

**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 2025

**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	9-34

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 2025, 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 2025, 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 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 devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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 & Touche".

Public Accountants and
Chartered Accountants
Singapore

15 April 2026

**CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2025
Expressed in Thousands of United States Dollars**

	NOTES	2025	2024
ASSETS			
CASH		6,274	6,622
INVESTMENTS	5	1,414,212	1,308,336
ACCRUED INTEREST INCOME	5	10,495	10,240
GUARANTEE FEE RECEIVABLE, NET	6	77,561	71,121
GUARANTEE RECEIVABLE, NET	6	63,698	74,900
RIGHT OF USE – LEASE ASSET, NET	7	171	305
FURNITURE, FIXTURES AND EQUIPMENT, NET	8	801	1,228
INTANGIBLE ASSETS, NET	9	42	45
OTHER ASSETS	10	1,959	1,710
TOTAL ASSETS		1,575,213	1,474,507
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
GUARANTEE LIABILITY, NET	6	115,792	95,491
UNEARNED INTEREST INCOME – GUARANTEES		1,263	941
LEASE LIABILITY	7	149	291
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	11	17,627	21,219
OTHER LIABILITIES	12	1,158	1,158
TOTAL LIABILITIES		135,989	119,100
MEMBERS' EQUITY			
CAPITAL STOCK			
PAID-IN CAPITAL	13	1,158,000	1,158,000
RETAINED EARNINGS		39,509	48,894
RESERVE	14	245,969	197,075
ACCUMULATED OTHER COMPREHENSIVE INCOME			
INVESTMENT REVALUATION RESERVE	5	(4,254)	(48,562)
TOTAL MEMBERS' EQUITY		1,439,224	1,355,407
TOTAL LIABILITIES AND MEMBERS' EQUITY		1,575,213	1,474,507

**CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF NET INCOME
For the year ended 31 December 2025
Expressed in Thousands of United States Dollars**

	NOTES	2025	2024
REVENUE			
GUARANTEE FEES		26,527	22,739
INTEREST INCOME	15	49,479	43,794
INCOME FROM REINSURANCE	18	3,152	2,394
MISCELLANEOUS INCOME	16	102	150
GROSS REVENUE		79,261	69,077
EXPENSES			
ADMINISTRATIVE AND OPERATIONAL EXPENSES	17	14,487	13,644
REINSURANCE EXPENSES	18	7,991	7,395
FINANCIAL EXPENSES		124	128
WRITE OFF EXPENSE		-	131
IMPAIRMENT (REVERSAL OF) LOSSES, NET	5, 6	25,239	(2,913)
MISCELLANEOUS EXPENSES	12	1,158	1,158
TOTAL EXPENSES		48,999	19,543
NET OPERATING INCOME		30,262	49,534
GAIN (LOSS) FROM FOREIGN EXCHANGE		9,247	(640)
NET INCOME		39,509	48,894

**CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2025
Expressed in Thousands of United States Dollars**

	NOTES	2025	2024
NET INCOME		39,509	48,894
OTHER COMPREHENSIVE INCOME			
ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME:			
NET UNREALIZED GAIN ON INVESTMENTS MEASURED AT FVTOCI	5	44,308	4,046
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		83,817	52,940

**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 2025
Expressed in Thousands of United States Dollars**

	<u>Paid-in Capital</u>			Reserve	Investment Revaluation Reserve	Total Members' Equity
	Subscribed Capital	Unpaid Subscription	Retained Earnings			
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	-	-	(43,992)	43,992	-	-
OTHER COMPREHENSIVE LOSS						
NET UNREALIZED GAIN ON INVESTMENTS MEASURED AT FVTOCI (NOTE 5)	-	-	-	-	4,046	4,046
BALANCE, 1 JANUARY 2025	1,158,000	-	48,894	197,075	(48,562)	1,355,407
NET INCOME FOR THE YEAR	-	-	39,509	-	-	39,509
ALLOCATION OF PRIOR YEAR INCOME TO RESERVE (NOTE 14)	-	-	(48,894)	48,894	-	-
OTHER COMPREHENSIVE LOSS						
NET UNREALIZED GAIN ON INVESTMENTS MEASURED AT FVTOCI (NOTE 5)	-	-	-	-	44,308	44,308
BALANCE, 31 DECEMBER 2025	1,158,000	-	39,509	245,969	(4,254)	1,439,224

**CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2025
Expressed in Thousands of United States Dollars**

	NOTES	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES			
GUARANTEE RELATED INCOME RECEIVED		36,899	26,881
OTHER INCOME RECEIVED		654	270
GUARANTEE PAYMENT RECOVERED		-	88
ADMINISTRATIVE AND OPERATIONAL EXPENSES PAID		(15,049)	(14,141)
REINSURANCE EXPENSES PAID		(5,734)	(5,327)
REINSURANCE CLAIMS (RECOVERED) RECEIVED		(590)	917
PROFIT COMMISSION RETURNED		-	(2,162)
FINANCIAL EXPENSES PAID		(123)	(130)
NET CASH PROVIDED BY OPERATING ACTIVITIES		16,057	6,396
CASH FLOWS FROM INVESTING ACTIVITIES			
PURCHASES OF INVESTMENTS		(8,966,428)	(4,753,979)
MATURITIES/SALES OF INVESTMENTS		8,909,219	4,715,075
INTEREST RECEIVED ON INVESTMENTS		41,020	34,922
PURCHASE OF FIXED AND INTANGIBLE ASSETS		(83)	(1,412)
DISPOSAL OF FURNITURE AND EQUIPMENT		-	9
NET CASH USED IN INVESTING ACTIVITIES		(16,272)	(5,385)
CASH FLOWS FROM FINANCING ACTIVITIES			
LEASE LIABILITY PAID		(144)	(134)
NET CASH USED IN FINANCING ACTIVITIES		(144)	(134)
EFFECT OF EXCHANGE RATE CHANGES IN CASH		11	(66)
NET (DECREASE) INCREASE IN CASH		(348)	811
CASH AT THE BEGINNING OF THE YEAR		6,622	5,811
CASH AT THE END OF THE YEAR		6,274	6,622
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
NET INCOME		39,509	48,894
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION – FIXED AND INTANGIBLE ASSETS		507	326
DEPRECIATION – ROU ASSETS		134	146
PROVISION FOR EXPECTED CREDIT LOSSES		25,239	(2,913)
INTEREST INCOME ON INVESTMENTS		(45,629)	(39,681)
LOSS ON DISPOSAL OF FIXED ASSETS		-	11
FX REVALUATION LOSS		(8)	51
CHANGE IN GUARANTEE FEE RECEIVABLE		(6,903)	(17,163)
CHANGE IN GUARANTEE RECEIVABLES		(7,194)	(880)
CHANGE IN GUARANTEE LIABILITY		11,092	19,140
CHANGE IN UNEARNED INTEREST INCOME		322	(218)
CHANGE IN ACCOUNTS PAYABLE AND ACCRUED EXPENSES		(759)	(938)
CHANGE IN OTHER ASSETS		(253)	(385)
CHANGE IN OTHER LIABILITIES		-	6
NET CASH PROVIDED BY OPERATING ACTIVITIES		16,057	6,396

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

**NOTES TO FINANCIAL STATEMENTS
For the year ended 31 December 2025**

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 2025, \$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 15 April 2026 for presentation to the Meeting of Contributors (MOC) scheduled on 21 May 2026. The financial statements are subject to approval at the MOC.

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

On January 1, 2025, CGIF adopted all the new and revised IFRS pronouncements that are mandatorily effective and relevant to its operations. The adoption of these new/revised IFRS pronouncements does not result in changes to the company's accounting policies and has no material effect on the disclosures or on the amounts reported for the current and prior years.

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 can 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.

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, 2025. CGIF does not anticipate any significant impact on CGIF's Financial Statements upon the application of these 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 classified and measured at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL), based on both CGIF's business model for managing the financial assets and the contractual cashflow characteristics of the financial assets.

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 is 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 initially recorded at trade dates. Subsequent changes in the carrying amount resulting from 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 presented under investments and are measured at cost which is considered to approximate their fair values.

