



Credit Guarantee &
Investment Facility

An Asian Bond Markets Initiative

A background image showing several hands interacting with large, colorful plastic gears (yellow, orange, blue, and red) on a light-colored surface. The image is slightly blurred, emphasizing the motion and collaboration. The bottom right corner of the image is covered by a yellow banner.

**ADAPT. EMPOWER.
INNOVATE**

**ANNUAL
REPORT
2021**





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ABOUT THE COVER:

“Adapt. Empower. Innovate.”

The year 2021 saw new and milestone deals for Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank (CGIF). It is testament to CGIF’s vision, innovation, and commitment to driving meaningful change in the ASEAN+3 region.

The cover perfectly illustrates these values. The cogs on the cover image represent unity and teamwork; each cog serves a purpose and all must work seamlessly together for the achievement of goals and the realization of a vision. The cogs’ and wheels’ sustained movements symbolize drive and innovation, and this is best demonstrated by the continual progress in the region’s bond markets, thanks to CGIF’s ongoing developmental and sustainable work.

For 2022 and beyond, CGIF remains committed to its mission and vision, and is prepared to continue to ADAPT, EMPOWER, and INNOVATE.

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ABBREVIATIONS

ABMI	-	Asian Bond Markets Initiative
AC	-	Audit Committee
ADB	-	Asian Development Bank
AGAP	-	Alternative Guarantee Approval Process
AMBIF	-	ASEAN+3 Multi-Currency Bond Issuance Framework
AMRO	-	ASEAN+3 Macroeconomic Research Office
AoA	-	Articles of Agreement
ASEAN	-	Association of Southeast Asian Nations
ASEAN+3	-	ASEAN plus the People's Republic of China, Japan, and the Republic of Korea
ASEAN6	-	Indonesia, Malaysia, Philippines, Singapore, Thailand, and Viet Nam
AWTS	-	Approval Workflow and Tracking System
BCMS	-	Business Continuity Management System
BOD	-	Board of Directors
BPPMS	-	Budget, Planning, Personnel and Management Systems
CAP	-	Corrective Action Plan
CAR	-	Capital Adequacy Ratio
CGIF	-	Credit Guarantee and Investment Facility
CIP	-	Capital Increase Proposal
CPG	-	Construction Period Guarantee
DOD	-	Deal Operations Department
ECL	-	Expected Credit Losses
ESDD	-	Environmental and Social Due Diligence
ESS	-	Environmental and Social Safeguards
ESG	-	Environmental, Social, and Governance
ESMS	-	Environmental and Social Management System
ESSPR	-	Environmental and Social Safeguards Performance Report
EXIM	-	Export-Import Bank
FAL	-	Formal Application Letter
FVTOCI	-	Fair Value Through Other Comprehensive Income
FX	-	Foreign Exchange
GCP	-	Guarantee Concept Proposal
GDP	-	Gross Domestic Product
GIC	-	Guarantee and Investment Committee
GUP	-	Guarantee Underwriting Proposal
HRIS	-	Human Resource Information System
ICRMC	-	Internal Control and Risk Management Committee
IDX	-	Indonesia Stock Exchange
IFRS	-	International Financial Reporting Standards
IOS	-	Instrument of Subscription
IRG	-	Institutional Risk Group
ISDA	-	International Swaps and Derivatives Association
JBIC	-	Japan Bank for International Cooperation
JICA	-	Japan International Cooperation Agency

LCY	-	Local Currency
MAR	-	Mission Authorization Request
MBS	-	Medium-term Business Strategy
MOC	-	Meeting of Contributors
MOF	-	Ministry of Finance
MTN	-	Medium-term Note
NRC	-	Nomination and Remuneration Committee
OAI	-	Office of Anti-corruption and Integrity
OP	-	Operational Policies
ORM	-	Office of Risk Management
PIP	-	Preliminary Information Pack
PRC	-	People's Republic of China
RCSA	-	Risk and Control Self-Assessment
RMD	-	Risk Management Department
RMF	-	Risk Management Framework
SAA	-	Strategic Assets Allocation
SCB	-	Specific Purpose Corporate Bond
S&P	-	Standard & Poor's
TKMS	-	Training and Knowledge Management System
UST	-	US Treasuries

CURRENCY UNITS

IDR	-	Indonesian Rupiah
JPY	-	Japanese Yen
KHR	-	Cambodian Riel
LAK	-	Lao Kip
MYR	-	Malaysian Ringgit
PHP	-	Philippine Peso
CNY	-	Chinese Yuan Renminbi
SGD	-	Singapore Dollar
THB	-	Thai Baht
USD	-	United States Dollar
VND	-	Vietnamese Dong

Note: In this report, "\$" refers to US Dollars unless otherwise stated.





CGIF AT A GLANCE

◎ SUMMARY

BACKGROUND

The Credit Guarantee and Investment Facility, a trust fund of the Asian Development Bank (CGIF) was established by the Association of Southeast Asian Nations Plus Three (ASEAN+3)¹, together with the Asian Development Bank (ADB), on 12 November 2010. The facility is part of the Asian Bond Markets Initiative (ABMI), with a goal to develop and strengthen local currency (LCY) and regional bond markets.

