



Credit Guarantee &  
Investment Facility

An Asian Bond Markets Initiative

**FUTURE  
PROOF**

**ANNUAL  
REPORT  
2024**







Credit Guarantee &  
Investment Facility

An Asian Bond Markets Initiative

---

# FUTURE PROOF

---

**ANNUAL  
REPORT  
2024**

---

## ABOUT THE COVER:

### **“Future Proof”**

Since 2010, Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank (CGIF), has been steadfast in fulfilling its mandate to advance developmental change in the ASEAN+3 region. Through the years, CGIF has worked diligently to achieve “quality growth” in both areas of business expansion and risk management, significantly expanding its presence in local bond markets while growing its business and maintaining prudent risk management practices.

CGIF’s solid track record has laid a strong foundation as it progresses toward a “sustainable growth” strategy that is based on these five pillars: strong capital, prudent and robust risk management, proactive business growth, a robust team with its own corporate culture, and continued strong support from governments.

The cover image embodies how we see the future: dynamic, progressive, overflowing with opportunities for growth and new beginnings, and primed for secure and sustainable development—ready for the future in the ASEAN+3 region. CGIF’s market development initiatives in 2024 alone marked a transformative year for its role in the region, and it will continue building on this momentum. The organization remains committed to taking decisive action in safeguarding stakeholders’ interests, effectively identifying and mitigating risks, and enhancing the bond market’s confidence in CGIF and its guarantee products.

CGIF is confident in its agility and ability to push even more boundaries, originate more initiatives for positive outcomes, and develop a future-proof ASEAN+3 region.



# 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	25
B. Message from the Chairperson of the Board of Directors (BOD)	26
C. Message from the Chief Executive Officer (CEO)	28
D. Business and Operational Review	30
D.1 Guarantee Operations	31
D.2 Finance	46
D.3 Risk Management	50
D.4 Staffing and Organization Structure	57
D.5 Institutional Infrastructure	59
D.6 Budget	59
D.7 Financial Highlights	60
E. Our People	62
E.1 Board of Directors	64
E.2 Management Team	66
E.3 Our People	70
F. Governance	73
F.1 Governance	74
F.2 Report of the Meeting of Contributors (MOC)	75
F.3 Report of the Board of Directors (BOD)	76
F.4 Report of the Audit Committee (AC)	78
F.5 Report of the Internal Control and Risk Management Committee (ICRMC)	81
F.6 Report of the Nomination and Remuneration Committee (NRC)	83
G. Appendix	85
Appendix: Report of the External Auditor and Financial Statements	87

## 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
CRM	-	Credit Risk Mitigant
DFI	-	Development Financial institution
DOD	-	Deal Operations Department
ESDD	-	Environmental and Social Due Diligence
ESF	-	Environmental and Social Framework
ESG	-	Environmental, Social, and Governance
ESMS	-	Environmental and Social Management System
ESSPR	-	Environmental and Social Safeguards Performance Report
EXIM	-	Export-Import Bank
FVTOCI	-	Fair Value Through Other Comprehensive Income
FX	-	Foreign Exchange
GCB	-	General-Purpose Corporate Bond
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
IRR	-	Internal Risk Rating
ISDA	-	International Swaps and Derivatives Association

JBIC	-	Japan Bank for International Cooperation
LCY	-	Local Currency
MBS	-	Medium-term Business Strategy
MDB	-	Multilateral Development Bank
MOC	-	Meeting of Contributors
MOF	-	Ministry of Finance
NRC	-	Nomination and Remuneration Committee
OAI	-	Office of Anticorruption and Integrity
OP	-	Operational Policies
ORM	-	Office of Risk Management
PRC	-	People's Republic of China
RCSA	-	Risk and Control Self-Assessment
RMD	-	Risk Management Department
RMF	-	Risk Management Framework
SAA	-	Strategic Assets Allocation
SCB	-	Specific-Purpose Corporate Bond
SLB	-	Sustainability-Linked Bond
S&P	-	Standard & Poor's
TRMG	-	Treasury Risk Management Guidelines

## CURRENCY UNITS

CNH	-	Chinese Yuan Renminbi (Offshore)
CNY	-	Chinese Yuan Renminbi (Onshore)
HKD	-	Hong Kong Dollar
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

**T**he Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank (CGIF), was established by the ASEAN+3<sup>1</sup>, 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 dependency 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 for 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 property. 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 2024.

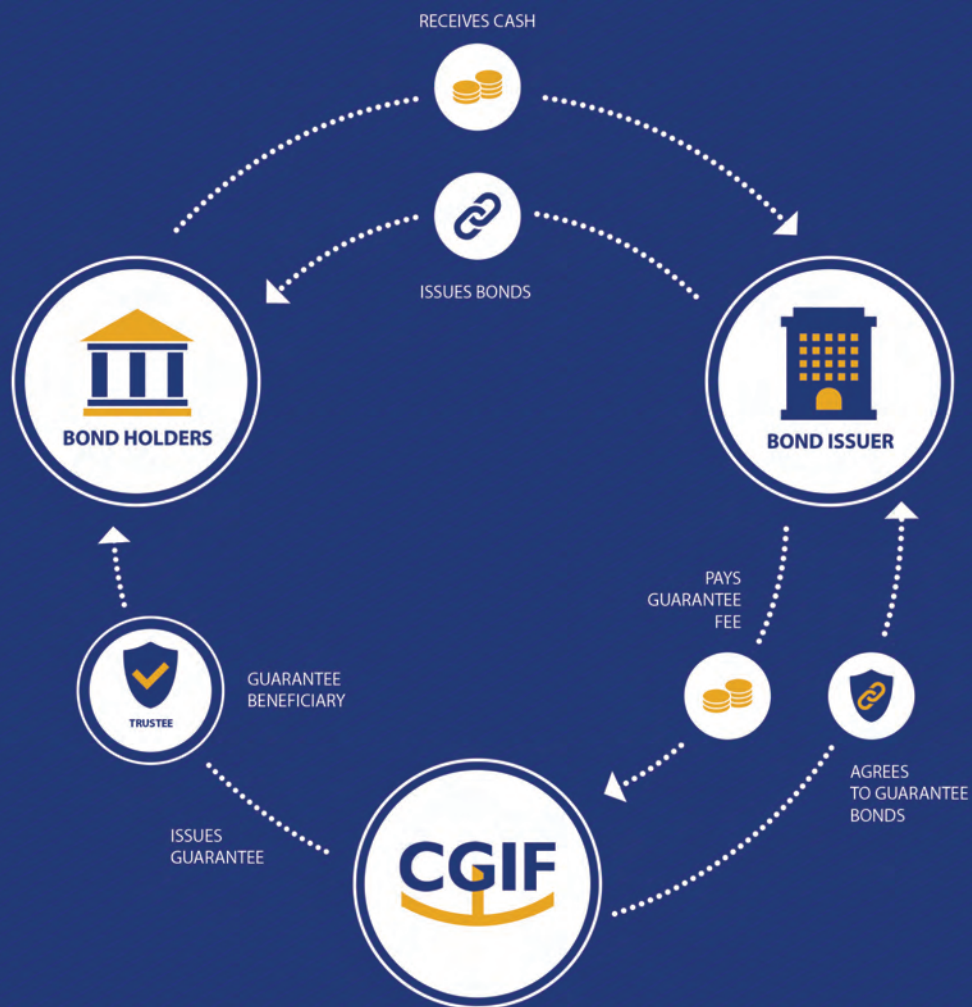
Note:

<sup>1</sup>The 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 deadline for Contributors to submit their Instruments of Subscription (IOS) for unallocated shares and the deadline for the

reallocation of unallocated shares were both set for 31 December 2024.

As of December 2024, 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 shareholding in proportion to its capital contribution.

**TABLE 1: 2024 SHAREHOLDING STRUCTURE**

CGIF Contributors	Initial Paid-in Capital (\$)	Additional Paid-in Capital as of 31 December 2024 (\$)	Total Capital Contribution as of 31 December 2024 (\$)	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%
<b>Total</b>	<b>700,000,000</b>	<b>458,000,000</b>	<b>1,158,000,000</b>	<b>100.00%</b>



## ● 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 greater the credit enhancement it can provide, ensuring more security for the guaranteed-bond investors and increasing guarantee business opportunities 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 its risk

management system and governance structure, and the experience of its 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 2024
RAM Ratings (Malaysia)	National	AAA	Stable	13 December 2024
TRIS Ratings (Thailand)	National	AAA	Stable	20 November 2024
Fitch Ratings (Indonesia)	National	AAA	Stable	16 December 2024
Pefindo	National	idAAA	Stable	14 August 2024

# ● 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)

2012

**\$700 Million** Initial Capital

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

2016



## 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

Guaranteed 8 bonds<sup>1</sup> issued by Vingroup, MPMF, APRI, Fullerton, and KNM

2014

Guaranteed 5 bonds<sup>1</sup> issued by BCA, Kolao, Protelindo, Masan, and ASF

2011

- Mr. Philip Erquiaga was elected as interim Chair of the BOD
- Mr. Kiyoshi Nishimura joined as the Chief Executive Officer (CEO)
- Institutional infrastructure was set
- Staff recruitment commenced



The office was initially opened

2013

Mr. Liu Lange became the new Chair of the BOD

CGIF successfully issued its first and second guarantees to the bonds<sup>1</sup> issued by Noble and BCA

2015

Mr. Jian Li became the new Chair of the BOD

Guaranteed a 10-year bond issued by IVL

2017

**\$1.2 Billion** New Authorized Capital

## Capital Increase Approval

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

Guaranteed 3 bonds<sup>1</sup> issued by ASA and MWG

Note:

<sup>1</sup>Each bond/sukuk tranche issued is recorded as one bond/sukuk guaranteed

2020

## CGIF celebrated its 10th anniversary



Guaranteed 5 bonds<sup>1</sup> issued by TFG, EA, RMAC, PRASAC, and GLP, expanding CGIF's guarantee portfolio to a cumulative notional amount of \$2.2 billion 10 years since inception

2018

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

Guaranteed 9 bonds<sup>1</sup> issued by ASA, Siam Gas, PAN Group, Hoan My, AEON PH, and Boonthavorn

2022

**Mr. Hongwei Wang joined as the new CEO**

Guaranteed 4 bonds and sukuku<sup>1</sup> issued by Polytama, CEG, and First REIT

2024

**Ms. Kazuko Sakuma became the new Chair of the BOD**

Guaranteed 24 bonds<sup>1</sup> issued by Hektar REIT, Daewoo, THG, RGPPSP, Sabana REIT, SPINDO, VSK, PSL, PowerDC, SMG, HRTA, BIWASE, SMIL, and NER, expanding CGIF's guarantee portfolio to a cumulative notional amount of \$3.9 billion

2019

### Changes in BOD Chair and Key Management

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

Guaranteed 7 bonds<sup>1</sup> guaranteed issued by YSH, REE, CJLA, NISS, HP1, and GELEX

2021

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

Guaranteed 12 bonds and sukuku<sup>1</sup> issued by Triasmitra, SJWD, HSC, Telcotech, HQCL, Polytama, and TFG

2023

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

Guaranteed 15 bonds<sup>1</sup> issued by SNC, CEG, Apeiron, Erajaya, HEG, INTI, YSH, ADCP, Phenikaa, CIA FIRST, Tecomen, and Telcotech



**Environmental and Social Safeguards Policy and Integrity Policy were implemented**



## ○ HIGHLIGHTS



### HEKTAR REAL ESTATE INVESTMENT TRUST

Listed on the Main Board of Bursa Malaysia since 2006, Hektar Real Estate Investment Trust ("Hektar REIT") is a Malaysia-based diversified real estate investment trust listed on Bursa Malaysia. Its portfolio comprises six malls, a hotel, and a secondary private school with an aggregate Asset Under Management of MYR1.38 billion as of 30 September 2024 and consisting of 2 million sq. ft. of net lettable area.

On 15 February 2024, Hektar REIT issued a 5-year MYR215.0 million medium-term note (the Guaranteed Tranche) under a larger MYR500.0 million medium-term notes program. This marks Hektar REIT's maiden bond issuance. The Guaranteed Tranche rated AAA by Rating Agency Malaysia (RAM Ratings), attracted resounding demand from institutional investors, underscoring growing acceptance for CGIF's guarantee in the Malaysian bond market.

Issued under the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF), the Guaranteed Tranche will supplement Hektar REIT's refinancing and capital expenditure exercises, lengthen debt profile, optimize capital structure via competitively priced fixed-rate bonds, and bolster competitiveness.



*"We are privileged to have CGIF as part of our maiden bond issuance. We look forward to further enhancing our portfolio's value proposition as the preferred destination for social engagements, shopping, and conducting business as we strive to ensure our assets' continuous revenue growth and contribution to our portfolio. Our heartfelt gratitude goes to the transaction parties who worked tirelessly and expediently to achieve this success."*

*- Mr. Zainal Iskandar Ismail,  
Executive Director and Chief Executive Officer  
of Hektar Asset Management Sdn Bhd.*



## **DAEWOO ENGINEERING & CONSTRUCTION CO., LTD.**

Daewoo Engineering & Construction Co., Ltd. ("Daewoo E&C") is a renowned global construction firm headquartered in Seoul, South Korea, with operational branches and subsidiaries spanning across Asia, Africa, and the Middle East. Established on 1 November 1973, Daewoo E&C is actively involved in the engineering and construction sector, encompassing civil works (infrastructure such as roads and railways), architectural works (office and commercial buildings), housing projects (residential buildings and developments), as well as petrochemical and gas plants and power plants (energy-related facilities) across both domestic and international markets.



Leveraging its technical prowess and formidable track record in the Korean market, Daewoo E&C has successfully expanded its operations onto the global stage. Over the past 5 decades, the company has undertaken approximately 500 overseas projects in 50 countries worldwide, with a cumulative project value of \$70 billion, showcasing its unwavering commitment to excellence in project delivery.

CGIF guaranteed the SGD150 million 5-year Senior Unsecured Bonds issued by Daewoo E&C. These 5-year bonds, rated AA by S&P, have a 3.88% fixed interest rate and attracted strong demand from over 20 entities, including asset managers and private banks, achieving an oversubscription rate of 2.87 times. The bond proceeds are earmarked for Daewoo E&C's two key projects with the Land Transport Authority in Singapore, contributing to the expansion of the Mass Rapid Transit network.

*"Daewoo consistently upholds a diversified financing strategy aligned with our business portfolio. Building upon last year's successful sukuk issuance in the Middle East, this bond issuance in Singapore reflects global investors' confidence in Daewoo's robust operations."*

*- Mr. Yong Hee Lee,  
Head of Finance Division of Daewoo E&C*



THONBURI  
HEALTHCARE  
GROUP

## THONBURI HEALTHCARE GROUP PUBLIC COMPANY LIMITED

Founded in 1976, Thonburi Healthcare Group Public Company Limited ("THG") operates private hospitals in Thailand, Myanmar, and Viet Nam through direct management and affiliated firms as well as joint ventures, offering comprehensive medical services by experienced doctors and with high-technology medical equipment.

With CGIF's external credit enhancement, THG has issued 3- and 5-year bonds amounting to THB700 million and THB1,000 million, respectively, on 30 May 2024. Issued under the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF), the bond issuance has aided THG in raising funding for its capital expenditure requirements aimed at expanding the hospital network's overall capacity and improving its facilities and service offerings.

The dual-tranche bonds attracted several leading domestic institutional investors, and with an AAA rating issued by TRIS Rating, the bonds achieved a competitive coupon rate for both tenors.

This transaction represents a significant milestone as THG's inaugural issuance in the Thai corporate bond market as well as CGIF's pioneering support for a healthcare enterprise in Thailand. Further, it underscores CGIF's dedication to supporting essential sectors in the community, enhancing the services available to the public.

*"We are truly grateful for the support of CGIF as the credit guarantor for our bond issuance. This pivotal partnership not only strengthens our ability to grow and expand our healthcare services but also fosters long-term investor trust. It positions us to achieve sustainable growth, fully in line with our strategic objectives, and reinforces our commitment to delivering exceptional value in the future."*

*- Mr. Pumipat Chatnoraset,  
Group Chief Financial Officer of Thonburi  
Healthcare Group Public Company Limited*







## ROYAL GROUP PHNOM PENH SEZ PLC.

Founded in 2006, Royal Group Phnom Penh SEZ Plc. ("RGPPSP") operates strategically positioned Special Economic Zones (SEZs) in Cambodia. The company commenced operations in 2007 and welcomed its inaugural zone investor in 2008. Since its inception, RGPPSP has experienced significant growth, driven by local corporations and foreign investors setting up operations within their SEZs. This growth has been accompanied by a strong commitment to quality and environmental conservation by obtaining ISO: 9001 and ISO: 14001 certifications.

*"As one of the leading special economic zones (SEZs) in Cambodia, we are now the first SEZ to successfully issue a green bond. This has implications to us as an SEZ developer and operator, and we are taking the lead to introduce the green SEZ concept in the country to cater to global climate change concerns and related issues. With this green bond issuance, we show our commitment to social responsibility while ensuring sustainable development and growth in Cambodia. Environmental, social, and governance (ESG) disclosures are also taken care of as part of our committed efforts toward sustainable development and integrated reporting in the country."*

*- Mr. Neak Oknha Kith Meng,  
Chairman of Royal Group of Companies*



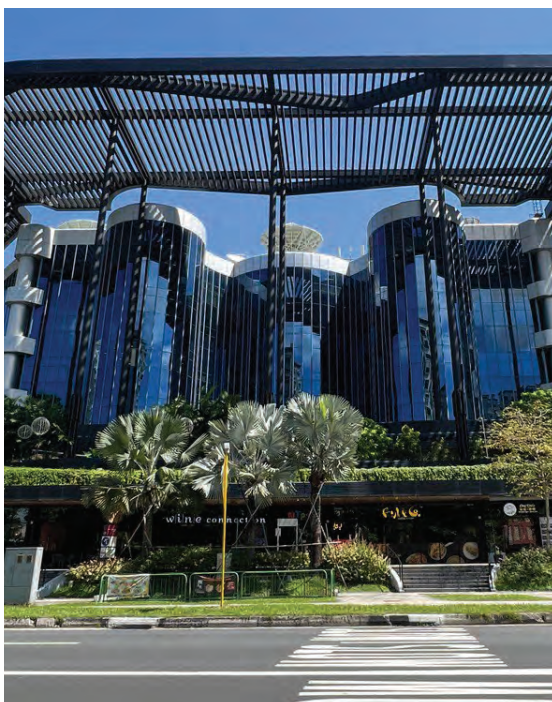
RGPPSP operates three SEZs: Royal Group Phnom Penh SEZ, Royal Group Kandal SEZ, and Royal Group Poipet SEZ. RGPPSP ranks first in diversity of investor nationalities in the market and second in both land size (357.32 hectares) and market share.

With CGIF's full guarantee support, RGPPSP issued 5-year KHR41.0 billion floating-rate amortizing bonds as its debut corporate bond issuance. This bond represents the first green bond in Cambodia guaranteed by CGIF. It was issued under the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) as well as the Cambodia Sustainable Bond Accelerator Program (CSBA). The CSBA is a joint effort by the Securities and Exchange Regulator of Cambodia (SERC), Global Green Growth Institute (GGGI), the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) in collaboration with the CGIF and GuarantCo, a member of the Private Infrastructure Development Group.



## SABANA INDUSTRIAL REAL ESTATE INVESTMENT TRUST

Sabana Industrial Real Estate Investment Trust ("Sabana REIT") is a Singapore-based industrial real estate investment trust listed on Singapore Exchange. Sabana REIT has a diversified property portfolio valued at SGD914.5 million as of 30 June 2024, comprising 18 industrial properties located across Singapore.



On 25 June 2024, Sabana REIT issued its 5-year SGD100 million sustainability-linked bond (SLB) under the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF). The issuance marks key milestones for CGIF and Sabana REIT as it is CGIF's inaugural guarantee for an SLB and Sabana REIT's debut in thematic bond issuance. Rated AA by S&P, it is only the second ASEAN SLB to be issued to date, underpinning CGIF's efforts to promote ASEAN Capital Markets Forum's (ACMF's) sustainable finance initiative and the adoption of thematic bonds in ASEAN+3.

The proceeds of the bond will be used to achieve Sabana REIT's sustainability targets and for its asset enhancement initiatives, refinancing of existing term loans, and implementation of environmental, social, and governance (ESG) initiatives. The bond also facilitates the strengthening of Sabana REIT's capital structure by lengthening the average tenor of borrowings and increasing the proportion of fixed-rate financing in its debt structure.

