



PRESS RELEASE

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CGIF guarantees its first AMBIF bonds issued by AEON CREDIT SERVICE (PHILIPPINES), INC., in support of its financial inclusion business model in the Philippines

Manila, 16 November 2018 – Credit Guarantee and Investment Facility ("CGIF"), a trust fund of Asian Development Bank ("ADB"), has today guaranteed AEON CREDIT SERVICE (PHILIPPINES), INC.'s ("AEON") inaugural PHP 1 billion dual-tranche fixed rate corporate notes issuance. It is the first debt issue under the ASEAN+3 Multi-Currency Bond Issuance Framework ("AMBIF") guaranteed by CGIF and the first AMBIF issue in the Philippines, in collaboration with ADB under the Asian Bond Markets Initiative ("ABMI"). The issuance was arranged by First Metro Investment Corporation ("First Metro").

AEON provides financial services to retail customers who wish to avail of tricycle loans and personal loans, as well as purchase home appliances, furniture, electronics, gadgets and other consumer products. Customers are mainly the unbanked and non-credit card holders, as the Company's simple loan application process and accessible network of partner merchants provide opportunities for individuals with otherwise limited access to financial services.

"We are grateful that, by assisting AEON's innovative financing programs for the unbanked population such as tricycle loans, this successful landmark transaction contributes to the financial inclusion of the people of the Philippines, thus supporting the Philippines government's policy agenda. CGIF's first guarantee support for AMBIF bonds also signifies CGIF's commitment to promote this important regional initiative in collaboration with ADB and the region's governments including the Philippine government, and we expect more companies operating in various countries in the region like AEON will make use of AMBIF bonds for their local currency funding and will enjoy harmonized bond issuance procedures under the framework." **said Mr Kiyoshi Nishimura, Chief Executive Officer of CGIF.**

This transaction marks CGIF's 25th and 26th guarantees issued. To date, CGIF has successfully issued guarantees to bonds in five of the six available local currencies in the ASEAN bond markets – Indonesian Rupiah, Philippines Peso, Singapore Dollars, Thai Baht and Vietnamese Dong.

"AEON remains committed to AEON Financial Service Co., Ltd.'s (holding company) vision of building a financial platform aimed at serving more customers in more locations, thereby enabling each individual to maximize future opportunities through effective use of credit. This initiative confirms AEON's full support to the Philippine government's goal of financial inclusion. Remaining true to its commitment in serving the unbanked population, the PHP 1 Billion raised through the issuance of the notes (full CGIF guarantee under AMBIF) will be used to fund primarily the operations of its financial services such as the Tricycle Loans." **said Mr Takayuki Araki, Chief Executive Officer of AEON.**

"We are honored to have been part of this landmark transaction as Sole Arranger for AEON's maiden issuance, the first-CGIF guaranteed AMBIF issuance in the history of the bond program, and the first security by a Restricted Issuer to be enrolled in the Philippine Dealing Exchange System. This serves as a benchmark for domestic issuers, particularly those who look to expand regional presence and tap ASEAN+3 capital markets. Its success would not be without the support and cooperation of ADB, CGIF, the Securities and Exchange Commission and the Philippine Dealing System." **said Mr Rabboni Francis B. Arjonillo, President of First Metro.**

"We hope that this pilot bond will pave the way for similar bond issues going forward. Vibrant local currency bond markets provide valuable alternative sources of funding for companies while borrowing in local rather than foreign currencies strengthens the overall stability of the domestic financial sector." **said Mr Yasuyuki Sawada, ADB Chief Economist.**

AMBIF is a policy initiative of the ASEAN+3 Bond Market Forum under ABMI to support intraregional recycling of funds. It creates a nexus among domestic professional local currency bond markets in the region to help facilitate intraregional bond and note issuance and investment by creating common market practices; utilizing a common document for submission, the Single Submission Form (SSF); and highlighting transparent issuance procedures as documented in the Implementation Guidelines for each participating market, currently, Cambodia; Hong Kong, China; Japan; Malaysia; the Philippines; Singapore; and Thailand.