CGIF provides guarantees to corporate bonds mainly in local currencies issued by creditworthy ASEAN+3 domiciled corporations. It aims to help these companies secure long-term financing, reduce their dependency on short-term foreign currency borrowing, and address currency and maturity mismatches.

By promoting deep and liquid local currency and regional bond markets, it helps foster economic development, build the resilience of the financial markets, and prevent disruptions to the international financial order. The efficient allocation of savings within the Asia and Pacific region is achieved by facilitating the access of creditworthy entities to local currency and regional markets and pushing the issuance of debt securities with longer-term maturities that match the gestation of investment projects.

ADB is the trustee of CGIF and, as such, in line with the provisions of the Articles of Agreement (AoA), it holds in trust and manages all CGIF funds and other properties. In accordance with Article 10.3.2 of the AoA, ADB, as the trustee of CGIF, has delegated the trustee's powers to the Meeting of Contributors (MOC), except for certain limited powers specified therein. The MOC, in turn, has delegated such powers to the Board of Directors (BOD).

This Annual Report includes the Independent Auditor's report and the Financial Statements for 2021.

Note: ¹ The Association of Southeast Asian Nations (ASEAN) is composed of Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Republic of the Union of Myanmar, Philippines, Singapore, Thailand, and Viet Nam. The ASEAN +3 is composed of the ASEAN nations plus the People's Republic of China, Japan (Japan Bank for International Cooperation), and the Republic of Korea.

OUR BUSINESS

GENERAL BOND GUARANTEE STRUCTURE*



+
*To ensure applicability of the guarantee in multiple jurisdictions in the ASEAN+3 countries, some variations to this structure may be incorporated to accommodate the established market norms. +

OUR CONTRIBUTORS

CGIF is owned by the governments of the ASEAN+3 (the member countries of the ASEAN, the People's Republic of China, Japan, and the Republic of Korea) and ADB. It was established with an initial paid-in capital of \$700 million. On 6 December 2017, the Contributors of CGIF agreed to increase its authorized capital from \$700 million to \$1.2 billion. The Contributors have until the end of 2023 (or such later date as the BOD may determine) to fully pay for newly subscribed shares.

As of 31 December 2021, the paid-in capital of CGIF is \$1,137 million, divided into 11,370 shares, with a nominal value of \$100,000 each.

Table 1 shows each Contributor's percentage of shareholdings in proportion to its capital contribution.

TABLE 1: 2021 SHAREHOLDING STRUCTURE

CGIF Contributors	Initial Paid-in Capital (\$)	Additional Paid-in Capital as of 31 December 2021 (\$)	Total Capital Contribution as of 31 December 2021 (\$)	Percentage of Shareholdings
People's Republic of China	200,000,000	142,800,000	342,800,000	30.15%
Japan	200,000,000	142,800,000	342,800,000	30.15%
Republic of Korea	100,000,000	71,400,000	171,400,000	15.07%
Brunei Darussalam	5,600,000		5,600,000	0.49%
Cambodia	100,000	100,000	200,000	0.02%
Indonesia	12,600,000	6,000,000	18,600,000	1.64%
Lao People's Democratic Republic	100,000	100,000	200,000	0.02%
Malaysia	12,600,000	5,000,000	17,600,000	1.55%
Republic of the Union of Myanmar	100,000		100,000	0.01%
Philippines	12,600,000	9,000,000	21,600,000	1.90%
Singapore	12,600,000	9,000,000	21,600,000	1.90%
Thailand	12,600,000		12,600,000	1.11%
Viet Nam	1,100,000	800,000	1,900,000	0.17%
Asian Development Bank	130,000,000	50,000,000	180,000,000	15.83%
Total	700,000,000	437,000,000	1,137,000,000	100.00%

CGIF has extended the timelines of the second round of Capital Increase, where the deadline for Contributors to submit their Instruments of Subscription for unallocated shares has been extended to 30 September 2023 (from 31 December 2020) and the deadline for the reallocation of

unallocated shares has been extended to 30 November 2023 (from 31 May 2021). Consequently, the subscription process has been simplified by dispensing with the need to submit an Intention to Subscribe and allowing the relevant Contributor to directly submit its Instrument of Subscription.

CGIF CREDIT RATINGS

As a credit guarantor, CGIF unconditionally and irrevocably assumes the liability of its guaranteed-bond issuers that default on obligations to their guaranteed bond investors. The higher CGIF's credit rating, the more credit enhancement it is able to provide, the more secure the guaranteed-bond investors are, and the more guarantee business opportunities are there for CGIF.

The credit strength of a credit guarantor is determined by conditions such as the size and adequacy of its capital relative to outstanding and prospective credit exposures, the likelihood of the guarantor to remain as a going concern, the credit strength and commitment of the guarantor's principals, the soundness of a guarantor's risk management system and governance

structure, and the experience of the guarantor's management.