*"With the issuance of our first sustainability-linked bond, we were able to expand our capital financing options. We wish to thank all parties involved, including CGIF, for their support of this deal to diversify our funding sources. The REIT is well on track to achieve its goal of becoming one of Singapore's first carbon-neutral industrial REITs by 2040."*

*- Mr. Donald Han, Chief Executive Officer  
of the Manager of Sabana Industrial  
Real Estate Investment Trust*





## PT STEEL PIPE INDUSTRY OF INDONESIA TBK

PT Steel Pipe Industry of Indonesia Tbk (“SPINDO”) is the largest welded steel pipe manufacturer in Indonesia, established in 1971 with a production capacity of around 600,000 tons per year. SPINDO operates six units located in East Java and West Java. More than 60% of SPINDO’s products are used in infrastructure, telecommunications, mining, petrochemicals, construction, and utilities, while the remainder is used in the oil and gas sector, automotive industry, and furniture. Products manufactured by SPINDO have obtained SNI, ASTM, and JIS certifications and have been certified by UL, FM, and API 5L. SPINDO is classified as a “BLUE” company in terms of environmental aspects, meaning it complies with environmental regulations in Indonesia.

*“It is an honor and excitement for us to issue our first CGIF-guaranteed bonds, which greatly expand our investor universe and enhance our financial structure by extending the funding duration. In short, we will enjoy qualitative and quantitative benefits due to the support of CGIF. Moreover, it is also Indonesia’s first IDR sustainability-linked bond issuance, which demonstrates our company commitment toward sustainable development goals.”*

*- Mr. Johanes W. Edward,  
Chief Strategy Officer  
of PT Steel Pipe Industry of Indonesia*

SPINDO is a public company listed on the Indonesia Stock Exchange (IDX) on 22 February 2013, with the stock code ISSP.

SPINDO issued 3-, 5-, and 7-year IDR-denominated bonds totaling IDR1.0 trillion on 9 July 2024, supported by CGIF’s guarantee. This transaction is the first sustainability-linked bond (SLB) in Indonesia guaranteed by CGIF and is a landmark for sustainable financing in Indonesia.

The oversubscribed SLB, rated idAAA(cg) by PEFINDO, was issued at a coupon rate of 7.0% p.a. for the 3-year tranche and 7.35% p.a. for both the 5-year tranche and 7-year tranche with stronger investors’ demands for the longer tenors. The proceeds will be used for the development of SPINDO’s new warehouse, working capital, and refinancing of existing debt facilities.





### VONGSAYAM KORSANG CO., LTD

Vongsayam Korsang Co., Ltd (“VSK”) began as a building contracting company when it was established back in 1976. It expanded in 1982 to include water utilities and pipeline system management. Over the years, VSK has developed expertise in constructing water pumping and treatment systems, pipeline maintenance, and installation.

With CGIF’s full guarantee support, VSK issued multi-tranche THB-denominated bonds on 8 August 2024, with maturities of 3, 5, 7, and 10 years and totaling THB1,955.80 million. The

bond proceeds will fund VSK’s investment and construction of the main raw water pipeline system in the eastern region of Thailand. This follows the 30-year operations and maintenance concession contract for the Eastern Economic Corridor’s main water management project of the Treasury Department under the Ministry of Finance, which was awarded to VSK in 2022.

This deal has achieved two significant milestones. Firstly, the 10-year tranche is the longest THB-denominated bond to be guaranteed by CGIF. Secondly, it is the first CGIF-guaranteed offering placed entirely to high-net-worth individuals.

*“The guarantee by CGIF is a validation for VSK’s robust credit and commitment to environmentally and socially conscious development. The strong demand from a diverse pool of high-net-worth investors for our guaranteed debentures is a testament of confidence in CGIF and trust in VSK’s sustainable future.”*

*- Mr. Anurit Kerdsinchai, Managing Director  
of Vongsayam Korsang Co., Ltd*





## PRECIOUS SHIPPING PUBLIC COMPANY LIMITED

Precious Shipping Public Company Limited (“PSL”) is a dry cargo ship-owner in the tramp freight market, operating in the Handysize, Supramax, and Ultramax sectors and transporting commodities like grains, cement, fertilizers, ores, coal, logs, and steel globally. It was founded in 1989 and listed on the Stock Exchange of Thailand in 1993. As of end-2024, it operates a fleet of 40 vessels, totaling over 1.7 million deadweight tonnage (DWT). PSL ranks among the world’s largest pure dry cargo ship-owning companies that operate in the Geared sector (i.e., 10,000 to 69,000 DWT) of the tramp freight market.

CGIF’s 100% credit wrap enabled PSL to issue dual-tranche sustainability-linked bonds (SLBs), each sized at THB680.0 million, with maturities of 5 and 10 years. Rated AAA by TRIS Rating, the SLBs were privately placed with institutional investors and high-net-worth individuals under the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF).

ADB supported PSL in the development of its Sustainability-linked Finance Framework, which aligns with ASEAN Capital Markets Forum’s ASEAN Sustainability-linked Bond Standards as well as the International Capital Market Association’s Sustainability-linked Bond Principles, as verified by a Second Party Opinion from Lloyd’s Register.

This transaction marks a significant milestone as the first-ever SLB issued by an Asian shipping company, with the goal of reducing its CO<sub>2</sub> emissions per transport work by at least 38.54% by 2034. Such initiative supports ongoing global efforts to combat climate change.

*“This transaction marks a pivotal moment for us, allowing PSL to secure long-term funding, diversify financial sources, and extend the maturity of our debt—all while reducing our reliance on traditional bank loans. Backed by CGIF’s AAA credit rating from TRIS, this initiative demonstrates our commitment to building a more sustainable future. We are grateful to CGIF for their partnership and support in bringing this transaction to life. It is our hope that this pioneering effort will encourage and inspire other shipping companies to explore sustainable financing solutions, paving the way for a more resilient and sustainable future.”*

*- Mr. Khalid M. Hashim, Managing Director of Precious Shipping Public Company Limited*







### POWERDC HOLDCO PTE., LTD.

CGIF extended bond guarantees to PowerDC HoldCo Pte., Ltd. ("PowerDC"), a member company of Vantage Data Centers, a leading owner, developer, and operator of global hyperscale data center campuses. PowerDC issued a 5-year SGD bond in Singapore on 8 November 2024 and a 3-year HKD bond in Hong Kong, China on 27 November 2024. Leveraging on CGIF's investment-grade global rating, both tranches were rated AA by S&P Ratings and issued under the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF).



The SGD bond marks ASEAN's first rated data center bond issuances, reflecting the region's growing potential as a hub for colocation and hyperscale data centers. These bonds are also the first investment-grade, local currency-denominated bond in the data center sector for ASEAN+3 and Asia.

Moreover, both the SGD and HKD issuances underscore key milestones for CGIF and Vantage Data Centers, which include Vantage Data Centers' maiden bond issuance in Asia, CGIF's first transaction in the digital infrastructure space, and CGIF's first guarantee for an HKD-denominated bond. This transaction is a significant addition to CGIF's expanding guarantee portfolio.

*"This dual-tranche bond issuance represents a first-of-its-kind on many fronts. This is only made possible due to the team's relentless pursuit of innovative and trailblazing financing strategies, which enables Vantage to diversify its funding sources and extend our Asia-Pacific (APAC) investor base to debt capital investors. We are delighted with the strong investor interest shown in our APAC business. The oversubscription and success of this bond issuance is a clear endorsement of our financial standing, credit worthiness, and business strategy."*

*- Joel Cheah, Chief Financial Officer of APAC  
for Vantage Data Centers*



## SINGAPORE MEDICAL GROUP LIMITED

Singapore Medical Group Limited ("SMG") is one of the largest private specialist healthcare providers in the Asia-Pacific region with a growing presence in Singapore, Australia, Indonesia, and Viet Nam. SMG operates across 66 locations in five key segments, including women's and children's health, diagnostic imaging and health screening, aesthetics medicine, and oncology, among others. More recently, SMG acquired a controlling stake in one of Australia's leading in vitro fertilization (IVF) groups, City Fertility, which effectively strengthened its presence in the Asia-Pacific region and broadened its service offerings in IVF and women's health. SMG is supported by its largest shareholder and strategic partner, Korea's CHA Medical Group, a renowned global leader in IVF.



The issuance of the 5-year SGD90.0 million CGIF-guaranteed corporate bond on 20 November 2024, rated AA by S&P Global Ratings, marks SMG's first foray into the debt capital market of Singapore. The bond, which was issued under the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF), will strengthen SMG's capital structure by refinancing and lengthening its debt tenor, supplementing capital expenditure, diversifying its funding sources, and expanding its investor base.

Furthermore, this transaction underscores CGIF's continuing support for ASEAN+3 strategic partnerships and investment in ASEAN healthcare infrastructure.

*"We are delighted to have successfully completed our inaugural bond issuance as we position for our next phase of growth. Our aspirations are clear: to become a market leader in the specialist healthcare space with a strategic focus on women's health and IVF services. We are incredibly grateful for CGIF's strong support of our vision and for backing us in this successful issuance."*

*- Dr. Beng Teck Liang, Executive Director  
and Chief Executive Officer  
of Singapore Medical Group Limited*



HARTADINATA ABADI

### PT HARTADINATA ABADI TBK

Founded in 2004, PT Hartadinata Abadi Tbk ("HRTA") is a leading gold manufacturing and trading company in Indonesia recognized for its vertically integrated operations spanning gold jewelry and bullion manufacturing, refining, and retail business. HRTA is the only listed Indonesian gold jewelry company that has gone public since 2017, showcasing its commitment to innovation and market leadership.

As of the bond issuance date, HRTA operates four factories producing high-quality gold jewelry and bullion and a precious metal refining facility. Its business is also supported by an extensive distribution network with over 1,000 points of sales including local wholesalers and retail shops and partnerships with major e-commerce platforms. HRTA holds a growing market share in both gold bar and jewelry sales, reflecting its strong position



*"We extend our gratitude to CGIF for their invaluable support in our bond issuance. This partnership not only reinforces our commitment to growth but also plays a crucial role in strengthening our position as the leader in the industry. HRTA always focuses on enhancing our ability to serve our customers better and also contribute to the broader economy. We are aiming to be the largest and most integrated gold player in Indonesia."*

*- Ms. Sandra Sunanto, President Director  
of PT Hartadinata Abadi Tbk*

in Indonesia's gold jewelry and bullion industry and dedication to sustainable growth. Since 2023, HRTA's global presence has also expanded to deliver quality jewelry worldwide.

CGIF supported the guaranteed bond issuance of HRTA amounting to IDR900 billion issued on 26 November 2024. Listed in the Indonesia Stock Exchange (IDX), the publicly offered bond marks CGIF's continued efforts to diversify issuer base and encourage greater investors participation, fostering growth in the development of Indonesia's IDR bond markets.

The oversubscribed bond, rated idAAA(cg) by PEFINDO, was successfully issued at a coupon rate of 6.9% p.a. for the 3-year tranche and 7.1% p.a. for the 5-year tranche with strong investors' demand for the longer tenor. The proceeds will be used to refinance HRTA's existing debt facilities and support long-term working capital.





## **BINH DUONG WATER ENVIRONMENT CORPORATION JOINT STOCK COMPANY**

Binh Duong Water Environment Corporation Joint Stock Company (“BIWASE”) is a leading enterprise in Viet Nam specializing in water supply and environmental services. BIWASE operates an extensive and integrated water supply network across Binh Duong Province, with a current capacity of 822,000 cubic meters per day. BIWASE has become a key player in the water supply sector and is the third largest clean water supply company in the country by capacity.

BIWASE Long An Water Joint Stock Company (“BIWASE Long An”), a subsidiary of BIWASE, focuses on providing water supply services in Long An, Viet Nam. The company currently operates the Nhi Thanh Water Plant, with a combined capacity of 60,000 cubic meters per day across its first and second phases. This facility ranks among the largest surface water treatment plants in the Long An Province.



*“This achievement marks a significant milestone for BIWASE Long An and Viet Nam’s bond market. BIWASE Long An plays a pivotal role in BIWASE’s strategic development in Long An province, and this success will serve as a strong foundation for BIWASE to execute its future investment and growth plans. BIWASE believes that this bond issuance will pave the way for future financing opportunities in the water sector and attract more investments into critical infrastructure projects, both for the industry and for BIWASE specifically.”*

*- Mr. Nguyen Van Thien, Chairman of Binh Duong Water Environment Corporation Joint Stock Company*

To increase BIWASE Long An’s capacity by an additional 60,000 cubic meters per day at its existing plant, BIWASE Long An secured funding via its debut bond issuance of VND700.0 billion on 27 November 2024, guaranteed by CGIF. This transaction marks a breakthrough for CGIF and Viet Nam’s bond market. Rated AAA by FiiRatings Joint Stock Company, it is Viet Nam’s first ever AAA-rated corporate bond. With a 10-year tenor, it represents CGIF’s first long-dated transaction and first infrastructure funding in Viet Nam in the post-pandemic era, further entrenching CGIF’s position as a catalyst of long-term bonds in Viet Nam and ASEAN. Moreover, the bond underscores the viability of local currency bonds in funding ASEAN infrastructure projects, a core mandate of CGIF.



#### **PT SARANA MITRA LUAS TBK**

PT Sarana Mitra Luas Tbk ("SMIL") is the market leader for heavy equipment rental in Indonesia and is the only heavy equipment rental company listed on the Indonesia Stock Exchange (IDX). Established in 2006 and located in Cikarang, Bekasi Regency, West-Java Province, SMIL is primarily engaged in forklift rental and material handling solutions, including forklift rentals with or without operators and output-based rentals. The company offers a range of equipment, such as diesel and electric forklifts, reach trucks, and loaders, catering to industries such as manufacturing, steel, automotive, food, and logistics. SMIL currently owns over 4,000 forklifts with over 1,200 employees.

Through CGIF's support, SMIL was able to conduct its maiden issuance of 3- and 5-year bonds amounting to IDR300 billion. Listed on the IDX, the bonds are rated idAAA(cg) by PEFINDO and were issued at a coupon rate of 7.35% p.a. for the 3-year tranche and 7.80% p.a. for the 5-year tranche. Bond proceeds will be used for the purchase of electric forklifts, batteries, and chargers and for the refinancing of existing forklift leases. SMIL's bond issuance marks the third IDR guaranteed bond by CGIF in Indonesia in 2024, reflecting growing momentum in the market.

*"We extend our deepest gratitude to CGIF for their support in our bond issuance. This partnership not only signifies a pivotal milestone in our journey but also reinforces our commitment to sustainable growth and operational excellence. With the proceeds dedicated to expanding our fleet of electric forklifts and optimizing our services, we are poised to enhance our capacity to serve diverse industries while contributing to Indonesia's broader economic development. This issuance is a testament to our vision of becoming the most trusted and integrated material handling solutions provider in Indonesia, and we are confident that this collaboration with CGIF strengthens our foundation for long-term success and industry leadership."*

*- Mr. Hadi Suhermin, President Director of PT Sarana Mitra Luas Tbk*





### NORTH EAST RUBBER PCL (“NER”)

North East Rubber PCL (“NER”) was established and registered on 12 June 2006 to operate the manufacturing and distribution business for Ribbed Smoked Sheet (RSS), Standard Thai Rubber (STR) and Mixtures Rubber. The company is also a licensed producer and exporter of Thailand’s rubber products. It distributes its products to both domestic and foreign manufacturers in countries such as The People’s Republic of China, Japan, Singapore, Bangladesh, and India.



*“We are pleased to announce the issuance of bonds guaranteed by CGIF. This guarantee not only strengthens NER’s financial stability by addressing its working capital needs but also highlights the company’s significant potential for future expansion and growth. Additionally, the collaboration and support from CGIF and United Overseas Bank have substantially boosted investor confidence, reflecting the trust and credibility that NER has cultivated within the financial market. This milestone represents a step in NER’s pursuit of sustainable growth and reinforces our steadfast commitment to delivering long-term value for all stakeholders.”*

*- Mr. Chuwit Jungtanasonboon,  
Chief Executive Officer of North East Rubber PCL*

NER issued 5-year debentures amounting to THB1,500 million, which were assigned a rating of AAA by Tris Ratings. While NER has issued debentures in the past, the CGIF guarantee enabled NER to tap a different set of investors for the first time, attracting demand from major institutional investors.

Proceeds will be used for refinancing of NER’s existing credit facilities used for stable and long-term working capital. This will not only support the issuer but also the industries that consume NER’s rubber products as raw material.

# CGIF Market Education and Development Activities

In 2024, CGIF enhanced its foothold in the local bonds market, employing Market Development (MD) strategies to solidify its role as a catalyst in the progression of the ASEAN+3 bond market. By actively engaging speakers, panelists, and event organizers, coupled with a robust increase in social media activity, CGIF has markedly amplified its influence and presence across the region.



## JANUARY



### THAILAND:

- ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) Bangkok



### CAMBODIA:

- Credit Guarantee Corporation of Cambodia (CGCC) Annual Seminar on Diversifying Credit Guarantee Mechanism for Sustainable Financing of Micro, Small, and Medium Enterprises (MSMEs)

## MARCH



### LAOS:

- Scaling Up Green and Sustainable Investment through Capital Market



### CAMBODIA:

- Catalyzing Green and Sustainable Investments: Practical Approaches to Promote Corporate Sustainability

## APRIL



### VIET NAM:

- Debt Summit Event 2024



### INDONESIA:

- Prospect and Benefit of Issuing Sustainability Bonds in Indonesia

### THAILAND:



- Thai-Bond Market Association Environmental, Social, and Governance (ESG) Workshop

## MAY



### INDONESIA:

- Fitch Ratings Indonesia Annual Conference

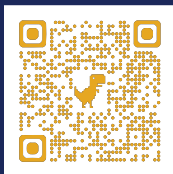


### INDONESIA:

- Roundtable on Advancing Capital Market for Sustainable Development in Indonesia



CGIF created high-quality videos, infographics, and podcasts to simplify complex financial concepts and engage investors, issuers, and stakeholders, sharing them on platforms like YouTube and LinkedIn. CGIF published insightful articles in *Asiamoney* and *The Asset*, enhancing its impact on the financial landscape.



CGIF\_Official



CGIF

## JUNE

### SINGAPORE:

- China International Capital Corporation (CICC) China Southeast Asia Economic and Finance Forum (Asian Credit Markets: Impact of Higher Interest Rates and Tighter Financial Conditions)

### SINGAPORE:

- International Financing Review (IFR) Asia Environmental, Social, and Governance (ESG) Financing Roundtable

### INDONESIA:

- Building Business Environment within Pension Funds Outlook

## AUGUST

### VIET NAM:

- Interbank Offsite Digital Assets – Corporate Bond Market – Market Outlook, an annual event for Viet Nam's financial market traders and participants to exchange views and learn best practices

### VIET NAM:

- Viet Nam Bond Market Association (VBMA) Workshop Accelerating Corporate Bond Market Recovery

### PHILIPPINES:

- Philippine Dealing & Exchange Corp. (PDEX) Online Listing Workshop "The Importance of Having Bond Issuances Guaranteed"

### LAOS:

- Jumpstarting Corporate Bond Market in Lao PDR, which discussed key success factors, regulations, market players, and introduction to green, social, and sustainability bonds

CGIF participated and collaborated with partners to educate and share experiences in the ASEAN+3 bond market ecosystem at 25 major market events (conferences, seminars, forums) across ASEAN, including nine events in Indonesia, where it hosted its inaugural CGIF Appreciation Night. The appreciation night is the start of an annual series where CGIF will use the opportunity to thank market participants who help the organization in achieving its developmental goals. Five events were held in frontier markets (Laos and Cambodia); two were self-organized; and the rest were arranged through partnerships with regulators, bond associations, rating agencies, and multilateral organizations.



Collectively, these initiatives have significantly elevated CGIF's standing in the region, attracting more clients, stimulating investor interest, and facilitating smoother transaction execution.