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 arise from guarantee obligations on defaulted bonds that have been settled and are expected to be recovered based on guarantee contracts. These receivables are initially recognized as credit impaired in the Statement of Financial Position. Subsequent changes in the lifetime expected credit loss (ECL) since initial recognition are recognized as a loss allowance with corresponding adjustments recorded in the Statement of Net Income. Any favorable change will result in 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.

Financial assets are assessed for credit impairment based on several indicators that are consistent with IFRS 9, among others: (a) credit default, (b) debt restructuring involving concessions granted for credit relief, and (c) significant financial difficulty of the borrower.

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

A default of a financial guarantee contract and guarantee fee receivable arises when an event of default as defined in the relevant Guarantee Agreement has occurred, and CGIF's guarantee has been called. An investment is in default upon declaration by the debt capital market agents, particularly the relevant investors' trustee. Technical defaults, i.e., defaults without missed payments, are not considered defaults 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 defaulted financial instruments, LGD is estimated using additional information and assumptions that reflect the expected recoveries. 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 amortized 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 based on 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 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 instruments, or to lifetime ECL for stage 2 or stage 3 instruments. An instrument 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. Credit-impaired financial instruments are classified under stage 3. The assessment of credit impairment is based on several indicators that are consistent with IFRS 9.

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 defaulted financial instruments, 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 2025 and 2024 are as follows (in \$'000):

	<u>2025</u>	<u>2024</u>
Financial assets		
FVTOCI	1,286,278	1,271,393
Financial assets at amortized cost	287,048	200,603
Financial liabilities		
Financial liabilities at amortized cost	18,785	22,377
Lease liabilities	149	291
Guarantee liability	115,792	95,491

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 only GGREs.

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 2025, CGIF's guarantee portfolio, excluding portions ceded to reinsurers and credit risk mitigators, had a weighted average risk rating of BB (no change from 31 December 2024).

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 (AOFs). Exposures to AOFs pertain to guarantee exposures to borrowing entities that are registered through the offshore incorporation process of an AOF. Aggregate guarantee exposure to any single AOF and aggregate exposure to all AOFs 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 2025, CGIF's investment portfolio had remaining maturities of up to 10.05 years (9.63 years - 31 December 2024), with duration of 3.28 years (3.31 years - 31 December 2024). CGIF's investments are sensitive to interest rate movements. For CGIF's investment portfolio at 31 December 2025, it is estimated that a 100 basis points upward/downward parallel shift in the yield curve would cause an unrealized loss/gain of about \$46.7 million (\$43.5 million - 31 December 2024).

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

	2025			
	Asset		Liabilities	
	Local Currency	USD Equivalent	Local Currency	USD Equivalent
THB	2,347,647	75,645	1,011,756	32,600
VND	339,755,655	12,922	168,420,751	6,406
IDR	201,079,971	12,008	439,333	26
SGD	15,352	11,955	-	-
MYR	28,687	7,083	-	-
JPY	949,415	6,064	-	-
CNY	38,892	5,552	-	-
PHP	95,940	1,633	21,949	374
LAK	539	-	-	-
TOTAL		<u>132,862</u>		<u>39,406</u>

	2024			
	Asset		Liabilities	
	Local Currency	USD Equivalent	Local Currency	USD Equivalent
THB	3,020,314	88,450	1,033,184	30,257
SGD	21,869	16,092	54	39
VND	302,134,685	11,881	59,878,513	2,355
IDR	140,183,176	8,659	-	-
JPY	1,221,910	7,734	-	-
MYR	13,355	2,988	-	-
PHP	5,150	89	30,400	524
LAK	539	-	-	-
TOTAL		<u>135,893</u>		<u>33,175</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 2025, it is estimated that a 10% adverse change in FX rates in the relevant foreign currency exposure will cause an instant loss of \$8.5 million (\$9.4 million - 31 December 2024).

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 2025 and 2024 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.

