



Credit Guarantee &
Investment Facility

An Asian Bond Markets Initiative



CHAMPIONING
QUALITY
GROWTH

ANNUAL
REPORT
2023





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ABOUT THE COVER:

“Championing Quality Growth”

Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank (CGIF), has always made it its mission to advance developmental and sustainable change in the ASEAN+3 region. This year’s theme conveys CGIF’s clear mandate: moving forward—with precision and clear direction—with its commitment to supporting sustainable growth of the local bond markets.

The cover depicts a speeding bullet train that encapsulates CGIF’s dynamic and progressive nature in pursuit of excellence, with emphasis on “quality growth” in both areas of business expansion and risk management. Like the swift but steady movement of a bullet train, while navigating its tracks, CGIF aims to significantly expand its presence in local bond markets while growing its business and maintaining prudent risk management practices. This approach enables CGIF to identify and mitigate risks effectively, safeguarding stakeholders’ interests and further enhancing the bond markets’ confidence in the organization and its guarantee products.

Looking forward, CGIF will continue to follow the same successful strategy from 2023, ensuring quality growth in the coming years. With its capable team, deeper market understanding, and robust pipeline, CGIF is positioned for further success.

TABLE OF CONTENTS

ABBREVIATIONS	vi
CURRENCY UNITS	vii
A. CGIF at a Glance	1
A.1 Summary	2
Background	2
Our Business	3
Our Contributors	4
A.2 Our Strength	5
CGIF Credit Ratings	5
A.3 Milestones	6
A.4 Highlights	8
A.5 Financial Summary	23
B. Message from the Chairperson of the Board of Directors (BOD)	24
C. Message from the Chief Executive Officer (CEO)	26
D. Business and Operational Review	28
D.1 Guarantee Operations	29
D.2 Finance	42
D.3 Risk Management	45
D.4 Staffing and Organization Structure	50
D.5 Institutional Infrastructure	50
D.6 Budget	51
D.7 Financial Highlights	53
E. Our People	55
E.1 Board of Directors	56
E.2 Management Team	58
E.3 Our People	63
F. Governance	65
F.1 Governance	66
F.2 Report of the Meeting of Contributors (MOC)	67
F.3 Report of the Board of Directors (BOD)	68
F.4 Report of the Audit Committee (AC)	70
F.5 Report of the Internal Control and Risk Management Committee (ICRMC)	73
F.6 Report of the Nomination and Remuneration Committee (NRC)	75
G. Appendix	76
Appendix: Report of the External Auditor and Financial Statements	77

ABBREVIATIONS

ABMI	-	Asian Bond Markets Initiative
AC	-	Audit Committee
ADB	-	Asian Development Bank
AGAP	-	Alternative Guarantee Approval Process
AMBIF	-	ASEAN+3 Multi-Currency Bond Issuance Framework
AoA	-	Articles of Agreement
ASEAN	-	Association of Southeast Asian Nations
ASEAN+3	-	ASEAN plus the People's Republic of China, Japan, and the Republic of Korea
ASEAN6	-	Indonesia, Malaysia, Philippines, Singapore, Thailand, and Viet Nam
BOD	-	Board of Directors
BPPMS	-	Budget, Planning, Personnel and Management Systems
CAP	-	Corrective Action Plan
CAR	-	Capital Adequacy Ratio
CGIF	-	Credit Guarantee and Investment Facility
DOD	-	Deal Operations Department
EQAR	-	External Quality Assessment Review
ESDD	-	Environmental and Social Due Diligence
ESG	-	Environmental, Social, and Governance
ESMS	-	Environmental and Social Management System
ESS	-	Environmental and Social Safeguards
ESSPR	-	Environmental and Social Safeguards Performance Report
FX	-	Foreign Exchange
GCP	-	Guarantee Concept Proposal
GDP	-	Gross Domestic Product
GIC	-	Guarantee and Investment Committee
GUP	-	Guarantee Underwriting Proposal
ICRMC	-	Internal Control and Risk Management Committee
IFRS	-	International Financial Reporting Standards
IMS	-	Integrity Management System
IOS	-	Instrument of Subscription
IRG	-	Institutional Risk Group
JBIC	-	Japan Bank for International Cooperation
JICA	-	Japan International Cooperation Agency

LCY	-	Local Currency
MBS	-	Medium-term Business Strategy
MOC	-	Meeting of Contributors
MOF	-	Ministry of Finance
MTN	-	Medium-term Note
NRA	-	Natural Retirement Age
NRC	-	Nomination and Remuneration Committee
OP	-	Operational Policies
ORM	-	Office of Risk Management
PIP	-	Preliminary Information Pack
PRC	-	People's Republic of China
RMD	-	Risk Management Department
RMF	-	Risk Management Framework
SAA	-	Strategic Assets Allocation
S&P	-	Standard & Poor's
TOD	-	Transit Oriented Development

CURRENCY UNITS

CNH	-	Chinese Yuan Renminbi (Offshore)
CNY	-	Chinese Yuan Renminbi (Onshore)
IDR	-	Indonesian Rupiah
JPY	-	Japanese Yen
KHR	-	Cambodian Riel
LAK	-	Lao Kip
MYR	-	Malaysian Ringgit
PHP	-	Philippine Peso
SGD	-	Singapore Dollar
THB	-	Thai Baht
USD	-	United States Dollar
VND	-	Vietnamese Dong

Note: In this report, "\$" refers to US Dollars unless otherwise stated.





CGIF AT A GLANCE

◎ SUMMARY

BACKGROUND

The Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank (CGIF), was established by the ASEAN+3¹, together with the Asian Development Bank (ADB), on 12 November 2010. The facility is part of the Asian Bond Markets Initiative (ABMI), with a goal to develop and strengthen local currency (LCY) and regional bond markets.

CGIF provides guarantees to corporate bonds mainly in local currencies issued by creditworthy ASEAN+3 domiciled corporations. It aims to help these companies secure long-term financing, reduce their dependence on short-term foreign currency borrowing, and address currency and maturity mismatches.

By promoting deep and liquid local currency and regional bond markets, it helps foster economic development, build the resilience of the financial markets, and prevent disruptions to the international financial order. The efficient allocation of savings within the Asia and Pacific region is achieved by facilitating the access of creditworthy entities to local currency and regional markets and pushing the issuance of debt securities with longer-term maturities that match the gestation of investment projects.

ADB is the trustee of CGIF and, as such, in line with the provisions of the Articles of Agreement (AoA), it holds in trust and manages all CGIF funds and other properties. In accordance with Article 10.3.2 of the AoA, ADB, as the trustee of CGIF, has delegated the trustee's powers to the Meeting of Contributors (MOC), except for certain limited powers specified therein. The MOC, in turn, has delegated such powers to the Board of Directors (BOD).

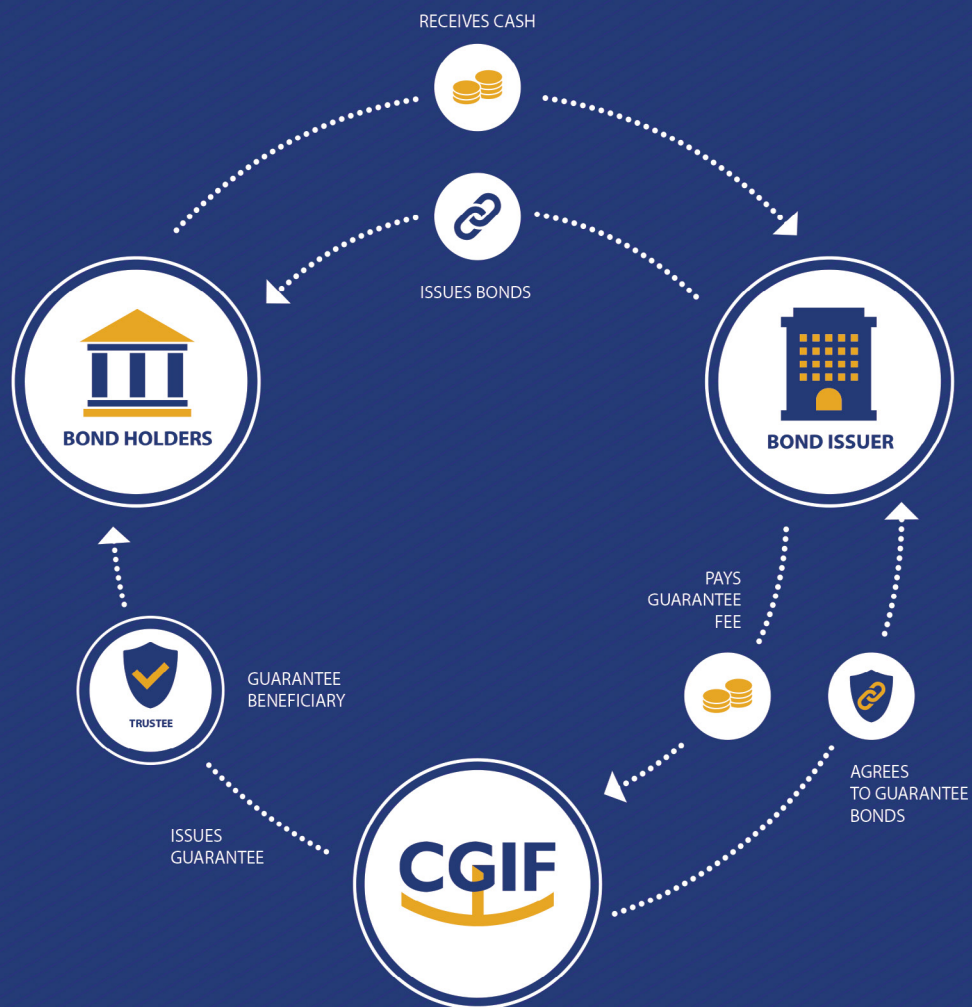
This Annual Report includes the Independent Auditor's report and the Financial Statements for 2023.

Note:

¹The Association of Southeast Asian Nations (ASEAN) is composed of Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Republic of the Union of Myanmar, Philippines, Singapore, Thailand, and Viet Nam. The ASEAN +3 is composed of the ASEAN nations plus the People's Republic of China, Japan (Japan Bank for International Cooperation), and the Republic of Korea.

OUR BUSINESS

GENERAL BOND GUARANTEE STRUCTURE*



+
*To ensure applicability of the guarantee in multiple jurisdictions in the ASEAN+3 countries, some variations to this structure may be incorporated to accommodate the established market norms. +

OUR CONTRIBUTORS

CGIF is owned by the governments of the ASEAN+3 (the member countries of the ASEAN, the People's Republic of China, Japan, and the Republic of Korea) and ADB. It was established with an initial paid-in capital of \$700 million.

On 6 December 2017, the Contributors of CGIF agreed to increase its authorized capital from \$700 million to \$1.2 billion. The BOD has extended the deadline for Contributors to submit their Instruments of Subscription (IOS) for unallocated

shares and the deadline for the reallocation of unallocated shares to 31 December 2024.

As of December 2023, the paid-in capital of CGIF is \$1,158.0 million, divided into 11,580 shares, with a nominal value of \$100,000 per share.

Table 1 shows each Contributor's percentage of shareholdings in proportion to its capital contribution.

TABLE 1: 2023 SHAREHOLDING STRUCTURE

CGIF Contributors	Initial Paid-in Capital (\$)	Additional Paid-in Capital as of 31 December 2023 (\$)	Total Capital Contribution as of 31 December 2023 (\$)	Percentage of Shareholdings
People's Republic of China	200,000,000	142,800,000	342,800,000	29.60%
Japan	200,000,000	142,800,000	342,800,000	29.60%
Republic of Korea	100,000,000	71,400,000	171,400,000	14.80%
Brunei Darussalam	5,600,000		5,600,000	0.48%
Cambodia	100,000	100,000	200,000	0.02%
Indonesia	12,600,000	18,000,000	30,600,000	2.64%
Lao People's Democratic Republic	100,000	100,000	200,000	0.02%
Malaysia	12,600,000	5,000,000	17,600,000	1.52%
Republic of the Union of Myanmar	100,000		100,000	0.01%
Philippines	12,600,000	9,000,000	21,600,000	1.87%
Singapore	12,600,000	9,000,000	21,600,000	1.87%
Thailand	12,600,000	9,000,000	21,600,000	1.87%
Viet Nam	1,100,000	800,000	1,900,000	0.16%
Asian Development Bank	130,000,000	50,000,000	180,000,000	15.54%
Total	700,000,000	458,000,000	1,158,000,000	100.00%

● OUR STRENGTH

CGIF CREDIT RATINGS

As a credit guarantor, CGIF unconditionally and irrevocably assumes the liability of its guaranteed-bond issuers that default on obligations to their guaranteed bond investors. The higher CGIF's credit rating, the more credit enhancement it is able to provide, the more secure the guaranteed-bond investors are, the more guarantee business opportunities there are for CGIF.

The credit strength of a credit guarantor is determined by conditions such as the size and adequacy of its capital relative to outstanding and prospective credit and other risk exposures, the likelihood of the guarantor to remain as a going concern, the credit strength and commitment of the guarantor's principals, the soundness

of a guarantor's risk management system and governance structure, and the experience of the guarantor's management.

The credit rating of a guarantor is a composite assessment of the aforementioned factors. The following table summarizes CGIF's most recent credit ratings. In the global rating scale, CGIF is rated AA by Standard & Poor's (S&P). In the national ratings scales, CGIF has the highest possible rating given by RAM, TRIS, Fitch (Indonesia), and Pefindo. In the ASEAN+3 region, only Singapore has a sovereign rating (AAA from S&P and Fitch; Aaa from Moody's) that is better than CGIF's AA global rating from S&P.

TABLE 2: CGIF CREDIT RATINGS

Credit Rating Agency	Scale	Rating	Outlook	Date Issued
Standard & Poor's	Global Long Term Global Short Term	AA A-1+	Stable	28 February 2023
RAM Ratings (Malaysia)	National	AAA	Stable	4 December 2023
TRIS Ratings (Thailand)	National	AAA	Stable	21 November 2023
Fitch Ratings (Indonesia)	National	AAA	Stable	22 December 2023
Pefindo	National	idAAA	Stable	7 August 2023

● MILESTONES

2010

- CGIF was established on 12 November
- Articles of Agreement were effectuated
- Operational Policies were adopted



- Mr. Iwan Azis acted as the interim Chair of the Board of Directors (BOD)

2011

- Mr. Philip Erquiaga was elected as interim Chair of the BOD
- Mr. Kiyoshi Nishimura joined as the Chief Executive Officer (CEO)
- Development of Business Plan and Risk Management Framework began
- Institutional infrastructure was set
- Staff recruitment commenced
- The office was initially opened



2012

- CGIF's initial capital of \$700 million was fully paid-in
- Mr. Xinqiang Zhu was elected as the first Chair of the BOD
- Guarantee Operations commenced in May
 - Business Plan and Risk Management Framework were approved by CGIF's BOD
 - CGIF started receiving Preliminary Information Packs from potential clients



- CGIF issued its first guarantee offer

2015



- Mr. Jian Li became the new Chair of the BOD
- CGIF guaranteed the SGD 10-year bonds issued by IVL, a global leader in polyester

2014



- Five bonds guaranteed¹
 - To the bonds issued by:
 - **BCAF**, an auto finance company in Indonesia
 - **Kolao**, an automobile and motorcycle distributor in Lao PDR
 - **Protelindo**, the largest independent owner and operator of towers for wireless operators in Indonesia
 - **Masan**, one of Viet Nam's largest private sector companies
 - **ASF**, a leading auto finance company in Indonesia



- Mr. Liu Lange became the new Chair of the BOD



- CGIF successfully issued its first and second guarantees
 - To the bonds issued by:
 - **Noble**, a Hong Kong-based commodities supply chain manager
 - **BCAF**, an auto finance company in Indonesia

2013

- The scaling-up proposal and the amendments to the Articles of Agreement and the Operating Procedures were approved in the Meeting of Contributors (MOC)

2016



- Construction Period Guarantee (CPG) was launched to mitigate construction risks of greenfield infrastructure projects

- First Reinsurance Treaty was signed with a panel of world leading private reinsurers
 - The treaty has since been renewed annually to cover all guarantees issued



- Eight bonds guaranteed¹
 - To the bonds issued by:
 - **Vingroup**, Viet Nam's largest real estate company
 - **MPMF**, a multi-finance company in Indonesia
 - **APRI**, a geothermal power company in the Philippines
 - **Fullerton**, a provider of corporate healthcare solutions across Asia Pacific
 - **KNM**, a Malaysia-based leading global manufacturer of process equipment and processing units

2017



• Capital Increase Approval

- The authorized capital of CGIF was increased to \$1.2 billion, as approved by Super Majority of the existing Contributors

• Three bonds guaranteed¹

- To the bonds issued by:
 - **ASA**, a leading microfinance organization in the Philippines
 - **Mobile World**, one of the leading retail groups in Viet Nam

2018



• Nine bonds guaranteed¹

- To the bonds issued by:
 - **ASA**, a leading microfinance organization in the Philippines
 - **Siam Gas**, a leading trader of LPG in Thailand
 - **PAN Group**, a fast-growing food and agriculture company in Viet Nam
 - **Hoan My**, the largest private healthcare provider in Viet Nam
 - **AEON PH**, a leading consumer credit provider in the Philippines
 - **Boonthavorn**, a leading large-scale home decorating retailer company in Thailand



• Mr. Yuchuan Feng became the new Chair of the BOD

• Paid-in Capital Increase

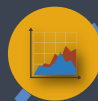
- CGIF's paid-in capital was increased to \$859.2 million as of 31 December after receiving payment for subscription of new shares from Japan, Singapore, Philippines, and Cambodia



• Changes in BOD Chair and Key Management

- Mr. Kenichi Aso became the new Chair of the BOD
- Ms. Guiying Sun joined as the new Chief Executive Officer
- Mr. Mitsuhiro Yamawaki joined as the new Deputy CEO / Chief Risk Officer

2019



• Paid-in Capital Increase

- CGIF completed the first round of capital increase, with 4,490 shares subscribed out of the allocated 4,999 shares of Share Subscription Quota
- CGIF's paid-in capital was further increased to \$1.1 billion as of 31 December after receiving payment for subscription of new shares from PRC, ADB, Korea, Philippines, and Lao PDR

2020



• Five bonds guaranteed¹

- To the bonds issued by:
 - **TFG**, a vertically integrated food producer specializing in the production of chicken and swine with operations in Thailand and Viet Nam
 - **EA**, the largest renewable energy company in Thailand by installed capacity, via a risk-participation agreement with ADB, a regional development bank in Asia
 - **RMAC**, a Cambodia-incorporated auto dealer company
 - **PRASAC**, the largest deposit-taking microfinance institution in Cambodia
 - **GLP**, one of the largest modern logistics solutions providers in the world

• CGIF celebrated its 10th anniversary



• Environmental and Social Safeguards Policy and Integrity Policy were implemented

• Seven bonds guaranteed¹

- To bonds issued by:
 - **YSH**, a Singapore-listed conglomerate with a diversified business portfolio in Myanmar
 - **REE**, a diversified business group in Viet Nam operating in M&E engineering services, air-conditioner manufacturing, real estate, and power and water utility
 - **CJLA**, a Singaporean subsidiary of a leading logistics company in Korea with strong regional operations in ASEAN
 - **NISS**, the ASEAN flagship institution of Malaysia-based private education group, Taylor's Education Group
 - **HP1**, a large-scale solar PV power project in Viet Nam
 - **GELEX**, a diversified business group in Viet Nam operating in industrial production and infrastructure

2021



• 12 bonds/sukuks guaranteed¹

- To bonds/sukuks issued by:
 - **Triasmitra**, the leading submarine and inland network infrastructure provider in Indonesia and engaged in fiber optic cable system development, deployment, sales, and maintenance
 - **JWD**, a leading logistics service provider in three industry sub-sectors, namely automotive and parts, chemicals and dangerous goods, and food and cold chain
 - **HSC**, a leading solar power, chemical, and advanced materials company focusing on providing sustainable energy and materials solutions
 - **Telcotech**, a leading digital communication company and internet service provider in Cambodia
 - **HQCL**, one of the main solar photovoltaic (PV) manufacturing facilities of Hanwha Q Cells, which is one of the world's largest and most recognized solar PV manufacturers in the world, known for its high-performance, high-quality solar cells and modules
 - **Polytama**, one of the leading and growing petrochemical companies providing polypropylene resin in Indonesia under the Masplene® brand name
 - **TFG**, a vertically integrated food producer specializing in the production of chicken and swine with operations in Thailand and Viet Nam

• Mr. Noriyasu Matsuda became the new Chair of the BOD

2022



Four bonds/sukuks guaranteed¹

- To bonds/sukuks issued by:
 - **Polytama**, one of the leading and growing petrochemical companies providing polypropylene resin in Indonesia under the Masplene® brand name
 - **CEG**, a leading large-scale higher and vocational education group with footprints in China, Australia, and the United Kingdom
 - **First REIT**, Singapore's first healthcare real estate investment trust with a vision to become Asia's premier healthcare trust

• Mr. Hongwei Wang joined as the new Chief Executive Officer

2023



• 15 bonds/sukuks guaranteed¹

- To bonds/sukuks issued by:
 - **SNC**, a growing company specializing in manufacturing air conditioner parts and household appliances as well as car air-conditioning equipment parts, either selling them directly to customers who own the product brand or supplying manufacturers of in-car air conditioning systems
 - **CEG**, a leading large-scale higher and vocational education group with footprints in China, Australia, and the United Kingdom
 - **Apeiron**, a Singapore-based, leading integrated global player in the entire chain of bioenergy products from waste-based feedstocks to the end and by products
 - **Erajaya**, Indonesia's market leader and a leading player in the region in terms of network of distribution centers, retail outlets, and third-party billing outlets
 - **HEG**, a leading provider of higher education and secondary vocational education services in China, Malaysia, Thailand, and Hungary
 - **INTI**, one of the largest private higher education service providers in Malaysia providing academic education for junior college, bachelor's degree, master's degree, and doctorate degree programs
 - **YSH**², a Singapore-listed conglomerate with a diversified business portfolio in Myanmar
 - **ADCP**, the first and largest mass transportation-based property developer with the Transit Oriented Development ("TOD") concept in Indonesia with key operation in Jakarta and its satellite cities
 - **Phenikaa**, one of the high-growth companies in Viet Nam and is the third largest global supplier of engineered stone countertops. With the success of its stone business, Phenikaa has expanded into education and research and healthcare businesses
 - **CIAF**, a leading K-12 bi-curriculum school in Cambodia
 - **Tecomen**, a leading water purifier company in Viet Nam
 - **Telcotech**, a premium internet service provider in Cambodia that caters to both enterprise and consumers markets within the country

• Mr. Yasuaki Negishi became the new Chair of the BOD

Note:

¹ Each bond/sukuk tranche issued is recorded as one bond/sukuk guaranteed.

² Issuance to refinance its initial bond in 2019.

● HIGHLIGHTS

SNC

SNC FORMER PUBLIC COMPANY LIMITED

SNC Former Public Company Limited (“SNC”) was established in 1994 with a paid-up capital of THB1 million by Dr. Somchai Thaisanguanvorakul Group. The SNC Group listed in the Stock Exchange of Thailand in 2004. It mainly engages in the production of complete air conditioning set and home appliances as well as automotive, household, and commercial air conditioning parts to sell directly to customers who are the brand owners or customers who are manufacturers of automotive, household, and commercial air conditioning (for assembly into complete sets of air conditioner for their customers, the car makers). SNC is actively expanding its business area by venturing into various sectors such as providing and implementing customized industrial solutions, alternative energy business, and green city development.

A fully guaranteed 5-year THB1 billion bond was successfully placed with domestic institutional investors at a competitive coupon rate of 3.1%. The bond was issued under the ASEAN+3 Multi-Currency Bond Issuance Framework, a policy initiative under the Asian Bond Markets Initiative (ABMI) to standardize the bond and note issuance processes with the goal of strengthening bond market linkages among the ASEAN+3 countries.

“We are honored to have an opportunity to collaborate with CGIF on this guaranteed bond issuance. We are confident in our business strategy and, together with our trusted partners, strive to grow sustainably for many years to come. We aim to create value for our stakeholders and are committed to creating positive and environmentally friendly impacts towards the Industrial Materials & Machinery sector and the society.”

*- Mr. Somchai Thaisanguanvorakul, Founder and CEO
of SNC Former Public Company Limited*



The bond proceeds were utilized by SNC’s operating subsidiaries to purchase robots for the production line and to finance working capital needs.

The transaction marks SNC’s inaugural bond issuance which will benefit the company in diversifying funding sources to support its sustainable growth. The successful issuance of this bond also demonstrates market participants’ confidence in CGIF and its guarantee product.



CHINA EDUCATION GROUP HOLDINGS LIMITED

China Education Group Holdings Limited ("CEG") is a leading higher and vocational education group with a total of 14 schools operating in China, Australia, and the United Kingdom. With a vision to provide quality tertiary and vocational education through innovation, they operate in two business segments namely, domestic market segment and international market segment. CEG has been listed in The Stock Exchange of Hong Kong (SEHK) since 2017 and is currently the largest listed higher and secondary vocational education provider in China in terms of student enrollment.

On 19 April 2023, CGIF guaranteed CEG's second 3-year CNH500 million offshore renminbi (CNH) bond. The first CNH500 million dim sum bond was issued in 2022 under CEG's now fully-issued CNH1 billion bond program.

"The successful issuance of this bond contributes to the continued and effective implementation of CEG's high-quality development plan and proves that investors appreciate the company's management and development strategies."

*- Dr. Kai Yu, Group Chief Executive
Officer of China Education Group
Holdings Limited*

The bond underpins CGIF's commitment to provide eligible issuers access to ASEAN+3 long-term liquidity despite challenging market conditions. CGIF's guarantee also reinforces its support for ASEAN+3 social infrastructure, as the bond proceeds will be utilized to build further capacity for CEG's private tertiary and vocational education network.

The successful issuance of this bond reflects CGIF's unique value proposition and market recognition among investors, as well as the diligent effort in collaborating with market participants to ensure access to long-term institutional funds.





APEIRON BIOENERGY

Founded in 2007, Apeiron Bioenergy ("Apeiron") is an integrated global player in biofuels from waste-based feedstocks to end-products. Headquartered in Singapore, the company's presence spans 10 countries, featuring a comprehensive value chain that includes storage, processing facilities, and biofuel refineries.