The credit rating of a guarantor is a composite assessment of the aforementioned factors. The following table summarizes CGIF's most recent credit ratings. In the global rating scale, CGIF is rated AA by Standard & Poor's (S&P) and gAAA by RAM. In the Association of Southeast Asian Nations (ASEAN) region, CGIF has the highest possible rating, seaAAA, by RAM. In the national ratings scales, CGIF has the highest possible rating given by RAM, TRIS, Fitch (Indonesia), and Pefindo. In the ASEAN+3 region, only Singapore has a sovereign rating (AAA, S&P and Fitch; Aaa, Moody's) that is better than CGIF's AA global rating from S&P.

TABLE 2: CGIF CREDIT RATINGS

Credit Rating Agency	Scale	Rating	Outlook	Date Issued
Standard & Poor's	Global Long Term Global Short Term	AA A-1+	Stable	24 February 2022
RAM Ratings (Malaysia)	Global ASEAN National	gAAA seaAAA AAA	Stable	21 January 2022
TRIS Ratings (Thailand)	National	AAA	Stable	28 October 2021
Fitch Ratings (Indonesia)	National	AAA	Stable	28 May 2021
Pefindo	National	idAAA	Stable	29 July 2021

● MILESTONES

2010

- **CGIF was established on 12 November**
 - Articles of Agreement were effectuated
 - Operational Policies were adopted



- **Mr. Iwan Azis acted as the interim Chair of the BOD**

2011

- **Mr. Philip Erquiaga was elected as interim Chair of the BOD**
- **Mr. Kiyoshi Nishimura joined as the Chief Executive Officer**
- **Development of Business Plan and Risk Management Framework began**
- **Institutional infrastructure was set**
- **Staff recruitment commenced**
- **The office was initially opened**



2012

- **Mr. Xinqiang Zhu was elected as the first Chairperson of the BOD**
- **CGIF's initial capital of \$700 million was fully paid-in**
- **Guarantee Operations commenced in May**
 - Business Plan and Risk Management Framework were approved by CGIF's Board of Directors (BOD)
 - CGIF started receiving Preliminary Information Packs from potential clients



- **CGIF issued its first guarantee offer**

2015



- **Mr. Jian Li became the new Chair of the BOD**

- **CGIF guaranteed the SGD 10-year bonds issued by IVL, a global leader in polyester**

2014

- **Five bonds guaranteed¹**
 - To the bonds issued by:
 - **BCAF**, an auto finance company in Indonesia
 - **Kolao**, an automobile and motorcycle distributor in Lao PDR
 - **Protelindo**, the largest independent owner and operator of towers for wireless operators in Indonesia
 - **Masan**, one of Viet Nam's largest private sector companies
 - **ASF**, a leading auto finance company in Indonesia

2013

- **Mr. Liu Lange became the new Chair of the BOD**

- **CGIF successfully issued its first and second guarantees**

- To the bonds issued by:
 - **Noble**, a Hong Kong-based commodities supply chain manager
 - **BCAF**, an auto finance company in Indonesia

- **The scaling-up proposal and the amendments to the Articles of Agreement and the Operating Procedures were approved in the Meeting of Contributors (MOC)**

2016



- **Construction Period Guarantee (CPG) was launched to mitigate construction risks of greenfield infrastructure projects**
- **First Reinsurance Treaty was signed with a panel of world leading private reinsurers**
 - The treaty has since been renewed annually to cover all guarantees issued

- **Eight bonds guaranteed¹**
 - To the bonds issued by:
 - **Vingroup**, Viet Nam's largest real estate company
 - **MPMF**, a multi-finance company in Indonesia
 - **APRI**, a geothermal power company in the Philippines
 - **Fullerton**, a provider of corporate healthcare solutions across Asia Pacific
 - **KNM**, a Malaysia-based leading global manufacturer of process equipment and processing units

2017

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

- **Three bonds guaranteed¹**
 - To the bonds issued by:
 - **ASA**, a leading microfinance organization in the Philippines
 - **Mobile World**, one of the leading retail groups in Viet Nam

2019

- **Paid-in Capital Increase**
 - CGIF completed the first round of capital increase, with 4,490 shares subscribed out of the allocated 4,999 shares of Share Subscription Quota
 - CGIF's paid-in capital was further increased to \$1.1 billion as of 31 December after receiving payment for subscription of new shares from PRC, ADB, Korea, Philippines, and Lao PDR

• Changes in BOD Chair and Key Management

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

2018

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

- **Paid-in Capital Increase**
 - CGIF's paid-in capital was increased to \$859.2 million as of 31 December after receiving payment for subscription of new shares from Japan, Singapore, Philippines, and Cambodia

• Nine bonds guaranteed¹

- To the bonds issued by:
 - **ASA**, a leading microfinance organization in the Philippines
 - **Siam Gas**, a leading trader of LPG in Thailand
 - **PAN Group**, a fast-growing food and agriculture company in Viet Nam
 - **Hoan My**, the largest private healthcare provider in Viet Nam
 - **AEON PH**, a leading consumer credit provider in the Philippines
 - **Boonthavorn**, a leading large-scale home decorating retailer company in Thailand



• Environmental and Social Safeguards Policy and Integrity Policy were implemented