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/>

## OCTOBER



### INDONESIA:

- Sustainability-Linked Bond (SLB) and Sukuk Bond Workshop



### LAOS:

- Capital Links Forum "Learnings from Neighboring Bond Markets"



### MALAYSIA:

- RAM Forum Johor "Technology Advancing Growth"

## NOVEMBER



### INDONESIA:

- Indonesia Municipal Infrastructure Finance Week



### SINGAPORE:

- 19th Asia Bond Markets Summit (Asia-Pacific Edition), a discussion on trends, challenges, and opportunities in the bond market

## DECEMBER



### INDONESIA:

- CGIF Appreciation Night in Indonesia - Partnership and Progress, a celebration of 14 years of CGIF's commitment to partnership and positive impact

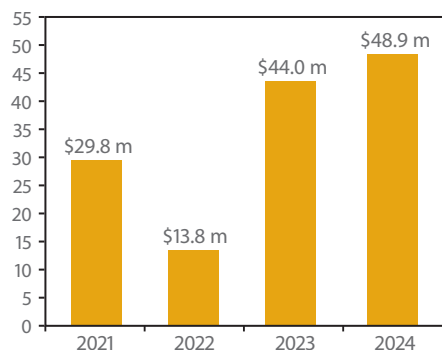


### INDONESIA:

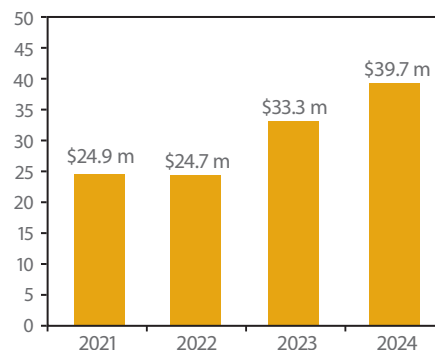
- Indonesia Accelerator Program (2-day event): "GSS+ Bonds / Sukuks Accelerator Program for Indonesia" and "Municipal Bonds and Sukuk for Sustainable City Development in Indonesia"

# FINANCIAL SUMMARY

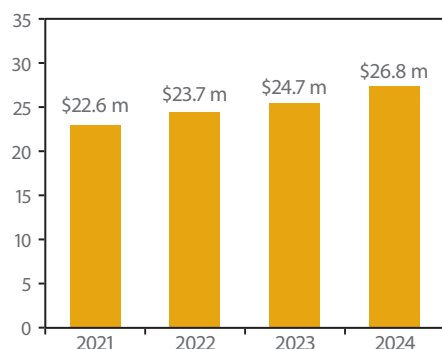
**FIGURE 1: NET INCOME**



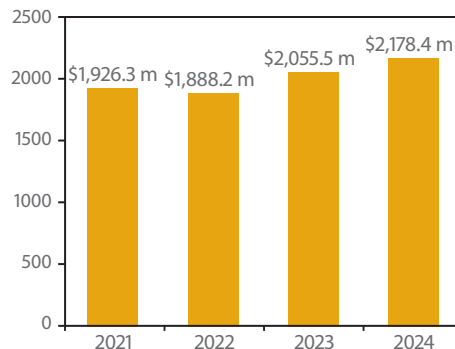
**FIGURE 2: INVESTMENT INCOME**



**FIGURE 3: GUARANTEE INCOME**

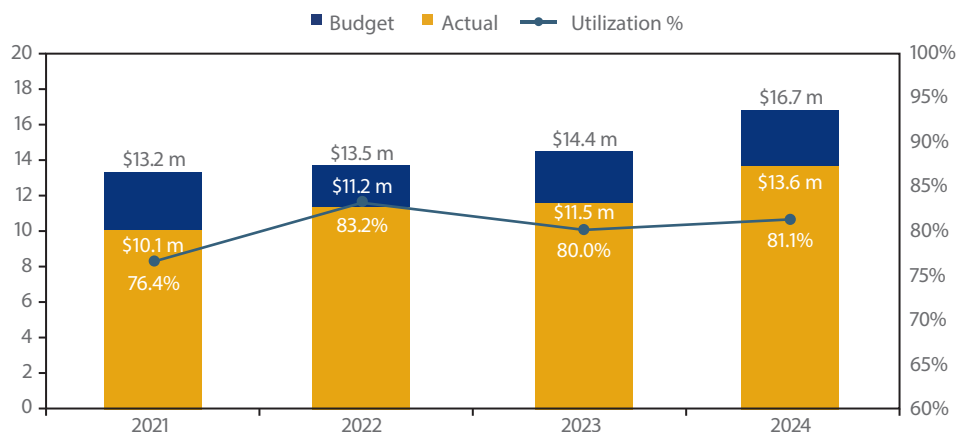


**FIGURE 4: OUTSTANDING GUARANTEE ISSUED**



Note: Outstanding guarantee obligation on bond principal.

**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) The increase in budget utilization in 2024 reflects CGIF's continuing efforts to expand its deal origination activities and enhance market awareness of its bond guarantee product and the execution of new initiatives to strengthen its organization culture, staff engagement, and retention.



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



I am grateful to the Board of Directors (BOD) of CGIF for trusting me with the position of Chairperson. It is an honor to be part of an organization that has been committed to its developmental work in the ASEAN+3 region. I am likewise pleased to work alongside my fellow Directors and the professional Management and dedicated staff of CGIF, led by our Chief Executive Officer, Mr. Hongwei Wang.

We have been making great strides, especially in the last 2 years. Notwithstanding all the economic challenges, CGIF managed to surpass last year's record-breaking performance. We supported 15 guarantee transactions for 14 bond issuers, bringing our cumulative notional guarantee amount to nearly \$4 billion. Our outstanding guarantee portfolio also expanded, reflecting the growing confidence of market participants in our role. Financially, CGIF sustained its positive momentum, with net income rising by 11% and total revenue reaching \$68.4 million, driven by strong guarantee and investment income.

Our quality growth strategy yielded all these fantastic results. We prioritized risk management, business growth, and expanded market development. We didn't just close a good number of deals; we closed high-quality deals. We structured a marketing plan that enabled us to raise our presence and profile in the local bond markets but also managed to grow our business and maintain our prudent risk management practices.

# MESSAGE

In 2025, Management is introducing a sustainable growth strategy, and it is one that I fully support. We want to make sure that the impactful work that we do in the region is sustained for many years and that, as our Annual Report cover proudly states, we are “future-proof.”

We are progressing with confidence.

I am confident in the solid foundation CGIF has built in all its 14 years and the five pillars on which we will build this sustainable growth strategy: strong capital, prudent risk management, motivated business growth, a results-focused corporate culture, and continued government support.

I am confident as well in the support and trust of our Contributors, and I thank them for being with us on this journey. I am grateful for the continued guidance of my fellow Directors, and I look forward to working more closely with them. I am especially appreciative of the strong leadership of Management and the hard work, dedication, and teamwork of the whole CGIF staff.

We have big goals for 2025, and I am confident that with everyone’s support and cooperation, I can successfully help steer the wheel. As Chairperson of the BOD, I commit to leading the implementation of our Medium-term Business Strategy (MBS), fulfilling the policy objectives set out by the Asian Bond Markets Initiative (ABMI), and protecting the interests of all our partners and stakeholders.

It is my honor to be part of our organization’s mission and vision and to do my share in the developmental work in the region. Together, let us build a stronger, bolder, and more united CGIF.



**Ms. Kazuko Sakuma**  
Chairperson, Board of Directors

## MESSAGE FROM THE CHIEF EXECUTIVE OFFICER (CEO)

**A**fter the remarkable year we had in 2023, I am proud to announce that we continued to build momentum and did even better in 2024.

We achieved a record-breaking performance, closing 15 transactions that supported 14 corporate clients, with the highest guaranteed volume totaling \$772 million. CGIF issued guarantees to thematic bonds by four issuers and made landmark transactions in the process, among them: CGIF's first green bond in Cambodia and Asia's first sustainability-linked bond by a shipping company. CGIF likewise supported an inaugural

transaction in Hong Kong Dollars, enhancing its currency diversification, and facilitated Viet Nam's first AAA-rated corporate bond and Asia's first investment-grade local currency bond issued by a data center company. By the end of 2024, CGIF had helped raise financing from seven ASEAN+3 local currency bond markets. We also set a benchmark with the highest average developmental impact score for the deals closed since the commencement of guarantee operations in 2012.

Further underscoring our commitment to sustainability and the development of local bond markets across ASEAN, several of our 2024 deals earned five awards from *The Asset*. This recognition reflects CGIF's growing role in advancing sustainable financing and strengthening regional capital markets.

CGIF's net income for 2024 is \$48.9 million, \$4.9 million higher than the previous year (11% increase). The growth can be attributed to several factors but was mainly driven by a \$10.9 million increase in gross revenue, partially offset by a \$6 million rise in total expenses.

We also continued with our plans to elevate CGIF's profile across the region with multi-media marketing initiatives, including the first ever CGIF Appreciation Night. We plan to continue strengthening engagement in the local bond markets through relevant promotional and informative content to be published in digital and traditional media.

The renovation of the CGIF office, which commenced in 2023, was finally completed. This has had a significant impact on productivity and employee morale. I have always believed in cultivating a workplace culture that squarely prioritizes our people's wellbeing and upholds strong corporate and social values. We likewise conducted various team building activities to improve organizational culture centered on CGIF's core values of respect, professionalism, and accountability.



# MESSAGE



I cannot emphasize enough how our core values have been so integral in our success. We treat each other with respect, conduct all our work with utmost professionalism, and more importantly, hold ourselves accountable for upholding the CGIF mandate in the ASEAN region. We work tirelessly and diligently to close more good deals and expand our presence in every local bond market.

In 2023, we implemented a quality growth strategy, which required us to focus on both risk management and business growth, with expanded market development as one of the key aspects. We did just that: we have significantly expanded CGIF's presence in local bond markets while growing our business and maintaining prudent risk management measures.

In 2025, we are moving toward a sustainable growth strategy, and our solid track record allows us to do so. Our sustainable growth strategy is based on these five pillars:

- 1. Adequate Capital.** Thanks to the capital injection and support we receive from our Contributors, we are able to perform our tasks and business operations.
- 2. Prudent Risk Management.** CGIF has always maintained a diligent approach to identifying, evaluating, and responding to potential threats. We continually anticipate and plan for challenges and take all the necessary steps to mitigate risks.
- 3. Proactive Business Growth.** In the last 2 years, we have been very successful in executing deals, moving from one-digit to double-digit in terms of number of closed deals. We are now targeting to close 12 to 15 high-quality deals every year to really achieve meaningful impact in the local market. And we will accomplish this goal with a deeper understanding of markets, by continually growing a robust pipeline and with the help of a highly capable team.

**4. Our Own Corporate Culture.** Banking again on our core values of respect, professionalism, and accountability, we will continue to cultivate this strong corporate culture—one that is more action-oriented—within CGIF.

**5. Continued Strong Government Support.** We are hoping to receive the strong support and endorsement from governments so we can continue our work in the region. We will do this by strengthening our marketing initiatives to raise the CGIF profile.

As always, I am very grateful for the support our Board of Directors has continually afforded Management and staff. We cannot do the work without your guidance and encouragement. I would also like to welcome our new Chairperson, Ms. Kazuko Sakuma, the Resident Executive Officer for Regional Head for Asia and the Pacific of Japan Bank for International Cooperation. I look forward to working closely with Ms. Sakuma in the achievement of our goals.

I also want to acknowledge our Contributors' trust and support and, of course, the hard work and dedication of every member of the CGIF team. Your cooperation has been so instrumental as I carry out my duties within the organization.

My promise from when I first held this post has not changed: I will continue to work even harder to solidify CGIF's reputation as a solid and credit-worthy institution. I am confident that, with everyone's support and trust, we can achieve sustainable growth in the ASEAN region.



**Mr. Hongwei Wang**  
Chief Executive Officer



---

# **BUSINESS AND OPERATIONAL REVIEW**

## GUARANTEE OPERATIONS

### MACROECONOMIC OVERVIEW IN 2025

**T**he Global Economic Prospects of the World Bank estimated that the global economy grew by 2.7% in 2024.<sup>1</sup> This marks a moderation in the global growth prospects because of stabilizing inflation and easing monetary policies among key economies. This growth rate is expected to be maintained in the next 2 years, but key challenges, such as the supply chain disruptions arising from geopolitical tensions in different regions, remain unresolved. An upcoming heightened trade war between the US and China poses a significant threat to a stronger global economic growth.

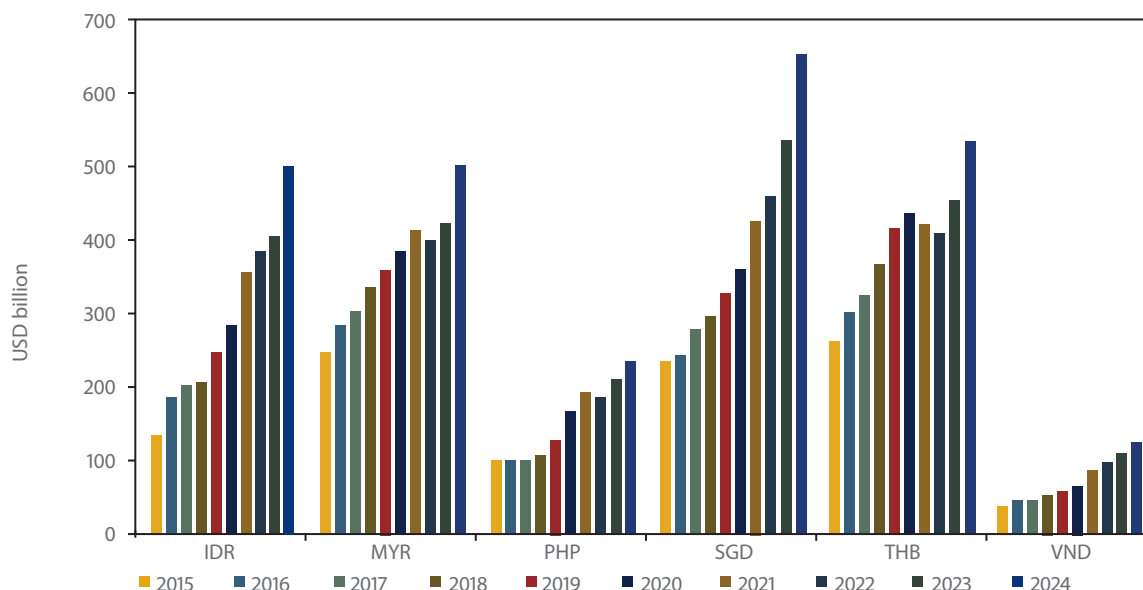
In terms of the regional context, ASEAN countries showed economic resilience in 2024. Viet Nam is the most performing country in the region, recording a 7% growth rate in 2024 due to high exports of electronics and inflows of foreign direct investment. The expectations for Cambodia's economic growth in 2024 would be around 6%, driven by the implementation of socio-economic development plans and pursuit of macroeconomic stability. The Philippine economic growth rate is estimated at around 5.6%, which was buoyed by increased consumption and investment spending toward the end of the year when inflation showed signs of slowing down.

Note:

<sup>1</sup>The World Bank. Global Economic Prospects (January 2025). <https://www.worldbank.org/en/publication/global-economic-prospects>

## ASEAN6 BOND MARKET OVERVIEW<sup>1</sup>

**FIGURE 6: LOCAL CURRENCY (LCY) BOND MARKET SIZE IN ASEAN6<sup>2</sup>**



Source: AsianBondsOnline; as of Q3 of every year

Total local currency (LCY) bond market size of ASEAN6 reached an equivalent of \$2.54 trillion as of Q3 of 2024. As of Q3 of 2024, the share of government bonds and central bank bills took up 77% of the total bond market in ASEAN6, and the remaining 23% was taken by corporate bonds. In terms of growth, the total bond market of the region grew by 19% y-o-y in Q3 of 2024 in terms of the USD-equivalent issue size. Compared to the 10% y-o-y growth in Q3 of 2023, the ASEAN6's bond market size has greatly improved, driven by the government bond market segment.

The government bond markets of countries in ASEAN6 all recorded moderate growth in Q3 of 2024, with y-o-y growth rates ranging from 7.6% to 15.9% in terms of the local currency value. Of the six countries, Viet Nam posted the fastest

growth rate in this segment at 15.9%, followed by Singapore and Philippines with each growing at 13.5% and 11.7%, respectively. The government bond markets of Malaysia and Thailand recorded a modest growth rate of 7.6% for both.

The corporate bond markets in ASEAN6 have varied performances. Of the six countries, the Philippines and Thailand experienced a contraction in their corporate bond markets, by 14.9% and 1.9%, respectively, from Q3 of 2023 to Q3 of 2024. The other four countries in ASEAN6 all recorded growth in their corporate bond markets. For instance, Viet Nam's corporate bond expanded by 14.8%, and Singapore's corporate bond market grew by 6.4%. Indonesia's growth in its corporate bond market is modest compared to the other ASEAN6 countries, as it grew by only 2.7%.

Notes:

f=forecast

<sup>1</sup>ASEAN6 refers to Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam. The data for Viet Nam reflect figures collected by AsianBondsOnline.

<sup>2</sup>Total LCY bond market size refers to the total outstanding value of government bonds, central bank bills, and corporate bonds.

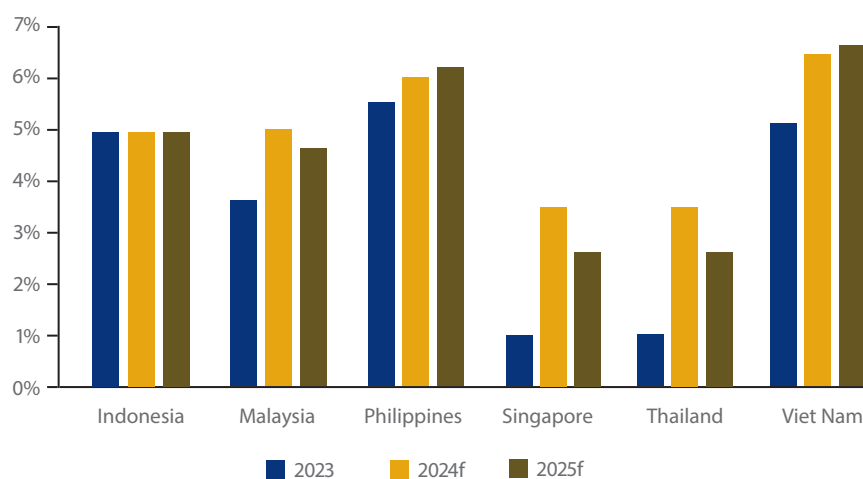


## MARKET OUTLOOK

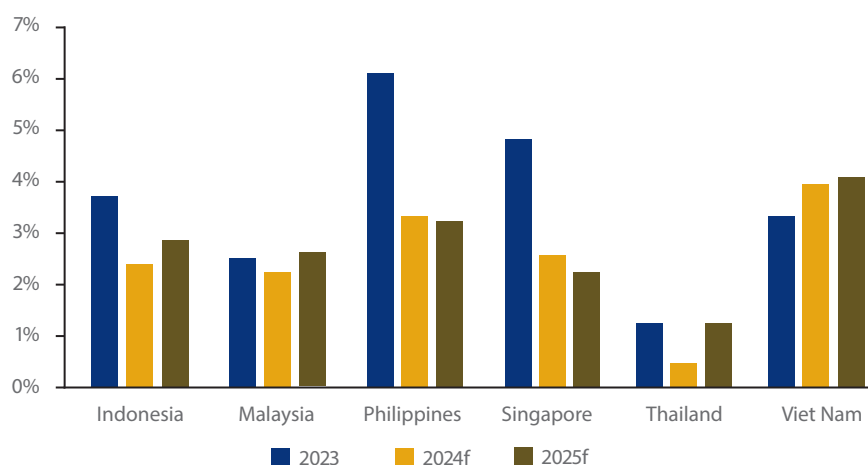
For 2025, the overall economic outlook for ASEAN6 countries includes solid growth and moderating inflation. The *Asian Development Outlook* December 2024 publication of ADB presented its economic growth forecasts in ASEAN6. As of the time of their publication, the region is forecasted

to grow by 4.7% in December 2025, with the Philippines and Viet Nam as the fastest growing countries.<sup>3</sup> It is noticeable that among the ASEAN6 countries, inflation is expected to slow down in the Philippines, Singapore, and Indonesia.

**FIGURE 7: ESTIMATED GROSS DOMESTIC PRODUCT (GDP) GROWTH RATES AS OF DECEMBER 2024**



**FIGURE 8: ESTIMATED INFLATION RATES AS OF DECEMBER 2024**



Notes:

f=forecast

GDP growth rates and inflation rates for 2024 and 2025 are estimated figures, as of December 2024.

Source: ADB, *Asian Development Outlook*, December 2024.

<sup>3</sup>Asian Development Bank. *Asian Development Outlook* December 2024: "Steady Growth Amid a Shifting Global Policy Landscape." <https://www.adb.org/sites/default/files/publication/1017791/ado-december-2024.pdf>

The outlook for ASEAN remains stable amidst the changing policies and trends in the global economic landscape. Over the years, the region has proven its strong macroeconomic fundamentals and improving bond market situations. With this as the backdrop, in 2025, CGIF will continue to strive to be a reputable partner of corporate bond issuers in the region. As more investors are becoming attuned to the mandates of such new bond products in the region, CGIF also maintains its sights on enabling issuers to tap the promising thematic bond market in ASEAN.

## **GUARANTEE OPERATIONS**

The global financial environment in 2024 was shaped by persistent inflation, cautious rate cuts by central banks, and a strong US Dollar, which weakened local currencies and added uncertainty to debt markets. Despite these pressures, ASEAN+3 debt markets demonstrated resilience, supported by strong economic fundamentals and continued demand for infrastructure and corporate financing.