The company issued a 5-year senior unsecured green bond (rated AA by S&P) worth SGD50 million. The proceeds of the issuance will be used to fund Apeiron's business and capital expenditure under their Green Finance Framework. This framework was developed to demonstrate the company's commitment to the integration of environmental, social, and governance (ESG) factors into its operations and its intention to undertake green financing transactions. Sustainalytics, a globally recognized provider of ESG research, ratings and data, evaluated Apeiron's Green Finance Framework and the alignment thereof with relevant industry standards and provided views on its robustness.

The guaranteed green bond was successfully placed with domestic institutional investors at a competitive coupon rate of 4.487% p.a. The bond



was issued under the ASEAN+3 Multi-Currency Bond Issuance Framework, a policy initiative under the Asian Bond Markets Initiative (ABMI) to standardize the bond and note issuance processes and with the goal of strengthening bond market linkages among the ASEAN+3 countries.

This transaction marks Apeiron's debut issuance and the first SGD green bond guaranteed by CGIF. This transaction also signifies CGIF's commitment in supporting thematic bonds.

"We are delighted by the overwhelming response to our green bond issuance supported by CGIF, which demonstrates strong investor confidence and our shared mission with ADB. This will allow Apeiron Bioenergy to expand our operations and maintain our position as a leader in the bioenergy sector. Building upon our operational and financial track record, we are fully committed to reducing reliance on fossil fuels and accelerating the growth of green energy."

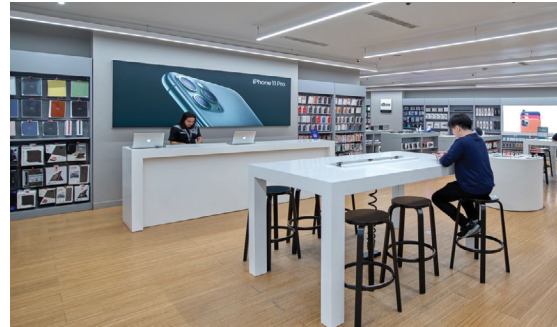
*- Chris Chen, Co-Founder
of Apeiron Bioenergy*



ERAJAYA DIGITAL PTE. LIMITED

Erajaya Digital Pte. Limited ("Erajaya") is a wholly owned subsidiary of Indonesia-domiciled PT Erajaya Swasembada Tbk ("Erajaya Group"), an Indonesian household name in the field of distribution and retail of mobile telecommunication devices. Established in 1996, the Erajaya Group is a leading omni-channel retailer and distributor of mobile phones and telecommunication products in ASEAN, and operator of retail outlets in active lifestyle, beauty and wellness, and food and nourishment. Its retail network expands across Indonesia, Malaysia, and Singapore, comprising an estimated 2,000 stores.

Issued under the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF), Erajaya issued a senior unsecured fixed-rate bond worth SGD50 million, with a maturity of 3 years from its issuance date of 24 August 2023 and with an investment-grade rating of AA from S&P Global Ratings. Proceeds of the bond will be used mainly for investments in Singapore and Malaysia, specifically new stores that will be opened, existing stores needing refurbishment, distribution centers, and inventory management, among others.



In facilitating this cross-border issuance, CGIF has demonstrated that it is able to link funding needs with funding sources across ASEAN, thus promoting regional financial integration.

Moreover, this marks Erajaya's first foray in the corporate bond market, enabling them to diversify their funding sources and tap long-term inter-ASEAN liquidity to supplement its cross-border capital investments.

"We are thrilled to announce the successful issuance of the bond and we extend our deepest gratitude to the entire team who worked tirelessly to make this achievement possible. This significant milestone reflects the strength of our company and the trust of our stakeholders. With these funds, we are poised to embark on a promising future, driving growth and value for our stakeholders as we continue to pursue our strategic goals."

*- Mr. Hasan Aula, Vice President Director
of Erajaya Digital Pte. Ltd.*



HOPE EDUCATION GROUP COMPANY LIMITED

Hope Education Group Company Limited ("HEG") is one of the largest private education groups in China with 280,453 students as of 28 February 2023. HEG owns and operates 23 higher education schools and 2 technical colleges, including 10 schools in Southwest China, 4 schools in East China, 3 schools in North China, 1 school in South China, 1 school in Central China, 3 schools in Northwest China, and 3 schools overseas. The overseas universities are INTI International University, Metharath University, which is formerly known as Shinawatra University, and Wekerle Business School of Hungary.

On 28 September 2023, CGIF guaranteed HEG's THB1,300 million 3-year unsubordinated bond. This transaction marks HEG Group's debut issuance in Thailand.

With CGIF's AAA-rated (Tris Rating) guarantee, HEG was able to diversify its funding sources and tap long-term inter-ASEAN liquidity to supplement its cross-border capital investments.

The bond was issued under the ASEAN+3 Multi-Currency Bond Issuance Framework, a policy initiative under the Asian Bond Markets Initiative (ABMI) to standardize the bond and note issuance processes and with the goal of strengthening bond market linkages among the ASEAN+3 countries.



INTI UNIVERSAL HOLDINGS SDN. BHD.

INTI Universal Holdings Sdn. Bhd. ("INTI") is one of Malaysia's largest private higher education service providers in Malaysia in terms of student enrolment, providing academic education for junior college, bachelor's degree, master's degree, and doctorate programs. INTI owns and operates INTI International University & Colleges, which consists of one university and three colleges, comprising: (i) INTI International University, (ii) INTI College Sabah, (iii) INTI International College Subang, and (iv) INTI International College Penang. INTI was acquired by Hope Education Group Company Limited ("HEG") from Laureate Education Inc. in 2020. HEG is one of the largest private education groups in China, and it owns and operates universities, higher education institutions, and technical colleges and schools in China, Hungary, Thailand, and Malaysia.



INTI successfully issued its first RM bond issuance via a Guaranteed Medium-term Note (MTN) of RM165 million, guaranteed by CGIF, on 2 November 2023. The proceeds from the Guaranteed MTN will be utilized for the operating expenditure of the INTI Group, which operates INTI International University, INTI International College Penang, and INTI International College Subang.



PT ADHI COMMUTER PROPERTI TBK

PT Adhi Commuter Properti Tbk (“ADCP”), the first and largest mass transportation-based property developer in Indonesia, presents housing/residences with accessibility advantages that facilitate daily activities and contribute to solving urban problems. ADCP is a subsidiary of the state-owned enterprise PT Adhi Karya (Persero) Tbk, which is engaged in property, hospitality, and support. ADCP started from the Transit Oriented Development (TOD) division of Adhi Karya in 2015 and developed into a separate entity in 2018.

“It is an honor for us that CGIF can entrust ADCP to develop further into the No. 1 company in developing TOD-based housing in Indonesia. We are glad to gain a high public interest in welcoming ADCP bonds, as seen from the results achieving an oversubscription of almost 3.5x.”

- Rizkan Firman, President Director of ADCP



ADCP was established to provide integrated residential areas and support facilities around the Light Rail Transit (LRT) line area. ADCP’s housing/residences puts forward elements of connect, mixed-use, shift and transit, walkable and densify, and the LRT City area will be a solution for the people. It not only provides a comfortable place to live, it also becomes a new civilization in the lives of urban people.

The company issued IDR499.9 billion bond on 8 December 2023 guaranteed by CGIF. The publicly offered bond, rated idAAA(cg) by PEFINDO, drew solid investor demand and was successfully issued at a coupon rate of 7.8% p.a. for the 3-year tranche and 8.3% p.a. for the 5-year tranche. It is listed on the Indonesia Stock Exchange. The proceeds of the bond will be used for advancing the development of ADCP’s TOD-based properties.

The oversubscribed bond marks CGIF’s first-time support for an Indonesian property developer and continued support on the development of Indonesia’s bond markets.

A&A GREEN PHOENIX GROUP JOINT STOCK COMPANY

A&A Green Phoenix Group Joint Stock Company ("Phenikaa") is a multi-sectoral conglomerate in Viet Nam known for its VICOSTONE® brand, one of the largest global suppliers of engineered stone countertops. It has expanded to other businesses such as industrial production, technology, education and research, healthcare, real estate, and trading under its Three-Centers Ecosystem involving Business, Education and Training, and Scientific Research.

"CGIF is delighted to guarantee Phenikaa's VND bond issuances. It not only allowed CGIF to support the healthcare sector in Viet Nam but also widened the issuer's funding base with new investors from the dual issuance, which is important to support a fast-growing company. The oversubscription of this bond reflects market participants' recognition of CGIF's value proposition and investors' confidence in its guarantee product. It also underpins CGIF's role as a catalyst for the development of the corporate bond market in Viet Nam, amid the current challenges in the market."

- Mr. Hongwei Wang,
Chief Executive Officer of CGIF

With CGIF's support of its VND900 billion 7-year amortizing bond issued on 14 December 2023, Phenikaa was able to further diversify its funding sources and tap suitable long-term funding to fuel its expansion into the healthcare business. The bonds were structured as a dual tranche with fixed and floating interest rates, allowing investors to choose their preferred interest rate structures. The bonds were registered for trading in Viet Nam Securities Depository and Clearing Corporation (VSDC).

This issuance marks the 12th CGIF-guaranteed VND bond as well as CGIF's return to the Viet Nam bond market after a while. It re-emphasizes the market participants' confidence in CGIF in its ability to mobilize savings to fund private sector financing requirements.





CIA FIRST INTERNATIONAL SCHOOL

Founded in 2004, CIA FIRST International School ("CIAF") is a leading K-12 private education provider that teaches dual curricular syllabus through its three campuses in Phnom Penh. CIAF is the first and only school in Cambodia to be approved to run the Capstone Diploma, giving students a university-like experience of writing a research paper in high school, therefore bolstering students' chances of gaining acceptance to the world's most prestigious universities and for a scholarship nomination. Collectively, the school has a current population of about 5,000 students.

With CGIF's full guarantee support, CIAF issued on 15 December 2023 its KHR41.3 billion fixed-rate amortizing bond, with a gross tenor of 5 years. It was issued under the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) and marks CIAF's debut in the debt capital market of Cambodia.

This is the first bond issued by an education provider in Cambodia, adding further diversity to the country's bond market and increasing investment options to long-term institutional funds, signifying an important milestone in the advancement of the Cambodian bond market. Additionally, it is the first CGIF-guaranteed bond to be rated by the Rating Agency of Cambodia (RAC), which has issued the highest rating of khAAA.



Proceeds of the bond will be utilized for the construction of a new campus which, once completed, will be CIAF's fourth campus and will raise its enrollment capacity by an estimated 1,500 students, in line with CGIF's commitment to support the education sector.

"The listing of this bond for CIA FIRST marks a milestone in Cambodian K12 education, whereby investors and the private education sector align in the pursuit of capital for the growth and development of schools. This bond represents an avenue for investors to support the expansion of private education within Cambodia in a collaborative, secure, and professional manner."

*- Oknha Dr. Trang Ly,
Chairman of Board of Directors
of CIA FIRST International School*



TECOMEN HOLDING JOINT STOCK COMPANY

Viet Nam-based Tecomen Holding Joint Stock Company ("Tecomen") was founded in 2006 as a producer and distributor of water purifiers. Its homegrown and self-developed water purifier brand Karofi was the first smart water purifier in the country as well as the first locally produced water purifier to meet Viet Nam's Ministry of Health's standards for direct drinking water.

To date, Tecomen is Viet Nam's number one water purifier in terms of market share and has the largest production facility in ASEAN. It has since

"We are privileged to engage in this collaborative venture alongside CGIF and Maybank for this guaranteed bond issuance. Our aspiration is to generate value for our stakeholders while actively contributing to a more environmentally conscious development, particularly by expanding people's access to clean water, thereby furthering our commitment to ESG goals and fostering sustainable development."

*- Mr. Nguyen Thy Phuong, Co-founder,
Chairman, and CEO of Tecomen Holding
Joint Stock Company*



expanded its business to the manufacturing of air purifiers and air-related products and continues to expand its global footprint with its products that have already been made available in more than 50 countries, comprising a distribution network of more than 7,200 stores.

Marking its inaugural issuance, Tecomen issued a 5-year VND200 billion fixed-rate 100% credit-wrapped bond on 27 December 2023.

This transaction signifies CGIF's backing for a leading local enterprise, which requires long-term stable capital to fuel future growth and innovation. The bond, which is the first of two tranches to be issued, will finance the expansion of Tecomen's manufacturing and distribution network. CGIF's guarantee has not only provided Tecomen with access to long-term fixed rate bonds, but also endorses its mission to provide affordable, clean, and safe drinking water to its consumers.



TELCOTECH LIMITED

Telcotech Limited ("Telcotech") has been Cambodia's telecommunication infrastructure and associated services provider since 2007. It is a part of the Royal Group of Companies, a leading corporate conglomerate in Cambodia.

A fully guaranteed KHR82,080 million 5-year floating-rate public bond, endorsed with a khAAA credit rating from Rating Agency of Cambodia (RAC), was successfully placed with international institutional investors. The bond was issued under the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF), a policy initiative under the Asian Bond Markets Initiative (ABMI) to

standardize the bond and note issuance processes with the goal of strengthening bond market linkages among ASEAN+3 countries. The funds raised from this bond were allocated towards enhancing Telcotech's network infrastructure.

The transaction signifies CGIF's continued commitment to Telcotech following its initial bond issuance in 2021. It likewise represents the first time CGIF has guaranteed a floating-rate bond in Cambodia. Furthermore, this bond is a significant milestone for the Cambodian bond market as it succeeds in drawing new offshore investors to the market, showcasing its growing appeal and potential.

"Backed by CGIF's guarantee, the bond offers investors a competitive advantage while supporting Telcotech's ambitious goals. We see it as a vote of confidence in Indochina's connected future, inviting investors to back a company dedicated to a more prosperous, sustainable region. By supporting Telcotech, you're backing a company committed to building a more connected, prosperous, and sustainable Indochina. I look forward to an increasing and expanding digital future enabled by this bond."

*- Neak Oknha Kith Meng, Chairman of the Royal Group of Companies
and Director of Telcotech Ltd.*





CGIF Market Education and Development Activities

In 2023, CGIF worked diligently towards engaging with market counterparts to increase market awareness of guaranteed bonds. Being in a unique position as a guarantor in the ASEAN+3 markets, through these activities, CGIF shared best practices across the various markets, leading to better understanding and integration of the ASEAN bond market ecosystem.

JANUARY



MALAYSIA:

- Credit Guarantee and Incentives for Sustainable Bonds and Sukuk in ASEAN

MARCH



INDONESIA:

- Securing Debt Strategy in Uncertainty



THAILAND:

- AFIFORUM

FEBRUARY



CAMBODIA:

- Cambodia Sustainable Bond Accelerator (Information Workshop)

APRIL



CAMBODIA:

- Cambodia Sustainable Bond Accelerator (Webinar)



CGIF worked with rating agencies, regulators, bond market associations, media houses, banks, and financial arrangers to conduct and participate in various events across the region. These activities were targeted towards both prospective issuers as well as investors in CGIF guaranteed bonds. In 2023, CGIF maintained special focus on development of thematic bonds in the smaller economies in ASEAN. As an example, CGIF worked closely with partner multilateral development banks (MDBs) and regulators in Cambodia on a sustainable bond accelerator.





Extensive efforts have been made by CGIF to be more communicative with the market by regularly providing updates on LinkedIn as well as the market education page of its website. The market education page on the website is not only a repository of knowledge on CGIF's current portfolio; it also has extensive write-ups on the various markets in the ASEAN region.

OCTOBER



INDONESIA:

- Project Finance Seminar



MALAYSIA:

- RAM Forum



SINGAPORE:

- IFR Asia Local Currency Debt



KAZAKHSTAN:

- Second Capital Market Regulators' Forum

SEPTEMBER



INDONESIA:

- UNDP – Knowledge Product Thematic Bonds



PHILIPPINES:

- Advancing the Philippines Bond Market 2023



HONG KONG:

- Asia's Returning Structured Credit Summit

NOVEMBER



SINGAPORE:

- 18th Asia Bond Markets Summit
- ESG in Fixed Income Asia 2023



PHILIPPINES:

- 18th Philippine Summit

You can get updates on CGIF activities by scanning the QR code or by using this link:
<https://www.cgif-abmi.org/knowledge-center/market-education/>



FINANCIAL SUMMARY

FIGURE 1: NET INCOME

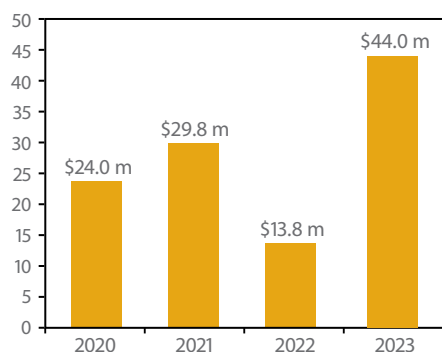


FIGURE 2: INVESTMENT INCOME

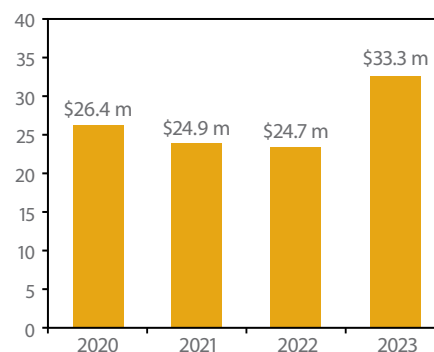


FIGURE 3: GUARANTEE INCOME

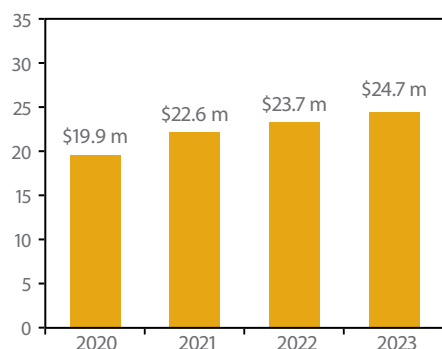
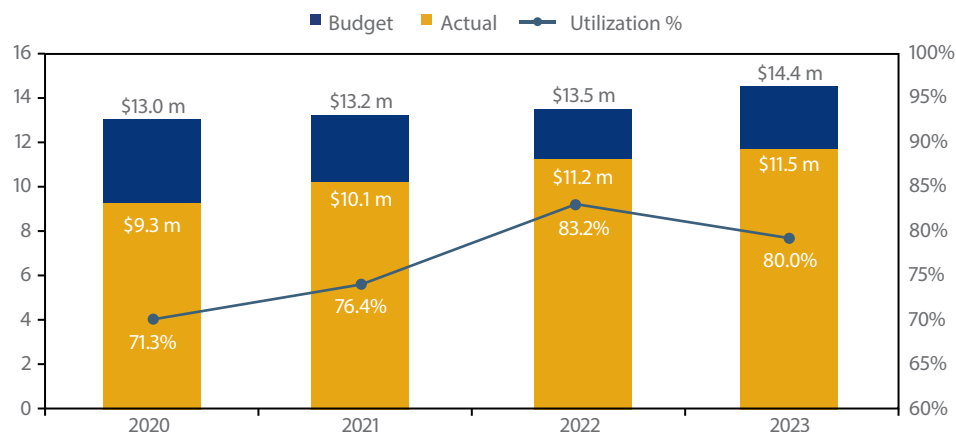


FIGURE 4: OUTSTANDING GUARANTEE ISSUED



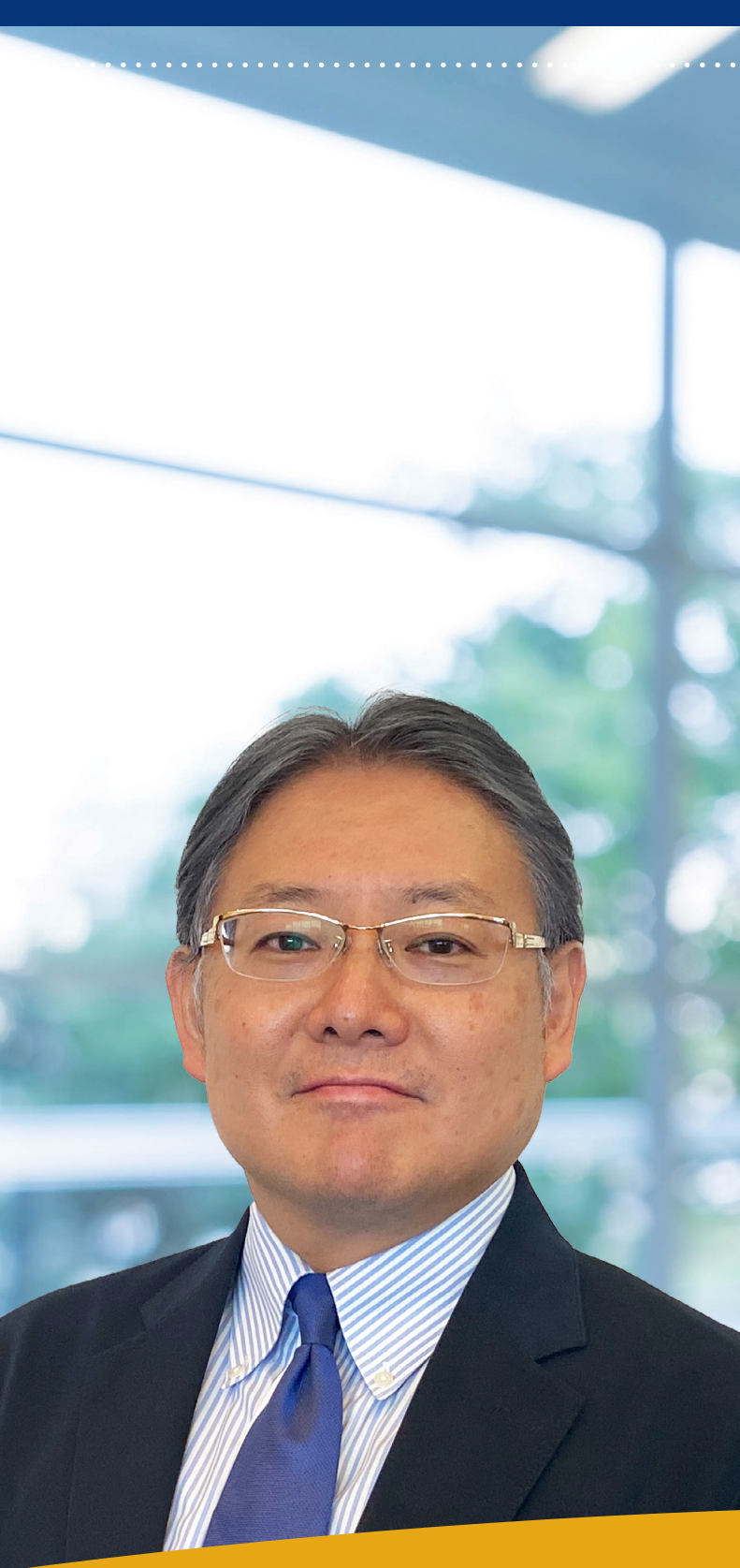
Note: Outstanding guarantee to bondholders with principal only.

FIGURE 5: ACTUAL VS. BUDGET (OPERATING AND ADMINISTRATIVE EXPENSES)



Notes:

- (i) Recognition of utilized amount is based on Budgeting Procedures Manual and may not be equal to the reported expenses in the Financial Statements.
- (ii) Budget figures exclude contingency amounts.
- (iii) Modest increase in 2023 Budget Utilization in terms of amount reflects CGIF's strategy of expanding origination and marketing activities to enhance product promotion and market awareness in the ASEAN region.



MESSAGE FROM THE CHAIRPERSON OF THE BOARD OF DIRECTORS (BOD)

It is my privilege to serve as Chairperson of the Board of Directors (BOD) of CGIF and work with my fellow Directors and an accomplished Management team. I am aware of the pivotal role that the organization plays in the ASEAN+3 region, and I am honored to take part in the meaningful work that CGIF does.

It has also been a pleasure to witness the hard work that the whole CGIF team has done in a valiant effort to undo the damage of the two-year long global pandemic. That was no easy task, but the CGIF Management and employees showed great determination and teamwork in achieving record-breaking results.

In 2023, CGIF supported 12 bond issuers—its highest since inception—with an aggregate amount of \$403 million. By year-end, CGIF's cumulative notional guarantee amount reached \$3,166 million, and the outstanding guarantee steadily increased to \$2,072 million—a \$104 million increase from last year's \$1,968 million.

MESSAGE

In 2023, CGIF posted a net income of \$44.0 million, 218% or \$30.2 million higher than the previous year's. The significant increase was driven by growth in investment income of 35%, coupled with \$6.8 million negative impairment losses. Total Member's Equity increased to \$1,302.5 million in 2023, a 6% increase from last year's \$1,223.2 million.

CGIF's new market development initiatives led by the Management helped overcome the post-pandemic challenges and bleak market outlook in the beginning of the year. In 2023, CGIF participated in 22 industry events; was featured in renowned finance publications; and launched a stronger social media presence via LinkedIn. These were strategic efforts in engaging with partners and stakeholders and enhancing the organization's visibility.

All the hard work of the past year has not gone unnoticed. We are grateful for everyone's tenacity and dedication. This gives me great confidence in achieving my goals as Chairperson of the BOD, leading the successful implementation of our Medium-term Business Strategy (MBS), and fulfilling the policy objectives set out by the Asian Bond Markets Initiative (ABMI).

We have ambitious goals for 2024, and we will accomplish these with the active support of our Contributors, who have always believed in CGIF's mission and vision for the region, and the dedicated work of our Management and employees. I, together with the whole BOD, will of course continue to provide leadership and guidance and protect the interests of all our partners and stakeholders.

As Chairperson, I stand behind Management's call for "quality growth." If we stay on this track of optimism, passion, and purpose, in 2024 and the years to come, CGIF will continue to grow into a stronger, more formidable institution and perform even more developmental work in the region.



Mr. Yasuaki Negishi
Chairperson, Board of Directors

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER (CEO)



MESSAGE

It is with great pleasure that I announce CGIF's remarkable performance in 2023. We had the best year in terms of deals done and market development. We were able to support 12 bond issuers in one year, meeting and surpassing the target for the first time. Eight first-time issuers were able to sell bonds with our support. We were active in nine markets with deals issued in seven currencies. Three deals were done in Cambodia, Laos, and Myanmar (CLM), and we achieved the highest-ever Development Impact Score. This has been done despite unhealthy bond market sentiment due to the movement in interest rates.