• Seven bonds guaranteed¹

- To bonds issued by:
 - **Yoma Strategic**, a leading Myanmar-focused business corporation with a diversified business portfolio
 - **REE**, a diversified business group in Viet Nam operating in M&E engineering services, air-conditioner manufacturing, real estate, and power and water utility
 - **CJLA**, a Singaporean subsidiary of a leading logistics company in Korea with strong regional operations in ASEAN
 - **NISS**, the ASEAN flagship institution of Malaysia-based private education group, Taylor's Education Group
 - **HP1**, a large-scale solar PV power project in Viet Nam
 - **GELEX**, a diversified business group in Viet Nam operating in industrial production and infrastructure

2020

• Five bonds guaranteed¹

- To bonds issued by:
 - **TFG**, a vertically integrated food producer specializing in the production of chicken and swine with operations in Thailand and Viet Nam
 - **EA**, the largest renewable energy company in Thailand by installed capacity, via a risk-participation agreement with ADB, a regional development bank in Asia
 - **RMAC**, a Cambodia-incorporated auto dealer company
 - **PRASAC**, the largest deposit-taking microfinance institution in Cambodia
 - **GLP**, one of the largest modern logistics solutions providers in the world

• CGIF celebrated its 10th anniversary



2021

• Mr. Noriyasu Matsuda became the new Chair of BOD

• 12 bonds/sukuks guaranteed¹

- To bonds issued by:
 - **Triasmitra**, the leading submarine and inland network infrastructure provider in Indonesia and engaged in fiber optic cable system development, deployment, sales, and maintenance
 - **JWD**, a leading logistics service provider in three industry sub-sectors, namely automotive and parts, chemicals and dangerous goods, and food and cold chain
 - **HSC**, a leading solar power, chemical, and advanced materials company focusing on providing sustainable energy and materials solutions
 - **Telcotech**, a leading digital communication company and internet service provider in Cambodia
 - **HQCL**, one of the main solar photovoltaic (PV) manufacturing facilities of Hanwha Q Cells, which is one of the world's largest and most recognized solar PV manufacturers in the world, known for its high-performance, high-quality solar cells and modules
 - **Polytama**, one of the leading and growing petrochemical companies providing polypropylene resin in Indonesia under the Masplene® brand name
 - **TFG**, a vertically integrated food producer specializing in the production of chicken and swine with operations in Thailand and Viet Nam

Note: ¹Each bond/sukuk tranche issued is recorded as one bond/sukuk guaranteed.

○ HIGHLIGHTS



PT KETROSDEN TRIASMITRA

PT Ketrosden Triasmitra ("Triasmitra") is the leading submarine and inland network infrastructure provider in Indonesia. It is engaged in fiber optic cable system development, deployment, sales, and maintenance. The company has over 25 years of experience in the telecommunication sector and has successfully developed landmark submarine fiber optic cable systems in Indonesia, namely the Jakarta-Singapore (B2JS), Jakarta-Surabaya (Jayabaya), and Medan-Dumai (Damai) cable systems.

On 8 January 2021, CGIF guaranteed the IDR583 billion 3-year and 5-year fixed-rate senior unsecured bonds issued by Triasmitra, rated idAAA(cg) by PT Pefindo Efek Indonesia ("PEFINDO"). The bonds were later listed on the Indonesia Stock Exchange (IDX) on 11 January 2021.

This transaction marks the first CGIF-guaranteed Indonesian Rupiah (IDR) bonds offered through public offering in Indonesia, setting the benchmark for future Indonesian companies looking to tap Indonesian public bonds market with a CGIF guarantee. Moreover, the bond



offering is Triasmitra's first foray into the debt market, successfully introducing Triasmitra's credit to a broader investor group and further diversifying its funding sources. It won the Best Local Currency Bond in Indonesia award in The Asset Country Awards 2021.

With CGIF's 100% guarantee support, Triasmitra was able to overcome rating hurdles and investor unfamiliarity of new names, fruitfully attracting a fair share of domestic and foreign investors.

"With CGIF's guarantee and an issue rating of idAAA(cg) by PEFINDO, Triasmitra was able to issue bonds of 3- and 5-year tenors and achieve a compelling pricing level. These bonds also enabled Triasmitra to diversify our access of funding in Indonesia."

*- Mr. Vidcy Octory,
Finance Director of PT Ketrosden Triasmitra*



JWD INFOLOGISTICS PUBLIC COMPANY LIMITED

JWD InfoLogistics Public Company Limited (“JWD”) is an integrated logistics service provider that operates in Thailand and across the Association of Southeast Asian Nations (ASEAN) region.

With the support of CGIF, JWD issued 5-year THB700 million and 9-year THB1,200 million debentures on 5 March 2021 and 1 December 2021, respectively, under its THB1,900 million Guaranteed Bonds Program.

Integrated logistics and connectivity are key priorities for Thailand, an ASEAN supply chain hub. CGIF’s guarantee facilitated JWD’s investments into the logistics and warehousing value chain, underpinning CGIF’s role as a catalyzer of ASEAN infrastructure and local currency bonds.

This transaction scored some firsts for CGIF. It is CGIF’s inaugural support for a bond program, which allows funding amounts and tenor to better match long-term investments while the 9-year debenture is the longest tenor in THB denomination to be guaranteed, to date.