	2025					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	24,979	44,810	158,380	543,286	514,822	1,286,278
Financial assets at amortized cost	136,561	4,615	99,910	53,882	9,591	304,559
Total financial assets	<u>161,540</u>	<u>49,425</u>	<u>258,290</u>	<u>597,169</u>	<u>524,413</u>	<u>1,590,837</u>
Financial liabilities						
Financial liabilities at amortized cost	366	725	17,110	584	-	18,785
Lease liability	12	24	113	-	-	149
Total financial liabilities	<u>378</u>	<u>749</u>	<u>17,223</u>	<u>584</u>	<u>-</u>	<u>18,934</u>
Net maturity gap	<u>161,162</u>	<u>48,676</u>	<u>241,067</u>	<u>596,585</u>	<u>524,413</u>	<u>1,571,903</u>

	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

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 2025 was at 4.16 (4.50 – 31 December 2024). 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):

	<u>2025</u>	<u>2024</u>
Time Deposits	127,934	36,943
FVTOCI		
Government-related-entity or government-guaranteed obligations (GGO)	1,191,664	1,147,117
Corporate obligations	94,614	124,276
Total FVTOCI	1,286,278	1,271,393
Total Investment	<u>1,414,212</u>	<u>1,308,336</u>

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

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

The annualized rate of return on the average investments held during the year ended 31 December 2025, based on the portfolio held at the beginning and end of each month without the effect of change in fair value was 3.27% (2.96% - 31 December 2024).

The investment revaluation reserve of negative \$4,254 thousand in the Statement of Financial Position as of 31 December 2025 (negative \$48,562 thousand – 31 December 2024) 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 2025 and 2024 are as follows (in \$'000):

	<u>2025</u>		<u>2024</u>	
	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
Due in less than one year	356,104	358,456	240,349	241,966
Due in one to five years	543,286	550,094	610,439	638,541
Due more than five years	514,822	509,940	457,548	476,416
TOTAL	<u>1,414,212</u>	<u>1,418,490</u>	<u>1,308,336</u>	<u>1,356,923</u>

Fair Value Disclosure

The fair value of the investments as of 31 December 2025 and 2024 are as follows (in \$'000):

	2025	Fair Value Measurements		
		Level 1	Level 2	Level 3
Time Deposits	127,934	-	127,934	-
Government-related-entity or GGO	1,191,664	1,172,457	19,207	-
Corporate obligations	94,614	94,614	-	-
	2024	Fair Value Measurements		
		Level 1	Level 2	Level 3
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	-

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 2025 and 2024, 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):

	2025	2024
Balance at beginning of the year	24	81
Loss allowance recognized in profit or loss under impairment losses during the year on:		
Assets originated	1	4
Reversals	(6)	(24)
Change in credit risk	4	(37)
	(1)	(57)
Balance at end of the year	23	24

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 2025 and 2024 are as follows (in \$'000):

	<u>2025</u>	<u>2024</u>
FVTOCI	10,365	10,219
Time Deposits	105	-
Guarantee	<u>25</u>	<u>21</u>
TOTAL	<u><u>10,495</u></u>	<u><u>10,240</u></u>

NOTE 6 – GUARANTEES

As of 31 December 2025, CGIF has issued guarantees covering bonds denominated in Singapore Dollar, Vietnamese Dong, Thai Baht, Indonesian Rupiah, Malaysian Ringgit, Chinese Yuan, Japanese Yen, Hongkong Dollar, Philippine Peso, and Cambodian Riel. The total outstanding amount of the guarantees issued under the related bonds was \$2,998 million as of 31 December 2025 (\$2,557 million – 31 December 2024). 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):

	<u>2025</u>			<u>USD Equivalent of Total Obligation</u>
	<u>Local Currency</u>		<u>Total Obligation</u>	
	<u>Principal</u>	<u>Coupon</u>		
SGD	909,000	103,598	1,012,598	788,505
VND	10,018,000,000	2,991,476,629	13,009,476,629	494,807
THB	13,485,800	1,815,916	15,301,716	493,047
IDR	5,473,900,000	1,463,442,483	6,937,342,483	414,293
MYR	835,000	144,865	979,865	241,924
CNH	1,500,000	165,486	1,665,486	237,774
USD	84,069	23,008	107,077	107,077
JPY	15,400,000	338,800	15,738,800	100,522
PHP	4,000,000	615,575	4,615,575	78,567
HKD	300,000	28,800	328,800	42,309
				<u><u>2,998,827</u></u>

2024

	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>

The range of remaining tenor of financial guarantee contracts as of 31 December 2025 are from less than 1 year to 15 years (31 December 2024 – from less than 1 year to 10 years).