Amid this backdrop, CGIF delivered its most exceptional performance since inception. In 2024, CGIF achieved a significant milestone by executing 15 guarantee transactions, surpassing its previous record of 12 deals in 2023, and issuing its highest-ever volume of guarantees in a single year. Notably, CGIF's external credit enhancement enabled eight new bond issuers in their first foray in the debt capital markets, while also fostering

greater access to long-term financing and diverse investor base for several corporates. Furthermore, a significant number of these deals were issued under the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF), further strengthening CGIF's role in supporting regional financial integration.

Moreover, CGIF supported landmark transactions such as Viet Nam's first AAA-rated corporate bond and Asia's first investment-grade local currency bond issued by a data center company. Its thematic bond portfolio also expanded significantly, with landmark issuances including Asia's first sustainability-linked bond (SLB) by a shipping company and CGIF's first green bond in Cambodia. Furthermore, CGIF facilitated its inaugural transaction in Hong Kong Dollars, enhancing its currency diversification.

By the end of 2024, CGIF had successfully issued guarantees in seven ASEAN+3 local currency bond markets for companies from eight member countries. CGIF's support for these deals showcased its ability to support diverse issuers across the region. Its efforts in 2024 also set a new benchmark with the highest average developmental impact score<sup>1</sup> achieved to date, underscoring the growing impact of CGIF's initiatives.

Building on this momentum, CGIF is poised to achieve new milestones in pioneering segments, having made substantial progress in processing prospective deals with innovative structures such as securitization and project finance. While CGIF's initiatives are not immediately reflected in 2024's figures, they lay the foundation for meaningful transactions anticipated in 2025 and beyond.

Note:

<sup>1</sup>The Developmental Impact Scorecard (DIS) is an internally developed tool that evaluates the qualitative developmental value of CGIF's guarantee deals. The DIS is used to generate the developmental impact score of a guarantee transaction.

Concurrently, CGIF continued to build a robust pipeline of deals for the following year, ensuring a steady flow of guarantee transactions. In 2024, 13 Guarantee Underwriting Proposals (GUPs) were approved, with the majority already issued within the year, and the remaining few expected to progress to deal closing by 2025. This reflects a perfect track record, with all the approved GUPs successfully moving forward to bond documentation and guarantee issuance.

CGIF's market development initiatives in 2024 marked a transformative year for its role in the region. Through targeted events and focused activities across ASEAN, as well as increased social media presence, CGIF significantly enhanced its visibility and credibility as a mandate-driven organization. These efforts not only boosted deal origination but also established market development as a core activity that will be adequately resourced and prioritized in the years ahead.

## **GUARANTEE PORTFOLIO**

The cumulative notional amount of CGIF's guarantees (since the inception of its guarantee operations in 2012) reached \$3,938 million in 2024, reflecting a substantial increase of \$772 million from the previous year. This growth was fueled by an unprecedented level of guarantee support extended to 24 bond tranches issued by 14 new corporate clients across 7 markets.

Additionally, a total of 10 bonds and sukuk were successfully redeemed upon their scheduled maturities and one upon recovery, totaling an aggregate notional amount of \$644 million. As of 31 December 2024, CGIF's outstanding guarantee exposure stood at \$2,260<sup>2</sup> million, a moderate increase from \$2,072 million in 2023.

## **GEOGRAPHICAL DISTRIBUTION OF INQUIRIES IN 2024**

CGIF received preliminary inquiries from 31 corporates across ASEAN<sup>3</sup> countries, Cambodia, and China, with the majority originating from Indonesia-based entities. This trend underscores the key markets well-positioned for CGIF's support in the subsequent years, with a focus on deepening engagement in Cambodia's emerging bond market, advancing opportunities in the developing markets of Viet Nam and the Philippines, and strengthening its presence in the dynamic bond markets of Malaysia and Thailand.

### **Notes:**

<sup>2</sup> Composed of principal amounts only, including KNM exposure

<sup>3</sup> ASEAN6 refers to Indonesia, Malaysia, the Philippines, Singapore, Thailand, and Viet Nam.

**TABLE 3: GUARANTEE PORTFOLIO AS OF 31 DECEMBER 2024**

Guarantee Issue Date	Bond Issuer	Country of Origin (Issuer)	Bond Issuance Venue (Bond Market)
20-Dec-24	North East Rubber Public Company Limited	 Thailand	 Thailand
10-Dec-24	PT Sarana Mitra Luas Tbk	 Indonesia	 Indonesia
10-Dec-24	PT Sarana Mitra Luas Tbk	 Indonesia	 Indonesia
27-Nov-24	Biwase - Long An Water Joint Stock Company	 Viet Nam	 Viet Nam
27-Nov-24	PowerDC HoldCo Pte. Ltd.	 Singapore	 Hong Kong
26-Nov-24	PT Hartadinata Abadi Tbk	 Indonesia	 Indonesia
26-Nov-24	PT Hartadinata Abadi Tbk	 Indonesia	 Indonesia
20-Nov-24	Singapore Medical Group Limited	 Singapore	 Singapore
08-Nov-24	PowerDC HoldCo Pte. Ltd.	 Singapore	 Singapore
18-Oct-24	Precious Shipping Public Company Limited	 Thailand	 Thailand
18-Oct-24	Precious Shipping Public Company Limited	 Thailand	 Thailand
08-Aug-24	Vongsayam Korsang Co., Ltd.	 Thailand	 Thailand
08-Aug-24	Vongsayam Korsang Co., Ltd.	 Thailand	 Thailand
08-Aug-24	Vongsayam Korsang Co., Ltd.	 Thailand	 Thailand
08-Aug-24	Vongsayam Korsang Co., Ltd.	 Thailand	 Thailand



	Bond Issue Size (LCY)	Bond Issue Size (USD equivalent)	Percentage Guaranteed by CGIF	Issue Rating (Agency)	Bond Tenor
	THB1.5 billion	\$43 million	100%	AAA (Tris)	5 years
	IDR152.9 billion	\$9.6 million	100%	idAAA (Pefindo)	5 years
	IDR147.1 billion	\$9.2 million	100%	idAAA (Pefindo)	3 years
	VND700 billion	\$28 million	100%	AAA (FiiRatings)	10 years
	HKD300 million	\$39 million	100%	AA (S&P)	3 years
	IDR840.5 billion	\$53 million	100%	idAAA (Pefindo)	5 years
	IDR59.5 billion	\$4 million	100%	idAAA (Pefindo)	3 years
	SGD90 million	\$67 million	100%	AA (S&P)	5 years
	SGD100 million	\$76 million	100%	AA (S&P)	5 years
	THB680 million	\$21 million	100%	AAA (Tris)	10 years
	THB680 million	\$21 million	100%	AAA (Tris)	5 years
	THB489.6 million	\$14 million	100%	AAA (Fitch)	10 years
	THB488.5 million	\$14 million	100%	AAA (Fitch)	7 years
	THB634.8 million	\$18 million	100%	AAA (Fitch)	5 years
	THB342.9 million	\$10 million	100%	AAA (Fitch)	3 years

Guarantee Issue Date	Bond Issuer	Country of Origin (Issuer)	Bond Issuance Venue (Bond Market)
09-Jul-24	PT Steel Pipe Industry of Indonesia Tbk	 Indonesia	 Indonesia
09-Jul-24	PT Steel Pipe Industry of Indonesia Tbk	 Indonesia	 Indonesia
09-Jul-24	PT Steel Pipe Industry of Indonesia Tbk	 Indonesia	 Indonesia
25-Jun-24	Sabana Industrial Real Estate Investment Trust	 Singapore	 Singapore
20-Jun-24	Royal Group Phnom Penh SEZ Public Company Limited	 Cambodia	 Cambodia
30-May-24	Thonburi Healthcare Group Public Company Limited	 Thailand	 Thailand
30-May-24	Thonburi Healthcare Group Public Company Limited	 Thailand	 Thailand
05-Mar-24	Daewoo Engineering & Construction Co., Ltd.	 Korea	 Singapore
15-Feb-24	Hektar Real Estate Investment Trust	 Malaysia	 Malaysia
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

Bond Issue Size (LCY)	Bond Issue Size (USD equivalent)	Percentage Guaranteed by CGIF	Issue Rating (Agency)	Bond Tenor
IDR200 billion	\$12 million	100%	idAAA (Pefindo)	7 years
IDR766.2 billion	\$47 million	100%	idAAA (Pefindo)	5 years
IDR33.8 billion	\$2 million	100%	idAAA (Pefindo)	3 years
SGD100 million	\$74 million	100%	AA (S&P)	5 years
KHR41 billion	\$10 million	100%	khAAA (RAC)	5 years
THB1 billion	\$28 million	100%	AAA (Fitch)	5 years
THB700 million	\$19 million	100%	AAA (Fitch)	3 years
SGD150 million	\$112 million	100%	AA (S&P)	5 years
MYR215 million	\$45 million	100%	AAA (RAM)	5 years
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

Guarantee Issue Date	Bond Issuer	Country of Origin (Issuer)	Bond Issuance Venue (Bond Market)
8-Dec-23	PT Adhi Commuter Properti TBK	 Indonesia	 Indonesia
22-Nov-23	Yoma Strategic Holdings Ltd. <sup>1</sup>	 Myanmar	 Thailand
22-Nov-23	Yoma Strategic Holdings Ltd. <sup>1</sup>	 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
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

Note:

<sup>1</sup> Issuance to refinance its initial bond in 2019.

<sup>2</sup> Refers to Ijarah Sukuk issuances.



Bond Issue Size (LCY)	Bond Issue Size (USD Equivalent)	Percentage Guaranteed by CGIF	Issue Rating (Agency)	Bond Tenor
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
SGD100 million	\$74 million	100%	AA (S&P)	5 years
CNH500 million	\$78 million	100%	AA (S&P)	3 years
IDR110.3 billion <sup>2</sup>	\$8 million	100%	AAA (Pefindo)	3 years
IDR110.3 billion <sup>2</sup>	\$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

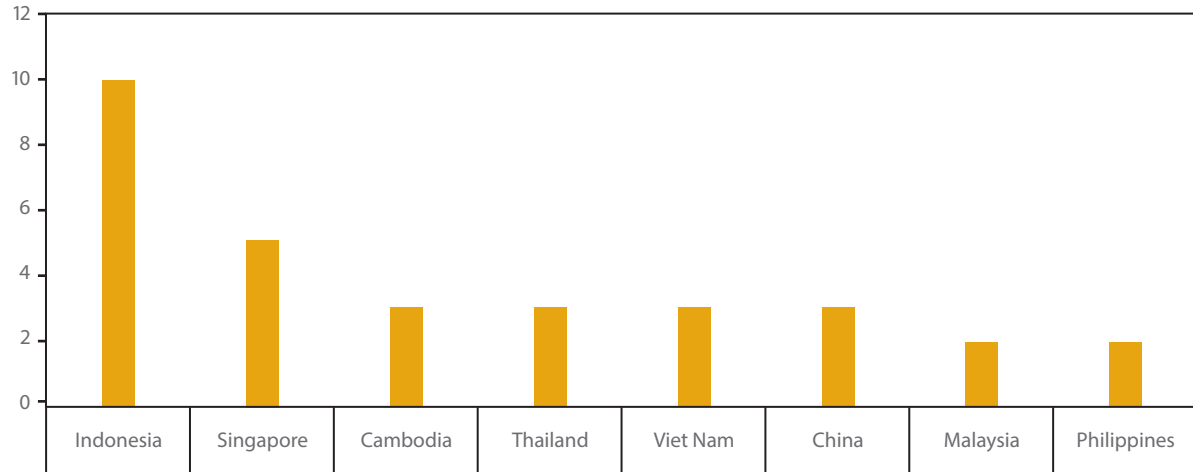
Guarantee Issue Date	Bond Issuer	Country of Origin (Issuer)	Bond Issuance Venue (Bond Market)
8-Sep-21	PT Polytama Propindo	 Indonesia	 Indonesia
8-Sep-21	PT Polytama Propindo	 Indonesia	 Indonesia
25-Aug-21	Telcotech Ltd.	 Cambodia	 Cambodia
5-Mar-21	JWD InfoLogistics Public Company Limited	 Thailand	 Thailand
8-Jan-21	PT Ketrosden Triasmitra	 Indonesia	 Indonesia
24-Dec-20	GLP Pte. Ltd.	 Singapore	 Japan
9-Apr-20	RMA (Cambodia) PLC	 Cambodia	 Cambodia
10-Jan-20	Energy Absolute Public Company Ltd <sup>3</sup>	 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
03-Dec-19	Nexus International School (Singapore) Pte. Ltd.	 Malaysia	 Singapore
28-Jan-19	Refrigeration Electrical Engineering Corporation	 Viet Nam	 Viet Nam
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

Notes:

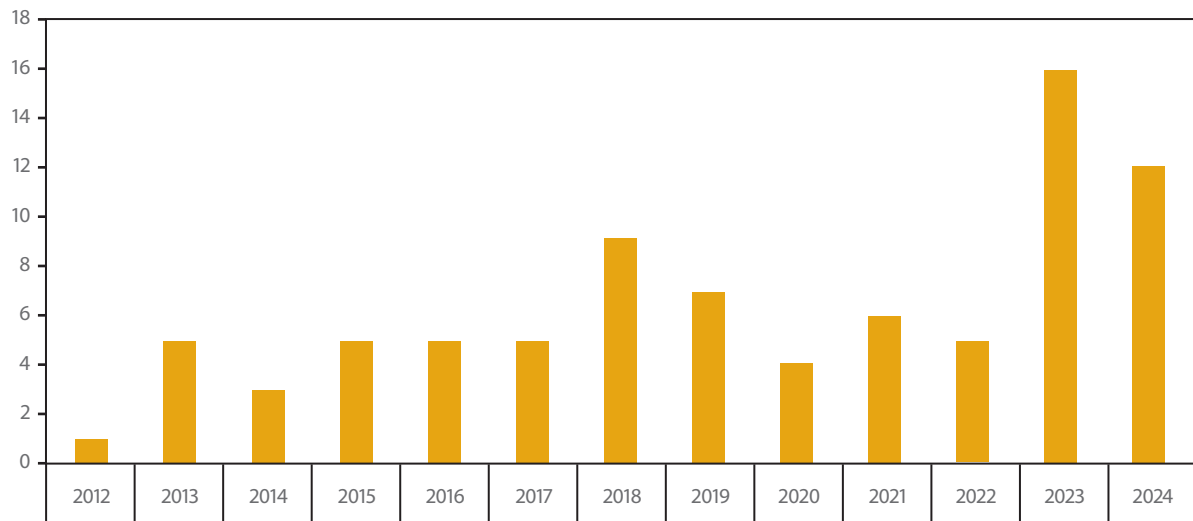
<sup>3</sup> CGIF risk-participated 50% of ADB's investment in Energy Absolute Public Company Ltd's Green Bonds issuance.

Bond Issue Size (LCY)	Bond Issue Size (USD Equivalent)	Percentage Guaranteed by CGIF	Issue Rating (Agency)	Bond Tenor
IDR223 billion	\$16 million	100%	AAA (Pefindo)	5 years
IDR56 billion <sup>2</sup>	\$4 million	100%	AAA (Pefindo)	5 years
KHR80 billion	\$20 million	100%	Unrated	5 years
THB700 million	\$23 million	100%	AAA (Fitch)	5 years
IDR168 billion	\$12 million	100%	AAA (Pefindo)	5 years
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
VND2.2 trillion	\$93 million	100%	Unrated	15 years
SGD150 million	\$110 million	100%	AA (S&P)	12 years
VND2.3 trillion	\$100 million	100%	Unrated	10 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

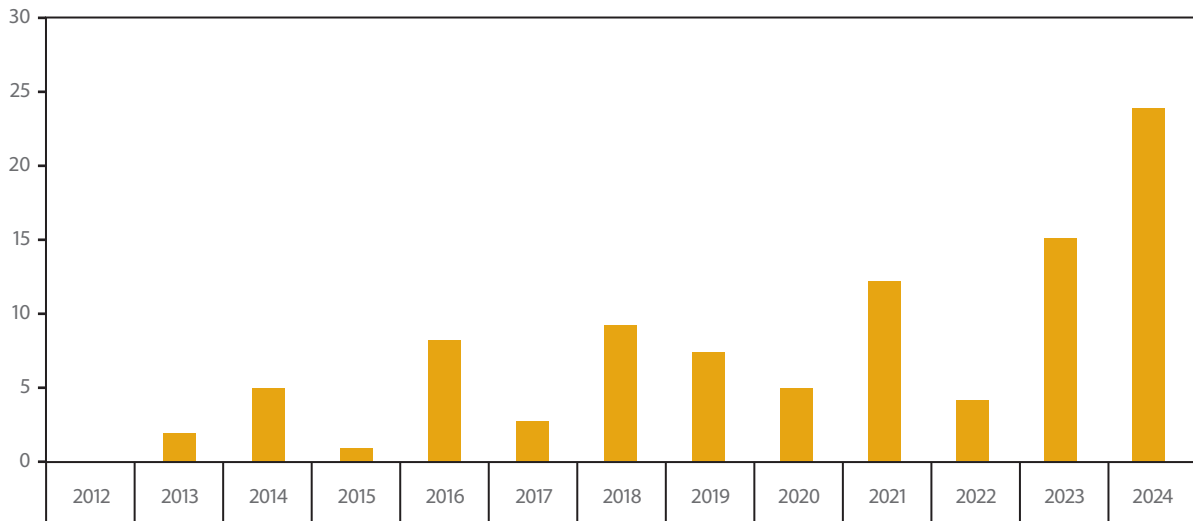
**FIGURE 9: PRELIMINARY INQUIRIES RECEIVED BY DOMICILE (2024)**



**FIGURE 10: GUARANTEE UNDERWRITING PROPOSALS APPROVED BY YEAR (2012-2024)**



**FIGURE 11: GUARANTEED BOND AND SUKUK ISSUANCES BY YEAR (2012-2024)**





## LOOKING AHEAD

### Core Markets and BLM Countries

CGIF will continue building on the momentum gained in 2023 and 2024, the years in which we pushed boundaries across all ASEAN markets, leading to significant positive outcomes for its core franchise.

The primary focus of deal origination remains on issuers from the ASEAN6 and Cambodia bond markets with more focus placed on Viet Nam, Indonesia, Malaysia, and the Philippines. CGIF remains committed to pursuing thematic bonds and sukuk deals while expanding partnerships and working closely with multilateral development banks (MDBs), development financial institutions (DFIs), and other institutions active in ASEAN.

CGIF remains vigilant in seeking meaningful opportunities in frontier markets, particularly in Brunei and Laos. In 2025, CGIF will develop and implement a 3-year plan for Laos, building on the learnings from the success in Cambodia. The organization will also strengthen market development activities in the Brunei, Cambodia, and Laos markets with the help of banks, financial arrangers, rating agencies, and media houses.

CGIF intends to expand efforts on regional integration of the capital markets, with a strong emphasis maintained on cross-border issuances by ASEAN issuers. Additionally, the organization has dedicated resources in deal origination of project bonds and securitization placing greater emphasis on these financial products. In 2025, CGIF will complete 15 years of operations, and this coincides with the discussion of the new medium-term business plan. A solid performance over the past few years has provided a strong base for CGIF to explore new areas of growth and expand partnerships.

### Market Development

Market development activities have been extremely critical to the development of the regional bond markets, and CGIF remains committed to channeling significant energy and resources into elevating its profile throughout the ASEAN bond market.

CGIF will continue conducting seminars, workshops, and active outreach to regulators, while also building stronger investor engagement in the regional bond markets. Building on the success of the inaugural CGIF Appreciation Night, this annual event will celebrate partnerships, honor achievements, and strengthen stakeholder connections in CGIF's key markets.

Moving forward, CGIF will produce more localized content to strengthen engagement in the local bond markets. The organization will expand its digital outreach through the production of high-quality promotional and educational videos, infographics, and podcasts. Additionally, CGIF will continue publishing articles in regional and local magazines to improve its visibility in the local bond markets.

# FINANCE

## FINANCIAL CONTROL

Financial Control supports CGIF's business in terms of recording its guarantees, investments, and all other transactions in its financial books as well as processing payments and receipts, monitoring assets, and maintaining its general ledger system. As CGIF's operations continue to grow, the volume of transactions requiring processing and recording increases.

The Financial Control unit is also responsible for the regular preparation of financial reports, including monthly financial reports submitted to Management, quarterly condensed financial statements reported to the Audit Committee (AC) and Board of Directors (BOD). In addition, this unit serves as the central point of contact for external auditors during the annual audit process and the finalization of the annual audited financial statements.