“With this Guaranteed Bonds Program, JWD will be able to expand our logistics infrastructure in a timely manner during Thailand’s economic recovery. Apart from that, we also had the chance to learn and adopt a world-class Environmental and Social Management System (“ESMS”), which enables us to have sustainable business growth.”

*- Mr. Charvanin Bunditkitsada,
Chairman of the Executive Committee and
Chief Executive Officer of JWD InfoLogistics
Public Company Limited*



HANWHA SOLUTIONS CORPORATION

Hanwha Solutions Corporation ("HSC") is a leading solar power, chemical, and advanced materials company focusing on providing sustainable energy and materials solutions.

With the support of CGIF, HSC issued CNH1 billion 3-year green dim sum bond, i.e. offshore renminbi bond in the Singapore bond market, on 19 April 2021. The bond was issued under the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF), a policy initiative under the Asian Bond Markets Initiative to standardize the bond and note issuance processes with the goal of strengthening bond market linkages. It was

also given an AA rating by Standard & Poor's (S&P), allowing the bonds to be competitively priced at 3.00% coupon rate, which is below the initial price guidance of 3.25%.

The success of the bond issuance enabled HSC to allocate the bond proceeds for eligible green projects under its Green Financing Framework that was verified by the second party opinion of an external consultant, Sustainalytics.

This milestone transaction marks a few firsts for CGIF, namely first green bond guaranteed and first and only CNH bond in its guarantee portfolio, as of this writing.

"With our successful issuance of global green bond, we will continue to expand eco-friendly business in accordance with circulating cash flow pursuant to the utilization of supplementary green financing in the future."

*- Mr. Yong-In Shin, Chief Financial Officer
of Hanwha Solutions Corporation*





TELCOTECH LIMITED

CGIF's third guarantee for a Cambodian company is to support Telcotech Limited ("Telcotech"), a subsidiary of the Royal Group company and one of the largest conglomerates in Cambodia. It is a leading digital communication company and internet service provider in Cambodia. Headquartered in Phnom Penh, it is principally engaged in the internet and digital solution services. Telcotech is also licensed by the Royal Government of Cambodia to develop and operate its own submarine fiber optic cable system and associated network infrastructure.

The fully guaranteed fixed-rate senior unsecured bond was issued on 25 August 2021 with an issue size of KHR80 billion and maturity of 5 years. It was successfully listed on the Cambodia Securities Exchange on 9 September 2021. This marks the first CGIF-guaranteed Cambodian Riel (KHR) bond offered through private placement in Cambodia.

Moreover, the bond offering is Telcotech's first foray into the debt capital market, successfully introducing the company's credit to market investors and further diversifying its funding sources. It won the Best Local Currency Bond in Cambodia award in The Asset Country Awards 2021.



"We are proud to be the first Cambodian company to issue KHR bonds offered through private placement with a CGIF guarantee. Importantly, it is the first-ever private placement bond that uses the standard system of securities depository and listing of the stock exchange. Through our bond issuance, we have built the roadmap, the model, and the best practices of private placements for the Cambodian capital market. With CGIF's guarantee, Telcotech was able to issue bond of 5-year tenor and achieve a compelling pricing level."

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

This transaction is in line with CGIF's mandate to promote local currency bond issuance and its mission to develop the nascent bond markets within the ASEAN+3 region. CGIF is likewise hopeful that this will set a benchmark for other companies looking to tap the Cambodian market through private placement.



HANWHA Q CELLS MALAYSIA SDN. BHD.

Hanwha Q Cells Malaysia ("HQCL") is one of the main solar photovoltaic (PV) manufacturing facilities of Hanwha Q Cells, one of the world's largest and most recognized solar PV manufacturers in the world, known for its high-performance, high-quality solar cells and modules.

HQCL's ASEAN Green Bond was issued on 1 September 2021 with CGIF's 100% guarantee cover and had an issue size of MYR150 million with a maturity of 3 years. The bond issue received a rating of AAA(fg) by RAM Holdings Berhad ("RAM") and it was privately placed among onshore and offshore institutional investors with an oversubscription ratio of 2.07x.

"It is an honor for us to issue our first green bond in Malaysia and to be successful in issuing corporate bonds. Hanwha is taking the lead in solving these environmental problems by investing not only in solar energy but also in various renewable energy sectors such as hydrogen and wind power. We will make efforts to become a company that contributes to the Malaysian economy."

- Mr. Lee Byung-Cheon, Managing Director of Hanwha Q CELLS Malaysia Sdn. Bhd.

The ASEAN Green Bond was issued under the Green Financing Framework, which was verified by the Second Party Opinion of an external consultant, Sustainalytics.

HQCL will use the bond proceeds for eligible green projects under the Green Financing Framework.

This is CGIF's first supported Malaysian Ringgit (MYR) transaction and second guaranteed green bond.





