

Credit Guarantee and Investment Facility

Credit Rating

Financial Strength

idAAA/Stable

Rating Period

July 9, 2026 – July 1, 2027

Published Rating History

JUL 2025	idAAA/Stable
JUL 2024	idAAA/Stable
JUL 2023	idAAA/Stable
JUL 2022	idAAA/Stable
JUL 2021	idAAA/Stable

PEFINDO has assigned its idAAA financial strength rating with 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 84 employees.

Financial Highlights

As of/for the year ended	Mar-2026 (Unaudited)	Dec-2025 (Audited)	Dec-2024 (Audited)	Dec-2023 (Audited)
Total Asset [USD Mn]	1,567.8	1,575.2	1,474.5	1,387.4
Total Equity [USD Mn]	1,442.0	1,439.2	1,355.4	1,302.5
Total Investments [USD Mn]	1,423.0	1,414.2	1,308.3	1,261.6
Net Guarantee Fee [USD Mn]	7.2	22.4	19.4	16.8
Net Claims [USD Mn]	0.0	0.0	0.0	0.0
Underwriting Result [USD Mn]	5.9	0.3	24.7	23.4
Net Income After Tax [USD Mn]	9.5	39.5	48.9	44.0
Total Comprehensive Income [USD Mn]	2.7	83.8	52.9	70.1
ROAA [%]	2.4	2.6	3.4	3.3
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 [%]	77.9	73.7	72.4	68.1
Equity / Total Assets [%]	92.0	91.4	91.9	93.9
Capital / Capital Charge [x] **	4.31	4.16	4.5	4.6
USD exchange rate [USD/IDR]	16,993	16,782	16,162	15,416

*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.

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

Key Strengths

Very strong likelihood of support from ADB

PEFINDO assesses that there is a very strong likelihood of support from ADB, given CGIF's mandate to develop bond markets in ASEAN by providing guarantees, particularly transactions with specific features, such as those for first-time issuers, cross-border transactions, and new or thematic instruments. This mandate aligns with the ASEAN+3 Asian Bond Markets Initiative agenda to strengthen local bond markets and mitigate global liquidity shocks. Accordingly, ADB is expected to continue supporting CGIF through the regulatory framework, operational assistance, and oversight, which help expand its guarantee business and support local bond market development. As of 1Q2026, CGIF had provided more than 100 bond guarantees since its inception in 2010 and had closed 14 new guarantee issuances totaling around USD671 million across 7 local-currency markets in FY2025. 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. Its contributors are the ASEAN+3 governments and ADB, with China (29.6%), Japan (29.6%), ADB (15.5%), and Korea (14.8%) as the largest shareholders.

Superior capitalization profile

PEFINDO expects CGIF's capitalization profile to remain superior in the medium term, supported by its moderate growth strategy. This is underpinned by total equity of USD1.4 billion as of 1Q2026 (USD1,442.0 million), profit accumulation, and a no-dividend policy. Its paid-in capital stood at USD1,158.0 million as of 31 May 2026, versus authorized capital of USD1.2 billion. Leverage remained conservative, with the gross guarantee ratio at 2.1x in 1Q2026, below the internal maximum guarantee capacity of 2.5x. On a net basis, the net guarantee ratio stood at 1.27x in 1Q2026, also below the 2.5x limit. CGIF also maintained a robust capital-to-capital charge ratio of 4.31x in 1Q2026, well above the internal threshold of 1.1x.

Very strong liquidity position

CGIF has a very strong liquidity position, supported by substantial liquid assets in high-quality investments. Its investment portfolio, mainly government-related and corporate bonds and time deposits, totaled USD1.42 billion as of 1Q2026, compared with gross bond guarantees of USD2.95 billion. Called guarantees have been relatively limited since inception. Liquid assets have consistently exceeded 80% of total assets and reached about 90.9% in 1Q2026. This provides strong capacity to meet potential claims.

Conservative underwriting criteria

CGIF's conservative underwriting criteria are based on its strict and tiered credit guarantee process and comprehensive business and financial assessments. Prospective clients must pass an ESG assessment based on ADB-adopted international standards, and the portfolio is maintained at a minimum weighted-average internal risk rating of BB-. CGIF also regularly monitors financial covenants and collateral after transactions. Exposure is managed through prudential country, industry, and currency limits, with excess exposure ceded to international reinsurers rated at least A-.

Key Weakness

Moderate operating performance

CGIF's operating performance is expected to remain at a moderate level over the near to medium term, mainly due to high operating and recent impairment expenses. In FY2025, CGIF recorded net income of USD39.5 million, below its USD45.5 million benchmark, mainly due to USD25.2 million in net impairment losses, partly offset by a USD9.2 million foreign-exchange (FX) gain. In 1Q2026, net income fell to USD9.5 million from USD13.3 million a year earlier, as a USD5.2 million FX loss and USD2.0 million in impairment outweighed higher gross revenue of USD22.6 million. Since CGIF is not a purely profit-pursuing entity and derives roughly 60% of revenue from investment income, its efficiency metrics remain sensitive to impairment cycles. The two credit-impaired accounts together with volatile reinsurance commission income, are expected to keep the combined ratio elevated, at above 90%–100% in the near-to-medium term.

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

ESG factors are considered a neutral element in CGIF's credit rating assessment, reflecting its limited exposure to environmental and governance risks, supported by its strict ESG underwriting policy and governance framework aligned with ADB standards. However, CGIF faces relatively higher social risk related to its developmental mandate to deepen local currency bond markets, which requires it to guarantee first-time and lower-rated issuers in ASEAN's developing markets. However, this risk is mitigated by its very strong capitalization, conservative leverage well below the maximum guarantee capacity, reinsurance protection, and prudent underwriting standards.

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