While CGIF continues to rely on ADB's Treasury Department for accounting data related to investments and external treasury transactions, it fully manages other financial control functions. Additionally, CGIF regularly reviews and analyzes the procedures and workflows, ensuring that accounting events are accurately processed from inception to final reflection in the financial records. To align with the evolving nature of CGIF's operations, the accounting manual is continuously updated and enhanced.

## TREASURY

Treasury functions at CGIF include capital management, foreign exchange transactions, liquidity management, and reporting. While ADB manages CGIF's capital, it collaborates with CGIF to discuss specific investment strategies and performance benchmarks. As CGIF provides guarantee to local currency (LCY) bonds and receives LCY guarantee fees, it encounters situations where it receives or pays in LCY. Given that CGIF's functional currency is USD and it holds only minimal LCY balances in its LCY bank accounts, CGIF should conduct foreign exchange transactions when it receives or makes LCY payments. CGIF manages liquidity requirements both for day-to-day operations and for guarantee call situations. For calls related to liquidity management and guarantee, CGIF leverages early warning signals from the Risk Management Department (RMD). This enables CGIF to secure sufficient liquidity for guarantee payments in advance while optimizing returns under normal circumstances. Investment performance and treasury risk monitoring results are reported monthly to Management and quarterly to the BOD.

## CAPITAL RESOURCES MANAGEMENT

The primary objective of CGIF's capital resource management is to protect capital by maintaining conservative exposure to market, credit, and liquidity risks. Within the constraints set by this primary objective, CGIF strives to maximize returns on its invested asset portfolio while minimizing the volatility of investment income. To achieve these objectives, CGIF capitals are invested into bonds and deposits, which compose CGIF's investment portfolio. This portfolio is managed by ADB, the trustee of CGIF, in compliance with CGIF's Treasury Risk Management Guidelines (TRMG) which were

agreed upon by ADB and approved by CGIF's BOD. In addition, CGIF's investment portfolio is managed in accordance with its strategic asset allocation (SAA), designed to optimize the asset mix in reflection of the characteristics of CGIF's guarantee portfolio. The SAA was also agreed upon by ADB and approved by CGIF's BOD. CGIF's investment portfolio has grown over the years through capital contributions from its Contributors and guarantee fees paid by its clients. As of 31 December 2024, CGIF total investments were valued at \$1,308 million, which includes \$1,158 million of paid-in capital from its Contributors.

**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 2022	7%	7%	69%	17%	2.87
31 December 2023	5%	9%	65%	21%	3.15
31 December 2024	5%	12%	65%	18%	3.31

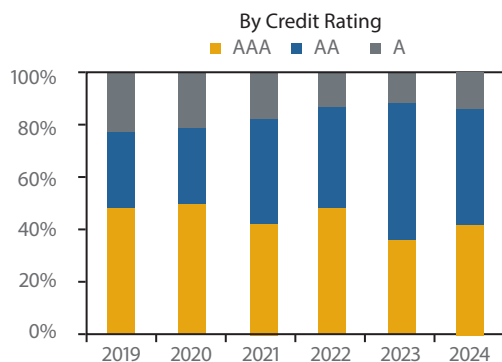
Note: UST refers to U.S. Treasury bonds or notes. A+ to AAA denotes bonds with credit ratings ranging from A+ to AAA on the international rating scale and maturities exceeding one year. A-1 refers to bonds and deposits with remaining maturities of 1 year or less. Duration represents the average effective duration of the investment portfolio.

## EVOLUTION OF THE INVESTMENT PORTFOLIO

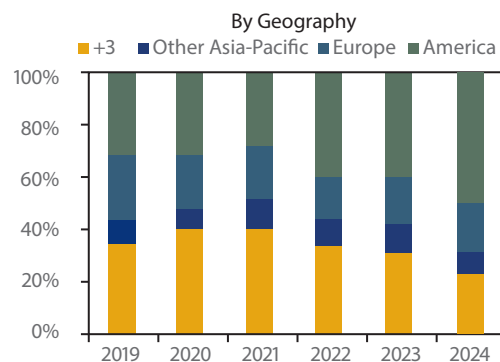
Table 4 shows that the investment portfolio's asset allocation and duration have been in line with the SAA over the past 3 years. Some deviations of the actual investment portfolio from the SAA are inevitable and may be intentional, considering market conditions and guarantee portfolio situations. In 2024, the investment portfolio duration was deliberately increased to around 3.3

years, above the neutral level of 3 years, as the U.S. Federal Reserve has just begun its rate-cutting cycle. This explains the increased weight of bonds with maturities of 5 to 10 years in 2024, as shown in Figure 15. Figures 12, 13, 14, and 15 illustrate the evolution of the investment portfolio over the past 6 years in terms of credit rating, geographical distribution of investments, sector distribution, and maturity distribution.

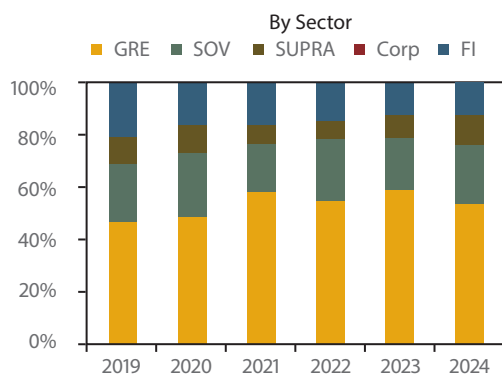
**FIGURE 12: EVOLUTION OF INVESTMENT PORTFOLIO I**



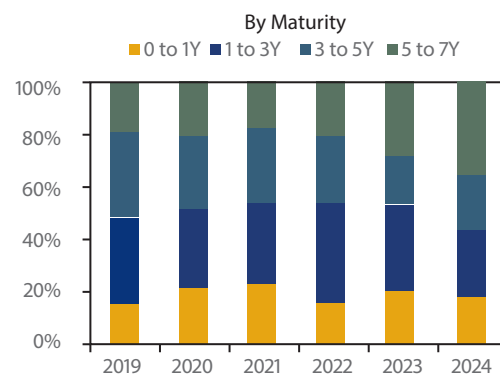
**FIGURE 13: EVOLUTION OF INVESTMENT PORTFOLIO II**



**FIGURE 14: EVOLUTION OF INVESTMENT PORTFOLIO III**



**FIGURE 15: EVOLUTION OF INVESTMENT PORTFOLIO IV**





## INVESTMENT INCOME IN 2024

Realized investment income for 2024 was \$39.68 million, representing a yield of 2.96% without the effect of changes in fair value. This yield is higher than the 2.57% achieved in 2023 and the 2024 target of 2.85%. Table 5 provides the annual and quarterly

breakdown of investment income for 2024 and the annual income for 2023. ADB suggested a target yield of 3.15% for 2025, considering that reinvestment yields from new bonds are expected to be higher than the yields from maturing bonds in 2025.

**TABLE 5: 2023-2024 INVESTMENT INCOME**

Investment Income (\$'000)	2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2024
Debt Securities	32,052	9,072	9,428	9,922	10,037	38,459
Term Deposits	1,243	155	285	294	489	1,222
<b>Total</b>	<b>33,295</b>	<b>9,227</b>	<b>9,712</b>	<b>10,216</b>	<b>10,526</b>	<b>39,681</b>

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

## FX TRANSACTIONS

As CGIF's functional currency is USD, CGIF converts to USD whenever it receives guarantee fees or other payments in LCY in its LCY bank accounts. CGIF holds LCY bank accounts in most jurisdictions where it operates. There are instances when CGIF is required to make LCY payments, such as for LCY guarantee payments upon a guarantee call. CGIF can make these payments either through its LCY account or via a nostro account of the bank where its USD account is held. CGIF may engage in derivative transactions to hedge or reduce identified foreign exchange (FX) risks from future LCY receivables, subject to the Guarantee and Investment Committee's (GIC's) approval, when such transactions are deemed practically and economically appropriate. CGIF has three counterparties that executed the International Swaps and Derivatives Association (ISDA) Master Agreement, which enables CGIF to enter into derivative transactions as needed. Under the operational agreement between CGIF and ADB, CGIF is responsible for executing and processing derivative transactions. As of the end of 2024, CGIF has no outstanding FX derivative positions.

## RESEARCH

In 2024, the Research Unit conducted studies on risk weight regulations for banks and insurance companies in ASEAN. This research clarifies the competitiveness of corporate bonds—especially guaranteed corporate bonds—as investible assets of banks and insurance companies in the region. In addition, the Research Unit drafted the ASEAN+3 corporate bond market research, which aimed to show the characteristics of the different corporate bond markets in the region. In 2025, the Research Unit will complete the research papers on Japan's and Korea's corporate bond markets.

Another important task taken on by the Research Unit is the project for environmental, social, and governance (ESG) reporting of CGIF. In the second half of 2024, the Research Unit led the activities on understanding the basics of ESG reporting as well as preparing CGIF to create its own ESG report. In 2025, the Research Unit will work with ESG consultants to embark on a comprehensive ESG gap analysis and materiality assessment to the extent possible. These are considered essential steps to be taken before drafting CGIF's own ESG Report.

## 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 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 OP 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, and 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, country, currency, sector, and industry.

CGIF is in 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 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, type of issuer, and country.

Credit exposure limits on investments are calculated as a percentage of CGIF's capital. Limits on investment country exposures are set according to the relevant sovereign rating. Investment exposures are classified according to the type of issuer. The issuer type determines the limit on individual issuer exposures. Limits are also imposed on the aggregate exposures to all issuers of the same type. Investment exposures to the United States are subject to limits on individual issuers and issuer type but are not subject to country limits. 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.

### **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, operational downtime or disruptions, and injury or fatality. 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 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 its RMF. Initially approved by Management in February



2019, the ESMS has been reviewed annually to ensure it remains fit for purpose. It was updated in July 2020, April 2021, and October 2022. Following a review in October 2023, no further changes or updates were deemed necessary. In November 2024, the ESMS was updated to reflect the latest requirements and developments in the assessment of an issuer's climate change risks and alignment to the Paris Agreement. A full revision of the Environmental and Social Safeguards Policy and ESMS is expected to take place in 2025 to reflect ADB's new Environmental and Social Framework (ESF) that was approved in November 2024. CGIF is planning to adopt and implement the updated ESF requirements within its ESMS by 1 January 2026.

CGIF Institutional Risk Group (IRG) supported the issuance of 15 guarantee transactions—12 General-Purpose Corporate Bond (GCB) transactions and three Specific-Purpose Corporate Bond (SCB) transactions—under the Safeguards risk classification. Extensive Environmental and Social Due Diligence (ESDD) was conducted on the 15 issued transactions, of which six were finalized in 2023 and nine were completed in 2024. At the end of the year, two further transactions were undergoing ESDD assessment, and one transaction was on hold. During the year, 12 transactions did not proceed further due to non-safeguards reasons. A total of 31 annual reviews for Safeguards assessment purposes were completed in 2024, including the review of 18 annual Environmental and Social Safeguards Performance Report (ESSPR) submissions from outstanding issuers, to ensure ongoing compliance with the ESS Policy requirements.

CGIF and its third-party consultants have reinstated, since 2023, full on-site ESDD as part of its overall assessment to support prospective issuers. Following the six transactions that underwent ESDD in 2023, but were issued in 2024, all bond guarantees issued during the year were subject to

a comprehensive environmental and social (E&S) assessment process, including on-site reviews conducted by CGIF and appointed consultants. The majority of these ESDD assessments were performed by third-party consultants under the supervision of the IRG team, with two ESDD assessments conducted internally by the IRG team.

As part of CGIF's Safeguards framework, each transaction requires the issuer to establish an ESMS for their activities. In the case of project bonds, an Environmental Management Plan is required in lieu of an ESMS. Corrective Action Plans (CAPs) are put in place, with pre-issuance and post-issuance conditions to mitigate potential safeguards risks. Ongoing compliance monitoring, including the submission of annual ESSPRs and periodic site visits, further strengthens compliance monitoring and risk mitigation efforts.

The IRG team monitors the submission of the annual ESSPRs from outstanding issuers and adherence 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 two, submitted their ESSPRs on time. The two issuers that experienced delays in ESSPR submission rectified the breach immediately upon notification. These submission delays were attributed to administrative filing issues rather than core safeguards breaches. Physical site monitoring (annual safeguards assessment) visits are undertaken to assess the closure of CAPs and ongoing compliance with CGIF ESS requirements. In 2024, the IRG team undertook such visits to 10 outstanding issuers in China, Thailand, Viet Nam, Singapore, Indonesia, Cambodia, and Malaysia. As a result of these monitoring visits, all 10 issuers were deemed compliant with their CAPs and no further remedial actions were required.

The majority of existing CGIF issuers experienced no outstanding breaches of CAP requirements in

2024. However, eight clients requested extensions due to various reasons; in all cases, the issuers provided early notice and formally sought approval from CGIF, which were all subsequently assessed and granted. As of year-end, seven clients still have pending extended CAPs that are not yet due and are scheduled for completion in 2025. All CAPs that were due in 2024 were effectively closed or are subject to approved extensions. By year-end of 2024, no material safeguards-related breaches included in the legal documentation between CGIF and the issuer were recorded. One issuer continues to address outstanding CAP items from a breach that occurred in December 2023. An extension to the timeline was approved, and the issuer is actively working with CGIF to resolve the remaining corrective actions, none of which are deemed a significant risk. A technical breach related to CAP compliance was recorded earlier in the year, where an issuer experienced a delay in implementing stakeholder communication measures. This was promptly addressed within the same reporting period and was immediately closed, and the issuer has experienced no further CAP compliance issues. Another issuer failed to report two significant E&S incidents within the required timeframe, constituting a breach in May 2024. While the incidents were later disclosed, CGIF has since worked with the issuer to improve reporting protocols, and an action plan has been agreed on and implemented to enhance monitoring and compliance.

In 2024, CGIF enhanced its safeguards capacity with two new Safeguard Officers, one being a replacement position and the second as an additional appointment. The development of Safeguards and ESMS skills and expertise within CGIF has continued through on-the-job and tailored training sessions in conjunction with inputs from subject matter experts from ADB. Training was focused on developing and deepening the knowledge around safeguards and integrity risk assessment to enhance understanding and capacity at all levels across the organization, with a particular emphasis on climate risk and the ongoing

preparation of the CGIF ESS for the introduction of the new ADB E&S Framework<sup>1</sup>. Safeguards and integrity training and knowledge sharing sessions were also conducted for CGIF new staff induction, the BOD, external government related entities, rating agencies, and risk sharing partners.

No material non-compliances with the ESS Policy have been identified across both prospective and outstanding issuers in 2024.

## INTEGRITY RISK MANAGEMENT

CGIF has continued to enhance its Integrity Policy and associated procedures under the Integrity Management System (IMS), which is embedded in its RMF to prevent the misuse of CGIF guarantees for money laundering, terrorism financing, fraud, corruption, or tax evasion. The IMS defines the processes and procedures for integrity risk management and was reviewed in October 2023, where it was deemed fit for purpose with no updates required. In November 2024, the IMS was updated to align with ADB's latest policy changes and transition from fixed annual reviews to a risk-based review frequency, ensuring a more adaptive and effective approach to integrity risk management.

The Integrity team comprises three experienced integrity professionals to identify, assess, and mitigate integrity and reputational risks and to ensure that prospective and outstanding issuers comply with both CGIF Integrity policy and global standards. IRG closely collaborated with the counterparts in The Office of Anticorruption and Integrity (OAI) within the ADB in providing independent risk rating confirmation and general support on transactions and/or issuers and in reviewing more complex cases with the IRG team. In 2024, refresher training was conducted on integrity risk identification and mitigation, reinforcing CGIF's commitment to strengthening awareness and compliance across the organization.

Note:

<sup>1</sup>ADB ESF was approved by the Board on November 22, 2024

IRG integrity assessments were carried out across the same prospective and outstanding issuers as noted above for Safeguards. Of the 15 issued guarantees, 3 issuers were rated 'Low' for Integrity risk, 6 were rated 'Low to Medium', 5 were rated 'Medium', and 1 was rated 'Medium to High'. In cases where higher risks were identified, appropriate risk mitigation conditions were included in the bond guarantee agreement.

During the year, 32 outstanding issuers were assessed as part of the annual review process to identify any significant risk profile changes, including integrity and reputational risks. This process ensures continued compliance with the CGIF Integrity Policy, including adherence to conditions and covenants imposed on each existing issuer. Additionally, eight Credit Risk Mitigant (CRM) providers (re-insurers) were assessed through the same process as part of the renewal of the Reinsurance Treaty. Five CRMs underwent annual reviews, along with three new assessments, one of which was eventually dropped from the reinsurer panel.

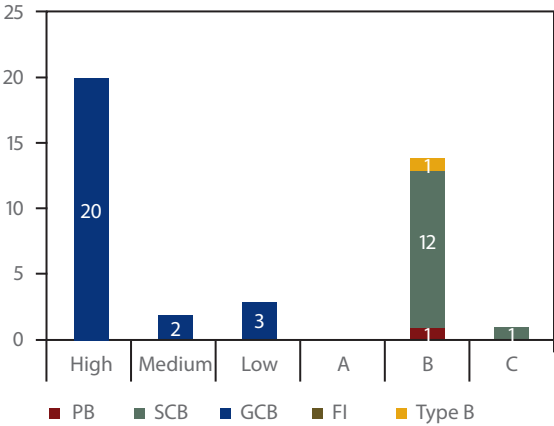
In 2024, no non-compliances with the Integrity Policy have been identified across both prospective and outstanding issuers and CGIF's reinsurers. The integrity risk profile of the existing issuers of CGIF remains stable.

## PORTFOLIO REVIEW

### Safeguards Risk Overview

The current guarantee portfolio consists of 40 transactions, comprising 25 GCBs and 13 SCBs, 1 Financial Institution (FI) transaction and 1 Type B categorized transaction. Of the GCB transactions, 20 are classified as High, 3 as Low, and 2 as Medium, reflecting the level of Safeguards risk present,

FIGURE 16: SAFEGUARDS RISK OVERVIEW



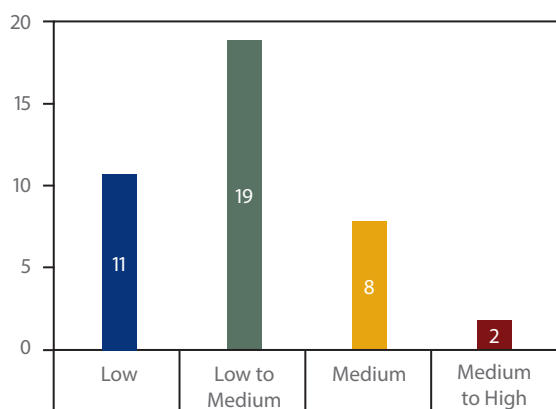
noting the latter being a legacy classification from the previous rating system. The SCB transactions are primarily categorized as presenting moderate E&S risk (Category B), totalling 14, while one transaction falls under Category C (minimal or no E&S risk). No transactions are Category A, which represents the highest E&S risk.

The IRG team actively monitors all transactions to ensure ongoing effective risk management and compliance with CGIF safeguard standards. Under the current ESMS, GCB and FI transactions are categorized only as either High or Low Risk, with the Medium Risk designation applicable only to legacy classifications.

### Integrity Risk Overview

The integrity risk across the portfolio of 40 issued transactions is illustrated in Figure 17. Based on the integrity risk assessments undertaken by IRG through both the original approval process or more recent annual reviews, 11 transactions are categorized as Low risk, 19 as Low to Medium risk, 8 as Medium risk, 1 of which was downgraded in 2024 due to integrity risk events involving an issuer's ultimate beneficial owner (UBO), and 2 as Medium to High risk. No transactions are classified as High risk.

**FIGURE 17: INTEGRITY RISK OVERVIEW**



### Portfolio Summary

The current guarantee portfolio maintains a balanced safeguards and integrity risk profile, underpinned by CGIF's structured safeguards and integrity risk management processes. A portion of the portfolio falls under E&S categories with enhanced risks, specifically 20 GCB transactions classified as High and 14 SCB transactions categorized as moderate E&S risk (Category B), but these transactions are actively managed through ongoing compliance monitoring. Notably, no transactions were classified under Category A (high E&S risk), and the one remaining (SCB) transaction falls under Category C (minimal or no E&S risk).

Safeguards risk classifications were generally determined at the pre-issuance GUP stage. These assessments provide the evaluation of potential risks at issuance, and any evolving risk throughout the transaction lifecycle would be identified during the annual review process or in case of any risk event occurring as advised to IRG. Generally, Safeguards and Integrity Risk categorization or ratings have remained stable, with no downgrades identified during monitoring.