As of 31 December 2025, a guarantee liability of \$115.8 million (\$95.5 million - 31 December 2024), net of deferred loss on fair value amounting to \$6.0 million (\$11.5 million – 31 December 2024), 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 2025 and 2024, the reported liability is composed of the following (in \$'000):

	<u>2025</u>	<u>2024</u>
Unamortized balance of present value of total guarantee fees	98,625	93,057
Allowance for ECL	23,126	13,917
Gross guarantee liability	121,751	106,974
Less: Deferred loss on fair value	(5,959)	(11,483)
Net guarantee liability	<u>115,792</u>	<u>95,491</u>

The total amount of loss allowance for guarantee obligations determined through ECL amounted to \$35.6 million as of 31 December 2025 (\$27.4 million – 31 December 2024). 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 2025, there are 5 issuers in the portfolio that are classified into stage 2 (7 issuers in 31 December 2024) and 1 issuer in stage 3 (none in 31 December 2024). The terms of the stage 3 account was extended.

The reported guarantee fee receivable of \$77.6 million represents the present value of the stream of total guarantee fees expected to be received for the guarantee outstanding as of 31 December 2025 (\$71.1 million – 31 December 2024) net of allowance for credit losses.

As of 31 December 2025, the credit impaired guarantee receivable resulting from CGIF fulfilling its obligation is reported in the Statement of Financial Position at \$63.7 million (\$74.9 million – 31 December 2024). This amount is net of allowance of \$15.2 million (a negative allowance of \$3.2 million – 31 December 2024).

As of 31 December 2025 and 2024, all of CGIF's future guarantee fee receivables are classified as Level 3 within the fair value hierarchy. Likewise, as of 31 December 2025, 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 2025 and 2024 were summarized below:

	<u>Valuation Technique</u>	<u>Unobservable Input</u>	<u>Range</u>	
			<u>2025</u>	<u>2024</u>
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 2025 and 2024.

Impairment Losses

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

	<u>2025</u>	<u>2024</u>
Balance at beginning of the year	1,211	446
Loss allowance recognized in profit or loss under impairment losses during the year on:		
Assets originated	68	107
Reversals	(83)	(12)
Changes in credit risk	569	(133)
Stage 1 to Stage 2	-	803
Stage 2 to Stage 1	(92)	-
	<u>462</u>	<u>765</u>
Balance at end of the year	<u>1,673</u>	<u>1,211</u>

As of 31 December 2025, 5 issuers in the portfolio were classified as stage 2 (7 issuers – 31 December 2024).

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

	<u>2025</u>	<u>2024</u>
Balance at beginning of the year	(3,159)	16,774
Reversal of loss allowance / Loss allowance recognized in profit or loss under impairment losses during the year on:		
Changes in credit risk	<u>18,396</u>	<u>(19,933)</u>
Balance at end of the year	<u><u>15,237</u></u>	<u><u>(3,159)</u></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 2024, 31 December 2024 and 2025	<u>1,242</u>
Accumulated depreciation	
1 January 2024	(791)
Depreciation	<u>(146)</u>
31 December 2024	(937)
Depreciation	<u>(134)</u>
31 December 2025	<u>(1,071)</u>
NET, 31 December 2025	<u>171</u>
NET, 31 December 2024	<u><u>305</u></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 2024	370	541	-	911
Additions	318	117	975	1,410
Disposals	(277)	(174)	-	(451)
31 December 2024	411	484	975	1,870
Additions	-	47	3	50
Disposals	-	(26)	-	(26)
Adjustments	-	2	-	2
31 December 2025	411	507	978	1,896
Accumulated Depreciation/Amortization				
1 January 2024	(335)	(438)	-	(773)
Depreciation	(26)	(61)	(213)	(300)
Disposals	257	174	-	431
31 December 2024	(104)	(325)	(213)	(642)
Depreciation	(36)	(75)	(366)	(477)
Disposals	-	26	-	26
Adjustments	-	(2)	-	(2)
31 December 2025	(140)	(376)	(579)	(1,095)
NET, 31 December 2025	271	131	399	801
NET, 31 December 2024	307	159	762	1,228