PT POLYTAMA PROPINDO

PT POLYTAMA PROPINDO

CGIF's credit enhancement enabled PT Polytama Propindo ("Polytama") to issue dual-tranche conventional bonds with a total issue size of IDR319.5 billion in 3- and 5-year maturities and 2-tranche Ijarah sukuk with a total issue size of IDR160 billion in 3- and 5-year maturities. The publicly offered bonds and sukuk were rated idAAA(cg) and idAAA(sy)(cg), respectively, by PT Pemeringkat Efek Indonesia ("PEFINDO"). All were issued on 8 September 2021 and listed on the Indonesia Stock Exchange (IDX) the following day.

The company is a leading manufacturer of polypropylene (PP) resin. Based in Indonesia, it has over 25 years of experience in the petrochemical industry, under the well-known brand name of Masplene®.

This transaction marks the first guaranteed corporate sukuk issuance in Indonesia, which attracted a sizeable number of local investors—from insurance companies and pension funds to asset managers and state-owned institutions—enabling Polytama to optimize their production facility. Moreover, this is the first guaranteed corporate sukuk issuance in Indonesia and CGIF's first guarantee for a sukuk issuance.

In guaranteeing Polytama's issuances, CGIF was able to promote the use of recycled materials and lessen Indonesia's import dependence.



"CGIF guarantee and the issue ratings of idAAA(sy)(cg) and idAAA(cg) by PEFINDO enable Polytama to diversify our access of funding in Indonesia and successfully introduce Polytama's credit to a broader investor group. This transaction has supported Polytama's mission to become a leading polypropylene sector in Indonesia. Polytama is committed to always making a positive contribution to the environment and continuing its support for the development of the petrochemical industry to reduce import dependency."

*- Mr. Uray Azhari,
Finance Director of PT Polytama Propindo*



THAIFOODS GROUP PUBLIC COMPANY LIMITED

Thaifoods Group Public Company Limited ("TFG") is a vertically integrated food producer specializing in the production of chicken, swine, and feed mill with operations in Thailand and Viet Nam. TFG's business focuses primarily on the production of chicken (whole chickens, chicken parts, and processed chicken) and live pigs for sale to retailers, slaughterhouses, industrial and modern trade companies, export/re-export agents, and the export market. CGIF's second

guarantee to TFG was issued on 11 November 2021 to support its 5-year THB1 billion social bond issuance that was privately placed to domestic institutional investors. The social bond was issued under the ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF), a policy initiative under the Asian Bond Markets Initiative to standardize the bond and note issuance processes with the goal of strengthening bond market linkages. And through its technical assistance under the ABMI, ADB assisted TFG in identifying eligible assets, projects, and expenditures; developing a sustainable finance framework; and facilitating discussions with an external reviewer.

The transaction is the first social bond guaranteed by CGIF and is also the first social bond issuance under ASEAN Social Bond Standards by a non-financial corporate issuer. TFG will use the social bond proceed for the sustainable growth of animal feed mill business in line with its Sustainable Finance Framework.

"With continuing support from CGIF's guarantee, TFG can access Thai leading institutional investors with optimal cost. This benchmark issue is also the first step for TFG to demonstrate our commitment to sustainable growth, with an Environmental, Social, and Governance (ESG) focus on our operations."

*- Mr. Winai Teawsomboonkij,
Chief Executive Officer of Thaifoods Group
Public Company Limited*