Reflecting CGIF's commitment to effective monitoring, 2024 saw a strong track record of CAP compliance across its portfolio. The majority of issuers met their CAP obligations, with all CAPs due in 2024 successfully closed or extensions approved, with no material safeguards-related breaches recorded. Seven issuers have outstanding CAPs which have been extended but are on track for completion in 2025. Minor compliance issues, including delayed reporting of E&S incidents and ESSPR submission, were promptly addressed through CGIF's enhanced monitoring and action plans, reinforcing the robustness of CGIF's safeguards oversight.

From an integrity risk perspective, the portfolio represents an overall low risk, where majority (80%) transactions are classified as low or low to moderate risk range. The absence of high integrity risk classifications reflects CGIF's rigorous screening and governance controls. However, similar to safeguards risk assessments, integrity risk classifications were generally determined at the pre-issuance stage and are subject to reclassification during annual review if material risk events occur. Risk mitigation measures applied before issuance, along with continued monitoring, contribute to maintaining a stable risk environment.

Overall, CGIF's RMF effectively identifies and manages safeguards and integrity risks, maintaining a well-balanced portfolio. Through regular risk assessments, compliance mechanisms, and due diligence processes, CGIF continues to uphold high governance standards and reinforce its commitment to promoting responsible and sustainable standards within guarantee issuance.



# STAFFING AND ORGANIZATION STRUCTURE

The approved staff number for CGIF in 2024 is 81 staff members, excluding secondees. Table 6 shows the updated staff complement by category as of the end of December 2024.

TABLE 6: STAFF RESOURCES BY CATEGORY

Staff Category	Head Count
Executive Staff	8
Professional Staff <sup>1</sup>	13
National Staff	26
Administrative Staff	28
<b>Total</b>	<b>75</b>

Note: <sup>1</sup>Including Non-Executive Committee ES level staff.

By the end of 2024, a total of 75 positions had been filled, as compared to the 71 positions filled in 2023. In 2024, 3 national staff members and 3 administrative staff members resigned from CGIF, while 2 professional staff members, 4 national staff members, and 4 administrative staff members were recruited. The new personnel were allocated among the Deal Operations Department, Internal Audit Department, and Risk Management Department.

CGIF’s organizational structure is subject to periodic evaluations to facilitate the effective recruitment of personnel.

## KEY STAFF DEMOGRAPHICS

FIGURE 18: STAFF GENDER

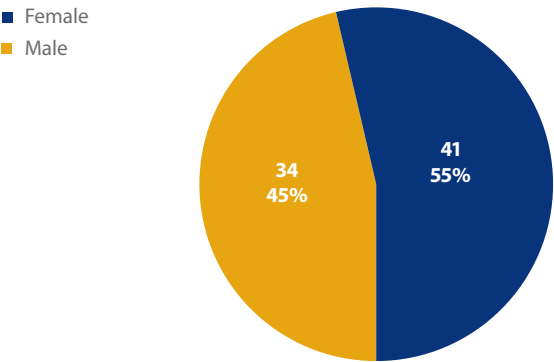


FIGURE 19: STAFF CATEGORY

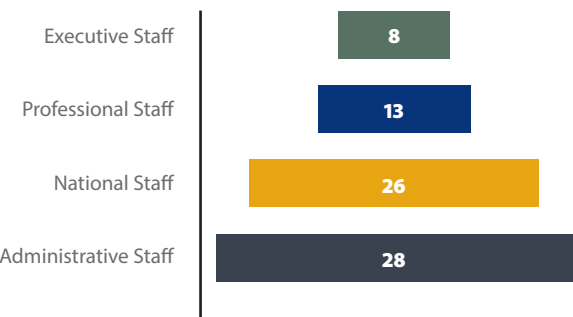
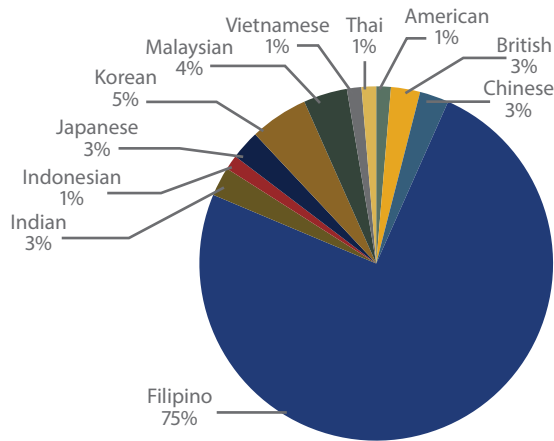


FIGURE 20: STAFF NATIONALITIES





## INSTITUTIONAL INFRASTRUCTURE

In 2024, institutional infrastructure initiatives focused on optimizing office spaces, upgrading systems, and modernizing tools to support CGIF's operations. These efforts align with the organization's sustainable growth strategy, aimed at balancing expansion with the maintenance of high-quality operations.

- 1. Implementation of Medium-term Business Strategy (MBS).** CGIF Management continued implementing the MBS approved in August 2017 which is set to conclude in 2026. The strategy remains key in guiding the organization's objectives.
- 2. Office Space Optimization.** In collaboration with ADB, the office renovation was completed by mid-2024. This initiative enhanced the office layout, creating a more dynamic and collaborative environment while accommodating the anticipated growth in staff numbers.
- 3. Selective IT Hardware Refresh and Modernization.** To ensure business continuity, CGIF proactively replaced aging hardware, including servers, laptops, and communication equipment. The organization also modernized IT infrastructure by providing staff with dual monitors and wireless keyboards, headsets, and mice. Additionally, the implementation of a secured wireless LAN further enhanced efficiency and security across operations.
- 4. Systems and Tools Enhancements.** The Information & Technology Unit enhanced CGIF's digital capabilities by introducing a

mobile application version of the Mission Authorization Form and integrating performance management and 360-degree feedback functionalities into the HR Information System (HRIS). These upgrades streamlined processes and reinforced operational efficiency.

## BUDGET

The budget utilization before contingency for 2024 is 81% (or \$13.6 million), up from 80% (or \$11.5 million) in 2023. The increase in budget utilization, although marginal, reflects CGIF's continuing efforts to expand its deal origination activities and enhance market awareness of its bond guarantee product and the execution of new initiatives to strengthen its organization culture, staff engagement, and retention.

Operational and Administrative Expenses (OAE) of CGIF in 2024 consisted mainly of staff salaries and benefits, legal services, short-term consultants, financial services, travel and marketing, and administrative expenses.

In May 2024, the CGIF Office Renovation Project that commenced in November 2023 was successfully completed. The actual costs spent to complete the project are well within its allocated OAE and Capital Expenditures (CAPEX) budget. The assistance from ADB in the negotiations with general contractors and other suppliers have reduced the costs to complete the project.

The Board of Directors (BOD), in its December 2024 meeting, approved the 2025 budget amounting to \$19.0 million, committing the necessary resources to support the 2025 Work Programs.

## FINANCIAL HIGHLIGHTS

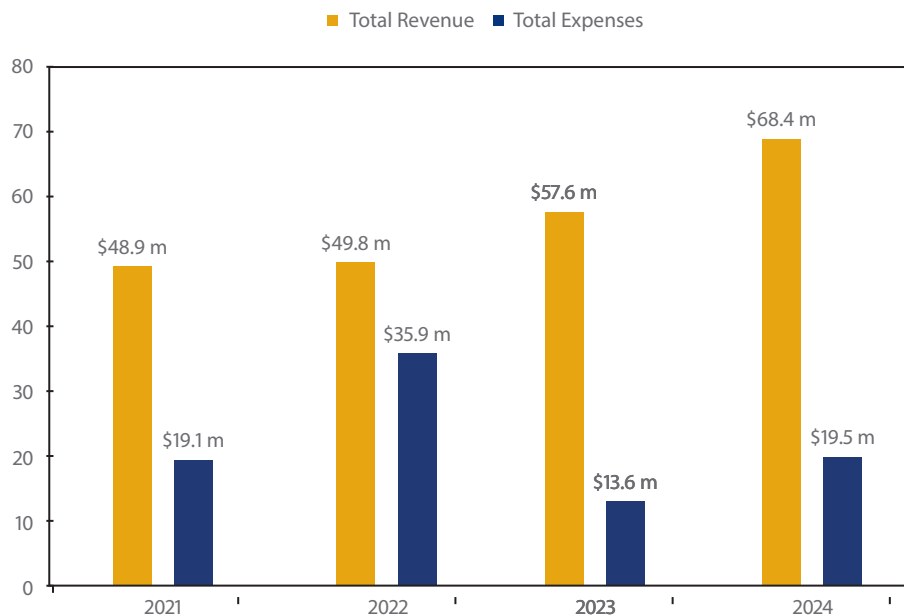
CGIF generated a net income of \$48.9 million in 2024 which represents an 11% increase or \$4.9 million higher than the previous year. This growth was driven by a \$10.9 million increase in gross revenue, partially offset by a \$6 million rise in total expenses. Of the total revenue of \$68.4 million, \$39.7 million came from investment income, while \$26.8 million was derived from guarantee income. The 19% increase in gross revenue for 2024 was primarily fueled by higher income from both guarantee and investment. Total expenses for the year amounted to \$19.5 million.

As of the end of 2024, the outstanding guarantee obligation on bond principal reached \$2,178.4 million, reflecting a 6% increase from last year's

\$2,055.5 million. Net guarantee fee receivables recorded amounted to \$71.1 million while net guarantee liability stood at \$95.49 million. This includes additional provision of \$13.9 million for the guarantee obligation, reduced by a deferred loss on fair value of \$11.5 million. The revalued amount of the receivable from the guarantee that defaulted amounted to \$74.9 million.

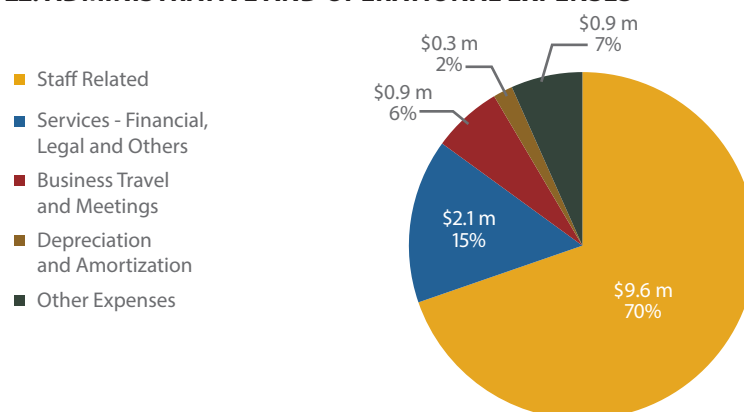
Total Member's Equity increased to \$1,355.4 million in 2024, a 4% rise from previous year's \$1,302.5 million. This includes a net income of \$48.9 million for the year, bringing CGIF's Retained Earnings and Reserve—representing the accumulated retained earnings since its establishment—to \$246 million.

**FIGURE 21: REVENUE VS. EXPENSES**

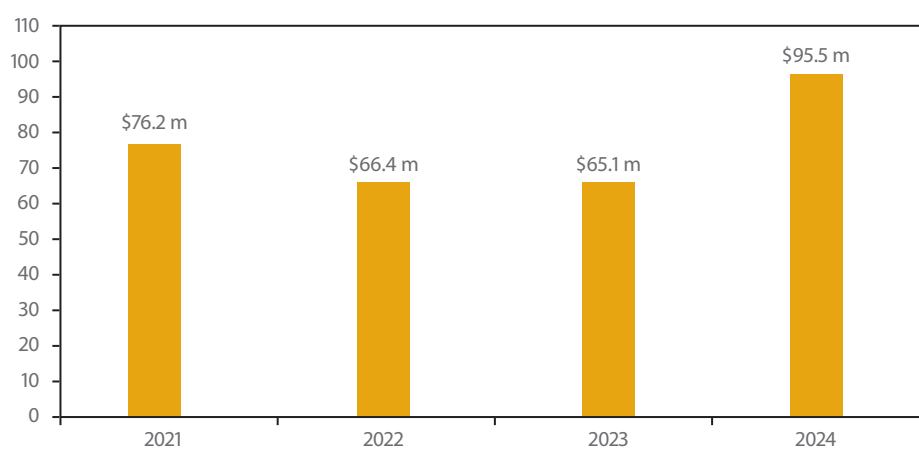




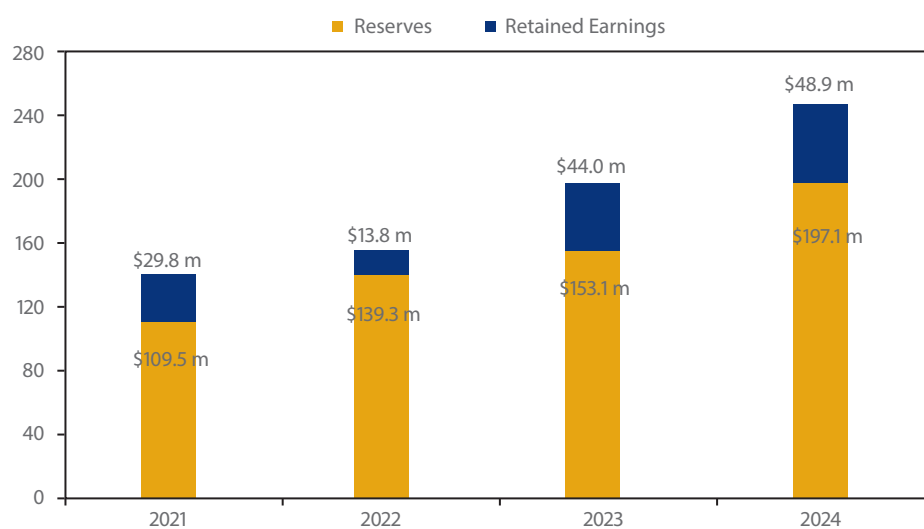
**FIGURE 22: ADMINISTRATIVE AND OPERATIONAL EXPENSES**



**FIGURE 23: GUARANTEE LIABILITY**



**FIGURE 24: RETAINED EARNINGS AND RESERVES**



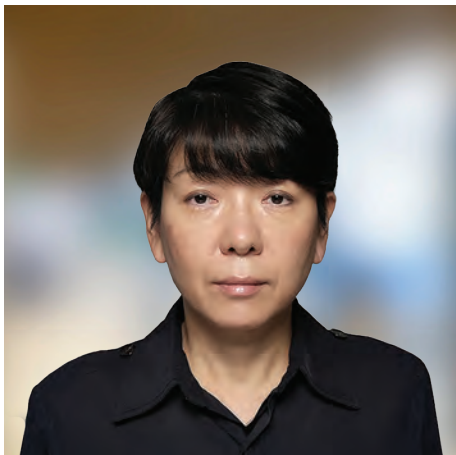




**OUR PEOPLE**



## ◎ BOARD OF DIRECTORS



Chairperson  
Board of Directors

**Ms. Kazuko Sakuma**

Resident Executive Officer  
Regional Head for Asia and the Pacific  
Japan Bank for International Cooperation



Chairperson  
Nomination and Remuneration Committee

**Ms. Minwen Zhang**

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. Shunichi Takenaka**

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 with a Bachelor of Arts in English from Beijing Foreign Studies University in China.



**Mitsuhiro (Hiro) Yamawaki**  
Deputy Chief Executive Officer / Chief Risk Officer

Mr. Mitsuhiro (Hiro) Yamawaki is the Deputy Chief Executive Officer (Deputy CEO) / Chief Risk Officer (CRO) 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 in New York, USA.

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 13 years. Prior to joining CGIF, he accumulated 16 years of experience in the banking sector. He held roles in risk management at the Bank of Philippine Islands (BPI) and contributed to investment banking at BPI Capital Corporation. His professional journey also includes positions at Columbia University's Graduate School of Business in New York, USA; the International Monetary Fund; and the University of California in Santa Barbara, USA.

Mr. Dimanlig earned his Ph.D. in Economics from the University of California. Additionally, he holds a Master of Science in Industrial Economics from the Center for Research and Communication of the University of Asia and the Pacific in Manila, Philippines and a Bachelor of Science in Mathematics from the University of the Philippines.



**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, also in Malaysia, as Chief Financial Officer (CFO).

Mr. Lim attended the Monash University (Clayton) in Australia for his Bachelor of Commerce in Accounting and Finance. He also attended the Senior Management Development Program at Harvard Business School in Massachusetts, USA 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 in Korea for his Bachelor, Master, and Ph.D. in Banking and Securities Regulation and the Law School of Stanford University in California, USA for his 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, Korea and Citibank in Korea and Singapore.

Ms. Bang attended Seoul National University in South Korea for her Bachelor of Arts in English Language and Literature, the Graduate School of Yonsei University, also in Seoul, South Korea, for her Master of Business Administration, and Thunderbird School of Global Management at Arizona State University in Phoenix, USA 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 Société Générale while based in Singapore, heading the financing initiatives for the Global Markets division for ASEAN and South Asia. In this post, he worked on developing the bank's local currency bond origination and structuring business. Prior to that, he held various positions, among them, Head of Corporate Sales at Nomura, Head Rates and FX Sales at Merrill Lynch, and Team Lead for Solutions Sales and Debt Origination at 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 in New Delhi, India 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



At CGIF, diversity goes beyond being a core value.

Diversity is an essential pillar of CGIF's thriving culture. It is a huge part of CGIF's continued achievements and a powerful catalyst for innovation and organizational success.

CGIF's workforce is a dynamic blend of individuals from diverse cultural backgrounds, languages, and life experiences. This offers a variety of perspectives and approaches, which are indispensable in navigating the complexities of CGIF's work. The unique insights of team members allow the organization to tackle challenges from multiple angles, fostering more innovative and effective strategies and solutions. This multicultural composition is a driving force behind CGIF's sustained success.

In 2024, CGIF placed a strong emphasis on nurturing its most valuable asset: its people. Understanding that the organization's strength lies in the talent and commitment of its team, CGIF focused on ensuring that every member not only embraced but embodied the organization's core values and practiced accountability, professionalism, and respect. Various workshops and team-building activities helped further inculcate these principles, with employees actively demonstrating them in daily work situations.







# GOVERNANCE

# ● GOVERNANCE

## **27 June 2024**

Ms. Kazuko Sakuma, Resident Executive Officer – Regional Head for Asia and the Pacific of Japan Bank for International Cooperation (JBIC), was nominated as Director on behalf of JBIC, as replacement for Mr. Yasuaki Negishi, Resident Executive Officer, Regional Head for Asia and the Pacific.

## **01 August 2024**

Ms. Kazuko Sakuma was elected as the Chairperson of the Board of Directors (BOD) to serve the remaining portion of Mr. Yasuaki Negishi's term, commencing on 27 June 2024 up to the next selection of the Chairperson of the BOD.

## **01 July 2024**

Mr. Shunichi Takenaka, Director for Promotion of Regional Finance Cooperation Division, International Bureau of the Ministry of Finance of Japan, was nominated as replacement for Mr. Kunihiko Nakanishi.

## **07 August 2024**

Ms. Jiandi Ye, Director General of the Department of International Economic Relations of the Ministry of Finance of the People's Republic of China, resigned as Director of CGIF. In her place, Ms. Minwen Zhang, Deputy Director General of the Department of International Economic Relations of the Ministry of Finance of the People's Republic of China, was nominated.

## **07 October 2024**

Ms. Minwen Zhang was elected Chairperson of the Nomination and Remuneration Committee.



### MEETING OF CONTRIBUTORS (MOC)

**T**he annual Meeting of Contributors (MOC) for 2024 was held on 28 May 2024 via hybrid format (in-person and video/conference facility) in Hanoi, Viet Nam.

During the annual MOC for 2024, the Contributors present considered and approved the following recommendations of the Board of Directors (BOD):

1. Minutes of the last MOC held on 29 May 2023 and the Special MOC held on 16 August 2023 via video/teleconference
2. 2023 Audited Financial Statements
3. Allocation of the entire net income for 2023 of \$43,992,301.34 to Reserve
4. Selection of External Auditor for FY 2024 until FY 2028
5. Annual Report for 2023
6. Revision of Articles of Agreement on Board Voting Rules

The Contributors also discussed the CGIF Management Report covering 2023 and the Q1 of 2024 and the report on Yoma: Pre-emptive Exposure Management.

A Special MOC was held on 01 August 2024 via video/teleconference. The Contributors present unanimously approved the election of Ms. Kazuko Sakuma from Japan Bank for International Cooperation (JBIC) as the new Chairperson of the BOD commencing on 27 June 2024 up to the following selection of the Chairperson during the Annual MOC to be held in May 2025.

Another Special MOC was convened on 07 October 2024 via video/teleconference. The Contributors present unanimously approved the election of Ms. Minwen Zhang, from the Ministry of Finance of the People's Republic of China, as the new Chairperson of the Nomination and Remuneration (NRC) commencing on 07 August 2024 up to the next selection of the Chairperson of the NRC during the Annual MOC to be held in May 2025.