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

NOTE 9 – INTANGIBLE ASSETS - NET

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

	Information Systems Software
Cost	
1 January 2024	1,079
Additions	<u>7</u>
31 December 2024	1,086
Additions	26
Disposals	<u>(8)</u>
31 December 2025	<u>1,104</u>
Accumulated Depreciation/Amortization	
1 January 2024	(1,015)
Amortization	<u>(26)</u>
31 December 2024	(1,041)
Amortization	(29)
Disposal	<u>8</u>
31 December 2025	<u>(1,062)</u>
NET, 31 December 2025	<u>42</u>
NET, 31 December 2024	<u>45</u>

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 (\$1.16 million – 31 December 2024), 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 2025 will be settled subsequently in May 2026. Key management personnel total compensation of short-term employee benefits for 31 December 2025 amounted to \$3.89 million (\$3.81 million – 31 December 2024).

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 2025 and 2024 are as follows (in \$'000):

	<u>2025</u>	<u>2024</u>
Authorized capital (12,000 shares)	1,200,000	1,200,000
Subscribed	1,158,000	1,158,000
Unsubscribed	42,000	42,000
Total authorized capital	<u>1,200,000</u>	<u>1,200,000</u>

As of 31 December 2025 and 2024, all subscribed capitals were 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 2025 and 2024 are as follows (in \$'000 except for number of shares):

Contributor	No. of shares	Subscribed	Amount 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
	<u>1,210</u>	<u>121,000</u>	<u>121,000</u>
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
	<u>8,570</u>	<u>857,000</u>	<u>857,000</u>
Total	<u>11,580</u>	<u>1,158,000</u>	<u>1,158,000</u>

NOTE 14 – RESERVE

The allocation to Reserve of the 2024 net income in retained earnings was approved by the Contributors on 22 May 2025 at the Meeting of Contributors, per MOC Resolution No. 2025-A-04.

NOTE 15 – INTEREST INCOME

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

	2025	2024
FVTOCI	42,015	38,459
Time Deposits	3,615	1,222
Guarantee	3,822	4,076
Others	27	37
	<u>49,479</u>	<u>43,794</u>

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):

	<u>2025</u>	<u>2024</u>
Staff Related Expenses	10,909	9,601
Financial and Legal Services	740	1,465
Short Term Staff Consultants	295	646
Business Travel	468	412
Marketing Development	352	337
Depreciation and Amortization – Fixed and Intangible Assets	507	326
IT and Communication Expenses	252	252
Depreciation – ROU Assets	134	146
MOC and BOD Expenses	121	145
Recruitment	333	16
Others	376	298
	<u>14,487</u>	<u>13,644</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 2025, a new treaty was signed to cover 2025 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 for the premium ceded and a profit commission on the annual profit derived from all the fees ceded under a treaty. The commission rate for the premium ceded was 27.5% until 2024 and was increased to 28.5% in 2025.

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 towards the end of 2024, the reinsurers received their share of the recovery as part of the 2024 fourth quarter SOA, which was settled in February 2025. Additional claims for legal expenses incurred for 2025 were charged to reinsurance during the year.

NOTE 19 – SUBSEQUENT EVENTS

On 12 February 2026, the Sale, Purchase and Transfer Agreement for an asset of a defaulted account was terminated. This affected the recovery of the outstanding default receivable. On 25 February 2026, a public auction was held in respect of land and buildings mortgaged to CGIF. The assets were sold at THB 172.2 million and CGIF is expected to receive the proceeds net of applicable fees.

The war that broke out in Iran on 28 February 2026 heightened geopolitical tensions across the Middle East. These developments have caused disruptions to regional transportation networks and contributed to significant increases in oil prices and market volatility.

CGIF has initiated assessment on its portfolio and has preliminarily assessed that uncertainties relating to market indices such as shipping routes, freight rates, insurance premiums, and energy prices may still develop, and making a full assessment challenging at this early stage.