The PHP 1 billion dual-tranche fixed rate corporate notes were 3.25x oversubscribed and are priced at an interest rate of 7.30% p.a. for the 3-year maturity term, and 7.70% p.a. for the 5-year maturity term. A total of seven (7) banks participated in the transaction.

About CGIF

CGIF is a multilateral facility established by the Association of Southeast Asian Nations ("ASEAN") members, China, Japan, Korea ("ASEAN+3") and Asian Development Bank ("ADB"). It is established as a trust fund of ADB with paid-in capital of USD859.2 million from its Contributors. As a key component of the Asian Bond Markets Initiative, CGIF was established to develop and strengthen local currency and regional bond markets in the ASEAN+3 region. CGIF commenced its guarantee operations on 1 May 2012 and seeks to provide credit enhancements, mainly in local currencies, issued by credit worthy ASEAN+3-domiciled bond issuers.

CGIF's Credit Ratings

Rating Agency	Scale	Ratings	Outlook	Date Reviewed
Standard & Poor's	Global (Long Term & Short Term)	AA / A-1+	Stable	22 June 2018
RAM Ratings	Global / ASEAN / National	gAAA / seaAAA / AAA	Stable	18 December 2017

Rating Agency	Scale	Ratings	Outlook	Date Reviewed
MARC	National	AAA	Stable	18 January 2018
TRIS Ratings	National	AAA	Stable	10 October 2018
Fitch Ratings Indonesia	National	AAA	Stable	15 November 2018

For more information, please visit: <https://www.cgif-abmi.org>

About AEON

AEON Credit Service (Philippines) Inc. was incorporated on February 14, 2013. A month after its incorporation, AEON commenced operations by offering AEON Installment Plan, a loan facility availed by customers for the purchase of consumer products without any credit card, through a growing network of partner merchants and store affiliates.

AEON is a subsidiary of AEON Financial Service Co., Ltd. Japan (“AEON Financial”), a company listed on the First Section of the Tokyo Stock Exchange. The core business of AEON Financial is the issuance of credit cards and prepaid cards. It has 35 million credit card holders in Japan and overseas, and 41 million prepaid card holders in Japan. It is in fact one of the biggest credit card issuers and a leading consumer credit provider in Japan.

For more information, please visit: www.aeonphilippines.com.ph.

About First Metro

First Metro Investment Corporation is the investment banking arm of the Metrobank Group, one of the largest financial conglomerates in the country.

First Metro is the biggest investment bank in the Philippines with assets of P53.6 billion and stockholders’ equity of P14.1 billion as of end-2017. Backed by over 50 years of experience in developing the country’s capital markets, our key strengths lie in origination, structuring, and execution.

We offer a wide range of services – from debt and equity underwriting, loan syndication, project finance, and financial advisory, to investment advisory, government securities and corporate debt trading, equity brokering, online trading, asset management, and research.

In 2017, First Metro participated in 67% of the total publicly listed capital transactions in the domestic market, raising P493.33 billion for the public and private sectors. We accounted for 85% of total bond issues for the year, proof of our solid leadership, innovation, and service excellence.

A concrete testament to our industry dominance, we garnered a string of awards and recognitions in 2017. For the third consecutive year, we were named the Philippines' Best Investment Bank and M&A House by Alpha Southeast Asia. In a survey of The Asset Benchmark Research, First Metro ranked second in the Top Investment Houses in Asian Local Currency Bonds, and third in Top Bank in Government Bonds categories. First Metro was also recognized as the Best Advisory House by the Investment House Association of the Philippines.

For more information, please visit: <https://firstmetro.com.ph/>

About ADB and ABMI

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 67 members—48 from the region. In 2017, ADB operations totaled \$32.2 billion, including \$11.9 billion in cofinancing.

ADB is a contributor to the CGIF, acts as the Secretariat to ABMI, and has long worked with ASEAN+3 policymakers to establish AMBIF. The CGIF, AMBIF, and ABMI were established to support development of active long-term local currency bond markets so borrowers can avoid the currency and maturity bond mismatches that caused the 1997-1998 Asian Financial Crisis.

For more information, please visit: <https://www.adb.org/>

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