

CGIF Commences its Guarantee Operations

The Credit Guarantee & Investment Facility (CGIF), a multilateral facility that has been newly formed by the ASEAN+3 and Asian Development Bank (ADB), is now ready to commence its guarantee operations. CGIF's Contributors, i.e. the Association of Southeast Asian Nations (ASEAN) members, China, Japan, Korea and ADB declared this yesterday at the Meeting of CGIF's Contributors (MOC). This follows the approvals by the CGIF Board of the facility's business plan and risk management framework at its meeting yesterday. At the meeting, the Contributors also appointed Mr Zhu Xinqiang as the Chairman of the CGIF Board of Directors. Mr Zhu is presently Executive Vice-President of The Export-Import Bank of China.

CGIF is a key component of the Asian Bond Markets Initiative. The principal aim of CGIF is to develop and strengthen local currency and regional bond markets in the ASEAN+3 region by providing guarantees to corporate bonds – mainly in local currencies – issued by credit worthy ASEAN+3-domiciled corporations. CGIF aims to help these companies secure longer-term financing, reduce their dependency on short-term foreign currency borrowing, and address currency and maturity mismatches. By tapping on Asia's savings, local currency bond issuances will promote financial stability and spur economic growth in the region.

CGIF is established as a trust fund of the ADB with an initial paid-up capital of USD700 million from the Contributors. CGIF's governance and operational structure are independent of that of the ADB. CGIF has its own Board of Directors and has its own internationally recruited management and staff.

“Despite recent strong growth of local currency bond markets in the region, many creditworthy corporates still face various barriers in raising funds through the bond markets,” said Kiyoshi Nishimura, CGIF's Chief Executive Officer. “By providing guarantees backed by its strong financial capability and high international rating, CGIF can help these corporates to overcome such barriers, thus enabling them to raise longer term funds with favorable terms, while at the same time, contributing to the broadening of the investor base and the widening of available instruments in the market”.

CGIF is currently operating from 37/F, Joy Nostalg Center, 17 ADB Avenue, Pasig City, 1600 Metro Manila, Philippines.

Interested companies are encouraged to contact their respective bond arrangers or CGIF directly. More detailed information can be obtained from www.cgif-abmi.org

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