

Credit Guarantee and Investment Facility

Credit Rating

Financial Strength

idAAA/Stable

Rating Period

July 10, 2025 – July 1, 2026

Published Rating History

JUL 2024	idAAA/Stable
JUL 2023	idAAA/Stable
JUL 2022	idAAA/Stable
JUL 2021	idAAA/Stable
JUL 2020	idAAA/Stable

PEFINDO has assigned its idAAA financial strength rating with a stable outlook to **Credit Guarantee and Investment Facility (CGIF)**. The rating mainly reflects the very strong likelihood of support from the Asian Development Bank (ADB). CGIF's standalone credit profile reflects its important mandate to develop regional bond markets, superior capitalization profile, very strong liquidity position, conservative underwriting criteria, as well as its moderate operating performance.

The rating may be lowered if there is a strong indication of a significant decline in shareholder support, which may be indicated by CGIF's weakening role in developing corporate bonds mandate or substantial deterioration in CGIF's financial performance without evidence of support from ADB.

CGIF was established in November 2010 as a critical component of the Asian Bond Market Initiative (ABMI) to promote economic development and financial stability by developing local currency regional bond markets in the ASEAN region. This mandate was extended by contributing members, consisting of ASEAN+3 governments (China, Japan, and the Republic of Korea) and the Asian Development Bank (ADB). CGIF was established as a trust fund of the ADB, meaning that despite being operationally and financially separated from ADB, it is not a separate legal entity. CGIF is headquartered in Manila, the Philippines, and its operations were supported by 78 employees.

Financial Highlights

As of/for the year ended	Mar-2025 (Unaudited)	Dec-2024 (Audited)	Dec-2023 (Audited)	Dec-2022 (Audited)
Total Asset [USD Mn]	1,518.0	1,474.5	1,387.4	1,305.0
Total Equity [USD Mn]	1,390.7	1,355.4	1,302.5	1,223.2
Total Investments [USD Bn]	1,343.8	1,308.3	1,261.6	1,182.3
Net Guarantee Fee [USD Mn]	5.5	19.4	16.8	16.8
Net Claims [USD Mn]	0.0	0.0	0.0	0.0
Underwriting Result [IDR Bn]	5.2	24.7	23.4	1.3
Net Income After Tax [IDR Bn]	13.3	48.9	44.0	13.8
Total Comprehensive Income [USD Mn]	35.3	52.9	70.1	*** (81.0)
ROAA [%]	3.5	3.4	3.3	1.0
Loss Ratio [%]	0.0	0.0	0.0	0.0
Net Guarantee Fee / Equity [x]	0.0	0.0	0.0	0.0
Retention Ratio [%]	73.9	72.4	68.1	71.0
Equity / Total Assets [%]	91.6	91.9	93.9	93.7
Capital / Capital Charge [x] **	4.3	4.5	4.6	4.4
USD exchange rate [USD/IDR]	16,588	16,162	15,416	15,731

Rating Definition

A guarantee provider rated idAAA has superior financial security characteristics relative to those of other companies in Indonesia. idAAA is the highest guarantee provider financial strength rating assigned by PEFINDO.

Contact Analysts:

kreshna.armand@pefindo.co.id

adrian.noer@pefindo.co.id

*Annualized

**CGIF capital divided by capital charge based on credit risk, market risk, operational risk, and granularity adjustment.

The above ratios have been computed based on information from the company and published accounts. Where applicable, some items have been reclassified according to PEFINDO's definitions.

Key Strengths

Very strong likelihood of support from ADB

PEFINDO assesses that there is a very strong likelihood of support from ADB, considering CGIF's mandate to develop the bond market in the ASEAN region by providing guarantees, particularly the ones related to specific transactions, such as those for first-time issuers, cross-border transactions, and new instruments or thematic instruments. This mandate aligns with ADB's agenda to strengthen local bond development and mitigate the impact of global liquidity shocks. Due to its mandate, ADB is expected to continue its support for CGIF regarding the regulatory framework, operational assistance, oversight, and regular capital injection. The latter helps bolster CGIF's business expansion by increasing the number of guarantee deals and capacity, thus contributing to the development of local bond markets. Developing these markets aims to promote economic growth and financial resilience, enhancing both the issuer and buyer sides. As of 1H2025, CGIF has expanded its presence with 98 bond guarantees since its inception in 2010. As a trust fund of ADB, CGIF benefits from tax exemptions and is not subject to certain rules and regulations in the countries where it operates.

Superior capitalization profile

PEFINDO expects that CGIF's capitalization profile will maintain its superior status in the medium term, given its moderate growth strategy. This is supported by its significant total equity amounting to USD1.4 billion as of the first quarter of 2025, regular capital injections, profit accumulations, and a no-dividend payment policy. The low leverage ratio is demonstrated by the conservative total gearing ratio (gross guarantee amount over total equity), which stood at 2.0x and 1.9x in the first quarter of 2025 and fiscal year 2024, respectively, below the internal limit of maximum guarantee capacity (MGC) of 2.5x. Additionally, CGIF upholds a robust capital-to-capital charge ratio, with the latest figures being 4.3x as of the first quarter of 2025, significantly above its internal threshold of 1.1x.