In 2023, we recognized that many credible investors still did not know CGIF very well despite its strong international ratings and financial profile. To address this, a significant increase in market development activities was undertaken—with CGIF conducting 22 industry events across the ASEAN region. We planned and actively reached out to markets as per the requirements, resulting in a robust deal pipeline and a broadened investor base. We continued—and will continue—to implement risk management frameworks with a strong emphasis on identifying potential risks and looking for credible mitigation approaches. We closely monitor every deal in our portfolio.

Also in 2023, we recognized that the Operational Policy (OP) needed to be revised to reflect our understanding of CGIF's mandate and the capacity we obtained through many years of operation. We discussed and deliberated on many clauses within CGIF. We also conducted several discussions with the Board of Directors (BOD). The resulting revised OP gives a boost to CGIF's governance and supports its growth. Accordingly, the Alternative Guarantee Approval Process (AGAP) was expanded to facilitate guarantee business operations.

CGIF's net income for 2023 is close to \$44 million, about 10% higher than the annual target and a 218% increase over that of 2022. Higher treasury income, guarantee income, and well-managed budget all contributed to the strong performance. This was also in line with our strategy to grow organically.

What did we do right in 2023 to achieve remarkable success? There are certainly many reasons, but the following three factors played key roles in supporting our success.

1. Through repeated discussions, we arrived at a clearer understanding of CGIF's mandate. Not only do we need to close good deals, we also need to close a lot more deals and continuously grow in order to have a larger presence in every local bond market. We must grow our business.
2. We implemented a quality growth strategy in 2023. The strategy requires us to focus on both risk management and business growth. One of the key aspects of the strategy is expanded market development, on which we invested huge resources in 2023.
3. We continued to strengthen our team by introducing three core values: accountability, professionalism, and respect. These will aid us in growing as a team and as an institution.

The CGIF Management maintains our accountability to the BOD in meeting the goals for the new year. Our mandate is crystal clear, and we will work harder to foster a corporate culture that focuses on accomplishing targets and delivering on promise.

I am very grateful for the support our BOD has afforded Management and staff, and I hope for their continued encouragement. I also want to acknowledge our Contributors' trust and support and, in return, I promise to endeavor to make CGIF a sound, solid, and credit-worthy institution.

The year 2023 truly showed us what purpose, tenacity, and teamwork can accomplish. The capacity of CGIF's talented team was on full display the whole year, and I thank everyone for their hard work. We have always had a strong team but what changed—and propelled us to greater heights—was our attitude and the way we approached business and work. If we remain on this path, I am confident that by the end of the year, the team will be stronger in terms of capacity to deliver on our goals.

Looking forward to 2024, I am confident that we can do even better for the simple reason that we have a capable team, a deeper understanding of markets, and a robust pipeline. We will continue to follow the same strategy which brought us success in 2023.



Mr. Hongwei Wang
Chief Executive Officer



**BUSINESS AND
OPERATIONAL
REVIEW**

GUARANTEE OPERATIONS

MACROECONOMIC OVERVIEW IN 2023

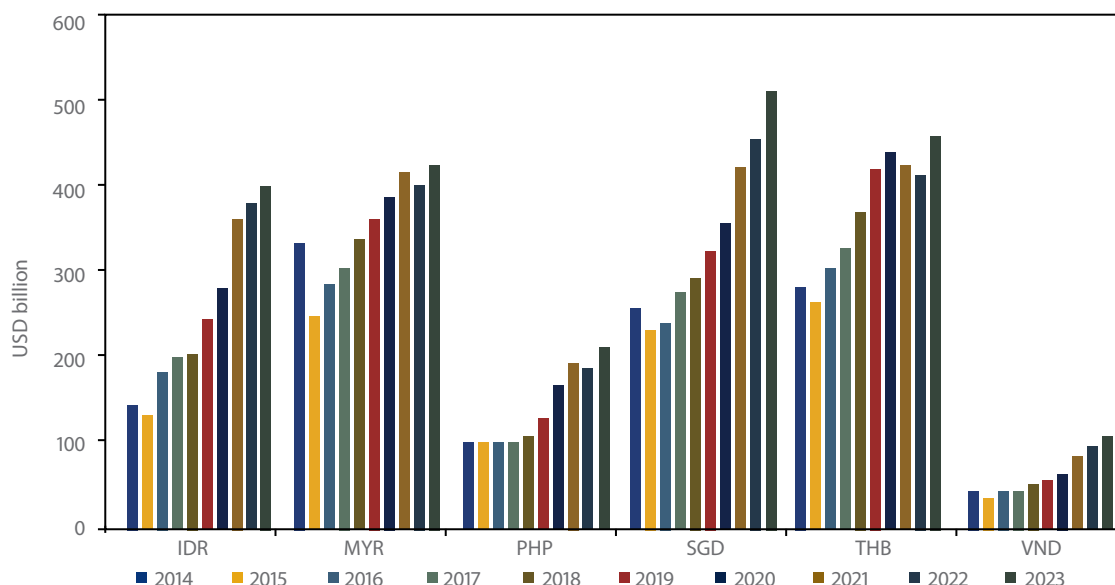
The Global Economic Prospects of the World Bank estimated that the global economy would reach growth of 2.6% in 2023.¹ This is considered a slowdown compared to 2022's global growth rate of 3%. Inflation has started to moderate in 2023, but most central banks are still cautious in easing the current policy rates. Still, the effects of geopolitical tensions remain a crucial factor that impedes the overall economic growth in the region.

Though recording modest growth rates, ASEAN

countries struggled to grow their economies in 2023. The Philippine economy grew by 5.6% in 2023, missing the 6.0% to 7.0% growth target of the government, as reported by the Philippine Statistics Authority. Domestic issues persist in the Philippines in 2023, such as high prices of agricultural products, thus resulting in a weakened purchasing power of consumers. Viet Nam's economic growth is estimated to be around 5.1% in 2023, according to the General Statistics Office of Viet Nam. A lower export demand primarily from China and weaker manufacturing output contributed to Viet Nam's slower growth rate. Singapore grew by 1.2% in 2023, marking the country's avoidance of a recession.

ASEAN6 BOND MARKET OVERVIEW²

FIGURE 6: LCY BOND MARKET SIZE IN ASEAN6



Source: AsianBondsOnline, 2024. Data are as of Q3 of every year.

Notes:

¹The World Bank. Global Economic Prospects (January 2024). <https://www.worldbank.org/en/publication/global-economic-prospects>

²ASEAN6 refers to Indonesia, Malaysia, the Philippines, Singapore, Thailand and Viet Nam. The data for Viet Nam reflect figures collected by AsianBondsOnline.

Total local currency (LCY) bond market size of ASEAN6 reached an equivalent of USD2.1 trillion, as of Q3 of 2023. As of Q3 of 2023, the share of government bonds and central bank bills took up 75% of the total bond market in ASEAN6, and the remaining 25% was taken by corporate bonds. In terms of growth, the total bond market of the region grew by 9% year-over-year (YoY) in Q3 of 2023 in terms of the USD-equivalent issue size. Compared to the 2% YoY growth in Q3 of 2022, the ASEAN6's bond market has rebounded, driven by the government bond market segment.

The government bond markets of countries in ASEAN6 all recorded moderate growth in Q3 of 2023, with YoY growth rates ranging from 5% to 19%. Of the six countries, Viet Nam posted the fastest growth rate in this segment at 19%, followed by Singapore and Thailand, with each growing at 9%. The Philippines recorded only 5% growth rate in its government bond market.

The corporate bond markets in ASEAN6 have varied performances. Indonesia, Singapore, and Viet Nam experienced a contraction of 3%, 4%,

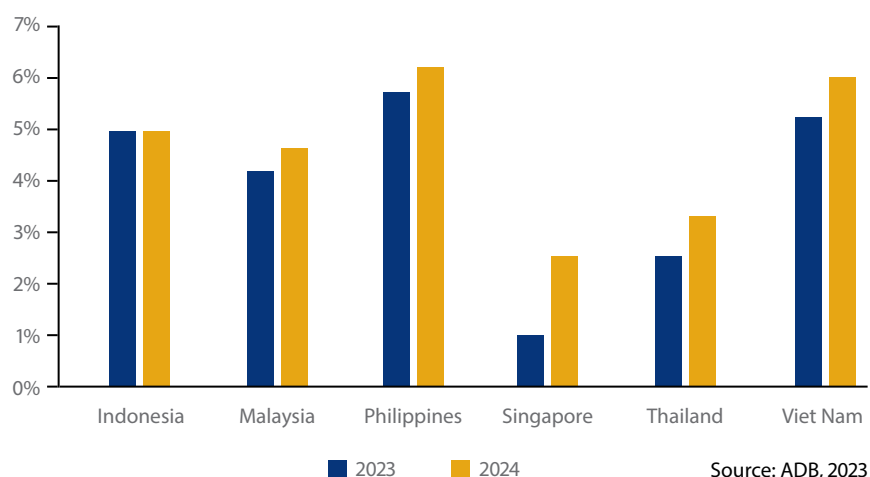
and 9% from Q3 of 2022 to Q3 of 2023, respectively. On the contrary, Malaysia and Thailand showed growth of 5% and 9%, respectively. The Philippine corporate bond market marginally grew by 1%.

MARKET OUTLOOK

The outlook for 2024 is a continued deceleration. A softer global growth of 2.4% is forecasted in 2024. Strong domestic demand among ASEAN countries will become one source of growth. Nevertheless, two downside risks are from a weakening external demand and a possibly decelerating economic activity in the People's Republic of China.

The *Asian Development Outlook December 2023* publication of the ADB presented its economic growth forecasts in ASEAN6. The region is forecasted to grow by 4.7% in December 2024, with the Philippines and Viet Nam as the fastest growing countries.³ Inflation rate is also expected to decelerate in 2024, except in Thailand and Viet Nam.

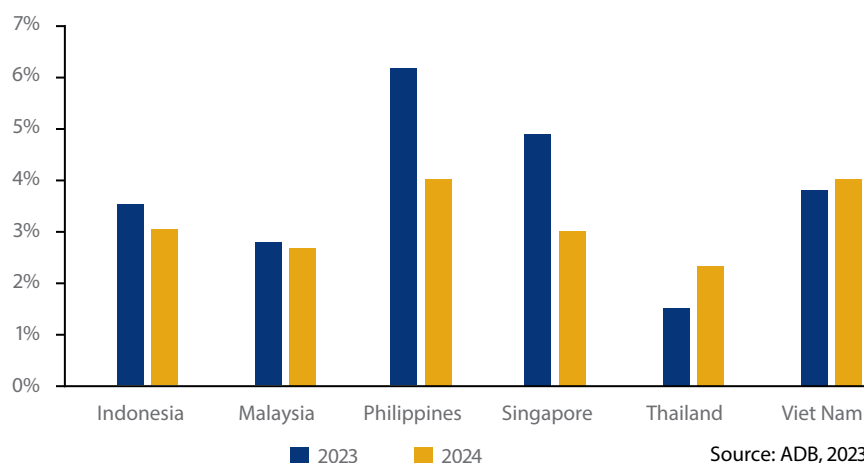
FIGURE 7: ESTIMATED GDP GROWTH RATES AS OF DECEMBER 2023



Note:

³Asian Development Bank. Asian Development Outlook December 2023: Growth Upbeat, Price Pressures Easing. <https://www.adb.org/publications/asian-development-outlook-december-2023>

FIGURE 8: ESTIMATED INFLATION RATES AS OF DECEMBER 2023



In early 2023, ASEAN reaped gains from fully reopening their economies as part of post-pandemic recovery efforts. However, the positive effects of economic reopening started to wane in the latter part of 2023. The weaker-than-expected manufacturing activity, particularly in Malaysia, Thailand, and Viet Nam, became a hurdle in boosting faster growth in the region. As spillover from 2023, the policy rates in ASEAN remain high, which poses challenges for fundraising activities in the domestic markets of ASEAN corporations.

The Global Risks Report 2024 of the World Economic Forum reported that extreme weather, brought about by climate change, is the top risk factor for this year.⁴ Extreme weather will expose countries' vulnerabilities to socio-economic aspects such as health, transportation, migration, and food and energy security. For instance, the warm phase of the El Niño-Southern Oscillation cycle is expected to intensify and continue until May 2024, which will be detrimental to the agricultural output and the health sector in the region. With these economic and environmental backgrounds, 2024 will be another year to prove ASEAN's resilience.

Note:

⁴ The World Economic Forum. Global Risks Report 2024. https://www.weforum.org/publications/global-risks-report-2024/in-full/?utm_source=google&utm_medium=ppc&utm_campaign=globalrisks&gad_source=1&gclid=EAlaIqobChMIpIGQl4uJhAMVUqVmAh3HbQ9bEAAAYASAAEgLyC_D_BwE

One of the ways that help in addressing these environmental risks are thematic bonds. Given the current situation in the global environment, there has been a growing interest and awareness in thematic bonds. Both governments and large corporations are pursuing thematic bonds in their respective markets. An important next step to promote these bonds is to market these to small- and medium-sized enterprises (SMEs), which are the suppliers of large corporations.

CGIF is at the forefront in developing the thematic bonds landscape in ASEAN. Expanding from helping first-time issuers in tapping the conventional bond market, CGIF is actively exploring how to encourage both corporates and SMEs with sustainability mandates and projects to access the thematic bond market. Faced with changing needs for funding and investments in ASEAN, CGIF also enhances its level of support to ensure an active ASEAN bond market.

GUARANTEE OPERATIONS

The aggressive policy shift of major central sectors to combat persistent inflation in 2022 and 2023 caused significant turmoil in global bond markets. Over the years, heightened volatility, mainly driven by increasing interest rates, resulted in substantial negative business outlook.

Heading into 2023, we saw the dramatic lagging of economies, fractured geopolitical relations, and dissolution of trust in institutions—trends that resulted in economic pain that hit the tail of every industry.

Even with these, CGIF did not remain in the sidelines and addressed completely unique but reticular points: to foster trust and to deliver enduring outcomes for all its stakeholders. This initiative translated into supporting 12 bond issuers—a new high for CGIF as an organization—with an aggregate amount of \$403 million.

The issuance of SNC Former Public Company Limited's 5-year THB1 billion guaranteed bond, which was issued on 27 January 2023, jump-started the first quarter of 2023. This was a 100% credit-wrapped 5-year bond rated AAA by TRIS Rating and was successfully placed with domestic institutional investors at a competitive coupon rate of 3.1%.

The second and third quarters saw a gradual build-up in the issuances with CGIF guaranteeing the following: (i) China Education Group Holdings Limited's (CEG) second 3-year CNH500 million offshore renminbi bond—the first CNH500 million

dim sum bond was issued in 2022 under CEG's now fully-issued CNH1 billion bond program; (ii) Apeiron Bionergy's SGD50 million 5-year senior unsecured debut issuance and the first SGD green bond guaranteed by CGIF; (iii) Erajaya Digital Pte. Limited's 3-year SGD50 million senior unsecured bond debut; and (iv) Hope Education Group Company Limited's issuance on 28 September 2023, marking the company's cross-border debut issuance in Thailand with the bond being placed with domestic institutional investors at a coupon rate of 4.1% p.a.

Efforts were raised into herculean levels in the fourth quarter which resulted in seven issuances, a few being: (i) INTI Universal Holdings Sdn Bhd's first RM Bond issuance via a Guaranteed Medium-term Note of RM165 million; (ii) PT Adhi Commuter Properti Tbk's oversubscribed bond, marking CGIF's first-time support for an Indonesian property developer and continued support on the development of Indonesia's bond markets; (iii) A&A Green Phoenix Group Joint Stock Company's VND900 billion 7-year dual (fixed and floating rate) tranche amortizing bonds; (iv) CIA FIRST International School Co. Ltd's debut corporate bond issuance, a five-year KHR41.25 billion fixed-rate amortizing bond; (v) Tecomen Holding Joint Stock Company's debut bond issuance, a five-year VND200 billion fixed-rate bond; (vi) and the KHR 82,080 million 5-year floating-rate guaranteed public bond issued by Telcotech Ltd.

For the first 9 months, issuances remained relatively stagnant as deals were being combed through as the organization tried to uphold its unwavering commitment to deal quality right across all

stages. This commitment was recognized as First Real Estate Investment Trust—the 5-year SGD100 million social bond issued on 7 April 2022—won the Social Infrastructure Deal of the Year Award in The Asset Triple A's Sustainable Infrastructure Awards 2023.

CGIF also made deep changes in its market development initiatives, which was one of the key turning points in defying the odds and beating the bullish outlook in 2023. In total, CGIF attended and/or sponsored 22 events for 2023. These included the “IFR Asia Local Currency Debt Financing Roundtable” in Singapore, the “RAM Forum: Emerging Risks: How Can Malaysia Steer Ahead?” in Malaysia, and the “Cambodia Banking Conference 2023.” The year 2023 was also a landmark year for market development as CGIF led its first in-person seminar in Indonesia titled “Defying Defaults: How CGIF Guarantee Protects Investors from Bond Defaults.”

On top of these events, CGIF connected and published articles in renowned finance publications such as the *IFR Asia*, *AsiaMoney*, and *The Asset* as well as focusing on technological aspects of marketing such as Search Engine Optimization (SEO) and delving into the social media giant LinkedIn.

Through these strategies, CGIF enhanced its partnerships with stakeholders and increased the organization's visibility.

GUARANTEE PORTFOLIO

The end of 2023 saw the cumulative notional guarantee amount reach \$3,166 million since the initiation of guarantee operations in 2012, comprising the 67 bonds and 4 sukuk transactions issued by 47 corporations from 12 economies.

Due to the influx of guarantees, the outstanding guarantee by the end of 2023 steadily increased to \$2,072¹ million—a \$104 million increase from last year's \$1,968 million.

GEOGRAPHICAL DISTRIBUTION OF INQUIRIES IN 2023

A total of 40 Preliminary Information Packs (PIPs)—a 25% increase from last year—were received from corporates in 9 of 13 ASEAN+3 countries with the greatest number of submissions coming from Viet Nam (12), followed by Indonesia (7), then Thailand (6).

Country-wise distribution of these PIPs is detailed in Figure 9.

Note:

¹ Composed of principal amounts only, including KNM and excluding Yoma 1 exposures.

TABLE 3: GUARANTEE PORTFOLIO AS OF 31 DECEMBER 2023

Guarantee Issue Date	Bond Issuer	Country of Origin (Issuer)	Bond Issuance Venue (Bond Market)
29-Dec-23	Telcotech Limited	 Cambodia	 Cambodia
28-Dec-23	Tecomen Holding Joint Stock Company	 Viet Nam	 Viet Nam
15-Dec-23	CIA FIRST International School Co. Ltd.	 Cambodia	 Cambodia
14-Dec-23	A&A Green Phoenix Group Joint Stock Company	 Viet Nam	 Viet Nam
14-Dec-23	A&A Green Phoenix Group Joint Stock Company	 Viet Nam	 Viet Nam
8-Dec-23	PT Adhi Commuter Properti TBK	 Indonesia	 Indonesia
8-Dec-23	PT Adhi Commuter Properti TBK	 Indonesia	 Indonesia
22-Nov-23	Yoma Strategic Holdings Ltd. ¹	 Myanmar	 Thailand
22-Nov-23	Yoma Strategic Holdings Ltd. ¹	 Myanmar	 Thailand
2-Nov-23	INTI Universal Holdings SDN. BHD.	 Malaysia	 Malaysia
28-Sep-23	Hope Education Group Co., Ltd.	 China	 Thailand
24-Aug-23	Erajaya Digital Pte. Ltd.	 Indonesia	 Thailand
23-Jun-23	Apeiron Agrocommodities Pte Ltd.	 Singapore	 Singapore
19-Apr-23	China Education Group Holdings Limited	 China	 Singapore
27-Jan-23	SNC Former Public Company Limited	 Thailand	 Thailand

Note: ¹ Issuance to refinance its initial bond in 2019.

	Bond Issue Size (LCY)	Bond Issue Size (USD equivalent)	Percentage Guaranteed by CGIF	Issue Rating (Agency)	Bond Tenor
	KHR82.1 billion	\$20 million	100%	khAAA (RAC)	5 years
	VND200 billion	\$8 million	100%	Unrated	5 years
	KHR41.3 billion	\$10 million	100%	khAAA (RAC)	5 years
	VND300 billion	\$25 million	100%	Unrated	7 years
	VND600 billion	\$12 million	100%	Unrated	7 years
	IDR484.2 billion	\$31 million	100%	AAA (Pefindo)	5 years
	IDR15.7 billion	\$1 million	100%	AAA (Pefindo)	3 years
	THB425 million	\$12 million	100%	AAA (Tris Rating)	5 years
	THB1.3 billion	\$36 million	100%	AAA (Tris Rating)	3 years
	MYR165 million	\$35 million	100%	AAA (RAM)	5 years
	THB1.3 billion	\$36 million	100%	AAA (Tris Rating)	3 years
	SGD50 million	\$37 million	100%	AA (S&P)	3 years
	SGD50 million	\$37 million	100%	AA (S&P)	5 years
	CNH500 million	\$73 million	100%	AA (S&P)	3 years
	THB1 billion	\$30 million	100%	AAA (Tris Rating)	5 years

Guarantee Issue Date	Bond Issuer	Country of Origin (Issuer)	Bond Issuance Venue (Bond Market)
7-Apr-22	First Real Estate Investment Trust	 Singapore	 Singapore
22-Mar-22	China Education Group Holdings Limited	 China	 Singapore
4-Mar-22	PT Polytama Propindo	 Indonesia	 Indonesia
4-Mar-22	PT Polytama Propindo	 Indonesia	 Indonesia
1-Dec-21	JWD InfoLogistics Public Company Limited	 Thailand	 Thailand
11-Nov-21	Thaifoods Group Public Company Limited	 Thailand	 Thailand
8-Sep-21	PT Polytama Propindo	 Indonesia	 Indonesia
8-Sep-21	PT Polytama Propindo	 Indonesia	 Indonesia
8-Sep-21	PT Polytama Propindo	 Indonesia	 Indonesia
8-Sep-21	PT Polytama Propindo	 Indonesia	 Indonesia
1-Sep-21	Hanwha Q Cells Malaysia Sdn. Bhd.	 Malaysia	 Malaysia
25-Aug-21	Telcotech Ltd.	 Cambodia	 Cambodia
19-Apr-21	Hanwha Solutions Corporation	 Korea	 Singapore
5-Mar-21	JWD InfoLogistics Public Company Limited	 Thailand	 Thailand
8-Jan-21	PT Ketrosden Triasmitra	 Indonesia	 Indonesia
8-Jan-21	PT Ketrosden Triasmitra	 Indonesia	 Indonesia

Note: ² Refers to Ijarah Sukuk issuances.

	Bond Issue Size (LCY)	Bond Issue Size (USD equivalent)	Percentage Guaranteed by CGIF	Issue Rating (Agency)	Bond Tenor
	SGD100 million	\$74 million	100%	AA (S&P)	5 years
	CNH500 million	\$78 million	100%	AA (S&P)	3 years
	IDR110.3 billion ²	\$8 million	100%	AAA (Pefindo)	3 years
	IDR110.3 billion ²	\$8 million	100%	AAA (Pefindo)	5 years
	THB1.2 billion	\$36 million	100%	AAA (Fitch)	9 years
	THB1 billion	\$30 million	100%	AAA (TRIS Rating)	5 years
	IDR96.5 billion	\$7 million	100%	AAA (Pefindo)	3 years
	IDR223 billion	\$16 million	100%	AAA (Pefindo)	5 years
	IDR104 billion ²	\$7 million	100%	AAA (Pefindo)	3 years
	IDR56 billion ²	\$4 million	100%	AAA (Pefindo)	5 years
	MYR150 million	\$36 million	100%	AAA (RAM)	3 years
	KHR80 billion	\$20 million	100%	Unrated	5 years
	CNH1 billion	\$153 million	100%	AA (S&P)	3 years
	THB700 million	\$23 million	100%	AAA (Fitch)	5 years
	IDR415 billion	\$30 million	100%	AAA (Pefindo)	3 years
	IDR168 billion	\$12 million	100%	AAA (Pefindo)	5 years

Guarantee Issue Date	Bond Issuer	Country of Origin (Issuer)	Bond Issuance Venue (Bond Market)
24-Dec-20	GLP Pte. Ltd.	 Singapore	 Japan
9-Apr-20	RMA (Cambodia) PLC	 Cambodia	 Cambodia
10-Jan-20	Energy Absolute Public Company Ltd ³	 Thailand	 Thailand
8-Jan-20	Thaifoods Group Public Company Limited	 Thailand	 Thailand
31-Dec-19	Vietnam Electrical Equipment Joint Stock Corporation	 Viet Nam	 Viet Nam
24-Dec-19	Hong Phong 1 Energy Joint Stock Company	 Viet Nam	 Viet Nam
24-Dec-19	Hong Phong 1 Energy Joint Stock Company	 Viet Nam	 Viet Nam
03-Dec-19	Nexus International School (Singapore) Pte. Ltd.	 Malaysia	 Singapore
25-Mar-19	CJ Logistics Asia Pte. Ltd.	 Korea	 Singapore
28-Jan-19	Refrigeration Electrical Engineering Corporation	 Viet Nam	 Viet Nam
25-Jan-19	Yoma Strategic Holdings Ltd.	 Myanmar	 Thailand
05-Oct-18	Hoan My Medical Corporation	 Viet Nam	 Viet Nam
18-Feb-16	Vingroup Joint Stock Company	 Viet Nam	 Viet Nam
07-Oct-15	IVL Singapore PTE. Ltd.	 Thailand	 Singapore
05-Dec-14	Masan Consumer Holdings	 Viet Nam	 Viet Nam
27-Nov-14	Protelindo Finance BV ⁴	 Indonesia	 Singapore

Notes:

³ CGIF risk-participated 50% of ADB's investment in Energy Absolute Public Company Ltd's Green Bonds issuance.

⁴ Change of issuer of the bonds from Protelindo Finance B.V. to PT Professional Telekomunikasi Indonesia effective 03 August 2016.