## BOARD OF DIRECTORS (BOD)

In 2024, the Board of Directors (BOD) had a total of three regular meetings 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 have been conducted in accordance with CGIF Operational Policies (OP) and applicable ADB OP. 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 meetings for 2024 are summarized below:

### 16 April 2024

1. Adoption of the minutes of the BOD meeting held on 12 December 2023 via hybrid format
2. Adoption of the reports of the Chairpersons of the Audit Committee (AC), Internal Control and Risk Management Committee (ICRMC), and Nomination and Remuneration Committee (NRC)
3. Approval of the Annual Report for 2023
4. Approval of the allocation of the Net Income of \$43,992,301.34 to Reserve
5. Approval of the Performance Evaluation of Mr. Hongwei Wang, Chief Executive Officer (CEO) of CGIF
6. Proposal on Promotion of Executive Staff
7. Revision of the Articles of Agreement (AoA) on Board Voting Rules
8. Approval of the selection of Deloitte as the External Auditor for FY 2024 till FY 2028

The Directors also noted and discussed the contents of the CGIF Management Report covering 2023 and up to 29 February 2024, the proposal on the establishment of the Whistleblowing Framework in CGIF, the Capital Increase Project, the Lessons Learned from Yoma, and the Investment Portfolio Strategy for 2024.

On 15 July 2024, through electronic means, the BOD approved to (i) call for a Special Meeting of Contributors (Special MOC) to consider the proposal to elect Ms. Kazuko Sakuma from Japan Bank for International Cooperation (JBIC) as the new Chairperson of the BOD and (ii) recommend to the Special MOC the appointment of Ms. Sakuma 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.

### 22 August 2024

1. Adoption of the minutes of the BOD meeting held on 17 April 2024 via hybrid format
2. Adoption of the decisions and discussions of the Chairpersons of the AC and ICRMC
3. Recommendation to the Meeting of Contributors (MOC) for the appointment of NRC Chairperson
4. Approval of the following proposals:
  - a. for Management to keep to the timeline for the establishment of the Whistleblowing Framework that was previously approved by the BOD, which is by Q1 2025
  - b. for Management to develop a proposal which includes different options for the service provider of the Whistleblowing Framework

- c. for Management's proposal on the service provider to be engaged for the Whistleblowing Framework to be presented for AC's and BOD's decision and approval in November / December 2024
- d. the engagement of ADB's Office of Professional Ethics and Conduct (ADB OPEC) as the service provider for the Whistleblowing Framework of CGIF

The Directors noted and discussed the CGIF Management Report for the Q2 2024 up to July 2024; the results of the Capital Adequacy Stress Test; the projection of CGIF Financials, Capital Adequacy Ratio, and Leverage Ratio; the Green Climate Fund Project; the report on risk weight and charge regulations in ASEAN; the Staff Attrition Demographics; and the report on addressing Staff Attrition and Improving Organization Culture.

#### **04 December 2024**

1. Adoption of the minutes of the BOD meeting held on 22 August 2024 via video/teleconference
2. Adoption of the decisions and discussions of the Chairpersons of the AC, ICRMC, and NRC
3. Approval of the Business Plan, Work Program, and Budget 2025
4. Approval to engage ADB OPEC as the service provider for the Whistleblowing Framework of CGIF

The Directors also noted and discussed the CGIF Management Report for the Q3 2024, the progress update on the establishment of the Whistleblowing Framework, the report on the conclusion of the Capital Increase Proposal, the report on the ASEAN Corporate Bond Market Research, the Investment Portfolio Strategies for 2025, and the 2024 Organizational Culture Survey results.

The Directors also unanimously agreed to discontinue the discussions on the conclusion of the Capital Increase Proposal.

In 2024, through electronic voting, the BOD also deliberated and approved other CGIF Management proposals, including guarantee underwriting proposals (GUP), as follows:

1. Approval of the GUP for Precious Shipping PCL on 09 January 2024
2. Approval of the GUP for Royal Group Phnom Penh SEZ PLC on 27 May 2024
3. Approval of the GUP for Biwase – Long An Water Joint Stock Company on 01 October 2024
4. Approval of the GUP for Power DC Holdco Pte. Ltd. on 03 October 2024
5. Approval of the GUP for China Water Affairs Group Limited on 26 November 2024
6. Approval of the GUP for Schneitec Dynamic Co. Ltd. on 26 November 2024

Out of the 13 GUP approvals, seven GUPs were approved under the Alternative Guarantee Approval Process (AGAP), as follows:

1. PT Steel Pipe Industry of Indonesia
2. PT Hartadinata Abadi Tbk
3. PT Sarana Mitrana Luas Tbk
4. Northeast Rubber Public Company
5. Pollux Hotels Group Tbk
6. PT Indonesia Paradise Property
7. Singapore Medical Group Limited (SMG)

## REPORT OF THE AUDIT COMMITTEE (AC)

**T**he 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, Management, and the auditors; and the culture of effective oversight and ethical standards.

### Structure and Responsibilities

The AC comprises three Directors representing the Association of Southeast Asian Nations (ASEAN), the People's Republic of China, and the Republic of Korea, 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 ensure 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, 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 that 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 2024 Audit Committee Activities

AC convened three times in 2024 with one video-teleconference meeting (on 22 August) and two hybrid setup meetings (on 16 April and 4 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 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 2023 Audited FS on 16 April 2024. The external auditor, Deloitte & Touche Singapore (Deloitte), participated in a physical meeting (without Management in attendance) to present the opinion of external auditor on CGIF's FS and to respond to the questions from AC.

Three quarterly unaudited FS were reported to AC for its review on 14 May, 16 August, and 20 November 2024, 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 2024 to 2028, as recommended by AC and BOD.

Engagement terms, approved by AC, BOD, and Contributors at the time of external auditor selection in May 2024, outline key responsibilities and requirements. These include Deloitte's responsibility to conduct audits in accordance

with International Standards on Auditing and to maintain the confidentiality of information acquired during the audit. These also include CGIF's responsibility to ensure that sufficient internal accounting controls are in place in FS preparation and to obtain Deloitte's prior consent for the publication or reproduction of the auditor's report.

## 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 the 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 corrective action plans (CAPs).

In 2024, 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) CAPs monitoring and validation status.

During its hybrid setup meeting on 4 December 2024, AC reviewed and approved the internal audit plan for 2025. The Internal Audit Charter was approved by the AC during the December 2024 AC meeting as part of its 2025 internal audit plan. The Strategic Audit Plan was reviewed as part of the 2025 annual audit planning process to ensure that audit activities align with the Internal Auditor's goals and objectives.

The Internal Auditor continued to conduct an ongoing monitoring and periodic self-assessment of audit activities to ensure that these conform to Institute of Internal Auditors' 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 of the Standards. Ongoing monitoring was performed and documented in the Audit Review Checklist in each completed engagement in 2024. Periodic self-assessment was conducted in 2024 by performing the internal quality assessment review (IQAR) for Management and Process segments and by monitoring Key Performance Indicators. IQAR for Management and Process segments obtained an overall Generally Conforms results. The results of the periodic self-assessment were reported during the December 2024 AC meeting.

AC reviews and monitors 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.

## WHISTLEBLOWING PROCESS

During the September 2023 AC meeting, AC Chair urged Management to enhance ethical standards and governance and instill market confidence by adopting best practices from international financial institutions like the ADB, which includes establishing a Whistleblowing Framework within CGIF.

During the April 2024 AC and BOD meetings, key elements of the Whistleblowing Framework and Whistleblowing Flowchart were discussed among BOD members, following the endorsement by AC members.

In October 2024, CGIF was advised that ADB's Office of Professional Ethics and Conduct (ADB OPEC) received the green light to provide Whistleblowing services to CGIF. ADB OPEC shared a draft Memorandum of Understanding (MOU) outlining the implementation arrangements.

In December 2024, AC and BOD approved the selection of ADB OPEC as CGIF's Whistleblowing service provider. The Internal Auditor will continue working with ADB OPEC on finalizing the MOU and will report the progress to AC and BOD. The Internal Auditor is in the process of drafting the Whistleblowing Framework and Whistleblowing Administrative Order. To align with ADB's best practice, CGIF's existing Code of Conduct is being enhanced by referencing ADB's Code of Conduct and incorporating ADB's Integrity Policy. In addition, a web page layout for CGIF's Whistleblowing Hotline is being drafted to facilitate both internal and external reporting of concerns about CGIF staff members.

The Whistleblowing Framework will be presented for approval at the AC and BOD meetings in March 2025 and will be reported at the Meeting of Contributors in May 2025.

## INTERNAL CONTROL AND RISK MANAGEMENT COMMITTEE (ICRMC)

The Internal Control and Risk Management Committee (ICRMC) held virtual and hybrid meetings three times in 2024 (on 16 April, 22 August, and 4 December). Policies for internal control and risk management were deliberated and approved by the ICRMC at its meetings.

Under the guidance of the ICRMC, managerial and operational level responsibilities are implemented by the GIC that is chaired by the Chief Risk Officer (CRO). In 2024, the GIC reviewed 20 Guarantee Concept Proposals (GCPs) and 12 GUPs. Of the 12 GUPs reviewed by the GIC in 2024, seven were granted final approval through the AGAP and five were approved and endorsed to the BOD for final approval. All five GUPs endorsed to the BOD were granted final approval within 2024. In 2024, the BOD also approved one GUP that was reviewed by the GIC in 2023, bringing the total number of final GUP approvals by the BOD or by the GIC (through AGAP) within 2024 to 13. Of the 13 final GUP approvals, 8 were issued, 1 was partially issued, 4 were not yet issued at end-2024. The CRO, as the approving authority per RMF guidelines, approved 31 annual reviews in 2024.

At end-2024, there were 41 issuers (33 at end-2023) whose bonds were guaranteed by CGIF. The gross guarantee portfolio increased from \$2,072 million in 2023 to \$2,260 million in 2024. CGIF issued guarantees to cover 24 tranches of bonds of 14 issuers within 2024. Of the total guarantee portfolio amount at end-2024, \$775 million (\$772 million, if valued at respective guaranteed bond

issuance dates) corresponds to new guarantees issued. The redemption of 11 guarantee accounts within 2023 reduced the portfolio by \$535 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	2023	2024
Guarantee Portfolio <sup>1</sup>	2,072	2,260
Of which, underwritten within the year	404	775
Guarantee Portfolio, Net of Reinsurance	1,428	1,642

Note: <sup>1</sup>Composed of principal amounts only, including KNM exposure.

On account of capital infusions by Contributors and retained earnings, CGIF's maximum guarantee capacity increased to \$3,468 million at end-2024 from \$3,342 million at end-2023. At end-2024, CGIF's leverage ratio was at 1.28x versus 1.15x at end-2023, both well below the limit of 2.50x. CGIF's Capital Adequacy Ratio (CAR) at end-2024 decreased to 4.50x from 4.58x at end-2023, both well above the management action trigger of 1.10x. At end-2024, all credit concentration limits were complied with.

**TABLE 8: CAPACITY METRICS**

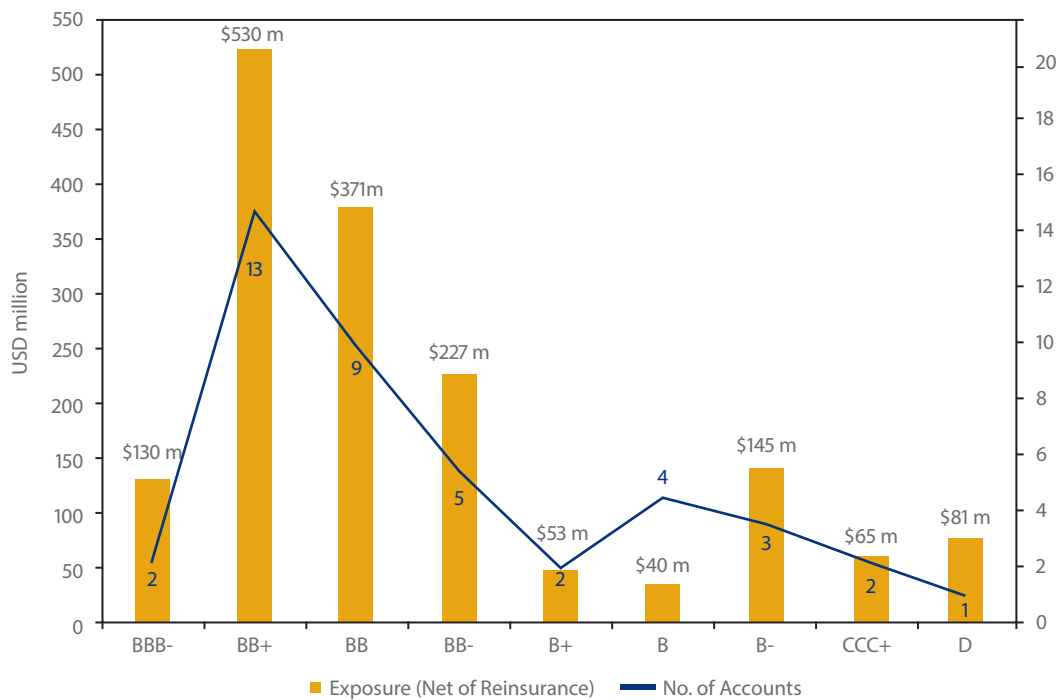
	2023	2024
Maximum Guarantee Capacity, \$ Million	3,342	3,468
Leverage Ratio (ceiling, 2.5x)	1.15x	1.28x
Capital Adequacy Ratio (floor, 1.0x)	4.58x	4.50x

At end-2024, 15 issuers were rated BB+ or better, 9 issuers were rated BB, 5 issuers were rated BB-, 9 issuers were rated at the single-B level, 2 issuers were rated CCC+, and 1 issuer was in default and rated D.

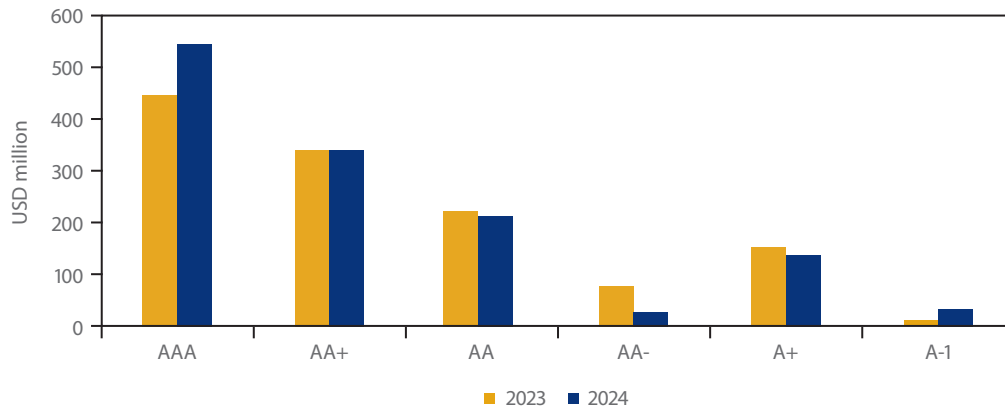
CGIF's investment portfolio duration at end-2024 was 3.31 years versus 3.15 years at end-2023, both

within the limit of 5 years. About 42% of CGIF's investment portfolio is rated AAA. At end-2024, 86% of the portfolio was rated AA- or better versus 87% at end-2023. No investment concentration limit was breached in 2024. In 2024, as in 2023, CGIF passed tests for adequacy of liquidity under normal and stressed conditions.

**FIGURE 25: RISK RATING DISTRIBUTION**



**FIGURE 26: INVESTMENT DISTRIBUTION BY RATING GRADE**





## THE NOMINATION AND REMUNERATION COMMITTEE (NRC)

**T**he Nomination and Remuneration Committee (NRC) is composed of three members of the Board of Directors (BOD), representing the People's Republic of China, the Asian Development Bank (ADB), and Japan. The Director from China serves as the Chairperson, whose appointment is subject to approval by the Meeting of Contributors (MOC).

The NRC's primary role is to evaluate and provide recommendations to the BOD and MOC on senior executive remuneration and other forms of compensation. These evaluations align with the organization's strategy, business environment, and industry's best practices.

The committee's specific responsibilities include:

1. Developing a succession plan for the Chief Executive Officer (CEO) and the Chairperson of the BOD
2. Recommending actions to the BOD regarding the retention, selection, and appointment of CGIF executives
3. Providing the BOD with relevant information to include executive appointment matters in CGIF's annual report
4. Ensuring the NRC Chairperson participates in MOC discussions related to CEO selection and appointment
5. Delivering an annual report on the committee's activities and recommendations to the BOD

### **16 April 2024, NRC Hybrid Format, Chengdu, People's Republic of China**

The committee noted the report on the 2024 salary adjustment and approved the promotion of one executive staff member.

### **4 December 2024, NRC Hybrid Format, Jakarta, Indonesia**

Two items were presented to the committee during the NRC meeting. The first was a proposal on the review of staff compensation and benefits, aimed at facilitating talent retention and maintaining competitiveness while ensuring sustainability for CGIF's continued operations. During the discussion, the NRC Chairperson requested that Management provide further study and analysis to support the proposal, which will be revisited in early 2025 for a final decision.

The second item reported to the committee was an update on the tenure of several executive staff whose contracts are set to expire in 2025 and 2026. This information was provided for the committee's planning purposes.







## 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 2024**

**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 2024, 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 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 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standard Board (IASB).

#### **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 as issued by the IASB, 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, appearing to read "Deloitte &amp; Touche".

Public Accountants and  
Chartered Accountants  
Singapore

10 April 2025

**CREDIT GUARANTEE AND INVESTMENT FACILITY**  
**(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)**  
**STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2024**  
*Expressed in Thousands of United States Dollars*

	NOTES	2024	2023
<b>ASSETS</b>			
CASH		6,622	5,811
INVESTMENTS	5	1,308,336	1,261,641
ACCRUED INTEREST INCOME	5	10,240	9,166
GUARANTEE FEE RECEIVABLE, NET	6	71,121	54,724
GUARANTEE RECEIVABLE, NET	6	74,900	54,087
RIGHT OF USE – LEASE ASSET, NET	7	305	451
FURNITURE, FIXTURES AND EQUIPMENT, NET	8	1,228	138
INTANGIBLE ASSETS, NET	9	45	64
OTHER ASSETS	10	1,710	1,334
<b>TOTAL ASSETS</b>		<b>1,474,507</b>	<b>1,387,416</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
<b>LIABILITIES</b>			
GUARANTEE LIABILITY, NET	6	95,491	65,081
UNEARNED INTEREST INCOME – GUARANTEES		941	1,159
LEASE LIABILITY	7	291	440
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	11	21,219	17,117
OTHER LIABILITIES	12	1,158	1,152
<b>TOTAL LIABILITIES</b>		<b>119,100</b>	<b>84,949</b>
<b>MEMBERS' EQUITY</b>			
CAPITAL STOCK			
PAID-IN CAPITAL	13	1,158,000	1,158,000
RETAINED EARNINGS		48,894	43,992
RESERVE	14	197,075	153,083
ACCUMULATED OTHER COMPREHENSIVE INCOME			
INVESTMENT REVALUATION RESERVE	5	(48,562)	(52,608)
<b>TOTAL MEMBERS' EQUITY</b>		<b>1,355,407</b>	<b>1,302,467</b>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>		<b>1,474,507</b>	<b>1,387,416</b>

**CREDIT GUARANTEE AND INVESTMENT FACILITY**  
**(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)**  
**STATEMENT OF NET INCOME**  
**For the year ended 31 December 2024**  
*Expressed in Thousands of United States Dollars*

	NOTES	2024	2023
<b>REVENUE</b>			
GUARANTEE FEES		22,739	20,535
INTEREST INCOME	15	43,794	37,451
REALIZED GAIN FROM SECURITIES		-	9
INCOME (LOSS) FROM REINSURANCE	18	2,394	(133)
MISCELLANEOUS INCOME	16	150	635
<b>GROSS REVENUE</b>		<b>69,077</b>	<b>58,497</b>
<b>EXPENSES</b>			
ADMINISTRATIVE AND OPERATIONAL EXPENSES	17	13,644	11,244
REINSURANCE EXPENSES	18	7,395	7,857
FINANCIAL EXPENSES		128	104
WRITE OFF EXPENSE		131	-
REVERSAL OF IMPAIRMENT LOSSES, NET	5, 6	(2,913)	(6,775)
MISCELLANEOUS EXPENSES	12	1,158	1,152
<b>TOTAL EXPENSES</b>		<b>19,543</b>	<b>13,582</b>
<b>NET OPERATING INCOME</b>		<b>49,534</b>	<b>44,915</b>
LOSS FROM FOREIGN EXCHANGE		(640)	(923)
<b>NET INCOME</b>		<b>48,894</b>	<b>43,992</b>

