarulzaman and Puan Nadzirah Binti Abd. Rashid to be re-elected on the Board of CGC.

8. A brief profile of the abovementioned Non-Executive Directors is set out in pages 85, 86 and 90 respectively of CGC's Annual Report 2017.

### Ordinary Resolution 4 – Re-election of Director pursuant to Article 77 of CGC's AA

9. Article 77 of the AA provides that the 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, and that any Directors so appointed shall hold office until the next following AGM and shall then be eligible for re-election.

Puan Jessica Chew Cheng Lian who was appointed as a Non-Independent Non-Executive Director of CGC on 16 August 2017, shall hold office until the 45<sup>th</sup> AGM and shall be eligible for re-election pursuant to Article 77 of the AA.

### Ordinary Resolution 5 – Directors' Fees

10. 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.

Having considered the positioning of the Board's remuneration over the past few years against its counterparts, the Board had at its meeting held on 14 March 2018 endorsed for the shareholders' approval the following proposed fees structure:-

Description	Current Fees (RM) (Approved at the 44 <sup>th</sup> AGM on 22 May 2017)	Proposed Fees (RM) (Approval sought at 45 <sup>th</sup> AGM)
Chairman	RM144,000 per annum	RM180,000 per annum
Member	RM60,000 per annum	RM72,000 per annum

The above proposal is made to attract, retain and motivate Non-Executive Directors. CGC believes that based on complexity of role of 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.

# Notice of the 45<sup>th</sup> Annual General Meeting (continued)

## Ordinary Resolution 6 – Directors' Benefits

11. The Board had also at its meeting held on 14 March 2018 endorsed for the shareholders' approval the proposed revision to the Directors' benefits as summarised in the table below:-

Description	Chairman		Member	
	Current	Proposed	Current	Proposed
Meeting Allowance for Board and Board Committees	RM2,000 per meeting	RM5,000 per meeting	RM2,000 per meeting	RM3,500 per meeting
Car Allowance	–	RM6,000 per month	–	–
Entertainment Allowance	–	RM2,000 per month	–	–
Mobile Phone Allowance	Claimable up to RM500 per month	RM500 per month	Claimable up to RM500 per month	RM500 per month
Company Driver	RM7,200 per annum (based on maximum taxable rate)	No change	–	–
Other Benefits	Medical coverage, travel & communication, working tool and other claimable benefits	No change	Medical coverage, travel & communication, working tool and other claimable benefits	No change

In determining the estimated total amount of benefits for the Non-Executive Directors, various factors had been considered by the Board including the number of scheduled meetings for the Board and Board Committees and number of Non-Executive Directors involved in these meetings. The proposed benefit are also in line with peers within the industry.

Payment of the Non-Executive Directors' benefits will be made by CGC on a monthly basis and/or as and when incurred.

## Ordinary Resolution 7 – Re-appointment of Auditor

12. The Board Governance and Audit Committee Meeting ("BGAC") had at its meeting on 10 April 2018 undertaken an annual assessment of the suitability and independence of Messrs. PricewaterhouseCoopers ("PwC") in accordance with CGC's External Auditor Policy.

The BGAC was satisfied with PwC's quality of audit, efficiency, independence and resources allocated to complete the assignment. The Board had at its 23 April 2018 meeting approved the BGAC's recommendation for the shareholders' approval on the re-appointment of PwC as external auditor of CGC for the financial year ending 31 December 2018.

## Special Resolution 8 – Proposed Amendment of CGC's Existing Memorandum and Articles of Association (M&A)

13. The proposed amendment to the existing M&A of CGC are made mainly for the following purposes:-
- To provide clarity and consistency with amendments that arise from the CA 2016 effective 31 January 2017; and
  - To enhance administrative efficiency within CGC.

This proposed Special Resolution, if passed, shall give full effect to the proposed amendment as set out in **Appendix A**.

The Appendix A on the proposed amendment (referred to as Constitution of CGC upon shareholders' approval) shall take effect once the proposed Special Resolution 8 has been passed by a majority of not less than seventy-five per centum (75%) of such members who are entitled to vote and do vote in person or by proxy at the 45<sup>th</sup> AGM of CGC.

# FORM OF PROXY

## CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD

Company No: 12441-M  
(Incorporated in Malaysia)

I/We \_\_\_\_\_  
(company name)

of \_\_\_\_\_  
(full address)

being a member of Credit Guarantee Corporation Malaysia Berhad ("CGC"), hereby appoint \_\_\_\_\_  
NRIC/Passport No \_\_\_\_\_

or failing him/her \_\_\_\_\_  
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 45<sup>th</sup> Annual General Meeting of CGC to be held at Level 7, Bangunan CGC, Kelana Business Centre, 97, Jalan SS 7/2, 47301 Petaling Jaya, Selangor Darul Ehsan on Monday, 25 June 2018 at 12.00 p.m. and at any adjournment thereof in the manner indicated below:-

Resolution No	Ordinary Resolutions:	For	Against
1	To re-elect the following Directors who retire by rotation in accordance with Articles 76A and 76B of CGC's Articles of Association:- Datuk David Chua Kok Tee		
2	Dato' Syed Moheeb Bin Syed Kamarulzaman		
3	Puan Nadzirah Binti Abd. Rashid		
4	To re-elect Puan Jessica Chew Cheng Lian as Director who retires in accordance with Article 77 of CGC's Articles of Association.		
5	To approve the Directors' fees amounting to RM180,000 per annum for the Non-Executive Chairman and RM72,000 per annum for each Non-Executive Director from the 45 <sup>th</sup> AGM to the 46 <sup>th</sup> AGM of CGC, payable in a manner as the Directors may determine.		
6	To approve the Directors' benefits up to an amount of RM1,783,300 payable to the Non-Executive Chairman and Non-Executive Directors from the 45 <sup>th</sup> AGM to the 46 <sup>th</sup> AGM of CGC, payable in a manner as the Directors may determine.		
7	To re-appoint Messrs. PricewaterhouseCoopers as Auditors of CGC for the financial year ending 31 December 2018 and to authorise the Directors to fix their remuneration.		
	<b>Special Resolution:</b>		
8	Proposed Amendment of CGC's existing Memorandum and Articles of Association.		

(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 \_\_\_\_\_ 2018. \_\_\_\_\_  
Signature

### 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 the attorney or other authority, if any, under which it is signed, or a notarial certified copy of that power of authority shall be deposited at the Registered Office of CGC – Level 14, Bangunan CGC, Kelana Business Centre, 97, Jalan SS7/2, 47301 Petaling Jaya, Selangor Darul Ehsan, 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** (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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**CREDIT GUARANTEE CORPORATION MALAYSIA BERHAD (12441-M)**

Level 14, Bangunan CGC, Kelana Business Centre

No. 97 Jalan SS 7/2, 47301 Petaling Jaya

Selangor Darul Ehsan

Malaysia

Tel : 603 7806 2300

Fax : 603 7806 3308

[www.cgc.com.my](http://www.cgc.com.my)