	Bond Issue Size (LCY)	Bond Issue Size (USD Equivalent)	Percentage Guaranteed by CGIF	Issue Rating (Agency)	Bond Tenor
	JPY15.4 billion	\$149 million	100%	AA (S&P)	9 years
	KHR80 billion	\$20 million	100%	Unrated	5 years
	THB3 billion	\$99 million	50% risk participation with ADB	A (TRIS Rating)	7 years
	THB2 billion	\$66 million	100%	AAA (TRIS Rating)	5 years
	VND1.2 trillion	\$50 million	100%	Unrated	10 years
	VND400 billion	\$17 million	100%	Unrated	5 years
	VND2.2 trillion	\$93 million	100%	Unrated	15 years
	SGD150 million	\$110 million	100%	AA (S&P)	12 years
	SGD70 million	\$52 million	100%	AA (S&P)	5 years
	VND2.3 trillion	\$100 million	100%	Unrated	10 years
	THB2.2 billion	\$70 million	100%	AAA (TRIS Rating)	5 years
	VND1.4 trillion	\$60 million	100%	Unrated	7 years
	VND1 trillion	\$47 million	100%	Unrated	10 years
	SGD195 million	\$137 million	100%	AA (S&P)	10 years
	VND2.1 trillion	\$98 million	100%	Unrated	10 years
	SGD180 million	\$138 million	100%	AA (S&P)	10 years

FIGURE 9: PRELIMINARY INQUIRIES RECEIVED BY DOMICILE (YEAR 2023)

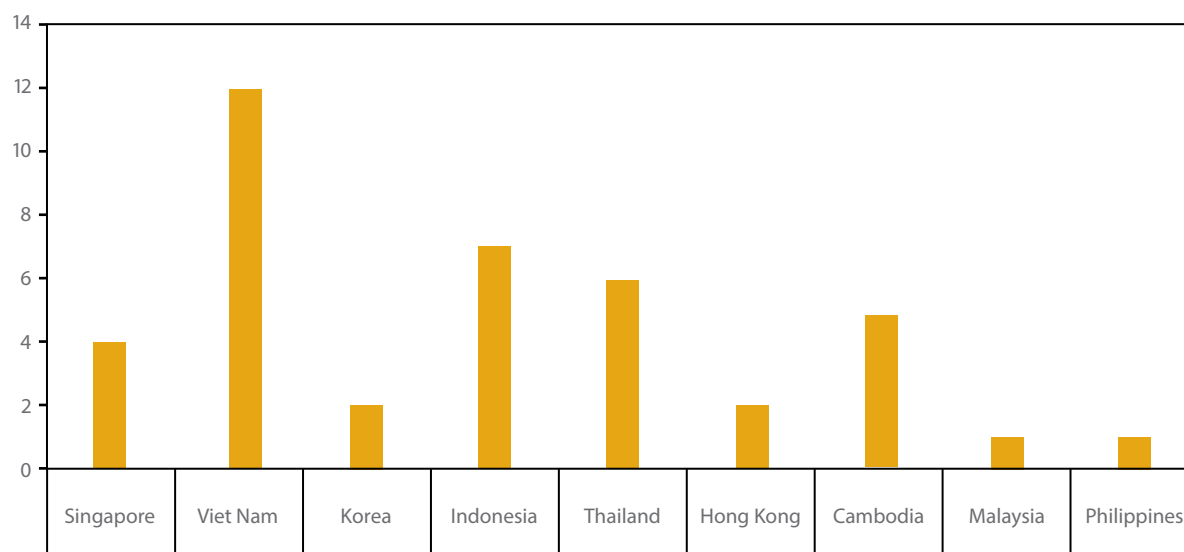
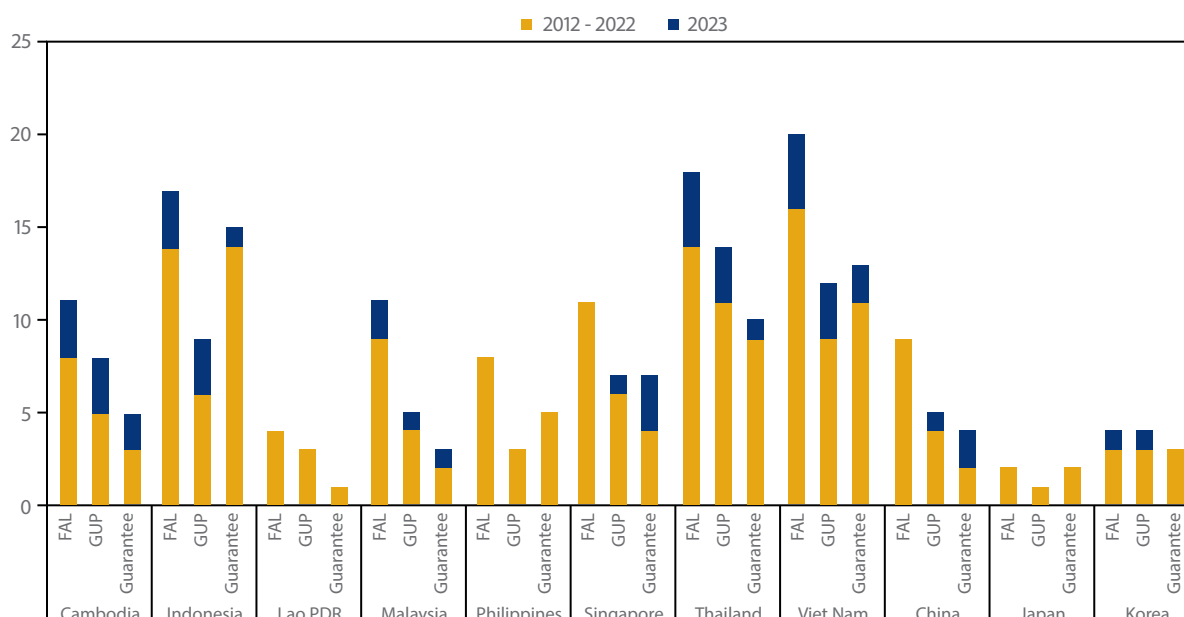


FIGURE 10: APPLICATIONS RECEIVED¹, UNDERWRITING PAPERS APPROVED, AND BONDS GUARANTEED² BY DOMICILE (2012-2023)³



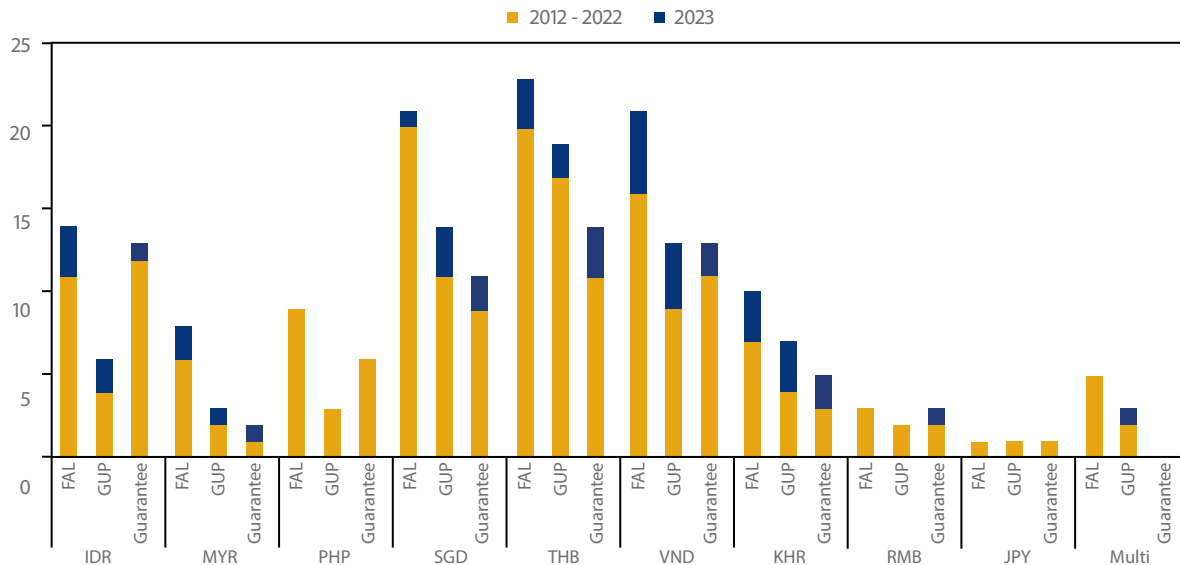
Notes:

¹ FAL refers to Formal Application Letters received from clients; GUP refers to Guarantee Underwriting Papers approved by the BOD.

² Each bond/sukuk tranche issued is recorded as one bond/sukuk guaranteed.

³ Inconsistency(ies) from past report(s), if any, is(are) due to CGIF's internal process of updating/reclassifying the country tag based on pre-determined criteria from time to time. Country tagging per the graph above is up-to-date as of 31 December 2023.

FIGURE 11: APPLICATIONS RECEIVED¹, UNDERWRITING PAPERS APPROVED, AND BONDS GUARANTEED² BY CURRENCY (2012-2023)³



Notes:

¹FAL refers to Formal Application Letters received from clients; GUP refers to Guarantee Underwriting Papers approved by the BOD.

²Each bond/sukuk tranche issued is recorded as one bond/sukuk guaranteed.

³Inconsistency(ies) from past report(s), if any, is(are) due to updating of currency tag of prospective issuances only. Currency tagging per the graph above is up-to-date as of 31 December 2023.

LOOKING AHEAD

A significant portion of the last 2 years has seen the worst of the bond market but the economic headwinds that have gathered are veering towards running its course.

With that positive outlook moving forward, the powerful rally that commenced this year will be continued in 2024. CGIF will persist in bridging the gap between issuers and investors, creating avenues for long-term financing solutions for corporates, and helping insurance companies and asset managers cross the thresholds of credit rating in line with their mandates.

In nascent markets like Cambodia, CGIF will continue working closely with regulators, financial arrangers, and banks to ensure regular issuances by local corporates and achieve the goal of raising fixed-term financing for growth in local currency—eliminating the uncertainty that comes with dependence on foreign currency term borrowing.

CGIF will also be actively promoting cross-border integration of the ASEAN+3 issuer and investor landscape as well as the use of ASEAN regional

financial centers to issue term debt instead of G10 currencies.

To manage our risk better and optimize capacity, the organization has been establishing strong linkages with reinsurers, CGIF's contributors, and banks—and will continue doing so. The thrust towards innovation and initiating new areas in the market will remain strong as the organization will continue to develop thematic bonds, project bonds, and securitization in the local currency markets across ASEAN.

The role of market development and knowledge session is extremely critical in the development of the regional bond markets and has been pivotal in CGIF's success this year. CGIF will continue its efforts through seminars, workshops, and active outreach with regulators and key investor forums in each of the 13 markets that it is tasked with to develop. These efforts took a backseat during the period 2020-2022 due to the pandemic but moving forward, CGIF will be channeling significant energy and resources to maintaining a strong presence and solidifying the organization's image throughout the ASEAN bond market.

FINANCE

FINANCIAL CONTROL

Financial Control supports CGIF's business in terms of recording its guarantees, investments, and all other transactions in its financial books and for processing payments and receipts, monitoring assets, and maintaining its general ledger system.

In line with the continual growth of CGIF's operations, the number of transactions to be processed and to be recorded in its books has been increasing. Financial Control's function also includes the regular preparation of financial reports. This includes monthly financial reports submitted to Management, quarterly condensed financial statements reported to the Board of Directors (BOD), and coordination with the external auditor for the exercise of annual audit and finalizing the annual audited financial statements.

While it still relies on the Treasury Department of ADB for the provision of accounting data for investments and external treasury transactions, CGIF fully manages other financial control functions. CGIF also regularly reviews and analyzes the procedures and workflows from inception of accounting events to their full reflection on the financial books. Accordingly, the accounting manual is updated and enhanced along with the evolution of CGIF's operations.

TREASURY

The capital resources of CGIF are managed by ADB as trustee, under investment strategies and performance targets that have been set in agreement with CGIF. ADB also provides back-office services for external transactions of CGIF, including, among others, the settlement of Foreign Exchange (FX) and derivatives transactions and valuation reports for its investment portfolio. As indicated in the Operational Policies (OP), CGIF Treasury cross-checks ADB's valuation reports upon delivery.

CAPITAL RESOURCES MANAGEMENT

CGIF and ADB have also agreed on the Strategic Assets Allocation (SAA), which is designed to optimize the investment allocation of CGIF's capital resources. The objective is to maximize the ratio of investment return to the combined risk of both its guarantee and investment portfolios. Upon implementation of the SAA, CGIF expects diversification of credit risk, enhanced liquidity, and a stable investment income stream. The SAA recommendations for portfolio asset allocation and duration are presented in Table 4. As the Contributors approved the capital increase proposal in December 2017 and CGIF has started receiving new capital contributions, the size of the paid-in capital to be managed has grown from \$700 million to \$1,158 million as of end of 2023.

TABLE 4: TRANSITION OF ASSET ALLOCATION OF INVESTMENT PORTFOLIO

	UST 1-5Y	UST 5-10Y	A+ to AAA	A-1	Duration
SAA	0-30%	0-20%	40-80%	0-40%	2.00-4.00
31 December 2021	12%	3%	63%	23%	2.93
31 December 2022	7%	7%	69%	17%	2.87
31 December 2023	5%	9%	65%	21%	3.15

Note: UST means US Treasuries. A+ to AAA refers to bonds whose credit ratings are from A+ to AAA in terms of the international rating scale and with maturities of longer than one year. A-1 refers to bonds and deposits whose maturities remain one year or less. Duration means the average effective duration of the investment portfolio.

EVOLUTION OF THE INVESTMENT PORTFOLIO

Table 4 shows that the investment portfolio's asset allocation and duration have been in line with the SAA in the last 3 years. Some variations of the actual investment portfolio against the SAA are inevitable and can be intentionally taken in consideration of market view and guarantee portfolio situations. The BOD approved the

Management's proposal to lower the minimum rating criteria in CGIF's investment guidelines to A+ for government-related issuers of CGIF contributor countries at the BOD meeting in November 2017. Figures 12, 13, 14, and 15 show the evolution of the investment portfolio in terms of credit rating, geographical distribution of investments, distribution by sectors, and maturity distribution in the last 6 years.

FIGURE 12: EVOLUTION OF INVESTMENT PORTFOLIO I

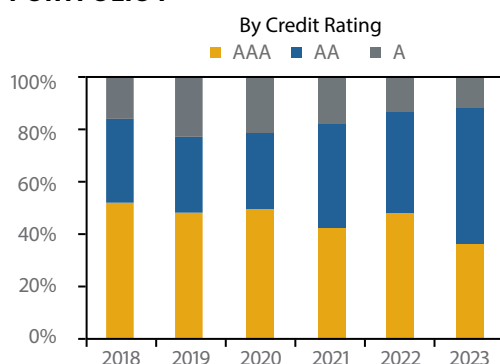


FIGURE 13: EVOLUTION OF INVESTMENT PORTFOLIO II

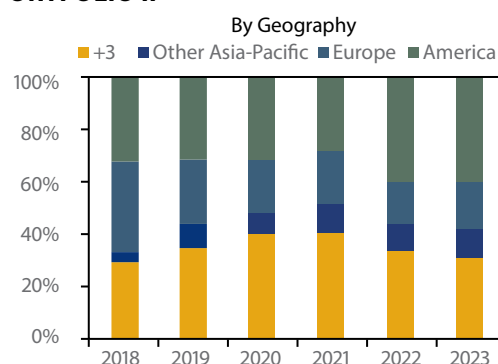


FIGURE 14: EVOLUTION OF INVESTMENT PORTFOLIO III

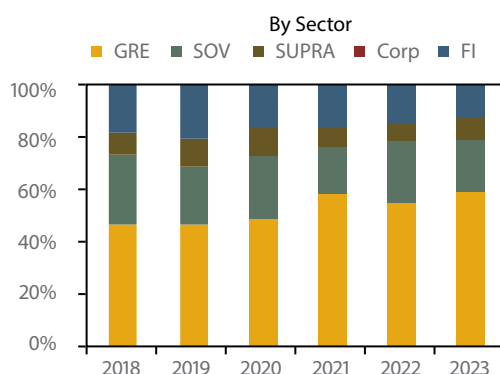


FIGURE 15: EVOLUTION OF INVESTMENT PORTFOLIO IV

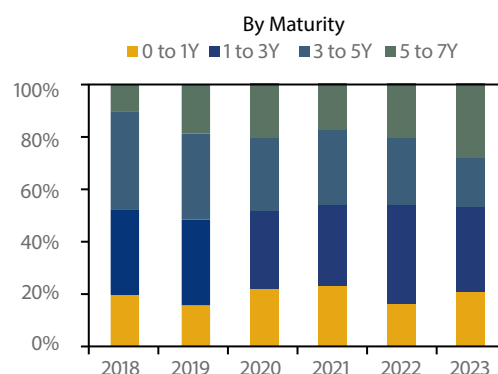


TABLE 5: 2022-2023 INVESTMENT INCOME

Investment Income (\$'000)	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023
Debt Securities	23,695	7,444	7,889	8,195	8,525	32,052
Time Deposits and CDs	1,033	298	280	312	353	1,243
Total	24,727	7,742	8,169	8,507	8,878	33,295

Note: Numbers may not sum up precisely because of rounding.

INVESTMENT INCOME IN 2023

Realized investment income for 2023 was \$33.30 million, representing a yield of 2.57% without the effect of changes in fair value. It is higher than the yield achieved in 2022 (1.97%) and the original target of 2023 (2.50%). Table 5 provides the annual and quarterly breakdown of investment income for 2023 and the annual income in 2022. ADB suggested a target yield of 2.85% for 2024 in consideration of the elevated yields of new investments made in 2023 as well as the lower yields of maturing investments in 2024.

FX TRANSACTIONS

As CGIF's functional currency is USD, CGIF converts to USD whenever it receives guarantee fees or other payments in local currency (LCY). CGIF may hedge or reduce identified FX risks from future LCY receivables through derivative transactions when such are deemed practically and economically appropriate. CGIF has three counterparties that execute the International Swaps and Derivatives Association (ISDA) Master Agreement so that it can enter into derivative transactions. Under the operational agreement between CGIF and ADB, derivative transactions are executed and processed by CGIF. As of end of 2023, CGIF has no outstanding FX derivative positions. For FX transactions, CGIF confirms local FX regulations and provides supporting documents if required.

RESEARCH

In 2023, the Research Unit published research papers on the ASEAN+3 cross-border corporate bonds; the People's Republic of China's corporate bond market; and Hong Kong, China's corporate bond market, which are all found in the CGIF website. These research papers closely follow the initiative of creating corporate bond market research papers on ASEAN+3.

For 2024, the Research Unit is taking on a major research project on understanding the risk weights for banks and insurance companies, and its implications for CGIF-guaranteed bonds. The research unit will also research Japan's corporate bond market, with the objective being similar to previous country research papers'. In addition, the Research Unit is slated to work more closely with the Deal Operations Department (DOD) for market development activities.

RISK MANAGEMENT

GOVERNANCE

The Board of Directors (BOD) is the highest internal control and risk management governing body in CGIF. Based on recommendations of its Internal Control and Risk Management Committee (ICRMC), the BOD establishes appropriate policies on internal control and assures that CGIF's control and risk management system is functioning effectively (Operational Policies [OP] 128). The ICRMC ensures that there are sound and effective systems of internal control and risk management to safeguard CGIF's Contributors' investments and CGIF's assets, and that the BOD or the Guarantee and Investment Committee (GIC) approves only sound guarantee and investment proposals (OP 117). The Chief Risk Officer (CRO), who functionally reports to the ICRMC, implements the foregoing responsibilities at managerial and operational levels.

CGIF manages and controls all risks (pursuant to OP 133 and 180). Internal control and risk management in CGIF involves continual activities of identification, measurement, control, and reporting of risk exposures. Being in the guarantee business, CGIF is naturally heavily exposed to credit, market, and liquidity risks. As such, CGIF prioritizes the management of these risks.

The ICRMC is composed of three Directors representing Japan, the Republic of Korea, and the Association of Southeast Asian Nations (ASEAN). The Director representing the Republic of Korea serves as the ICRMC Chair. The Meeting of Contributors (MOC) approves the appointment of the Chairperson. Unless it delegates authority to the GIC, the BOD approves Guarantee Underwriting Proposals (GUPs) approved and endorsed by the GIC.

RISK MANAGEMENT POLICIES

CGIF has a system of internal control and risk management that promotes and facilitates effective and efficient operations. The system enables CGIF to achieve its objectives; respond to business, financial, and operational risks; safeguard assets from inappropriate or improper use, loss, and fraud; and identify and manage liabilities (pursuant to OP 133). CGIF's internal control and risk management policies may be found in its OP and the various manuals and guidelines that are considered part of CGIF's Risk Management Framework (RMF). Any proposed amendment of the OP requires the BOD's approval. Proposed amendments to the RMF require approval of either the GIC or the ICRMC.

CREDIT RISK MANAGEMENT

A major component of CGIF's RMF is the Credit Guarantee Process guidelines. These guidelines specify continual identification, measurement, control, and reporting of credit risk. From the guarantee deal origination stage to the GUP approval stage, and up to the guarantee portfolio management stage, CGIF's Deal Operations Department (DOD) bears the principal responsibility of identifying credit risk factors relating to prospective guaranteed bond issuers and to outstanding guaranteed accounts.

The DOD secures approval of Management's GIC before a borrower may be advised to formally apply for a CGIF credit guarantee. The DOD submits to the GIC a Guarantee Concept Proposal (GCP) that presents (i) a borrower's affirmative eligibility test results; (ii) information on the proposed guaranteed bond issuer; and (iii) the proposed guarantee transaction structure that includes, among others, proposed use of

proceeds, guarantee size, tenor, pricing, financial covenants, and security. The internal risk rating (IRR) of a prospective bond issuer is assessed on an international rating scale and is determined by the Risk Management Department (RMD) using a credit scoring system developed by one of the major international credit rating agencies.

An issuer that applies for credit guarantee is subjected to a more thorough and in-depth credit risk assessment and a due diligence review before a GUP is submitted to the GIC. Part of the due diligence review is an on-site visit to the issuer. The thorough and diligent review is intended to allow for the derivation of a better-informed borrower IRR and credit profile. CGIF's RMD reviews all GCPs and GUPs and submits its Credit Review Notes for guidance of the DOD, the GIC, and the BOD.

With the endorsement of Management's GIC, the BOD deliberates on the GUPs for final approval. The Board delegates to the GIC its authority for final approval of GUPs when BOD-specified conditions relating to credit rating, guarantee amount, tenor, strategic alignment, safeguards standards, among others, are met.

Each outstanding guarantee account and the quality of the guarantee portfolio are reviewed periodically. Credit rating migrations and the weighted average probability of default of the guarantee portfolio are monitored. Leverage ratio and credit guarantee concentrations are likewise monitored. By policy, CGIF's leverage ratio (the ratio of credit guarantee exposure to CGIF equity) should not exceed 2.5x. CGIF has set limits on, among others, credit guarantee exposures per issuer, per country, per currency, per sector, and per industry.

CGIF is in a treaty with a consortium of reinsurers. Under the treaty, 25% of guarantees with tenors of not more than 7 years and amounts of not more than \$150 million that are issued by CGIF during the treaty period are ceded to the consortium.

The consortium's approval may be requested for cession of guarantees that do not meet these criteria.

MANAGEMENT OF MARKET RISK AND CREDIT RISK OF INVESTMENTS

As Trustee, ADB manages CGIF's capital resources, pursuant to CGIF's OP and Treasury Risk Management Guidelines and the ADB's risk management and investment guidelines. CGIF's OP 215 specifies that the primary objective of CGIF capital resources management is the protection of principal by maintaining a conservative exposure to market, credit, and liquidity risks. All investments should be marketable within a reasonable time so that liquidity is always available to meet potential calls on the guarantees issued.

CGIF's capital resources are invested in eligible USD-denominated fixed income securities and in bank placements. Investments in fixed income securities are carried at fair value through other comprehensive income (FVTOCI) in CGIF's books. As such, movements in the market value of these securities are not reflected under Net Income but are accounted for in Other Comprehensive Income in the financial statements. CGIF's management action trigger for unrealized loss of the investment portfolio is set at 1% of equity. The investment portfolio's modified duration is limited to not more than 5 years. Pursuant to OP 220, CGIF's long-term investments are restricted to those with international ratings of AA- or better, except for investments in contributor countries' government-related securities that may be rated as low as A+. Ratings of short-term investments should not be lower than A-1. Credit concentration of investments is controlled by policy limits on exposure per issuer, per type of issuer, and per country rating grade.

Investment country exposure is kept within a limit

that is a percentage of CGIF's capital according to the sovereign rating of the country. There is no limit imposed for investment exposures to the United States. A limit is set for long-term investments in countries with sovereign rating of A+ and above. Long-term investments are not allowed for countries with sovereign rating of A or below. Investments in short-term money market instruments are excluded in reckoning country exposures against country exposure limits.

LIQUIDITY RISK MANAGEMENT

Liquidity risk refers to the possibility that CGIF finds itself short of funds for its short-term operational requirements or unable to fund assets or meet obligations that fall due. CGIF measures its operating liquidity risk by estimating liquidity gaps at each of the next 6 months. This exercise is conducted quarterly. Liquidity stress tests are likewise conducted quarterly to determine CGIF's ability to raise funds required in a stress scenario, defined as calls on guarantees on the largest guaranteed accounts representing 20% of the number of outstanding guarantee accounts.

FOREIGN EXCHANGE RISK MANAGEMENT

CGIF's Foreign Exchange (FX) risk relates to the risk of loss due to a decrease in the USD value of assets denominated in local currencies or to an increase in USD value of liabilities denominated in local currencies. CGIF's FX risk is mitigated as most of CGIF's assets are investments in USD securities that, in turn, represent Contributors' equity in CGIF. In 2017, the BOD removed the requirement to hedge FX risk relating to guarantee fees in local currencies. Corollary to this, the BOD removed the limit on open foreign currency exposures.

OPERATING RISK AND COMPLIANCE RISK MANAGEMENT

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events. Potential loss may be in the form of financial loss, reputational loss, and operational downtime or disruptions. Guidelines for the management of CGIF's operational risks are articulated in CGIF's Operational Risk Management Manual, which includes guidelines for quarterly Risk and Control Self-Assessment (RCSA).