Very strong liquidity position

CGIF has a very strong liquidity position, supported by its substantial liquid assets in high-quality investments. CGIF's investment includes government and corporate bonds, as well as time deposits, with a minimum global rating of A+. The investment portfolio, consisting of bonds and time deposits (excluding cash and cash equivalents), totaled USD1.3 billion as of 1Q2025, compared to its bond guarantee amount recorded at USD2.7 billion as of 1Q2025. Additionally, called guarantees have been relatively low since CGIF's establishment, with only two cases amounting to USD108 million, representing 7.8% of its total equity. CGIF's ratio of liquid assets to total assets has consistently remained above 80% during the review period, with the latest figure being 88.5% in 1Q2025. Therefore, CGIF demonstrates a robust liquidity capacity for managing potential claims that may arise.

Conservative underwriting criteria

CGIF's conservative underwriting criteria are based on its strict and tiered credit guarantee process, including comprehensive business and financial performance evaluations. Prospective clients must comply with the ESG assessment conducted by CGIF using international standards adopted from ADB. After transactions, CGIF regularly monitors financial covenants and collaterals, when required. The guarantee exposure is managed by prudential limits, such as country limits, industry limits (each set at 20% of MGC), and currency limits (40% of MGC).

Key Weakness

Moderate operating performance

CGIF's operating performance is expected to remain at a moderate level over the near to medium term, largely due to persistently high operating and provision expenses resulting from increased business volume. With CGIF's ongoing expansion across the ASEAN region, operating costs—particularly those related to personnel—are expected to increase in the short term to support this growth trajectory. The expense ratio rose to 78.5% as of the first quarter of 2025, compared to 55.9% at the end of 2024 and 26.6% at year-end 2023. In the first quarter of 2025, CGIF reported provision expenses of USD0.9 million, whereas in 2024 there had been a reversal of provision expenses totaling USD2.9 million. These developments contributed to an increase in the combined ratio, which reached 67.5% in 1Q2025, up from 43.6% in FY2024 and 27.4% in FY2023. Prolonged global economic challenges and local currency fluctuation may further intensify credit risks and provision requirements. Consequently, the combined ratio is projected to remain within a moderate range of 70% to 90% for the foreseeable future.

Environmental, Social and Governance (ESG) Factors in the Rating Assessment

ESG factors are neutral consideration in CGIF's credit rating assessment. CGIF incorporates environmental factors by ensuring all guaranteed projects comply with strict environmental safeguards to minimize negative impacts and promote sustainability. On the social front, CGIF applies rigorous social safeguards aligned with international best practices to protect community welfare and labor standards in its guaranteed transactions. Regarding governance, CGIF maintains a robust governance framework characterized by prudent risk management, adherence to its articles of agreement, and oversight by experienced management and shareholders, ensuring the institution's credit stability.

DISCLAIMER

The rating contained in this report or publication is the opinion of PT Pemeringkat Efek Indonesia (PEFINDO) given based on the rating result on the date the rating was made. The rating is a forward-looking opinion regarding the rated party's capability to meet its financial obligations fully and on time, based on assumptions made at the time of rating. The rating is not a recommendation for investors to make investment decisions (whether the decision is to buy, sell, or hold any debt securities based on or related to the rating or other investment decisions) and/or an opinion on the fairness value of debt securities and/or the value of the entity assigned a rating by PEFINDO. All the data and information needed in the rating process are obtained from the party requesting the rating, which are considered reliable in conveying the accuracy and correctness of the data and information, as well as from other sources deemed reliable. PEFINDO does not conduct audits, due diligence, or independent verifications of every information and data received and used as basis in the rating process. PEFINDO does not take any responsibility for the truth, completeness, timeliness, and accuracy of the information and data referred to. The accuracy and correctness of the information and data are fully the responsibility of the parties providing them. PEFINDO and every of its member of the Board of Directors, Commissioners, Shareholders and Employees are not responsible to any party for losses, costs and expenses suffered or that arise as a result of the use of the contents and/or information in this rating report or publication, either directly or indirectly. PEFINDO generally receives fees for its rating services from parties who request the ratings, and PEFINDO discloses its rating fees prior to the rating assignment. PEFINDO has a commitment in the form of policies and procedures to maintain objectivity, integrity, and independence in the rating process. PEFINDO also has a "Code of Conduct" to avoid conflicts of interest in the rating process. Ratings may change in the future due to events that were not anticipated at the time they were first assigned. PEFINDO has the right to withdraw ratings if the data and information received are determined to be inadequate and/or the rated company does not fulfill its obligations to PEFINDO. For ratings that received approval for publication from the rated party, PEFINDO has the right to publish the ratings and analysis in its reports or publication, and publish the results of the review of the published ratings, both periodically and specifically in case there are material facts or important events that could affect the previous ratings. Reproduction of the contents of this publication, in full or in part, requires written approval from PEFINDO. PEFINDO is not responsible for publications by other parties of contents related to the ratings given by PEFINDO.