**CREDIT GUARANTEE AND INVESTMENT FACILITY**  
**(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**For the year ended 31 December 2024**  
*Expressed in Thousands of United States Dollars*

	NOTES	2024	2023
NET INCOME		48,894	43,992
OTHER COMPREHENSIVE INCOME			
ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME:			
NET UNREALIZED GAIN ON INVESTMENTS MEASURED AT FVTOCI	5	4,046	26,142
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>52,940</b>	<b>70,134</b>



**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 2024**  
*Expressed in Thousands of United States Dollars*

	<b>Paid-in Capital</b>					
	<b>Subscribed Capital</b>	<b>Unpaid Subscription</b>	<b>Retained Earnings</b>	<b>Reserve</b>	<b>Investment Revaluation Reserve</b>	<b>Total Members' Equity</b>
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, 1 JANUARY 2024	1,158,000	-	43,992	153,083	(52,608)	1,302,467
NET INCOME FOR THE YEAR	-	-	48,894	-	-	48,894
ALLOCATION OF PRIOR YEAR INCOME TO RESERVE (NOTE 14)	-	-	(43,992)	43,992	-	-
OTHER COMPREHENSIVE LOSS						
NET UNREALIZED GAIN ON INVESTMENTS MEASURED AT FVTOCI (NOTE 5)	-	-	-	-	4,046	4,046
<b>BALANCE, 31 DECEMBER 2024</b>	<b>1,158,000</b>	<b>-</b>	<b>48,894</b>	<b>197,075</b>	<b>(48,562)</b>	<b>1,355,407</b>

**CREDIT GUARANTEE AND INVESTMENT FACILITY**  
**(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)**  
**STATEMENT OF CASH FLOWS**  
**For the year ended 31 December 2024**  
*Expressed in Thousands of United States Dollars*

	NOTES	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
GUARANTEE RELATED INCOME RECEIVED		26,881	25,616
OTHER INCOME RECEIVED		270	964
GUARANTEE PAYMENT RECOVERED		88	-
REINSURANCE CLAIMS RECEIVED		917	-
ADMINISTRATIVE AND OPERATIONAL EXPENSES PAID		(14,141)	(12,191)
REINSURANCE EXPENSES PAID		(5,327)	(5,755)
PROFIT COMMISSION RETURNED		(2,162)	-
FINANCIAL EXPENSES PAID		(130)	(104)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>6,396</b>	<b>8,530</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
PURCHASES OF INVESTMENTS		(4,753,979)	(1,762,699)
MATURITIES/SALES OF INVESTMENTS		4,715,075	1,712,606
INTEREST RECEIVED ON INVESTMENTS		34,922	29,191
REALIZED GAIN FROM SECURITIES		-	9
PURCHASE OF FIXED AND INTANGIBLE ASSETS		(1,412)	(75)
DISPOSAL OF FURNITURE AND EQUIPMENT		9	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(5,385)</b>	<b>(20,968)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
CONTRIBUTIONS RECEIVED	13	-	9,101
LEASE LIABILITY PAID		(134)	(174)
<b>NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES</b>		<b>(134)</b>	<b>8,927</b>
<b>EFFECT OF EXCHANGE RATE CHANGES IN CASH</b>		<b>(66)</b>	<b>(20)</b>
<b>NET INCREASE (DECREASE) IN CASH</b>		<b>811</b>	<b>(3,531)</b>
CASH AT THE BEGINNING OF THE YEAR		5,811	9,342
<b>CASH AT THE END OF THE YEAR</b>		<b>6,622</b>	<b>5,811</b>
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>			
NET INCOME		48,894	43,992
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION – FIXED AND INTANGIBLE ASSETS		326	92
DEPRECIATION – ROU ASSETS		146	160
PROVISION FOR EXPECTED CREDIT LOSSES		(2,913)	(6,775)
INTEREST INCOME ON INVESTMENTS		(39,681)	(33,286)
REALIZED GAIN FROM SECURITIES		-	(9)
LOSS ON DISPOSAL OF FIXED ASSETS		11	-
FX REVALUATION LOSS		51	49
CHANGE IN GUARANTEE FEE RECEIVABLE		(17,163)	2,223
CHANGE IN GUARANTEE RECEIVABLES		(880)	(80)
CHANGE IN GUARANTEE LIABILITY		19,140	(349)
CHANGE IN UNEARNED INTEREST INCOME		(218)	118
CHANGE IN ACCOUNTS PAYABLE AND ACCRUED EXPENSES		(938)	2,043
CHANGE IN OTHER ASSETS		(385)	344
CHANGE IN OTHER LIABILITIES		6	8
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		<b>6,396</b>	<b>8,530</b>

## **CREDIT GUARANTEE AND INVESTMENT FACILITY**

### **(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)**

#### **NOTES TO FINANCIAL STATEMENTS**

**For the year ended 31 December 2024**

#### **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 2024, \$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 10 April 2025 for presentation to the Meeting of Contributors (MOC) scheduled on 22 May 2025. 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 2024 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 – 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 clarify that 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.

There is no significant impact on CGIF's Financial Statements in the application of these amendments.

#### ***New and revised IFRS in issue but not yet effective***

At the date of authorization of these financial statements, CGIF has not applied the following new and revised IFRS that has been issued but not yet mandatorily effective for the year ending December 31, 2024. CGIF does not anticipate any significant impact on CGIF's Financial Statements upon the application of these amendments.

#### *Amendments to IAS 21 Lack of Exchangeability*

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not. The amendments state that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.

In addition, the IASB made consequential amendments to IFRS 1 to align with and refer to the revised IAS 21 for assessing exchangeability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2025, with earlier application permitted. An entity is not permitted to apply the amendments retrospectively. Instead, an entity is required to apply the specific transition provisions included in the amendments.

### IFRS 18 Presentation and Disclosures in Financial Statements

In April 2024, IFRS 18 was issued to replace IAS 1 as the primary source of requirement in IFRS accounting standards for financial presentation. While the new standard carried forward many of the requirements in IAS 1, it is complemented with new requirements. The new requirements include the following:

- new categories and defined subtotals in the statement of profit or loss;
- disclosure of management-defined performance measures (MPM); and
- enhanced or improved requirements for aggregation and disaggregation.

In addition, some paragraphs in IAS 1 have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendment to IAS 7 and IAS 33 Earnings per Share.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

### **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 a reversal of impairment loss.

### *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.

Loss allowance based on the lifetime ECL is assessed on financial instruments that have experienced a significant increase in credit risk (SICR) since initial recognition. Otherwise, loss allowance is based on the 12-month ECL.

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. Under exceptional cases and subject to GIC approval, the foregoing criteria may be overridden to incorporate additional information and qualitative judgment.

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:

Asset Class	Useful Life
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
Leasehold Improvement	Over the lease period

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, loss allowance is equal to 12-month ECL for stage 1 assets, or to 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 (ICRMC) 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 2024 and 2023 are as follows (in '\$'000):

	2024	2023
<b>Financial assets</b>		
FVTOCI	1,271,393	1,256,741
Financial assets at amortized cost	200,603	129,044
<b>Financial liabilities</b>		
Financial liabilities at amortized cost	22,377	18,269
Lease liabilities	291	440
Guarantee liability	95,491	65,081

##### *Credit Risk*

As per CGIF's Treasury Risk Management Guidelines, CGIF's long term investments are restricted to those with international rating of AA- or better, except for 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. Investment in the issuance of any corporation or any private financial institution is capped at 10% of CGIF capital. Total investments in the issuance of corporations and private financial institutions

are capped at 10% and 30%, respectively, of CGIF capital. Investment in the issuance of government and government-related entities (GGREs) of the USA: single issuer limit, 50% of CGIF capital; aggregate limit, 85% of CGIF capital. Investment in the issuance of supranational and GGREs of AA- or better rated countries except the US: single issuer limit, 20% of CGIF capital; aggregate limit, 75% of CGIF capital. Investment in the issuance of GGREs of A+ rated countries: single issuer limit, 10% of CGIF capital; aggregate limit, 20% of CGIF capital. Country concentration limits: 25% of CGIF capital for each country rated AAA or AA+ except the US; 30%, 25%, and 20% of CGIF capital for the aggregate exposure to all countries rated AA, AA-, and A+, respectively; 0% of CGIF capital for countries rated A or lower. Country exposures are reckoned on exposures to GGREs excluding money market instruments.

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 2024, 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 2023).

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 2024, CGIF's investment portfolio had remaining maturities of up to 9.63 years (9.88 years - 31 December 2023), with duration of 3.31 years (3.15 years - 31 December 2023). CGIF's investments are sensitive to interest rate movements. For CGIF's investment portfolio at 31 December 2024, it is estimated that a 100 basis points upward/downward parallel shift in the yield curve would cause an unrealized loss/gain of about \$43.5 million (\$39.8 million - 31 December 2023).

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

	<b>2024</b>			
	Asset		Liabilities	
	Local Currency	USD Equivalent	Local Currency	USD Equivalent
THB	3,020,314	88,450	1,033,184	30,257
VND	302,134,685	11,881	59,878,513	2,355
JPY	1,221,910	7,734	-	-
SGD	21,869	16,092	54	39
IDR	140,183,176	8,659	-	-
MYR	13,355	2,988	-	-
PHP	5,150	89	30,400	524
LAK	539	-	-	-
TOTAL		<u>135,893</u>		<u>33,175</u>

	<b>2023</b>			
	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	-	-	-
TOTAL		<u>104,286</u>		<u>19,828</u>

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 2024, it is estimated that a 10% adverse change in FX rates in the relevant foreign currency exposure will cause an instant loss of \$9.4 million (\$7.8 million - 31 December 2023).



## 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 substantial obligations related to simultaneous claims on guarantees and raise funds from various sources. A liquidity stress test conducted on CGIF's guarantee portfolio as of 31 December 2024 and 2023 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.

	2024					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	29,966	13,423	160,017	610,439	457,548	1,271,393
Financial assets at amortized cost	44,710	4,030	90,682	52,273	7,562	199,257
Total financial assets	74,676	17,453	250,699	662,712	465,110	1,470,650
Financial liabilities						
Financial liabilities at amortized cost	435	1,481	19,911	550	-	22,377
Lease liability	11	23	106	151	-	291
Total financial liabilities	446	1,504	20,017	701	-	22,668
Net maturity gap	74,230	15,949	230,682	662,011	465,110	1,447,982
	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

### 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 2024 was at 4.50 (4.58 – 31 December 2023). 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 ICRMC.

## NOTE 5 – INVESTMENTS

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

	2024	2023
Time Deposits	36,943	4,900
FVTOCI		
Government-related-entity or government-guaranteed obligations (GGO)	1,147,117	1,117,103
Corporate obligations	124,276	139,638
Total FVTOCI	1,271,393	1,256,741
Total Investment	1,308,336	1,261,641

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 year ended 31 December 2024, based on the portfolio held at the beginning and end of each month without the effect of change in fair value was 2.96% (2.57% - 31 December 2023).

The investment revaluation reserve of negative \$48,562 thousand in the Statement of Financial Position as of 31 December 2024 (negative \$52,608 thousand – 31 December 2023) 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 2024 and 2023 are as follows (in \$'000):

	<b>2024</b>		<b>2023</b>	
	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
Due in less than one year	240,349	241,966	259,869	262,457
Due in one to five years	610,439	638,541	659,454	693,145
Due more than five years	457,548	476,416	342,318	358,728
<b>TOTAL</b>	<b>1,308,336</b>	<b>1,356,923</b>	<b>1,261,641</b>	<b>1,314,330</b>

#### *Fair Value Disclosure*

The fair value of the investments as of 31 December 2024 and 2023 are as follows (in \$'000):

	<b>2024</b>	<b>Fair Value Measurements</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Time Deposits	36,943	-	36,943	-
Government-related-entity or GGO	1,147,117	1,128,641	18,476	-
Corporate obligations	124,276	94,398	29,878	-

	<b>2023</b>	<b>Fair Value Measurements</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
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	-

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 are reported at cost, which approximates fair value.

For the years ended 31 December 2024 and 2023, 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):

	<b>2024</b>	<b>2023</b>
Balance at beginning of the year	81	16
Loss allowance recognized in profit or loss under impairment losses during the year on:		
Assets originated	4	12
Reversals	(24)	(2)
Change in credit risk	(37)	55
	<u>(57)</u>	<u>65</u>
Balance at end of the year	<u>24</u>	<u>81</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 2024 and 2023 are as follows (in \$'000):

	<b>2024</b>	<b>2023</b>
FVTOCI	10,219	9,147
Time Deposits	-	2
Guarantee	21	17
TOTAL	<u>10,240</u>	<u>9,166</u>

## NOTE 6 – GUARANTEES

As of 31 December 2024, CGIF has issued guarantees covering bonds denominated in Singapore Dollar, Thai Baht, Vietnamese Dong, Indonesian Rupiah, Chinese Yuan, Malaysian Ringgit, Japanese Yen, Hongkong Dollar, and Cambodian Riel. The total outstanding amount of the guarantees issued under the related bonds was \$2,557 million as of 31 December 2024 (\$2,353 million – 31 December 2023). 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):

<b>31 December 2024</b>				
	Local Currency		Total Obligation	USD Equivalent of Total Obligation
	Principal	Coupon		
SGD	980,000	128,418	1,108,418	815,613
THB	15,615,800	2,123,368	17,739,168	519,494
VND	9,868,000,000	3,091,692,034	12,959,692,034	509,602
IDR	3,257,150,000	1,007,457,770	4,264,607,770	263,410
CNY	1,000,000	40,000	1,040,000	142,407
MYR	380,000	71,870	451,870	101,108
JPY	15,400,000	423,500	15,823,500	100,155
USD	52,744	8,575	61,319	61,319
HKD	300,000	43,200	343,200	44,182
				<u>2,557,290</u>

<b>31 December 2023</b>				
	Local Currency		Total Obligation	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>

The range of remaining tenor of financial guarantee contracts as of 31 December 2024 are from less than 1 year to 10 years (31 December 2023 – from less than 1 year to 11 years).



As of 31 December 2024, a guarantee liability of \$95.5 million (\$65.1 million - 31 December 2023), net of deferred loss on fair value amounting to \$11.5 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 2024 and 2023, the reported liability is composed of the following (in \$'000):

	<b>2024</b>	<b>2023</b>
Unamortized balance of present value of total guarantee fees	93,057	80,558
Allowance for ECL	13,917	2,647
Gross guarantee liability	106,974	83,205
Less: Deferred loss on fair value	(11,483)	(18,124)
Net guarantee liability	95,491	65,081

The total amount of loss allowance for guarantee obligations determined through ECL amounted to \$27.4 million as of 31 December 2024 (\$10.1 million – 31 December 2023). 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 2024, there are 7 issuers in the portfolio that are classified into stage 2 (none in 31 December 2023).

The reported guarantee fee receivable of \$71.1 million represents the present value of the stream of total guarantee fees expected to be received for the guarantee outstanding as of 31 December 2024 (\$54.7 million – 31 December 2023) net of allowance for credit losses.

As of 31 December 2024, the credit impaired guarantee receivable resulting from CGIF fulfilling its obligation is reported in the Statement of Financial Position at \$74.9 million (\$54.1 million – 31 December 2023). This amount is net of a negative allowance of \$3.2 million (a positive allowance of \$16.8 million – 31 December 2023).

As of 31 December 2024 and 2023, all of CGIF's future guarantee fee receivables are classified as Level 3 within the fair value hierarchy. Likewise, as of 31 December 2024, the credit impaired guarantee receivable 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 2024 and 2023 were summarized below:

	<b>Valuation Technique</b>	<b>Unobservable Input</b>	<b>Range 2024</b>	<b>2023</b>
Guarantee fee receivable	Discounted cash flows	Discount rates	2.55% to 20.12%	2.55% to 20.12%

There were no inter-level transfers during the year ended 31 December 2024 and 2023.

#### *Impairment Losses*

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

	<b>2024</b>	<b>2023</b>
Balance at beginning of the year	446	144
Loss allowance recognized in profit or loss under impairment losses during the year on:		
Assets originated	107	287
Reversals	(12)	(55)
Changes in credit risk	(133)	70
Stage 1 to Stage 2	803	-
	<u>765</u>	<u>302</u>
Balance at end of the year	<u>1,211</u>	<u>446</u>

As of 31 December 2024, 7 issuers in the portfolio were classified as stage 2 (none – 31 December 2023).

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

	<b>2024</b>	<b>2023</b>
Balance at beginning of the year	16,774	25,447
Reversal of loss allowance / Loss allowance recognized in profit or loss under impairment losses during the year on:		
Changes in credit risk	<u>(19,933)</u>	<u>(8,673)</u>
Balance at end of the year	<u>(3,159)</u>	<u>16,774</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 2023	807
Remeasurement/Adjustment	<u>435</u>
31 December 2023 and 2024	<u>1,242</u>
Accumulated depreciation	
1 January 2023	(630)
Depreciation	<u>(161)</u>
31 December 2023	(791)
Depreciation	<u>(146)</u>
31 December 2024	<u>(937)</u>
NET, 31 December 2024	<u>305</u>
NET, 31 December 2023	<u>451</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 2023	366	476	5	847
Additions	4	65	-	69
Disposals	-	-	(5)	(5)
31 December 2023	370	541	-	911
Additions	318	117	975	1,410
Disposals	(277)	(174)	-	(451)
31 December 2024	411	484	975	1,870
Accumulated Depreciation/Amortization				
1 January 2023	(321)	(386)	(5)	(712)
Depreciation	(14)	(52)	-	(66)
Disposals	-	-	5	5
31 December 2023	(335)	(438)	-	(773)
Depreciation	(26)	(61)	(213)	(300)
Disposals	257	174	-	431
31 December 2024	(104)	(325)	(213)	(642)
NET, 31 December 2024	307	159	762	1,228
NET, 31 December 2023	35	103	-	138

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):

	<b>Information Systems Software</b>
Cost	
1 January 2023	1,071
Additions	8
31 December 2023	1,079
Additions	7
31 December 2024	1,086
Accumulated Depreciation/Amortization	
1 January 2023	(989)
Amortization	(26)
31 December 2023	(1,015)
Amortization	(26)
31 December 2024	(1,041)
NET, 31 December 2024	45
NET, 31 December 2023	64

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 \$1.16 million (\$1.15 million – 31 December 2023), 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 2024 will be settled subsequently in May 2025. Key management personnel total compensation of short-term employee benefits for 31 December 2024 amounted to \$3.81 million (\$3.61 million – 31 December 2023).

## 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 2024 and 2023 are as follows (in \$'000):

	<b>2024</b>	<b>2023</b>
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>

As of 31 December 2024 and 2023, all subscribed capital are received.

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 2024 and 2023 are as follows (in \$'000 except for number of shares):

Contributor	31 December 2024 and 2023			
	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	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	-

#### NOTE 14 – RESERVE

The allocation to Reserve of the 2023 net income in retained earnings was approved on 28 May 2024 by the Contributors at the 2024 Meeting of Contributors, per MOC Resolution No. 2024-A-04.

#### NOTE 15 – INTEREST INCOME

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

	2024	2023
FVTOCI	38,459	32,043
Time Deposits	1,222	474
Guarantee	4,076	4,121
Certificates of Deposits	-	769
Others	37	44
	43,794	37,451

## 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):

	2024	2023
Staff Related Expenses	9,601	8,778
Financial and Legal Services	1,465	866
Short Term Staff Consultants	646	153
Business Travel	412	436
Marketing Development	337	154
Depreciation and Amortization – Fixed and Intangible Assets	326	91
IT and Communication Expenses	252	209
Depreciation – ROU Assets	146	160
MOC and BOD Expenses	145	148
Others	314	249
	<u>13,644</u>	<u>11,244</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 2024, CGIF received \$917 thousand from the reinsurers as their share of losses from a guarantee account that defaulted in 2024 and legal expenses incurred during the year from another defaulted account. Since CGIF successfully recovered funds from the defaulted account in 2024, the reinsurers will receive their share of the recovery as part of the 4<sup>th</sup> quarter SOA, that will be settled 15 days after its issuance.

## **NOTE 19 – SUBSEQUENT EVENTS**

There have been no material events since the reporting date that would require disclosure or adjustment to these financial statements.

**Credit Guarantee and Investment Facility**

Asian Development Bank Building

6 ADB Avenue, Mandaluyong City

1550 Metro Manila, Philippines

Tel: +63 2 5322 7660

Fax: +63 2 5322 7661

A large photograph of a wind farm at sunset. The sun is low on the horizon, casting a warm glow over the landscape. Several wind turbines are visible, with the one in the foreground being the most prominent. The sky is a mix of blue and orange. The text "FUTURE PROOF" is overlaid on the bottom left of the image.

**FUTURE  
PROOF**