Compliance risk is the risk of non-compliance to CGIF's various policies and operating guidelines. Such risk is mitigated by internal compliance and disclosure validation audits.

CAPITAL ADEQUACY RISK MANAGEMENT

CGIF's capacity to undertake its guarantee business is contingent on the adequacy of its capital. Insufficiency of capital puts CGIF at risk of a credit rating downgrade and the consequent loss of business or of profitability. CGIF monitors its capital adequacy ratio (CAR), the ratio of capital to capital charge, to ensure capital sufficiency. By policy, CGIF's CAR should not fall below 1.0x. Management action is required if CAR falls below 1.1x.

ENVIRONMENTAL AND SOCIAL SAFEGUARDS RISK MANAGEMENT

CGIF's environmental and social management system (ESMS) is an integral part of the Risk Management Framework (RMF) and was approved by the CGIF Management in February 2019 and was subsequently updated in July 2020, April 2021, and October 2022. The ESMS was reviewed again in October 2023 and was deemed fit for purpose, and no further updates were made. A full revision of the ESMS is expected to take place in the second half of 2024 in line with a CGIF Environmental and Social Safeguards (ESS) Policy update to mirror the planned update to the Safeguards Policy of ADB.

CGIF Institutional Risk Group (IRG) supported the issuance of guarantees to 12 bond issuers, comprising 9 General-Purpose Corporate Bond (GCB) transactions and 3 Specific-Purpose Corporate Bond (SCB) under Safeguards risk classification. The IRG team undertook preliminary Environmental and Social Due Diligence (ESDD) screening and Safeguards assessment on 28 guarantee transactions. Extensive ESDD was completed on 15 of these transactions, of which 5 had already been completed pending issuance of the respective guarantees. By the end of the year, two transactions were undergoing ESDD assessment, three transactions were on hold, and six transactions did not proceed further due to non-safeguards reasons. In addition, the CGIF IRG team also completed the review of 25 annual Environmental and Social Safeguards Performance Report (ESSPR) submissions from outstanding issuers to ensure ongoing compliance to the ESS Policy requirements.

CGIF and its third-party consultants have reinstated full on-site environmental and social (E&S) assessment visits to support prospective issuers wishing to raise finance. All bond guarantee issuers in 2023 have been subject to a full environmental and social (E&S) assessment process that included on-site review by CGIF and our appointed consultants.

In addition to processing of new guarantees, the IRG team also monitors the submission of the annual ESSPR from outstanding issuers and compliance to any conditions and/or covenants of outstanding issuers, including assessment of deferral or extension requests from outstanding issuers for these conditions. All issuers, except one, were able to submit ESSPR before due. The sole issuer with late ESSPR submission was able to rectify the breach, which was due to an administrative misfiling (and not a core safeguards breach), immediately upon notification. Physical site monitoring (annual safeguards assessment) visits were made to a total of 10 outstanding issuers in 2023 in Thailand, Viet Nam, Singapore, Indonesia, Cambodia, and Malaysia. The earlier impact of COVID-19 was no longer an issue for CGIF Safeguards assessment or associated site visits. A small number of issuers had been impacted, which delayed their rollout of ESMS enhancements or completion of corrective action plans, especially where this involved community outreach and engagement activities. These issuers have now completed the outstanding works and/or procedural enhancements and all required action plans have been fully closed. The majority of existing CGIF issuers experienced no outstanding breaches to Corrective Action Plan (CAP) requirements in 2023. The sole issuer experiencing a CAP breach, which occurred at the end of December 2023, is working with CGIF to resolve the E&S corrective actions, none of which are deemed a significant risk, to bring them into compliance with the CAP. An extension to the timeline was approved in January 2024.

The Principal Safeguards Specialist was appointed to the position of Head of Institutional Risk Group in May 2023. In 2023, the development of Safeguards and ESMS skills and expertise within CGIF continued through on-the-job and tailored group training sessions in conjunction with inputs from subject matter experts from ADB. The training sessions held in 2023 were focused on developing and deepening the knowledge around safeguards risk assessment to enhance safeguards

understanding and capacity at all levels across the organization. Safeguards training and knowledge-sharing sessions were also developed for CGIF's new staff induction, the CGIF Board of Directors (BOD), external government related entities, rating agencies, and risk sharing partners.

In 2023, no material non-compliances to the ESS Policy were identified across both prospective and outstanding issuers.

INTEGRITY RISK MANAGEMENT

CGIF has continued to develop and implement the Integrity Policy and associated procedures developed as part of the Integrity Management System (IMS), which forms part of its RMF. This ensures that CGIF guarantees will not be utilized to facilitate money laundering, financing of terrorism, fraud, corruption, and tax evasion. The IMS, which defines the process and procedures for integrity risk management, was reviewed in October 2023 and deemed still fit for purpose. No update was required.

The Integrity team comprises three experienced integrity professionals to identify, assess, and mitigate integrity and reputational risks, ensuring that prospective and outstanding issuers comply with both CGIF Integrity Policy and global standards. The IRG closely collaborated with the counterparts in ADB's Office of Anti-corruption and Integrity (OAI) in providing support on transactions or to issuers, where required, and in reviewing more complex cases. In 2023, a refresher training, which focused on understanding the different types of Integrity Risk and/or scenarios and practical examples of how or where these may occur, was also held.

IRG integrity assessments were also carried out across the same prospective and outstanding issuers (as noted above) for Safeguards in 2023. Of the 12 bond issuers, 3 issuers were rated 'Low'

for Integrity risk, 7 were rated 'Low to Medium', and 2 were rated 'Medium' risk (and in both cases, appropriate risk mitigation conditions were included in the bond guarantee agreement). During the year, all 25 outstanding issuers and 5 Credit Risk Mitigant providers (re-insurers) were assessed as part of the annual review process to identify any significant risk profile changes, including integrity and reputational risk. This was done to ensure they continue to comply with the CGIF Integrity Policy, including conditions and covenants imposed to each existing issuer.

In 2023, no non-compliances to the Integrity Policy have been identified across both prospective and outstanding issuers, and the integrity risk profile of the existing issuers of CGIF remains stable.

STAFFING AND ORGANIZATION STRUCTURE

The approved staff number for CGIF in 2023 is 74 staff members, excluding secondees. Table 6 shows the updated staff complement by category as of the end of December 2023.

TABLE 6: STAFF RESOURCES BY CATEGORY

Staff Category	Head Count
Executive Staff	8
Professional Staff	12
National Staff	23
Administrative Staff	28
Total	71

By the end of 2023, a total of 71 positions were filled, compared to the 68 positions filled in 2022. In 2023, four national staff and one administrative staff member left CGIF, while one professional staff member, three national staff members, and four administrative staff members joined. These new staff members were distributed between the Deal Operations Department, Internal Audit Department, and Risk Management Department.

The organizational structure of CGIF undergoes regular reviews to ensure the efficient recruitment of human resources.

KEY STAFF DEMOGRAPHICS

FIGURE 16: STAFF GENDER

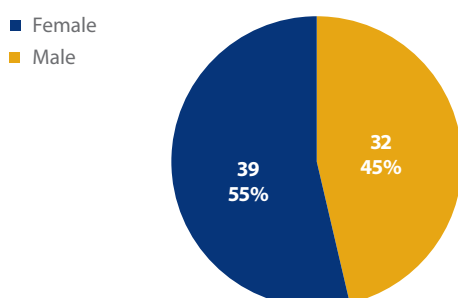


FIGURE 17: STAFF CATEGORY

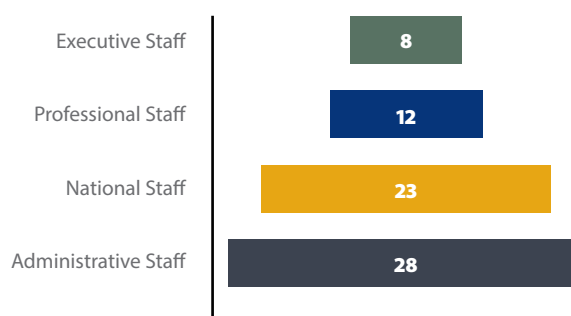
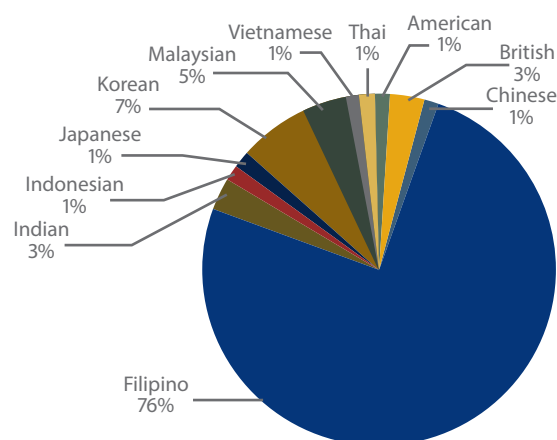


FIGURE 18: STAFF NATIONALITIES



INSTITUTIONAL INFRASTRUCTURE

In 2023, the institutional infrastructure prioritized improvements on office space and enhancements of systems and tools to support CGIF operations and its people. This is in alignment with the organization's strategy to balance growth and maintain high-quality operations.

- 1. Implementation of Medium-term Business Strategy (MBS).** CGIF Management continued to pursue the MBS approved in August 2017. In 2023, CGIF achieved a remarkable milestone with guarantee issuance to 12 bond issuers that support the key focus areas of the MBS.

2. **Office Space Optimization.** In collaboration with ADB, CGIF started the office optimization project in 2023. This initiative aims to enhance the office layout and effectively accommodate the expected increase in staff to foster a more dynamic and collaborative work environment. This project is expected to be completed by mid-2024.
3. **Selective IT Hardware Refresh.** CGIF ensures business continuity by replacing hardware such as servers, laptops, and other IT and communication equipment that have reached the end of their useful lives. This proactive approach helps prevent interruptions due to IT hardware downtime.
4. **Systems and Tools Enhancements.** As part of the Human Resources Unit's drive for efficiency, it collaborated with the Information Technology Unit and successfully delivered the following enhancements in 2023:
 - a. **Human Resource Information System:** Updated the system with changes in the various policies such as work from home, employee classifications, leaves, and asset accountability.
 - b. **Training and Knowledge Management System:** Additional functionalities like electronic training bond agreement, modifications of workflow approvals for training without monetary impact, and various form modifications for an enhanced user experience were made.
 - c. **Mission Authorization Request Tool:** The tool was updated in consideration of the revised business travel policy and user feedback. Some of the changes include the addition of timestamps in the status history, email reminders for visa and passport expiration, and the implementation of a new daily mission allowances policy.

BUDGET

Budget utilization ratio (before contingency) for 2023 is 80% equivalent to \$11.5 million. This is lower than 2022's utilization ratio of 83%, but an increase in terms of amount versus 2022's \$11.2 million. This modest increase echoes CGIF's strategy of expanding origination and marketing activities to enhance product promotion and market awareness in the ASEAN region.

CGIF's expenses for 2023 consisted mainly of staff salaries and benefits, financial and legal services, travel and marketing, short-term consultants, and other administrative expenses.

In 2023, CGIF Management also obtained approval from the Board of Directors (BOD), during its April meeting, for the CGIF Office Space Renovation Project and its corresponding additional budget of \$42,657 for operational and administrative expenses and \$2.2 million for capital expenditures. This project is expected to be completed in 2024 and its budget utilization is being continuously monitored.

Furthermore, the BOD, in its December 2023 meeting, approved the 2024 budget amounting to \$17.6 million, committing the necessary resources to support the 2024 Work Programs.

FINANCIAL HIGHLIGHTS

In 2023, CGIF posted a net income of \$44.0 million, which is 218% or \$30.2 million higher than 2022's. The significant increase was driven by growth in investment income of 35%, coupled with \$6.8 million negative impairment losses. Of the total revenue of \$57.6 million, \$33.3 million was from investment income while \$24.7 million was from guarantee income. The gross revenue of 2023 increased by 16%. Total expenses at year-end amounted to \$13.6 million. Total expenses are significantly lower this year due to reversals of provision for impairment.

Outstanding guarantee obligation with only principal as of year-end 2023 amounted to \$2,055.5 million, 9% higher than 2022's \$1,888.2 million. Despite the maturity of guarantees in 2023, issuances towards the latter part of the year increased the guarantee obligations. Net

guarantee fee receivables recorded amounted to \$54.7 million. Gross guarantee liability of \$83.2 million is inclusive of additional provision for the guarantee obligation amounting to \$2.6 million. This is reduced by deferred loss on fair value amounting to \$18.1 million, resulting in a net guarantee liability of \$65.1 million. The value of net receivable from the guarantee that defaulted amounted to \$54.1 million; this is net of the \$16.8 million allowance by year-end.

Total Member's Equity increased to \$1,302.5 million in 2023, a 6% increase from last year's \$1,223.2 million. Additional contributions were received this year, resulting in all subscribed capital being paid. Including this year's net income of \$44.0 million, CGIF's Retained Earnings and Reserve, which is the accumulation of allocated retained earnings since its establishment, stands at \$197.1 million.

FIGURE 19: REVENUE VS. EXPENSES

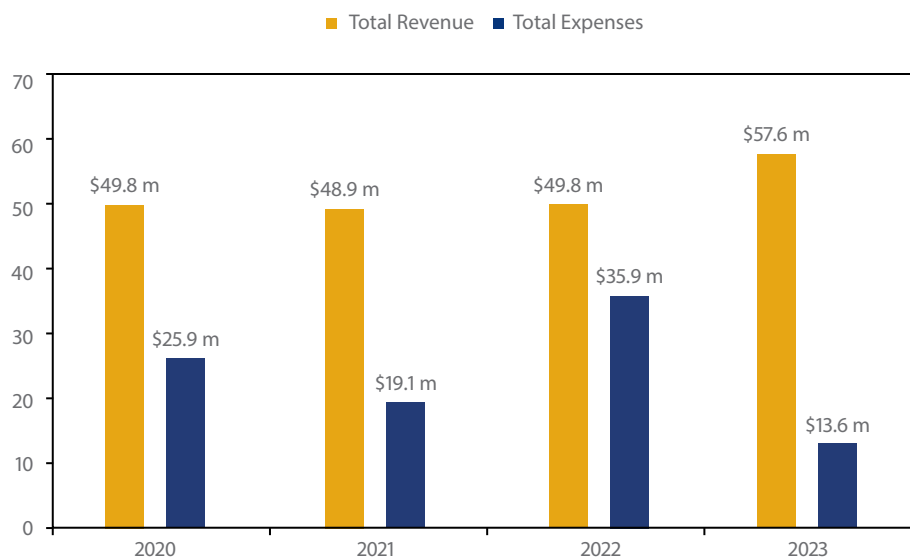


FIGURE 20: ADMINISTRATIVE AND OPERATIONAL EXPENSES

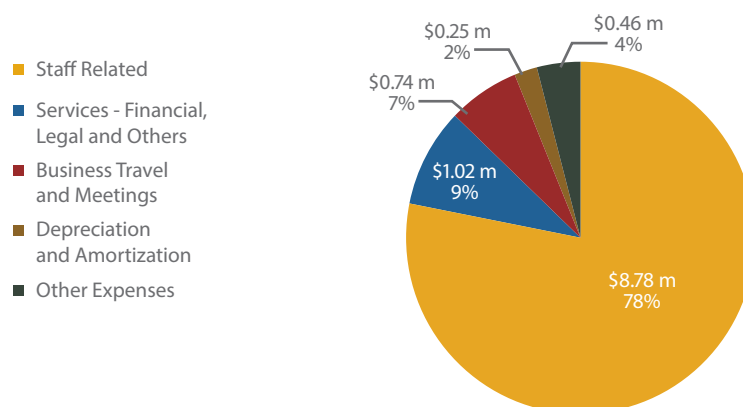


FIGURE 21: GUARANTEE LIABILITY

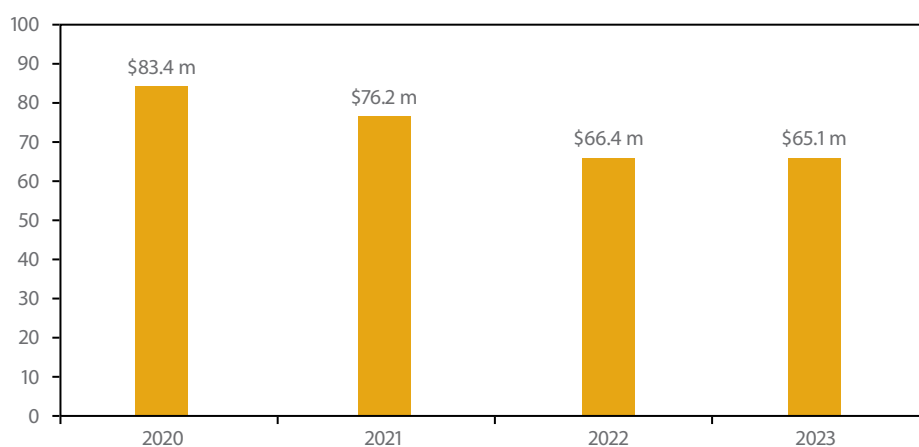
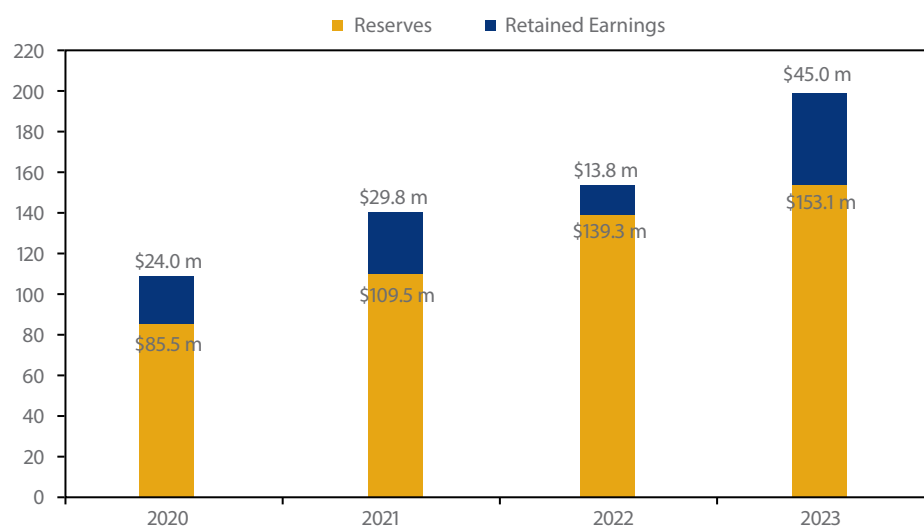


FIGURE 22: RETAINED EARNINGS AND RESERVES







OUR PEOPLE

◎ BOARD OF DIRECTORS



Chairperson
Board of Directors

Mr. Yasuaki Negishi
Resident Executive Officer
Regional Head for Asia and the Pacific
Japan Bank for International Cooperation



Chairperson
Nomination and Remuneration Committee

Ms. Jiandi Ye
Deputy Director General
International Economic Relations Department
Ministry of Finance PRC



Chairperson
Internal Control and Risk Management
Committee

Mr. Sang Hun Kim
Director General
Financial Investment Department
The Export-Import Bank of Korea



Chairperson
Audit Committee

Mr. Jin-Chyi Kevin Shum
Deputy Secretary
Planning
Singapore Ministry of Finance



Mr. Kunihiko Nakanishi

Director
Promotion of Regional Cooperation
International Bureau
Ministry of Finance Japan



Ms. Shuo Zhang

General Manager
Investment Management Department
The Export-Import Bank of China



Mr. Craig Roberts

Senior Advisor
Private Sector Operations Department
Asian Development Bank



Mr. Hongwei Wang

Chief Executive Officer
Credit Guarantee and Investment Facility

◎ MANAGEMENT TEAM



Hongwei Wang
Chief Executive Officer

Mr. Hongwei Wang is the Chief Executive Officer (CEO) of CGIF. Prior to joining the Company, Mr. Wang was the Deputy General Manager of the Sovereign Business Department of the Export-Import Bank of China. He was involved in the development of CGIF's legal framework, shareholding, and Board of Directors (BOD) structure in its formative years.

Mr. Wang has over 27 years of experience in the financial industry and is well-versed in both domestic and international, commercial, and policy banking businesses. He served as General Manager of Chongqing Export-Import Guarantee Financing Company. Prior to this, he was the CEO of the Advisory Company of the China-Central and Eastern Europe Development Fund and Chief Operating Officer (COO) of China-ASEAN Capital Advisory Company Ltd. He gained extensive managerial experience in the banking industry throughout his career, particularly in credit guarantee, investment management, corporate lending, and bond issuance. Mr. Wang graduated from Beijing Foreign Studies University with a Bachelor of Arts in English.



Mitsuhiro Yamawaki
Deputy Chief Executive Officer / Chief Risk Officer

Mr. Mitsuhiro Yamawaki is the Deputy Chief Executive Officer / Chief Risk Officer of CGIF. Prior to joining CGIF, Mr. Yamawaki worked for Japan International Cooperation Agency (JICA), Asian Development Bank (ADB), and MUFG Bank.

Mr. Yamawaki worked as Director of the Office of Risk Management (ORM) in ADB when CGIF was established. He was involved in the risk assessment of ADB's investment in CGIF. When he was promoted to Head – ORM, he was responsible for overseeing all private sector transactions and portfolio management as well as safeguarding ADB's capital adequacy framework and all risk policies and guidelines. Prior to his assignments at ADB, he also held managerial positions such as General Manager of the Investment Banking Division for the Americas at MUFG Bank, New York.

Mr. Yamawaki holds a Bachelor of Political Science from Waseda University in Tokyo, Japan.



Aarne Dimanlig
Chief Credit-risk Officer

Mr. Aarne Dimanlig has been with CGIF for 12 years. Before CGIF, he had 17 years of risk management and investment banking experience. His other professional experiences include appointments at Columbia University, Graduate School of Business; the International Monetary Fund; and the University of California, Santa Barbara.

Mr. Dimanlig attended the University of California, Santa Barbara, for his Ph.D. in Economics. He earned a Master of Science in Industrial Economics and a Bachelor of Science in Mathematics.



Hou Hock Lim
Corporate Planner and Head of Budget, Planning, Personnel and Management Systems (BPPMS)

Mr. Hou Hock Lim is CGIF's Corporate Planner and Head of Budget, Planning, Personnel and Management Systems (BPPMS). Prior to joining the company, Mr. Lim was the General Manager of the Group Finance Division of Hong Leong Bank, one of the major banks in Malaysia. He held various senior positions in OCBC Bank (Malaysia) Bhd; Deloitte Touche Tohmatsu in Melbourne, Australia doing corporate advisory work for regional mergers and acquisitions, regional restructuring, and global transaction services; Danajamin, a bond guarantor in Malaysia as the Director overseeing the functions of Finance, Treasury, Administration, and IT; and Affin Investment Bank Berhad as Chief Financial Officer (CFO).

Mr. Lim attended the Monash University (Clayton) Australia for his Bachelor of Commerce in Accounting and Finance. He also attended the Harvard Business School's Senior Management Development Program and completed the Strategic HR Management Program at the National University of Singapore. He is a qualified member of the Australian Society of CPAs and a current member of the Malaysian Institute of Accountants.



Gene Soon Park

General Counsel & Board Secretary

Mr. Gene Soon Park is the General Counsel and Board Secretary of CGIF. Mr. Park started his legal career as an attorney at the largest law firm in Korea (Kim and Chang), where he gained hands-on experience in capital market transactions, cross-border financial transactions, and project financing. He has served as General Counsel of Korean subsidiaries of global institutions Lehman Brothers Securities/Bank and Citibank. He held the position of General Counsel and Board Secretary for Citibank Korea and Citigroup Korea.

In his more than 10-year career in CGIF, Mr. Park covered all legal matters of bond guarantee, treasury, internal institutions, and human resources, as well as governance and policy issues as Board Secretary, functioning as the middle office keyman.

Mr. Park attended the Law School of Seoul National University (for his Bachelor, Master, and Ph.D. in Banking and Securities Regulation) and the Law School of Stanford University (Master's Degree in SPILS, the Stanford Program for International Legal Studies).



Jackie Jeong-Ae Bang

Internal Auditor

Ms. Jackie Jeong-Ae Bang is the Head of Internal Audit of CGIF. Ms. Bang was the Senior Vice President (SVP) of Singapore-based Citibank Internal Audit Department for 9 years, covering ASEAN+3 regions along with the Indian subcontinent and Australia/New Zealand. She has over 20 years of extensive banking experience in audit, credit risk management, client relationship, and securities and funds services in Standard Chartered Bank and Citibank in Seoul, Korea and Singapore.

Ms. Bang attended Seoul National University for her Bachelor of Arts in English Language and Literature, the Graduate School of Yonsei University for her Master of Business Administration, and Thunderbird School of Global Management for her Master of International Management. She obtained certificates for Project Management Professional (PMP) and Certified Fraud Examiner (CFE).



Dong Woo Rhee
Chief Financial Officer

Mr. Dong Woo Rhee is CGIF's Chief Financial Officer (CFO). He joined the group as its first treasury specialist after having extensive experience in the capital markets, with a primary focus on fixed-income securities (and their derivatives) in Samsung Asset Management, Samsung Life, and Credit Suisse. With his good performance and reputation in the regional fixed-income market, he was awarded "The Most Astute G3 Bond Investor" from the 2006 Asset Benchmark Survey.

Mr. Rhee attended Korea Advanced Institute of Science and Technology for his Ph.D. in Finance and has published several papers associated with financial risk management and asset management, including "Strategic Asset Allocation of Credit Guarantors." He holds both CFA (Chartered Financial Analyst) and FRM (Financial Risk Manager) credentials. He is also a certified IFRS (International Financial Reporting Standards) Manager.



Anuj Awasthi
Vice President Operations

As Vice President (VP) for Operations, Mr. Anuj Awasthi oversees CGIF's guarantee operations. He was formerly a Managing Director at Societe Generale, heading the financing initiatives for the Global Markets division for ASEAN and South Asia, where he worked on developing the bank's local currency bond origination and structuring business.

Prior to that, he held various positions with Nomura, Merrill Lynch, and HSBC in a career that spans over 20 years in derivatives, hedging, balance sheet management, and local currency financing solutions for corporates and institutions in South Asia and ASEAN.