FINANCIAL SUMMARY

FIGURE 1: NET INCOME

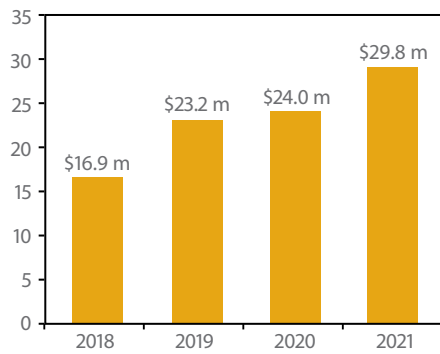


FIGURE 2: INVESTMENT INCOME

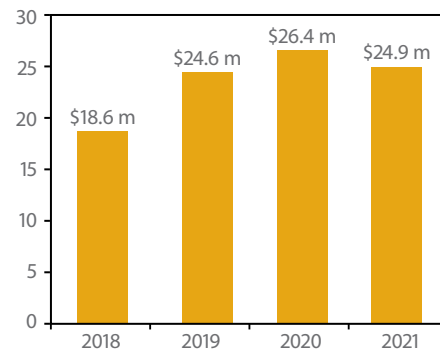


FIGURE 3: GUARANTEE INCOME

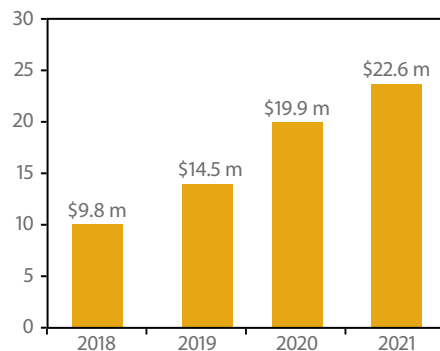
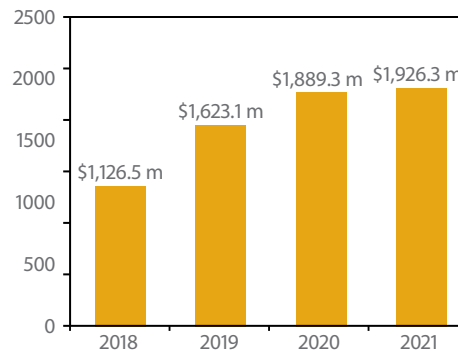
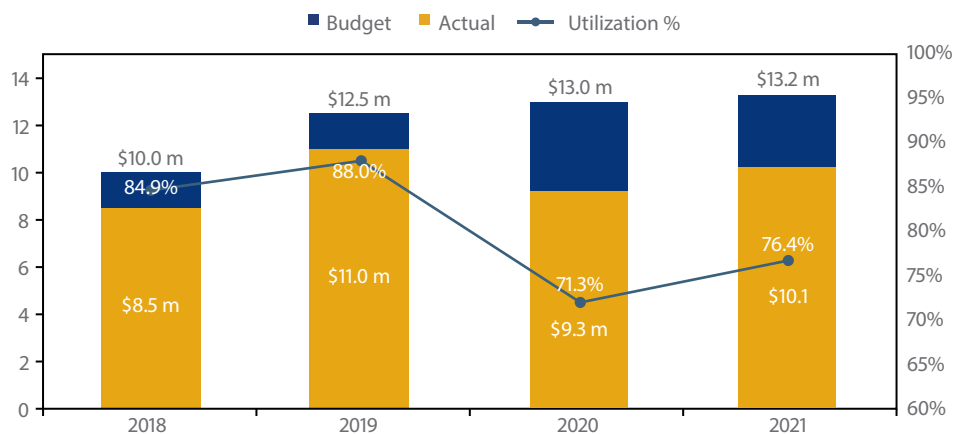


FIGURE 4: OUTSTANDING GUARANTEE ISSUED



Note: Outstanding guarantee to bondholders with principal only.

FIGURE 5: ACTUAL VS. BUDGET (OPERATING AND ADMINISTRATIVE EXPENSES)



Notes:

- (i) Recognition of utilized amount is based on Budgeting Procedures Manual and may not be equal to the reported expenses in the Financial Statements.
- (ii) Budget figures are excluding contingency amounts.
- (iii) Budget utilization in 2021 remains low mainly due to the following reasons: continuing travel and mobility restrictions to halt COVID-19, no salary adjustments, clients agreeing to directly pay legal expenses, and unutilized Technical Due Diligence budget as there were no projects that required these services.



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

One year after the COVID-19 pandemic, every nation, industry, and economy is focused on recovering and rebuilding. The effects of the global health crisis, after all, have been unparalleled. It has adversely impacted all sectors: employment, education, enterprises, and households.

Despite the challenges of lockdowns, travel restrictions, and social distancing, CGIF endeavored to overcome all obstacles. Directors, Management, and employees all worked together—truly demonstrating the value of teamwork and collaboration—to make certain that the year 2021 closes with favorable results.

The outcome has been more than just favorable. In fact, CGIF closes 2021 with landmark deals. CGIF issued seven new guarantees: three of which are infrastructure-related and four are ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) issuances. This brings CGIF's cumulative total to 52 bonds guaranteed with an equivalent guarantee amount of \$2,595 million—where \$373 million is attributed to the guarantees issued in 2021 only.

MESSAGE

The year also saw CGIF issuing its very first green bond, social bond, sukuk bond, Medium-term Note (MTN) bond, and public bond. The new guarantees also added two new currencies, Malaysian Ringgit (MYR) and Chinese Yuan Renminbi (CNH), to CGIF's existing pool of seven: Thai Baht, Indonesian Rupiah, Singapore Dollar, Vietnamese Dong, Philippine Peso, Cambodian Riel, and the Japanese Yen.

CGIF generated a net income of \$29.8 million in 2021. Despite a guarantee call before the year end, the figure is 24% or \$5.9 million higher than previous year's. Outstanding guarantee issued as of year-end 2021 amounted to \$2,009 million. And thanks to our Contributors, as of 31 December 2021, CGIF's paid-in capital is at \$1,137 million.

This gives us the capacity to continue with the execution of our Medium-term Business Strategy (MBS), which dictates all our developmental work in the region. With the MBS, CGIF commits to the advancement of financial inclusion, growth, integration, and innovation in the ASEAN+3 bond markets. CGIF is currently in the middle phase of the MBS, and greater focus will be placed on product development for partial guarantees to enhance its catalytic role, as well as guarantees that support new types of bond instruments, such as project bonds, green bonds, securitization bonds, among others.

Limitations resulting from the global health crisis did not deter CGIF from performing at its highest level. And all this would not have been possible without the steadfast leadership of Management, the hard work of all CGIF employees, and the guidance of my fellow Directors. I also want to acknowledge the support and generosity of CGIF Contributors and stakeholders. Truly, CGIF's success in 2021 is the result of everyone's tenacity and commitment.