Mr. Awasthi attended Delhi University for his Bachelor of Engineering in Mechanical and finished his Post Graduation in Management from the Indian Institute of Management in Calcutta, India.





● OUR PEOPLE

Diversity is integral to CGIF's success. Its multicultural team embodies resilience and adaptability, drawing from diverse backgrounds to enrich the organization's collective understanding and drive innovation in navigating regional financial challenges.

CGIF's commitment extends beyond diversity statistics; it strives to foster an inclusive culture that values and respects every individual's perspective. Resilience does not stem from conformity, but rather from CGIF's ability to embrace its people's differences and view them as sources of strength. CGIF's multicultural workforce has demonstrated its resilience in the face of adversities, harnessing strength from unique experiences to overcome obstacles. Resilience also entails emphasizing the welfare of staff members.

CGIF recognizes that genuine success extends beyond financial metrics; it involves the happiness and fulfillment of its team. Spearheaded by the Chief Executive Officer (CEO) and supported by Human Resources (HR), CGIF has initiated projects—in the past and present—to enhance its work environment. Understanding the importance of a welcoming workspace, CGIF is undertaking a comprehensive office renovation project to improve aesthetics and functionality, fostering a more positive and productive culture. The renovated office aims to create a conducive atmosphere for the staff to thrive.





GOVERNANCE

● GOVERNANCE

04 January 2023

Ms. Shuo Zhang, General Manager of the Investment Management Department of The Export-Import Bank of China, was nominated as replacement for Mr. Feng Yuchuan.

18 January 2023

Mr. Do-Hyung Lee, Director General of the Investment Finance Department of The Export-Import Bank of Korea, was nominated as replacement for Mr. Tae-bum Kim. Following practice, Mr. Lee also became the new Chairperson of the Internal Control and Risk Management Committee.

10 April 2023

Mr. Shum Jin-Chyi Kevin, Deputy Secretary of Planning of the Singapore Ministry of Finance, was nominated as replacement for Mr. Yee Ping Yi, as the new Director of CGIF representing ASEAN. Following practice, Mr. Shum also became the new Chairperson of the Audit Committee.

27 June 2023

Mr. Yasuaki Negishi, Resident Executive Officer – Regional Head for Asia and the Pacific of Japan Bank for International Cooperation, was nominated as Director on behalf of Japan Bank for International Cooperation, replacing Mr. Noriyasu Matsuda, Resident Executive Officer, Regional Head for Asian and the Pacific. Following practice, Mr. Yasuaki Negishi was elected as the new Chairperson of the Board of Directors.

12 July 2023

Mr. Sang-hun Kim, Director General of the Investment Finance Department of The Export-Import Bank of Korea, was nominated as replacement for Mr. Do-Hyung Lee. Following practice, Mr. Kim also became the new Chairperson of the Internal Control and Risk Management Committee.

MEETING OF CONTRIBUTORS (MOC)

The annual Meeting of Contributors (MOC) for 2023 was held on 29 May 2023 via hybrid format (in-person and video/conference facility) in Bangkok, Thailand.

During the annual MOC for 2023, the Contributors present considered and approved the following recommendations of the Board of Directors (BOD):

1. Minutes of the last MOC held on 30 May 2022 and the Special MOC held on 29 September 2022 via video/teleconference
2. Annual Report for 2022 including the Audited Financial Statements
3. Allocation of the entire net income for 2022 of \$13,833,413.91 in Retained Earnings to Reserve
4. Election of Audit Committee (AC) and Internal Control and Risk Management Committee (ICRMC) Chairpersons

The Contributors also discussed the CGIF Management Report covering 2022 and the first quarter of 2023.

A Special MOC was held on 16 August 2023 via video/teleconference. The Contributors present unanimously approved the election of Mr. Yasuaki Negishi from Japan Bank for International Cooperation (JBIC) as the new Chairperson of the BOD commencing on 27 June 2023 up to the next selection of the Chairperson during the Annual MOC to be held in May 2025.

BOARD OF DIRECTORS (BOD)

In 2023, the Board of Directors (BOD) had a total of three regular meetings and one special meeting, held via hybrid format and/or video/teleconference.

In all meetings, the BOD provided oversight and supervision of CGIF's management and operations, which Management confirmed has been conducted in accordance with CGIF Operational Policies (OP) and applicable ADB Operational Policies. This ensured the BOD's compliance with its key responsibilities in the governance of CGIF.

The key items discussed and approved by the BOD in its regular and special meetings for 2023 are summarized below:

21 April 2023

1. Adoption of the minutes of the BOD meeting held on 25 November 2022 via hybrid format
2. Adoption of the reports of the Chairpersons of the Audit Committee (AC), Nomination and Remuneration Committee (NRC), and Internal Control and Risk Management Committee (ICRMC)
3. Approval of the Annual Report for 2022
4. Approval of the allocation of the Net Income of \$13,833,413.91 to Reserve
5. Recommendation to the Meeting of Contributors (MOC) for the Appointment of the Chairpersons of the AC and ICRMC
6. Approval of the office space extension
7. Approval of the termination of the first External Advisory Panel

The Directors also noted and discussed the following:

- CGIF Management Report covering 2022 and the first quarter of 2023
- Report on the Investment Portfolio for 2023
- Proposed OP revisions on governance and operation

A Special BOD meeting was also convened on 19 July 2023 via video/teleconference. During the Special BOD meeting, a majority of the Directors approved (i) to call for a Special Meeting of Contributors (Special MOC) to consider the proposal to elect Mr. Yasuaki Negishi from Japan Bank for International Cooperation (JBIC) as the new Chairperson of the BOD and (ii) to recommend to the Special MOC the appointment of Mr. Negishi as Chairperson of the BOD commencing on 27 June 2023 up to the next selection of the Chairperson during the Annual MOC to be held in May 2025.

11 September 2023

1. Adoption of the minutes of the BOD meeting held on 21 April 2023 via hybrid format and the Special BOD meeting held on 19 July 2023 via video/teleconference
2. Adoption of the decisions and discussions of the Chairpersons of the AC and ICRMC
3. Approval of the enhancement to the Electronic Voting Process for Guarantee Underwriting Proposals

The Directors deferred voting on the following proposals:

- OP revisions on governance and operation
- Alternative Guarantee Approval Process (AGAP) Eligibility Criteria Expansion

The BOD agreed that said proposals should be revised and resubmitted for voting at the next BOD meeting.

The BOD also approved proposals considered via the No Objection Approval Procedure, namely: (i) the Revised 2022 Interim Staff Benefits Review – Introduction of the Natural Retirement Age (NRA) and (ii) the additional headcount required by CGIF beyond Budget.

The Directors noted and discussed the CGIF Management Report for the second quarter of 2023 and the results of the Capital Adequacy Stress Test.

12 December 2023

1. Adoption of the minutes of the BOD meeting held on 11 September 2023 via video/teleconference
2. Adoption of the decisions and discussions of the Chairpersons of the AC and ICRMC
3. Approval of the Business Plan, Work Program, and Budget 2024
4. Approval of the OP revisions on governance and operation
5. Approval of the AGAP Eligibility Criteria Expansion

The Directors unanimously resolved to extend the Capital Increase Project for another year, or until the end of December 2024, and to continue discussions at the next BOD meeting.

The Directors also noted and discussed the CGIF Management Report for the third quarter of 2023, the results of the Organization Culture Survey, and the impact on CGIF Financial Statement of the US Interest Rate Outlook.

In 2023, through electronic voting, the BOD also deliberated and approved other CGIF Management proposals, including guarantee underwriting proposals (GUP), as follows:

1. Approval of the amendments of Operational Policy 227 on 04 January 2023
2. Approval of the GUPs for Erajaya Digital Pte. Ltd., BCG – Bang Duong Energy JSC and Hanwha – BCG Bang Duong Energy JSC on 06 January 2023
3. Approval of the GUP for CIA First International School Co. Ltd. on 09 February 2023
4. Approval of the GUP for Hope Education Group Co. Ltd. on 23 February 2023
5. Approval of the Revised 2022 Interim Staff Benefits Review – Introduction of the Natural Retirement Age (NRA) under the No-Objection Approval Process on 06 April 2023
6. Approval of the GUP for RMA (Cambodia) PLC on 25 May 2023
7. Approval of the GUP for Sabana Industrial Real Estate Investment Trust on 13 June 2023
8. Approval of the GUP for (i) PT Adhi Commuter Properti Tbk and (ii) Vongsayam Korsang Co. Ltd on 08 August 2023
9. Approval of the GUP for Tecomen Holding Joint Stock Company on 15 September 2023
10. Approval of the GUP for Orient Commercial Joint Stock Bank on 28 September 2023
11. Approval of the GUP for A&A Green Phoenix Group JSC on 19 October 2023
12. Approval of the GUP for Daewoo E&C on 06 November 2023
13. Approval of the GUP for Telcotech Ltd. on 20 December 2023

In connection with the failure by KNM Group Berhad (“KNM”) to redeem its THB2.8 million bond, resulting in CGIF receiving its first guarantee call, the BOD was regularly apprised of the fundraising and repayment plans of KNM. The BOD was also apprised of the various remedies being explored and undertaken by CGIF in order to recover the funds paid under its guarantee obligations, including the filing of a civil case against a KNM subsidiary to enforce certain securities held by CGIF and participation in meetings with other KNM creditors to consider certain arrangements proposed by KNM.

AUDIT COMMITTEE (AC)

The Audit Committee (AC) is tasked by the Board of Directors (BOD) with the oversight, due diligence, and control over the financial aspects of operations and performance of CGIF. The AC performs a critical role in underpinning the assurance that the BOD gives to the Contributors as to the integrity of CGIF's audit and internal control processes.

Purpose

The AC assists the BOD in fulfilling its corporate governance and oversight responsibilities, particularly on financial reporting and the internal and external audit functions, to ensure the integrity of financial reporting; the effectiveness of audit mechanisms; the efficient use of resources; the compliance with regulations and business procedures; the effective dialogue among BOD, CGIF Management, and the auditors; and the culture of effective oversight and ethical standards.

Structure and Responsibilities

Three Directors representing the Association of Southeast Asian Nations (ASEAN), the People's Republic of China, and the Republic of Korea comprise the AC, with the ASEAN Director as Chairman. The Chairman and members are all appointed by BOD.

The AC performs a critical role in assuring the integrity of CGIF's internal control environment and audit mechanism to make certain that gaps are corrected. As an important part of BOD's oversight role and to enhance accountability of Contributors, AC's work is communicated to Contributors by reporting its roles and terms of reference; members' qualifications; number of

meetings and attendance; and the report of its findings and discharge of its responsibilities.

CGIF's Operational Policies (OP) empower AC to monitor, review, and make recommendations to ensure:

1. Integrity of the financial statements (FS) and financial reporting
2. Effectiveness of the internal audit function
3. Independence, objectivity, and effectiveness of the external auditor
4. Compliance with international accounting standards, business policies and practices, applicable laws and regulations
5. Effective communication among BOD, CGIF Management, and auditors

The effectiveness of the audit mechanism and any cause for concern or scope for improvement are reviewed and reported to the BOD by AC. Where there is disagreement between AC and BOD, which cannot be resolved within a reasonable time, AC has the right to report the issue to Contributors. The AC will have explicit authority to investigate any matter within its terms of reference and have full access to available information.

AC reviews its terms of reference and its own effectiveness annually and recommends any necessary changes to BOD.

Calendar Year 2023 Audit Committee Activities

AC convened three times in 2023 with one video-teleconference meeting (on 11 September) and two hybrid setup meetings (on 21 April and 12 December). AC discharged its independent oversight function during its periodic meetings through deliberations, which were reported to BOD by the Chairman, and were considered and unanimously adopted by BOD.

FINANCIAL REPORTING

AC reviewed and approved significant financial reporting issues and judgments that were made in the preparation of FS and disclosures by CGIF Management. Considering the view of the external auditor, AC reviewed the accounting and reporting policies adopted by CGIF; the significant estimates and judgments made; and the clarity and completeness of disclosures, in accordance with International Financial Reporting Standards.

AC approved CGIF's 2022 Audited FS on 21 April 2023. The external auditor, Deloitte & Touche Singapore (Deloitte), participated in a physical meeting without CGIF Management in attendance to present the opinion of the external auditor on the organization's FS and to respond to the questions from AC.

Three quarterly unaudited FS were reported to AC for its review on 11 May, 10 August, and 8 November 2023, respectively.

EXTERNAL AUDIT

AC is responsible for overseeing the work of the external auditor and in making recommendations to BOD and Contributors on its appointment, reappointment, and removal. Deloitte is the external auditor selected by Contributors for another term of 5 fiscal years, from 2019 to 2023, as recommended by AC and BOD. ADB selected Deloitte as external auditor from 2019 to 2023, as approved by ADB BOD in November 2018.

Engagement terms were approved by AC, BOD, and Contributors at the time of external auditor selection in May 2019. Engagement terms include conduct of audit in accordance with International Standards on Auditing; CGIF Management's responsibilities over FS and internal accounting

controls; and provisions on confidentiality of information, data protection, and publishing and reproduction of FS.

INTERNAL AUDIT

The Internal Auditor, as part of its responsibility and accountability to AC, evaluates and contributes to the improvement of governance, risk management, and control processes by providing risk-based independent and objective assurance.

Internal Auditor activities are carried out through a systematic and disciplined audit methodology approved by AC. AC reviews and approves the internal audit function's remit and ensures that it has the necessary resources and access to information to fulfill its mandate. It also certifies that the internal audit function is equipped to perform in accordance with appropriate professional standards.

Results of Internal Auditor's works are reviewed by AC through the issued audit reports and the reported quarterly audit updates. The audit report includes findings and recommendations for high- and medium-risk observations, with corresponding action plans.

In 2023, the Internal Auditor completed and released three audit reports in line with the approved audit plan. The Quarterly Audit Update included (i) quarterly audit refresh exercise for any change in the approved plan, (ii) internal audit activities report, and (iii) corrective action plans (CAPs) validation and completion status.

In its hybrid setup meeting on 12 December 2023, AC reviewed and approved the internal audit plan for 2024.

The first external quality assessment review (EQAR), as part of the management action plans from Independent Evaluation, was completed in November 2022 by Punongbayan & Araullo (Grant Thornton, GT). Based on EQAR, CGIF Internal Audit (IA) Generally Conforms to the definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards), including the Mission and Core Principles for the Professional Practice of Internal Auditing. Seven CAPs were identified to improve IA processes.

These seven CAPs were completed in October 2023. The seven recommendations for improvement from EQAR were also implemented. Periodic review was conducted in October 2023 by monitoring the Key Performance Indicators and performing the internal quality assessment review (IQAR) for Governance and Staff audit segments to ensure conformance with Institute of Internal Auditors Standards. IQAR for Governance and Staff audit segments were completed with Generally Conforms results.

AC reviews and monitors CGIF Management's responsiveness to the Internal Auditor's findings and recommendations through the implementation of CAPs. The Internal Auditor monitors and validates the CAPs, which are reported to AC and BOD through the Quarterly Audit Updates and the Quarterly Management Report, respectively.

Corruption and Integrity (OAI) to understand ADB policies and procedures and to learn the best practices in handling whistleblowing processes for adoption in CGIF. Whistleblowing framework and flowchart drafts were presented to AC in December 2023 for discussion. The Internal Auditor is in discussion with ADB OPEC on Memorandum of Understanding (MOU) and fee levels. The revised framework incorporating AC Directors' comments will be presented in the 2024 BOD meeting for the Directors' discussion. Timeline including BOD approval, finalization of MOU with ADB OPEC, implementation and operationalization, and reporting to Meeting of Contributors (MOC) will also be discussed during the April 2024 BOD meeting.

WHISTLEBLOWING PROCESS

During the September 2023 AC meeting, AC Chair suggested establishing a whistleblowing framework within CGIF, as part of broader efforts to strengthen CGIF's internal governance practices. The Internal Auditor, along with the BPPMSD Head, had several discussions with the ADB counterparties of the Office of Professional Ethics and Conduct (OPEC) and the Office of Anti-

INTERNAL CONTROL AND RISK MANAGEMENT COMMITTEE (ICRMC)

The Internal Control and Risk Management Committee (ICRMC) held virtual and hybrid meetings three times in 2023 (on 21 April, 11 September, and 12 December). Policies for internal control and risk management were deliberated and approved by the ICRMC at its virtual meetings.

Under the guidance of the ICRMC, the managerial and operational level responsibilities have been implemented by the GIC, which is chaired by the Chief Risk Officer (CRO). In 2023, the GIC reviewed 19 Guarantee Concept Proposals (GCPs) and 15 GUPs. Of the 15 new GUPs reviewed by the GIC in 2023, 3 were granted final approval through the AGAP, and 12 were approved and endorsed to the BOD for final approval. Of the 12 GUPs endorsed to the BOD, 11 were granted final approval and 1 was still being voted on at end-2023. In 2023, the BOD also approved 3 GUPs that were reviewed by the GIC in 2022, bringing the total number of final GUP approvals by the BOD or by the GIC (through AGAP) within 2023 to 17. Of the 17 final GUP approvals, 4 were issued, 4 were partially issued, 6 were not yet issued, and 3 have been canceled at end-2023. The CRO, as the approving authority per RMF guidelines, approved 21 annual reviews in 2023.

The gross guarantee portfolio (excluding an outstanding guarantee with full cash collateral) increased to \$2,072 million in 2023 from \$1,968 million in 2022. Of the total guarantee portfolio amount at end-2023, \$404 million (\$403 million, if valued at respective guaranteed bond issuance dates) are new guarantees underwritten within the year. The redemption of seven guaranteed accounts within 2023 reduced the portfolio by \$210 million. Principal amortizations and foreign

exchange rate movements also contributed, though to a lesser extent, to the change in total portfolio value.

TABLE 7: GUARANTEES

In \$ millions	2022	2023
Guarantee Portfolio	1,968 ¹	2,072 ¹
Of which, underwritten within the year	160	404
Guarantee Portfolio, Net of Reinsurance	1,326	1,428

Note: ¹Composed of principal amounts only, including KNM and excluding Yoma 1 exposures.

On account of capital infusions by Contributors and retained earnings, CGIF's maximum guarantee capacity increased to \$3,342 million at end-2023 from \$3,218 million at end-2022. At end-2023, CGIF's leverage ratio was at 1.15x versus 1.12x at end-2022, both well below the limit of 2.50x. CGIF's Capital Adequacy Ratio (CAR) at end-2023 increased to 4.58x from 4.35x at end-2022, both well above the management action trigger of 1.10x.

TABLE 8: CAPACITY METRICS

	2022	2023
Maximum Guarantee Capacity, \$ Million	3,218	3,342
Leverage Ratio (ceiling, 2.5x)	1.12x	1.15x
Capital Adequacy Ratio (floor, 1.0x)	4.35x	4.58x

In 2023, CGIF issued guarantees to cover 15 tranches of bonds of 12 issuers. Seven guaranteed bonds matured in 2023. At end-2023, there were 33 issuers (29 at end-2022) whose bonds were guaranteed by CGIF.

In 2023, two guaranteed bond issuers were assessed with credit rating upgrades while

seven issuers were assessed with credit rating downgrades. At end-2023, 15 accounts were rated BB+ or better, 4 accounts were rated BB, 7 accounts were rated BB-, 5 accounts were rated at the single-B level, 1 account was rated CCC+, and 1 account defaulted on its obligation at bond maturity and, accordingly, was rated D.

CGIF's investment portfolio duration at end-2023 was 3.15 years versus 2.87 years at end-2022, both within the limit of 5 years. About 36% of CGIF's investment portfolio is rated AAA. At end-2023, 87% of the portfolio was rated AA- or better versus 83% at end-2022. No investment concentration limit was breached in 2023. In 2023, as in 2022, CGIF passed tests for adequacy of liquidity under normal and stressed conditions.

FIGURE 23: RISK RATING DISTRIBUTION

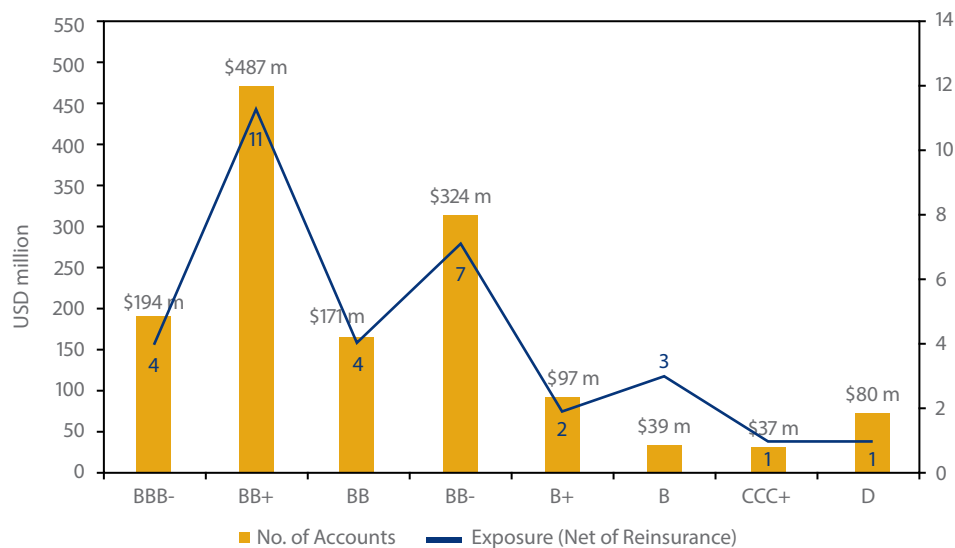
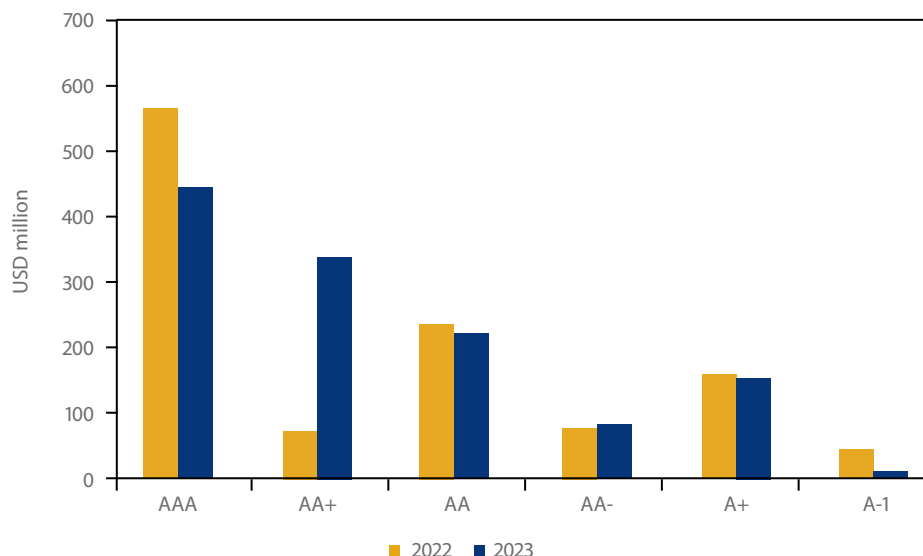


FIGURE 24: INVESTMENT DISTRIBUTION BY RATING GRADE



THE NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Nomination and Remuneration Committee (NRC) consists of three members of the Board of Directors (BOD). The committee comprises Directors from the People's Republic of China, ADB, and Japan, with the China Director serving as the Chairperson, whose appointment is subject to approval by the Meeting of Contributors (MOC).

The primary responsibilities of the NRC include evaluating and advising the BOD and MOC on matters related to senior executive remuneration and all other forms of compensation. These evaluations are conducted in alignment with the organization's strategy, business environment, and industry best practices.

The committee is specifically tasked with:

- a. Establishing a succession plan for the Chief Executive Officer (CEO) and the Chairperson of the BOD
- b. Providing the BOD with recommendations regarding the retention, selection, and appointment of CGIF executives
- c. Furnishing the BOD with pertinent details to incorporate executive appointment-related issues into CGIF's annual report
- d. Involving the NRC Chairperson in the MOC discussions on CEO selection and appointment
- e. Presenting an annual report on its activities and recommendations to the BOD

21 April 2023, NRC Hybrid Format, Osaka, Japan

The committee made note of the report regarding the salary adjustment for 2023.

27 June 2023, NRC Electronic Circulation Only

The committee granted approval for Management to hire two additional positions, urgently required by business needs. Management was granted operational flexibility to extend hiring beyond existing parameters due to business activities.

10 November 2023, NRC Electronic Circulation Only

CGIF sought the committee's guidance regarding the promotion of exceptional non-executive, high-performing staff to Level 7, aligning with CGIF's staff retention strategies and succession plan. Discussions are scheduled for the first quarter of 2024 among NRC Directors.



APPENDIX

APPENDIX: REPORT OF THE EXTERNAL AUDITOR AND FINANCIAL STATEMENTS

**CREDIT GUARANTEE AND INVESTMENT FACILITY
(A Trust Fund of the Asian Development Bank)**

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2023

**CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)**

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

CONTENTS

	<u>PAGE</u>
Independent auditor's report	1-3
Statement of financial position	4
Statement of net income	5
Statement of comprehensive income	6
Statement of changes in members' equity	7
Statement of cash flows	8
Notes to financial statements	9-35

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF CREDIT GUARANTEE AND INVESTMENT FACILITY

Opinion

We have audited the financial statements of Credit Guarantee and Investment Facility ("CGIF"), which comprise the statement of financial position as at 31 December 2023, the statement of net income, the statement of comprehensive income, statement of changes in members' equity and statement of cash flows for the year then ended and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CGIF as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of CGIF in accordance with the with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements 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, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing CGIF'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 management either intends to liquidate the CGIF or to cease operations, or has no realistic alternative but to do so.

Management is responsible for overseeing CGIF's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CGIF's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 CGIF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause CGIF to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management 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.

A handwritten signature in black ink that reads "Deloitte & Touche CP".

Public Accountants and
Chartered Accountants
Singapore

17 April 2024

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2023
Expressed in Thousands of United States Dollars

	NOTES	2023	2022
ASSETS			
CASH		5,811	9,342
INVESTMENTS	5	1,261,641	1,182,301
ACCRUED INTEREST INCOME	5	9,166	8,236
GUARANTEE FEE RECEIVABLE, NET	6	54,724	57,248
GUARANTEE RECEIVABLE, NET	6	54,087	45,335
RIGHT OF USE – LEASE ASSET, NET	7	451	177
FURNITURE, FIXTURES AND EQUIPMENT, NET	8	138	135
INTANGIBLE ASSETS, NET	9	64	82
OTHER ASSETS	10	1,334	2,145
TOTAL ASSETS		1,387,416	1,305,001
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
GUARANTEE LIABILITY, NET	6	65,081	66,435
UNEARNED INTEREST INCOME – GUARANTEES		1,159	1,041
LEASE LIABILITY	7	440	150
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	11	17,117	12,999
OTHER LIABILITIES	12	1,152	1,144
TOTAL LIABILITIES		84,949	81,769
MEMBERS' EQUITY			
CAPITAL STOCK			
PAID-IN CAPITAL	13	1,158,000	1,148,899
RETAINED EARNINGS		43,992	13,834
RESERVE	14	153,083	139,249
ACCUMULATED OTHER COMPREHENSIVE INCOME			
INVESTMENT REVALUATION RESERVE	5	(52,608)	(78,750)
TOTAL MEMBERS' EQUITY		1,302,467	1,223,232
TOTAL LIABILITIES AND MEMBERS' EQUITY		1,387,416	1,305,001

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF NET INCOME
For the year ended 31 December 2023
Expressed in Thousands of United States Dollars

	NOTES	2023	2022
REVENUE			
GUARANTEE FEES		20,535	20,034
INTEREST INCOME	15	37,451	28,458
REALIZED GAIN (LOSS) FROM SECURITIES		9	(19)
INCOME FROM REINSURANCE	18	(133)	1,577
MISCELLANEOUS INCOME	16	635	1,050
GROSS REVENUE		58,497	51,100
EXPENSES			
ADMINISTRATIVE AND OPERATIONAL EXPENSES	17	11,244	10,716
REINSURANCE EXPENSES	18	7,857	7,730
FINANCIAL EXPENSES		104	103
IMPAIRMENT LOSSES	5, 6	(6,775)	16,244
MISCELLANEOUS EXPENSES	12	1,152	1,144
TOTAL EXPENSES		13,582	35,937
NET OPERATING INCOME		44,915	15,163
LOSS FROM FOREIGN EXCHANGE		(923)	(1,329)
NET INCOME		43,992	13,834

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023
Expressed in Thousands of United States Dollars

	NOTES	2023	2022
NET INCOME		43,992	13,834
OTHER COMPREHENSIVE INCOME			
ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME:			
NET UNREALIZED GAIN (LOSS) ON INVESTMENTS MEASURED AT FVTOCI	5	26,142	(94,863)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		70,134	(81,029)

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the year ended 31 December 2023
Expressed in Thousands of United States Dollars

	Paid-in Capital		Retained Earnings	Reserve	Investment Revaluation Reserve	Total Members' Equity
	Subscribed Capital	Unpaid Subscription				
BALANCE, 1 JANUARY 2022	1,158,000	(21,000)	29,791	109,458	16,113	1,292,362
ADDITIONAL SUBSCRIPTION (NOTE 13)	-	11,899	-	-	-	11,899
NET INCOME FOR THE YEAR	-	-	13,834	-	-	13,834
ALLOCATION OF PRIOR YEAR INCOME TO RESERVE	-	-	(29,791)	29,791	-	-
OTHER COMPREHENSIVE LOSS						
NET UNREALIZED LOSS ON INVESTMENTS MEASURED AT FVTOCI (NOTE 5)	-	-	-	-	(94,863)	(94,863)
BALANCE, 1 JANUARY 2023	1,158,000	(9,101)	13,834	139,249	(78,750)	1,223,232
ADDITIONAL SUBSCRIPTION (NOTE 13)	-	9,101	-	-	-	9,101
NET INCOME FOR THE YEAR	-	-	43,992	-	-	43,992
ALLOCATION OF PRIOR YEAR INCOME TO RESERVE	-	-	(13,834)	13,834	-	-
OTHER COMPREHENSIVE LOSS						
NET UNREALIZED GAIN ON INVESTMENTS MEASURED AT FVTOCI (NOTE 5)	-	-	-	-	26,142	26,142
BALANCE, 31 DECEMBER 2023	1,158,000	-	43,992	153,083	(52,608)	1,302,467

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2023
Expressed in Thousands of United States Dollars

	NOTES	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
GUARANTEE RELATED INCOME RECEIVED		25,616	23,550
OTHER INCOME RECEIVED		964	986
GUARANTEE PAYMENT		-	-
REINSURANCE CLAIMS RECEIVED		-	21,211
ADMINISTRATIVE AND OPERATIONAL EXPENSES PAID		(12,191)	(11,771)
REINSURANCE EXPENSES PAID		(5,755)	(6,296)
FINANCIAL EXPENSES PAID		(104)	(103)
NET CASH PROVIDED BY OPERATING ACTIVITIES		8,530	27,577
CASH FLOWS FROM INVESTING ACTIVITIES			
PURCHASES OF INVESTMENTS		(1,762,699)	(2,212,665)
MATURITIES/SALES OF INVESTMENTS		1,712,606	2,149,817
INTEREST RECEIVED ON INVESTMENTS		29,191	23,880
REALIZED GAIN (LOSS) FROM SECURITIES		9	(19)
PURCHASE OF FURNITURE AND EQUIPMENT AND INTANGIBLE ASSETS		(75)	(98)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES		(20,968)	(39,085)
CASH FLOWS FROM FINANCING ACTIVITIES			
CONTRIBUTIONS RECEIVED	13	9,101	11,899
LEASE LIABILITY PAID		(174)	(162)
NET CASH PROVIDED BY FINANCING ACTIVITIES		8,927	11,737
EFFECT OF EXCHANGE RATE CHANGES IN CASH		(20)	(41)
NET INCREASE IN CASH		(3,531)	188
CASH AT THE BEGINNING OF THE YEAR		9,342	9,154
CASH AT THE END OF THE YEAR		5,811	9,342
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
NET INCOME		43,992	13,834
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION – FIXED AND INTANGIBLE ASSETS		92	87
DEPRECIATION – ROU ASSETS		160	160
PROVISION FOR EXPECTED CREDIT LOSSES		(6,775)	16,244
INTEREST INCOME ON INVESTMENTS		(33,286)	(24,747)
REALIZED LOSS (GAIN) FROM SECURITIES		(9)	19
FX REVALUATION LOSS		49	33
CHANGE IN GUARANTEE FEE RECEIVABLE		2,223	6,501
CHANGE IN GUARANTEE RECEIVABLES		(80)	2,297
CHANGE IN GUARANTEE LIABILITY		(349)	(7,589)
CHANGE IN UNEARNED INTEREST INCOME		118	105
CHANGE IN ACCOUNTS PAYABLE AND ACCRUED EXPENSES		2,043	20,727
CHANGE IN OTHER ASSETS		344	(118)
CHANGE IN OTHER LIABILITIES		8	24
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		8,530	27,577

CREDIT GUARANTEE AND INVESTMENT FACILITY

(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2023

NOTE 1— GENERAL INFORMATION

The Credit Guarantee and Investment Facility (CGIF) was established on 12 November 2010. Its main objectives are to promote resilience of the financial markets, and to prevent disruptions to the international financial order, by eliminating currency and maturity mismatches for creditworthy corporations in the region through guarantees to help them access local currency bond markets.

The general principles of organization, management and operations of CGIF are set out in the Articles of Agreement (AoA) as adopted by the Contributors. The Asian Development Bank (ADB) is the Trustee of CGIF and holds in trust and manages CGIF funds and other property only for the purposes of, and in accordance with the provisions of the AoA. Based on the Article 13.2 of the AoA of CGIF, the privileges, immunities and exemption accorded to ADB pursuant to the Agreement Establishing the ADB shall apply to (1) the Trustee, (2) the property, asset, archives, income, operations, and transactions of CGIF.

CGIF will be financed solely from capital contributed by member countries and ADB. CGIF will not borrow from any source to finance its operations except for purposes of cash management.

The Contributors in CGIF are the governments of Association of Southeast Asian Nations, People's Republic of China, Japan, Republic of Korea (ASEAN+3) and ADB. Ownership rights are in proportion to capital contributions. The authorized capital of CGIF is US\$1,200,000,000, divided into 12,000 shares with a nominal value of US\$100,000 each. As of 31 December 2023, \$1,158,000,000 are subscribed and paid in by the Contributors. Details are discussed in Note 13.

The financial statements were approved by the Board of Directors on 17 April 2024 for presentation to the Meeting of Contributors (MOC) scheduled on 28 May 2024. The financial statements are subject to approval at the MOC.

NOTE 2—ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

In the current year, CGIF adopted all the new and revised IFRS pronouncements that are issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023 and relevant to its operations. The adoption did not result in changes to the company's accounting policies and has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements – Disclosures of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments require to disclose the material accounting policy information rather than the significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions

that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments to IFRS Practice Statement 2 provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

The amendments deleted the definition of 'change in accounting estimates' and added a definition of 'accounting estimates'. Under the new definition, accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. IASB retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Revised IFRS in issue but not yet effective

CGIF has not applied the following revised IFRS that has been issued but not yet effective:

Amendments to IAS 1 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current

The amendment to IAS 1 published in January 2020 affects only the presentation of liabilities as current or non-current in the Statement of Financial Position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments that clarify the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Amendments to IAS 1 Presentation of Financial Statements –Non-Current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments to IAS 1 are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. The IASB has aligned the effective date of these amendments to IAS 1. Earlier application of the amendments is permitted. If an entity applies the amendments of 2022 for an earlier period, it is also required to apply the amendments of 2020 early.

CGIF does not anticipate any significant impact on CGIF's Financial Statements upon the application of these amendments.

NOTE 3—SUMMARY OF MATERIAL ACCOUNTING POLICIES

The financial statements of CGIF have been prepared in accordance with IFRS as issued by the IASB.

The accounting policies adopted are consistent with those of the previous financial year unless stated otherwise.

These financial statements have been prepared using the historical cost basis except for certain assets and financial instruments that are measured at fair values or revalued amounts at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, CGIF takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

The fair values of CGIF's financial assets and liabilities are categorized as follows:

Level 1: fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities that CGIF can access at the measurement date;

Level 2: fair values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3: fair values are based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Inter-level transfers from one year to another may occur due to changes in market activities affecting the availability of quoted market prices or observable market data.

CGIF's policy is to recognize transfers in and transfers out of levels as of the end of the reporting period in which they occur.

Cash

Cash represents cash on hand or deposits in a bank account. The carrying amount of these assets is approximately equal to their fair value.

Financial Instruments

Financial assets and liabilities are recognized by CGIF once it becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss), as appropriate, on initial recognition.

Classification of Financial Assets

Financial assets are both measured and classified as amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL), on the basis of both: (i) CGIF's business model for managing the financial assets and (ii) the contractual cashflow characteristics of the financial asset.

Amortized Cost and Effective Interest Method

The amortized cost and effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transactions costs and other premiums or discounts), excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting any loss allowance.

Interest income on investment securities and money market instruments are recognized as earned and reported net of amortization of premiums and discounts. Interest is accrued, by reference to the principal outstanding at the applicable effective interest rate.

Financial Assets at Amortized Cost

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortized cost using the effective interest method, less any impairment. This includes cash on hand or deposit in a bank account, time deposits, certificates of deposits, accrued interest income, guarantee fee receivables, reinsurance receivables, and other receivables.

Investments

All investments in debt securities are considered to be FVTOCI and are reported at fair value. Investment securities are recorded at trade dates. Changes in the carrying amount of these instruments as a result of foreign exchange gains or losses, impairment gains and losses (see below), and interest income are recognized in the profit or loss. All other changes in the carrying amount arising from change in fair value are recognized and accumulated in other comprehensive income under member's equity. Time deposits and certificates of deposits are also classified under investments and are reported at cost which is a reasonable estimate of its fair value.

Guarantee Fee Receivable

Guarantee fee receivables are initially recognized at their fair values in the Statement of Financial Position, which are estimated based on the present value of total fees expected to be received under the guarantees. They are subsequently measured at amortized cost net of any loss allowance.

Guarantee Receivable

Guarantee receivables are from guarantee obligations on defaulted bonds that were settled and is expected to be received or recovered based on guarantee contracts. They are initially recognized as credit impaired in the Statement of Financial Position. For these assets, all changes in lifetime expected credit loss (ECL) since initial recognition are recorded as a loss allowance with any changes recognized in the Statement of Net Income. Any favorable change creates an impairment gain.

Credit-impaired Financial Assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Impairment of Financial Assets

Financial assets that are classified and measured as amortized cost, FVTOCI, and financial guarantee contracts shall recognize loss allowance based on the ECL model. Changes in the carrying amount of the allowance account are recognized in the Statement of Net Income under impairment losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk of each financial instruments since initial recognition.

If there has been a significant increase in credit risk (SICR) of the financial instrument from initial recognition, the loss allowance is based on the lifetime ECL of the item. If the credit risk on the financial instrument has not increased significantly since initial recognition, the loss allowance is based on the 12-month ECL of the financial instrument.

Lifetime ECL represents the expected credit losses from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant Increase in Credit Risk

CGIF assesses an SICR on a guarantee account if any of the following conditions are met: (1) credit risk rating drops to B- or lower, but the account is not in default; (2) credit risk rating drops by at least 3 notches in the recent past 36 months, and is at least 3 notches below credit risk rating at inception; or (3) credit risk rating drops by at least 4 notches from inception if the account is in its initial four years after inception, or by at least 5 notches from inception if the account is beyond four years from inception. The date that CGIF becomes a party to a guarantee is the date of initial recognition or inception for the purpose of assessing impairment.

For CGIF's investments, it is assumed that the credit risk of a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have a low credit risk (see Notes 4 and 5). A financial instrument is determined to have a low credit risk if (i) it has a low risk of default, (ii) there is a strong capacity for the counterparty to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of Default

For purposes of ECL computation, financial guarantee contracts and guarantee fee receivables shall be in default once an event of default in the Guarantee Agreement has occurred, and CGIF's guarantee has been called. An investment is in default if it has been declared by the debt capital market agents particularly the investors' trustee for the investment instrument. Technical defaults, i.e., defaults without missed payments, are not considered defaults for ECL model unless decided otherwise by the GIC.

Write-off Policy

A financial asset is written-off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Any recoveries made on a financial asset previously written-off are recognized in profit or loss.

Measurement and Recognition of Expected Credit Losses

ECL is a function of probability of default (PD), loss given default (LGD), and exposure at default (EAD). CGIF generates unbiased probability-weighted ECLs based on point-in-time PDs that are derived from several future scenarios. The Credit Cycle Projection Overlay (CCPO) from S&P Global Market Intelligence (SPGMI) is used in generating these point-in-time PDs. In each future scenario, CGIF uses forecasted or forward-looking values of CCPO's input macroeconomic variables. LGD is currently set at 50%. For accounts in stage 3, LGD is based on additional information and assumptions that reflect the default position. For CGIF's investments, EAD is the sum of an asset's gross carrying amount and the next unpaid coupon.

For financial guarantee contracts, EAD is the sum of a guaranteed bond's unpaid principal and the next unpaid coupon. For guarantee fee receivables, EAD is the sum of future guarantee fees discounted to the reporting date and guarantee fees past due. For a receivable arising from a guarantee payment, EAD is the total book value of the guarantee receivable. EAD in currencies other than USD are translated into USD at the reporting date's exchange rate.

Derecognition of Financial Assets

CGIF derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

When an FVTOCI is derecognized or disposed of, the unrealized gains or losses previously recognized in accumulated other comprehensive income will be recognized in the Statement of Net Income.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method.

However, financial guarantee contracts issued by CGIF are measured in accordance with the specific accounting policies set out below.

Guarantee Liability

CGIF enters into financial guarantee contracts that requires to make specified payments should the bond issuer fail to make payments due in accordance with the terms of the bond.

Guarantee liabilities recorded in the Statement of Financial Position are measured initially at fair values, and subsequently measured at the higher of the unamortized balance of the amount initially recognized less, when appropriate, cumulative amortization recognized in accordance with IFRS 15, and the amount of loss allowance determined in accordance with the ECL model.

Derecognition of financial liabilities

CGIF derecognizes financial liabilities when, and only when, CGIF's obligations are discharged, cancelled, or have expired.

CGIF accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability.

Revenue Recognition for Guarantee Fee

Guarantee fees are recognized upon performance of services and is amortized over the term of the guarantee obligation in accordance with the terms and conditions of the agreement.

Leases

CGIF applies definition of a lease and the related guidance set out in the IFRS for contracts entered into as lease. As lessee, CGIF recognizes right of use asset and lease liability in the Statement of Financial Position.

The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement date, plus any initial direct costs incurred and any estimated costs of dismantling and the cost of any removal and restoration of the underlying asset, less any lease incentives received.

Right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of useful life of the asset or the end of the lease term. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. It is remeasured when there is a change in discount rate, or if there is a change on CGIF's decision to extend or terminate the lease contract based on assessment.

Furniture, Fixtures and Equipment

All furniture, fixtures and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the asset and bringing it to its working condition.

Subsequent costs incurred for the purpose of enhancement or improvement shall be added to the carrying amount of the asset when it is probable that the expenditure will cause additional future economic benefit to CGIF. Other subsequent costs like maintenance, repairs and minor betterments are charged to expense.

Depreciation is recognized so as to write off the cost or valuation of assets less their residual values over their useful lives, using straight-line method. The estimated useful lives, residual values and depreciation method are reviewed regularly with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives by asset class are as follows:

<u>Asset Class</u>	<u>Useful Life</u>
Office Furniture and Equipment	
Furniture	10 years
Other Office Equipment	4 years
IT and Communication	
Computer	3 years
Server	5 years
Network	4 years
Communication	7 years
Others	4 years
<u>Leasehold Improvement</u>	<u>Over the lease period</u>

An item of furniture, fixtures, and equipment is derecognized upon disposal. Any gain or loss arising on the disposal of an item of furniture, fixtures, and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Net Income.

Intangible Assets

Intangible assets are composed of acquired information system software licenses that are capitalized on the basis of costs incurred to acquire and bring to use the specific software. These are amortized over a period of 4 years and are carried at cost less accumulated amortization and accumulated impairment losses.

Impairment of Tangible and Intangible Assets

On regular basis, CGIF reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of asset's fair value less costs of disposal and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but only to the extent of the carrying amount of the asset had no impairment loss been recognized in prior years. A reversal of the impairment loss is recognized immediately in the profit or loss.

Offsetting Arrangements

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when there is a legally enforceable right to set off the recognized amounts and there is an intention to either settle on a net basis or to realize the asset and settle the liability simultaneously. A right to set-off must be available at the end of the reporting period rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency, or bankruptcy.

Subscribed Capital

Each contributor subscribed by depositing with the Trustee a duly completed Instrument of Acceptance. Contributions are included in the financial statements at historical cost from the date of the signing of the Instrument of Acceptance.

The increase in the authorized capital of CGIF pursuant to Article 4.2 of the AoA was approved by the MOC. Instrument of Subscription (IOS) submitted to the Board Secretary, who acts on behalf of the Trustee, formally confirms the Contributor's intention to subscribe the number of shares specified. The additional subscription will be effective from the date the Board Secretary notifies the subscribing Contributor that the Instrument of Subscription has been received.

Segment Reporting

CGIF is a credit guarantee and investment facility established to develop and strengthen local currency and regional bond markets, so that creditworthy corporations can access those markets and avoid currency and maturity mismatches. CGIF's products and services are unique and are structured and distributed in a uniform manner to its clients. Based on CGIF's operations, CGIF has only one reporting segment.

Fair Value of Financial Instruments

IFRS 13, Fair Value Measurements, defines fair value 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. Fair value is market-based measurement, not an entity-specific measurement. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market, or in the absence of principal market, in the most advantageous market for the asset or liability.

Functional and Presentation Currency

CGIF's members are from ASEAN+3 and ADB with the subscriptions and redemptions of the shares denominated in the United States dollars (USD). The primary activity of CGIF is guaranteeing bonds that are denominated in local currencies and issued by creditworthy ASEAN+3 corporations in the ASEAN+3 region. The performance of CGIF is measured and reported to the Contributors in USD. The USD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD, which is CGIF's functional and presentation currency.

Translation of Currencies

CGIF adopts the use of daily exchange rates for accounting and financial reporting purposes. This allows transactions denominated in currencies other than USD to be translated to the reporting currency using the exchange rates applicable at the time of transactions. Contributions included in the financial statements during the period are recognized at applicable exchange rates as of the respective dates of commitment. At the end of each accounting period, translations of asset and liabilities which are not denominated in USD are adjusted using the applicable rates of exchange at the end of the reporting period. These translation adjustments are accounted for as unrealized foreign exchange gains or losses and are charged to operations in the Statement of Net Income.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of CGIF's accounting policies, which are described above, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Since the estimates are based on judgment and available information, actual results may differ and might have a material impact on the financial statement.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are included in Notes 5, 6, and 7. This includes fair value measurements, loss allowances, and valuation processes.

As explained in accounting policies above, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether there is a significant increase in credit risk, CGIF accounts for

qualitative and quantitative reasonable and supportable forward-looking information, as reflected in internal risk ratings.

Furthermore, in calculating the loss allowance, CGIF uses the Credit Cycle Projection Overlay procured from SPGMI to generate point in time probabilities of default (PIT-PD). For accounts that are in stage 3, PIT-PD will be 100%. LGD shall be set at 50% for either stage 1 or stage 2. For accounts that are in stage 3, LGD is estimated based on additional information and realistic assumptions that reflect actual conditions at reporting date.

NOTE 4—RISK MANAGEMENT

CGIF manages all its perceived risk exposures, particularly exposures to credit risk, market risk, liquidity risk, and operational risk. These risks are managed pursuant to CGIF's Operational Policies, and Risk Management Framework (RMF). The Board's Internal Control and Risk Management Committee and Risk Management Department (RMD) cause the functional units to identify, measure, monitor, control, and report risks. The Board, management's Guarantee and Investment Committee, and the CEO oversee and regulate both risk taking and risk management. Appetite for risk taking as expressed in operational controls and risk exposure limits emanates from the Board.

CGIF endeavors to conform to international best practices in risk management. CGIF subscribes to the idea that informed risk-taking presents opportunities. CGIF takes risks that offer commensurate rewards. Risk-taking roles are independent of risk management roles. A positive risk management culture is fostered – the system clarifies what conduct and procedures are acceptable, and which ones are not; encourages initiatives that improve the management of risks; promotes transparency, individual responsibility, and accountability.

Categories of Financial Instruments

Categories of financial instruments at carrying amount as of 31 December 2023 and 2022 are as follows (in \$'000):

	2023	2022
Financial assets		
FVTOCI	1,256,741	1,138,070
Financial assets at amortized cost	129,044	165,478
Financial liabilities		
Financial liabilities at amortized cost	18,269	14,144
Lease liabilities	440	150
Guarantee liability	65,081	66,435

Credit Risk

As per CGIF's Treasury Risk Management Guidelines, CGIF's long term investments are restricted to those with international ratings of AA- or better, with the exception of investments in contributor countries' government-related securities that may be rated as low as A+. Short-term investments should be rated no lower than A-1. Credit risk in these investments is considered low.

Credit concentration of investments is controlled by policy limits on exposure per issuer, per type of issuer, and per country rating grade. CGIF controls the concentration of investment per country of issuer. The lower the country sovereign rating grade, the lower the investment concentration limit – 0% of CGIF capital

for countries rated A or lower; up to 30% of CGIF capital for countries rated AAA, except for the US where the investment concentration limit is 100% of CGIF capital. Investments in short-term money market instruments are excluded in reckoning country exposure concentrations against country limits.

CGIF has guarantee eligibility criteria that include, among others, a borrower's credit rating grade, proposed guarantee size and tenor, use of bond proceeds, and compliance to safeguards standards and to credit exposure control limits. Eligible borrowers undergo a stringent due diligence review. Guarantee Underwriting Proposals (GUPs) require approval of management's Guarantee and Investment Committee (GIC) and of the Board of Directors (Board). The Board delegates to the GIC its authority for final approval of GUPs when conditions relating to credit rating, guarantee amount, tenor, strategic alignment, safeguards standards, among others are met. In aid of informed decisions on GUPs, the Board is furnished with credit review notes, safeguards review notes, and integrity review notes from CGIF's RMD. As of 31 December 2023, CGIF's guarantee portfolio, excluding portions ceded to reinsurers and credit risk mitigators, had a weighted average risk rating of BB+ (BB+ as of 31 December 2022).

CGIF controls concentrations of credit risk. Guarantee exposure to any country and to any currency is capped at 20% and 40%, respectively, of CGIF's Maximum Guarantee Capacity (MGC), where MGC is the product of (a) total paid-in capital of CGIF, plus retained earnings, plus reserves, less net credit loss reserves, less foreign exchange loss reserves, and less all illiquid assets and (b) the maximum leverage ratio. CGIF's maximum leverage ratio, currently 2.5:1, is determined by the MOC with the recommendation of the CGIF Board. CGIF refers to IMF's list to identify acceptable offshore financial centers (AOFCs). Exposures to AOFCs pertain to guarantee exposures to borrowing entities that are registered through the offshore incorporation process of an AOFC. Aggregate guarantee exposure to any single AOFC and aggregate exposure to all AOFCs are limited to 20% and 40%, respectively, of CGIF's MGC. Aggregate Type-B (investor-procured) guarantee exposure is limited to 20% of MGC. Aggregate guarantee exposure to any sector and to any industry is limited to 40% and 20%, respectively, of MGC. In any country, exposure to any industry may not exceed 10% of MGC. Single borrower exposures, and single group exposures, may not exceed 20% of CGIF's paid-in capital. CGIF's leverage ratio and concentration ratios are reported quarterly to the CGIF Board.

CGIF's exposure to credit risk is reckoned on the amount of financial assets recorded in the financial statements and the guarantee obligations disclosed in Note 6.

A reinsurance treaty whereby CGIF cedes to a consortium of reinsurers agreed portions of credit risk from bond issuers reduces CGIF's credit risk exposure from its guarantee portfolio. Please refer to Note 18.

Market Risk

Market risk represents the potential loss that could result from adverse market movements. The main components of market risk for CGIF are interest rate risk and foreign exchange risk.

Interest rate risk is primarily the exposure of income on assets to fluctuation in interest rates. An objective of interest rate risk management in CGIF is the generation of overall interest income that is not overly sensitive to changes in interest rates, but responsive to general market trends.

CGIF's Treasury Risk Management Guidelines restrict CGIF's investment portfolio duration to no more than 5 years. The duration of CGIF's portfolio is the market value-weighted average of effective duration of all outstanding investments. As of 31 December 2023, CGIF's investment portfolio had remaining maturities of up to 9.88 years (8.59 years - 31 December 2022), with duration of 3.15 years (2.87 years - 31 December 2022). CGIF's investments are sensitive to interest rate movements. For CGIF's investment portfolio at 31 December 2023, it is estimated that a 100 basis points upward/downward parallel shift in the yield curve would cause an unrealized loss/gain of about \$39.8 million (\$34.1 million - 31 December 2022).

The following tables presents CGIF's foreign exchange exposure of monetary assets and liabilities (in '000) as at the end of the reporting period:

2023				
	Asset		Liabilities	
	Local Currency	USD Equivalent	Local Currency	USD Equivalent
THB	2,212,231	63,991	637,599	18,443
VND	369,225,860	15,189	17,548,780	722
JPY	1,530,408	10,747	-	-
SGD	12,542	9,477	5	4
IDR	48,248,002	3,116	561,127	36
MYR	7,768	1,674	-	-
PHP	5,095	92	34,480	623
LAK	539	-	-	-
KHR	-	-	-	-
TOTAL		104,286		19,828

2022				
	Asset		Liabilities	
	Local Currency	USD Equivalent	Local Currency	USD Equivalent
THB	1,875,815	54,199	546,072	15,778
VND	391,759,337	16,596	-	-
JPY	1,835,556	13,750	-	-
SGD	10,723	7,959	-	-
IDR	31,953,522	2,040	-	-
PHP	4,089	73	16,885	302
MYR	44	10	-	-
LAK	539	-	-	-
KHR	-	-	943,326	229
TOTAL		94,627		16,309

CGIF is exposed to foreign exchange risk underlying foreign currency payables and receivables relating mostly to CGIF's guarantee operation. For CGIF's foreign exchange exposure at 31 December 2023, it is estimated that a 10% adverse change in FX rates in the relevant foreign currency exposure will cause an instant loss of \$7.8 million (\$7.2 million - 31 December 2022).

Liquidity Risk

Liquidity risk can arise if CGIF is unable to provide funds to meet its financial and operational commitments. CGIF maintains adequate liquidity resources to meet the cash requirements and potential calls on the guarantees issued. CGIF assesses and monitors the availability of its liquid assets on a quarterly basis. CGIF conducts quarterly tests of its liquidity under stress scenarios where CGIF has to meet lumpy obligations related to claims on guarantees and raise funds from various sources. A liquidity stress test conducted on CGIF's guarantee portfolio as of 31 December 2023 and 2022 indicates that CGIF can

generate the liquidity that will be required to meet guarantee payment obligations under the assumed stressed scenario.

The following table details (in \$'000) the maturity profile of financial instruments. The maturity analysis is based on the remaining period from the end of the reporting date to the contractual maturity date or the expected date the financial asset will be realized, and the financial liability will be settled.

	2023					Total
	Less than 1 month	1 to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	
Financial assets						
FVTOCI	51,945	34,811	168,213	659,454	342,318	1,256,741
Financial assets at amortized cost	12,364	2,494	87,207	39,433	5,361	146,859
Total financial assets	64,309	37,305	255,420	698,887	347,679	1,403,600
Financial liabilities						
Financial liabilities at amortized cost	230	2,941	14,561	537	-	18,269
Lease liability	11	22	103	304	-	440
Total financial liabilities	241	2,963	14,664	841	-	18,709
Net maturity gap	64,068	34,342	240,756	698,046	347,679	1,384,891
	2022					Total
	Less than 1 month	1 to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	
Financial assets						
FVTOCI	-	29,891	122,406	747,662	238,111	1,138,070
Financial assets at amortized cost	26,025	18,026	29,082	107,997	10,072	191,202
Total financial assets	26,025	47,917	151,488	855,659	248,183	1,329,272
Financial liabilities						
Financial liabilities at amortized cost	277	702	1,865	11,300	-	14,144
Lease liability	12	24	114	-	-	150
Total financial liabilities	289	726	1,979	11,300	-	14,294
Net maturity gap	25,736	47,191	149,509	844,359	248,183	1,314,978

Capital Resources

CGIF's capital resources comprise of capital stock, retained earnings and reserves. The primary objective in the management of capital resources is to protect CGIF's capital by maintaining a conservative exposure to market risk, credit risk and liquidity risk. CGIF strives to maximize returns on the invested asset portfolio while minimizing volatility of investment income. CGIF's capital resources are placed with the Trustee, ADB.

Capital Adequacy

CGIF deems that it has adequate capital to underwrite credit guarantees for as long as its capital exceeds total capital charge; alternatively, for as long as the capital-to-capital charge ratio – capital adequacy ratio (CAR) – exceeds management action trigger of 1.1. CGIF's CAR at 31 December 2023 was at 4.58 (4.35 – 31 December 2022). CGIF's overall strategy remains unchanged from prior year.

Operational Risk

CGIF manages operational risks through quarterly risk and control self-assessments (RCSAs) by each department of the enterprise. Through RCSAs, CGIF's operating units are directed to identify operational risk events and assess the significance of each of these. The significance of an identified operational risk event is a function of two attributes – the likelihood and impact of its occurrence. Measurable risk indicators, and corresponding control limits, are assigned to each operational risk event. Results of RCSAs are reported to the CEO and to the Board's Internal Control and Risk Management Committee.

NOTE 5—INVESTMENTS

This account is composed of the following (in \$'000):

	<u>2023</u>	<u>2022</u>
Certificates of Deposit	-	44,231
Time Deposits	<u>4,900</u>	<u>-</u>
FVTOCI		
Government-related-entity or government-guaranteed obligations (GGO)	1,117,103	1,008,440
Corporate obligations	<u>139,638</u>	<u>129,630</u>
Total FVTOCI	<u>1,256,741</u>	<u>1,138,070</u>
Total Investment	<u><u>1,261,641</u></u>	<u><u>1,182,301</u></u>

ADB, as the Trustee, manages capital resources in accordance with CGIF's Treasury Risk Management Guidelines prepared in consultation with ADB and approved by the CGIF Board of Directors.

ADB follows the same process and internal controls to value the investment securities as ADB's portfolio. The data management unit in ADB's treasury department is responsible for providing the valuation in accordance with the business process. In instances where ADB relies primarily on prices from third party pricing information, there are procedures in place to validate the appropriateness of those values in determining the hierarchy levels. This involves evaluating the nature of prices provided by third party pricing sources to determine if they are indicative or binding prices.

The annualized rate of return on the average investments held during the period ended 31 December 2023, based on the portfolio held at the beginning and end of each month without the effect of change in fair value was 2.57% (1.97% - 31 December 2022).

The investment revaluation reserve of negative \$52,608 thousand in the Statement of Financial Position as of 31 December 2023 (negative \$78,750 thousand – 31 December 2022) is composed of the unrealized loss on FV of investments measured at FVTOCI and its credit loss allowance.

The estimated fair value and amortized cost of the investments by contractual maturity as of 31 December 2023 and 2022 are as follows (in \$'000):

	2023		2022	
	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
Due in less than one year	259,869	262,457	196,528	198,386
Due in one to five years	659,454	693,145	747,662	794,819
Due more than five years	342,318	358,728	238,111	267,863
TOTAL	1,261,641	1,314,330	1,182,301	1,261,068

Fair Value Disclosure

The fair value of the investments as of 31 December 2023 and 2022 are as follows (in \$'000):

	2023	Fair Value Measurements		
		Level 1	Level 2	Level 3
Certificates of Deposits	-	-	-	-
Time Deposits	4,900	-	4,900	-
Government-related-entity or GGO	1,117,103	1,069,025	48,078	-
Corporate obligations	139,638	110,175	29,463	-

	2022	Fair Value Measurements		
		Level 1	Level 2	Level 3
Certificates of Deposits	44,231	-	44,231	-
Time Deposits	-	-	-	-
Government-related-entity or GGO	1,008,440	979,757	28,683	-
Corporate obligations	129,630	100,484	29,146	-

If available, active market quotes are used to assign fair values to investment securities. These include government-related-entity/government-guaranteed obligations and corporate obligations. For investments where active market quotes are not available, investments are categorized as Level 2 or Level 3, and valuation is provided by independent valuation services. Time deposits and certificates of deposits are reported at cost, which approximates fair value.

For the years ended 31 December 2023 and 2022, there were no inter-level transfers.

Impairment Losses

For purposes of impairment assessment, the FVTOCI in CGIF's portfolio are considered to have low credit risk as the counterparties of these investments have a minimum A+ credit rating for government related bonds of Contributor countries and AA- for all others. Accordingly, the loss allowance for these financial instruments is measured at an amount equal to 12-month ECL.

Impairment losses do not reduce the carrying amount of the debt instruments at FVTOCI in the Statement of Financial Position, which remains at fair value. The balance at the end of the year reflected below is included in the Investment Revaluation Reserve in Accumulated Other Comprehensive Income.

The movements in the credit loss allowance are as follows (in \$'000):

	2023	2022
Balance at beginning of the year	16	26
Loss allowance recognized in profit or loss under impairment losses during the year on:		
Assets originated	12	3
Reversals	(2)	(4)
Change in credit risk	55	(9)
	<u>65</u>	<u>(10)</u>
Balance at end of the year	<u>81</u>	<u>16</u>

During the year, all transactions are classified to Stage 1 and there are no transfers between stages.

Accrued Interest Income

The details of accrued interest income including from investments as of 31 December 2023 and 2022 are as follows (in \$'000):

	2023	2022
FVTOCI	9,147	8,223
Time Deposits	2	-
Guarantee	17	13
TOTAL	<u>9,166</u>	<u>8,236</u>

NOTE 6 – GUARANTEES

As of 31 December 2023, CGIF has issued guarantees covering bonds denominated in Singapore Dollar, Vietnamese Dong, Thai Baht, Chinese Yuan, Indonesian Rupiah, Japanese Yen, Malaysian Ringgit, and Cambodian Riel. The total outstanding amount of the guarantees issued under the related bonds was \$2,353 million as of 31 December 2023 (\$2,186 million – 31 December 2022). The guarantees are inclusive of coupon payments. The USD guarantee obligation below is for KHR issued bonds where all payments will be in USD converted at a fixed exchange rate agreed at inception.

Below is the summary of the outstanding guarantees by currency (in '000):

31 December 2023				
	Local Currency		USD Equivalent of Total Obligation	
	Principal	Coupon		
SGD	795,000	76,130	871,130	658,251
VND	11,348,000,000	3,542,972,998	14,890,972,998	612,570
THB	12,620,000	1,267,114	13,887,114	401,698
CNY	2,000,000	95,041	2,095,041	293,329
IDR	1,782,900,000	339,786,613	2,122,686,613	137,089
JPY	15,400,000	508,200	15,908,200	111,715
MYR	315,000	43,545	358,545	77,293
USD	51,639	9,877	61,516	61,516
				<u>2,353,461</u>

31 December 2022				
	Local Currency		USD Equivalent of Total Obligation	
	Principal	Coupon		
VND	12,393,000,000	4,060,095,333	16,453,095,333	697,017
SGD	695,000	82,433	777,433	576,988
THB	11,720,000	901,413	12,621,413	364,675
CNY	1,500,000	95,041	1,595,041	228,949
JPY	15,400,000	592,900	15,992,900	119,806
IDR	1,283,000,000	226,026,563	1,509,026,563	96,343
MYR	150,000	9,137	159,137	35,970
KHR	127,200,000	4,796,137	131,996,137	32,073
PHP	107,500	7,732	115,232	2,061
USD	29,401	3,157	32,558	32,558
				<u>2,186,440</u>

The range of remaining tenor of financial guarantee contracts as of 31 December 2023 are from less than 1 year to 11 years (31 December 2022 – from less than 1 year to 12 years).

As of 31 December 2023, a guarantee liability of \$65.1 million (\$66.4 million - 31 December 2022), net of deferred loss on fair value amounting to \$18.1 million, was reported on the Statement of Financial Position. Deferred loss on fair value was attributed to one account whose transaction price was smaller than its fair value at initial recognition. As the fair value was estimated by unobservable inputs, the difference between the transaction price and the fair value does not reduce net income by recognizing it as fair value loss but reduces gross guarantee liability in the statement of financial position as deferred loss on fair value. As of 31 December 2023 and 2022, the reported liability is composed of the following (in \$'000):

	2023	2022
Unamortized balance of present value of total guarantee fees	80,558	62,783
Allowance for ECL	2,647	3,652
Gross guarantee liability	83,205	66,435
Less: Deferred loss on fair value	(18,124)	-
Net guarantee liability	<u>65,081</u>	<u>66,435</u>

The total amount of loss allowance for guarantee obligations determined through ECL amounted to \$10.1 million as of 31 December 2023 (\$6.5 million – 31 December 2022). The unamortized balance of guarantee liabilities is compared against the required ECL on a per instrument basis and the higher between the two will be reflected as the guarantee liability in the Statement of Financial Position. The allowance for ECL on the above table represents the total differences between the higher ECL that was computed vs the unamortized balances of guarantee liabilities. As of 31 December 2023, there are no accounts in the portfolio that are classified into stage 2 (one account in Stage 2 - 31 December 2022).

The reported guarantee fee receivable of \$54.7 million represents the present value of the stream of total guarantee fees expected to be received for the guarantee outstanding as of 31 December 2023 (\$57.2 million – 31 December 2022) net of allowance for credit losses.

In fulfilling CGIF's obligation due to default of a bond guarantee, the credit impaired guarantee receivable is reported in the Statement of Financial Position at \$54.1 million as of 31 December 2023 (\$45.3 million – 31 December 2022). This is net of allowance amounting to \$16.8 million (\$25.4 million – 31 December 2022).

As of 31 December 2023 and 2022, all of CGIF's future guarantee fee receivables are classified as Level 3 within the fair value hierarchy. Likewise, as of 31 December 2023, the credit impaired guarantee receivables from the default is classified as Level 3 within the fair value hierarchy as well.

The Finance Department is responsible for determining and reporting the fair value of guarantees reported in the Statement of Financial Position. The carrying amount of guarantees approximates its fair value. Future guarantees are stated at discounted present value using significant unobservable inputs such as discount rates applicable to individual guarantee contracts that are internally determined. The valuation technique and significant unobservable quantitative inputs for guarantee fee receivables classified as Level 3 as of 31 December 2023 and 2022 were summarized below:

	Valuation Technique	Unobservable Input	Range 2023	2022
Guarantee fee receivable	Discounted cash flows	Discount rates	2.55% to 20.12%	2.55% to 9.70%

There were no inter-level transfers during the year ended 31 December 2023 and 2022.

Impairment Losses

The movements in the credit loss allowance for guarantee fees receivable are as follows (in \$'000):

	2023	2022
Balance at beginning of the year	144	325
Loss allowance recognized in profit or loss under impairment losses during the year on:		
Assets originated	287	2
Reversals	(55)	(16)
Changes in credit risk	70	(167)
	<u>302</u>	<u>(181)</u>
Balance at end of the year	<u>446</u>	<u>144</u>

During the year, one account classified as stage 2 was fully paid. As of 31 December 2023, no account in the portfolio was classified as stage 2 (one – 31 December 2022).

The movements in the credit loss allowance for guarantee receivable are as follows (in \$'000):

	2023	2022
Balance at beginning of the year	25,447	-
Loss allowance recognized in profit or loss under impairment losses during the year on:		
Changes in credit risk	(8,673)	25,447
Balance at end of the year	<u>16,774</u>	<u>25,447</u>

NOTE 7—LEASES

CGIF recognized right of use lease asset related to the office rental contract with ADB. This is initially measured at cost and is subsequently depreciated on a straight-line basis for three years. In November 2023, CGIF and ADB agreed to extend the lease contract upon expiry for 3 years ending 31 January 2027. Since the extension of lease term did not add the right to use a new underlying asset, it is not accounted for as a separate lease. Accordingly, the lease liability is remeasured on 30 November 2023 and a corresponding adjustment was made to the ROU Lease Asset.

The details of the amount presented in the Statement of Financial Position are as follows:

Cost	
1 January 2022	813
Remeasurement/Adjustment	<u>(6)</u>
31 December 2022	807
Remeasurement/Adjustment	<u>435</u>
31 December 2023	<u>1,242</u>
Accumulated depreciation	
1 January 2022	(470)
Depreciation	<u>(160)</u>
31 December 2022	(630)
Depreciation	<u>(161)</u>
31 December 2023	<u>(791)</u>
NET Balance at 31 December 2023	<u>451</u>
NET Balance at 31 December 2022	<u>177</u>

Depreciation – ROU Lease Asset charged for the period is reported under administrative expenses in the Statement of Net Income.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payment includes fixed payment and in-substance fixed payments for the amortization of alteration cost. The discount rate used is the latest bank average domestic lending rate (annual) published by the Central Bank of the Philippines (BSP) upon date of commencement. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. Interest expense is reported under financial expenses in the Statement of Net Income.

NOTE 8—FURNITURE, FIXTURES AND EQUIPMENT - NET

The details of this account are as follows (in \$'000):

	Office Furniture and Equipment	IT and Communications	Building Improvement	TOTAL
Cost				
1 January 2022	359	417	5	781
Additions	7	61	-	68
Disposals	-	(2)	-	(2)
31 December 2022	366	476	5	847
Additions	4	65	-	69
Disposals	-	-	(5)	(5)
31 December 2023	370	541	-	911
Accumulated Depreciation/Amortization				
1 January 2022	(301)	(335)	(5)	(641)
Depreciation	(20)	(53)	-	(73)
Amortization	-	-	-	-
Disposals	-	2	-	2
31 December 2022	(321)	(386)	(5)	(712)
Depreciation	(14)	(52)	-	(66)
Amortization	-	-	-	-
Disposals	-	-	5	5
31 December 2023	(335)	(438)	-	(773)
NET, 31 December 2023	35	103	-	138
NET, 31 December 2022	45	90	-	135

Depreciation is reported under administrative expenses in the Statement of Net Income.

NOTE 9—INTANGIBLE ASSETS - NET

Intangible assets are composed of Information systems software that is capitalized. The details of this account are as follows (in \$'000):

	Information Systems Software
Cost	
1 January 2022	1,044
Additions	27
Disposals	-
31 December 2022	1,071
Additions	8
Disposals	-
31 December 2023	1,079
Accumulated Depreciation/Amortization	
1 January 2022	(975)
Amortization	(14)
Disposals	-
31 December 2022	(989)
Amortization	(26)
Disposals	-
31 December 2023	(1,015)
NET, 31 December 2023	64
NET, 31 December 2022	82

The amortization is reported under administrative expenses in the Statement of Net Income.

NOTE 10—OTHER ASSETS

Other assets pertain to commission receivable from reinsurance, advances made by CGIF for staff benefits, prepaid expenses, subscriptions and licenses as well as security deposit.

NOTE 11—ACCOUNTS PAYABLE AND ACCRUED EXPENSES

This account consists of accounts payable, and accrual of administrative and operating expenses incurred but not yet paid. Aside from accruals for reinsurance expenses on premiums to be ceded, this account includes accrual on provision for expected refund to reinsurers upon recovery of the guarantee receivables.

NOTE 12—RELATED PARTY TRANSACTIONS

CGIF utilizes certain services from ADB including treasury service as may be agreed with the Chief Executive Officer from time to time.

Provision for ADB's administration fee, amounting to \$1.15 million (\$1.14 million – 31 December 2022), recorded in other miscellaneous expense was accrued in other liabilities. ADB's administration fee is equivalent to 10 bps of contributions received. ADB's administration fee for 2023 will be settled subsequently in May 2024. Key management personnel total compensation of short-term employee benefits for 31 December 2023 amounted to \$3.61 million (\$3.49 million – 31 December 2022).

NOTE 13—PAID-IN CAPITAL

The increase in CGIF's authorized capital to 12,000 shares from 7,000 shares at \$100,000 per share was approved by the Contributors on 6 December 2017 per Resolution No. 2017-S-01. Each Contributor shall pay in full or in installments for the number of shares by the date indicated in the IOS. However, in case where payment cannot be made by a Contributor during the subscription payment period, the subscription is renounced and forfeited after one hundred and twenty (120) days following the last due date indicated in the IOS or the end of 2023, as applicable, or such later date as the Board may determine.

The authorized capital stock of CGIF as of 31 December 2023 and 2022 are as follows (in \$'000):

	2023	2022
Authorized capital (12,000 shares)	<u>1,200,000</u>	<u>1,200,000</u>
Subscribed	1,158,000	1,158,000
Unsubscribed	<u>42,000</u>	<u>42,000</u>
Total authorized capital	<u>1,200,000</u>	<u>1,200,000</u>
Subscribed capital comprises:		
Amounts received	1,158,000	1,148,899
Amounts not yet due	<u>-</u>	<u>9,101</u>
Total subscribed capital	<u>1,158,000</u>	<u>1,158,000</u>

The AoA prescribe that shares shall be allocated to Contributors only after full payment has been received. Therefore, only paid-in capital shall be taken into account when calculating each Contributor's voting rights.

The details of CGIF capital as of 31 December 2023 and 2022 are as follows (in \$'000 except for number of shares):

31 December 2023				
Contributor	No. of shares	Subscribed	Amount received	Amount not yet received
Asian Development Bank	1,800	180,000	180,000	-
ASEAN Member Countries				
Brunei Darussalam	56	5,600	5,600	-
Cambodia	2	200	200	-
Indonesia	306	30,600	30,600	-
Lao People's Democratic Republic	2	200	200	-
Malaysia	176	17,600	17,600	-
Myanmar, Republic of the Union of	1	100	100	-
Philippines	216	21,600	21,600	-
Singapore	216	21,600	21,600	-
Thailand	216	21,600	21,600	-
Viet Nam	19	1,900	1,900	-
	1,210	121,000	121,000	-
Others (non-ASEAN Member Countries)				
China, People's Republic of	3,428	342,800	342,800	-
Japan Bank for International Cooperation	3,428	342,800	342,800	-
Korea, Republic of	1,714	171,400	171,400	-
	8,570	857,000	857,000	-
Total	11,580	1,158,000	1,158,000	-

31 December 2022				
Contributor	No. of shares	Subscribed	Amount received	Amount not yet received
Asian Development Bank	1,800	180,000	180,000	-
ASEAN Member Countries				
Brunei Darussalam	56	5,600	5,600	-
Cambodia	2	200	200	-
Indonesia	306	30,600	21,600	9,000
Lao People's Democratic Republic	2	200	200	-
Malaysia	176	17,600	17,600	-
Myanmar, Republic of the Union of	1	100	100	-
Philippines	216	21,600	21,600	-
Singapore	216	21,600	21,600	-
Thailand	216	21,600	21,499	101
Viet Nam	19	1,900	1,900	-
	1,210	121,000	111,899	9,101

Contributor	31 December 2022			Amount not yet received
	No. of shares	Subscribed	Amount received	
Others (non-ASEAN Member Countries)				
China, People's Republic of	3,428	342,800	342,800	-
Japan Bank for International Cooperation	3,428	342,800	342,800	-
Korea, Republic of	1,714	171,400	171,400	-
	8,570	857,000	857,000	-
Total	11,580	1,158,000	1,148,899	9,101

NOTE 14— RESERVE

The allocation to Reserve of the 2022 net income in retained earnings was approved on 29 May 2023 by the Contributors at the 2023 Meeting of Contributors, per MOC Resolution No. 2023-A-04.

NOTE 15— INTEREST INCOME

Interest income for the period is composed of (in \$'000):

	2023	2022
FVTOCI	32,043	23,714
Time Deposits	474	455
Guarantee	4,121	3,701
Certificates of Deposits	769	578
Others	44	10
	37,451	28,458

NOTE 16— MISCELLANEOUS INCOME

Miscellaneous income includes reimbursements of legal and out of pocket expenses, gain/loss from disposal of fixed assets, and other income which is not related to the normal operations of CGIF.

NOTE 17— ADMINISTRATIVE AND OPERATIONAL EXPENSE

Administrative and operational expense for the period is composed of (in \$'000):

	2023	2022
Staff Related Expenses	8,778	8,141
Financial and Legal Services	866	1,499
Business Travel	436	101
Depreciation – ROU Assets	160	161
Short Term Staff Consultants	153	197
MOC and BOD Expenses	148	16
Depreciation and Amortization – Fixed and Intangible Assets	91	87
Recruitment Expense	29	171
Others	583	343
	<u>11,244</u>	<u>10,716</u>

NOTE 18— REINSURANCE

On 1 October 2016, CGIF has entered a quota share reinsurance treaty with a consortium of reinsurers. The reinsurance treaty was annually renewed to cover 1-year period. In January 2024, a new treaty was signed to cover 2024 guarantees.

Reinsurance expense includes the quota share of the premium to be ceded to the consortium of reinsurers based on the reinsurance treaty. These expenses are accrued in the books over the period it covers. Quarterly statements of account (SOA) for the premium to be ceded are issued within 30 days from the end of each quarter and payments for such are due 15 days after the issuance of SOA.

The commission from reinsurance reported in the Statement of Net Income represents the commission income of 27.5% for the premium ceded and a profit commission on the annual profit derived from all the fees ceded under a treaty.

CGIF has entered risk sharing agreements with KEXIM in relation to three guarantee accounts: first in March 2019, second in April 2021 and third in August 2021. In all agreements, KEXIM's proportion is equal to 50% of the guaranteed amount and as such, participation fee amounting to 50% of the guarantee fees will be ceded after deducting the respective commission.

In 2022, CGIF received \$21.2 million from the reinsurers their share in the losses from the guarantee default in December 2021.

NOTE 19— SUBSEQUENT EVENTS

In March 2024, an event of default (EOD) was triggered as a result of non-payment in respect of an early redemption option on a convertible bond. This triggered a cross default on the CGIF THB guaranteed bond. As of the date of the issuance of this financial statements, CGIF Management assessed this to be a non-adjusting event as of 31 December 2023. Further, with the limited information, CGIF management cannot reasonably estimate the financial effects of the said default.

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