Coming into the year 2022, we are confident yet cautious. The whole world has yet to fully recover from the COVID-19 pandemic, but we will be resolute and steadfast in working to see the region through this crisis. CGIF remains committed to its developmental work and to catalyzing more stable and efficient mobilization of savings in the region. With its exclusive focus on bond markets, strong rating and track record, and wide regional reach, CGIF is in a strong and unique position to continue its important work, achieve its sustainable goals, and create meaningful change.

松田宣康

Mr. Noriyasu Matsuda
Chairperson,
Board of Directors

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER (CEO)

The year 2021 still bore witness to the negative impact of the 2020 pandemic on different industries and economies throughout the ASEAN region. With ongoing lockdown measures to help curb the increase in infections and the spread of new COVID-19 variants, economies exhibited

weaker-than-expected growth. The ASEAN+3 Macroeconomic Research Office (AMRO) projected ASEAN GDP growth for 2021 at only 2.70%, compared to the global growth of 5.50% as projected by the World Bank.

CGIF continued to observe the necessary measures, maintaining a Work-From-Home setup for all staff members and implementing all mandated restrictions for work and travel. The limitations did not deter CGIF from achieving its goals. In 2021, CGIF performed incredibly well in terms of guarantee issuances, market developments, financial performance, and institutional infrastructure building.

During the year, CGIF successfully delivered seven guarantee issuances by supporting seven issuers with 12 bond issuances, with one delayed till Q1 2022 due to the market situation. The incremental amount of guarantee this year is at \$373 million, bringing the total accumulated amount of guarantee to \$2,595 million after 52 bond issuances, of which \$522 million has been successfully redeemed.

The year also saw new and milestone deals. CGIF issued its first green bond, social bond, sukuk bond, Medium-term Note (MTN) bond, and public bond. Two new currencies, Malaysian Ringgit (MYR) and Chinese Renminbi Yuan (CNY) were added to the existing pool of seven currencies from Thailand, Indonesia, Singapore, Viet Nam, Philippines, Cambodia, and Japan. These additions demonstrated CGIF's footprint expansion in the region and its ability to help regional issuers reach their target markets. On top of this, Triasmitra (Indonesia) and Telcotech (Cambodia) were separately awarded Best Local Currency Bond; Thaifoods (Thailand) was recognized as Deal of The Year and Best Social Bond by The Asset.

In 2021, CGIF likewise accomplished the highest number of guarantee concept proposals approved, bonds guaranteed, and corporates



MESSAGE

supported in a single year. Meanwhile, there were also four successful bond redemptions by Vingroup Joint Stock Company, Fullerton Healthcare, AEON Credit Service Inc., and AP Renewables Inc. (via early redemption). Despite enormous pre-maturity efforts, CGIF still received its first guarantee call when KNM Group Bhd failed to redeem its THB 2.8 billion bond. Negotiations for reimbursements and recovery work have been ongoing ever since.

Besides the continuous supply of innovative products to the market, CGIF has explored market development through joint webinars with other stakeholders—to promote CGIF guarantee and attract more investors. Efforts on the Indonesian and Cambodian markets proved to be effective and economical.

By end of 2021, CGIF's annualized investment yield is at 1.98%, and net income is at \$29.8 million, higher than the budget of \$27.5 million—despite the significant impairment loss being incurred by the guarantee call of one account. Capital adequacy ratio slightly increased to 4.28 at end-2021 from 3.88 at end-2020. The leverage ratio improved to 1.20 at end-2021 from 1.28 at end-2020. Maximum Guarantee Capacity increased by \$158 million to \$3,162 million at end-2021 from \$3,004 million at end-2020 as CGIF's paid-in capital, reserves, and retained earnings increased by a total of \$65 million over that 1-year period. As of 31 December 2021, CGIF's paid-in capital stood at \$1,137 million.

CGIF successfully delivered on its role and responsibilities as a guarantor and demonstrated creditworthiness, but we are continually seeking to improve operations. To ensure that all the credit risk, market risk, operation risk, and liquidity risk are fully analyzed and mitigated, the Risk Management Framework is constantly amended and timely risk metrics are closely monitored. Three lines of defense are also fully set up, with a Monitor Watch and Worry Report mechanism installed to identify early warning signs of problem credits. To become more efficient, effective, and resilient, CGIF also reviewed the Business Continuity Management System (BCMS) and updated business impact assessment and established new processes. On the digital front, CGIF developed its own apps: AWTS, HRIS, MAR, 360 Feedback Review, and TKMS. It migrated some key systems to Cloud and upgraded the company website to make it more informative, communicative, and user-friendly.

For 2022, with the prospects of the pandemic fading and with increased mobility as border controls loosen, we hope to see more economic activity and GDP growth rebounding in the ASEAN+3 region. CGIF will continue to implement its Medium-term Business Strategy (MBS)—with clearer directives and more determination. Thematic bonds, ASEAN+3 Multi-Currency Bond Issuance Framework (AMBIF) bond, infra-related bond, project bond will become more common products in our pipeline. Market developments and all support work will remain to be enhanced despite any possible future restrictions. With Management setting a balanced target of eight guarantee issuances for the new year, CGIF will likewise continue to pursue milestone deals. The focus in 2022 will be to expand this initiative further to all possible markets in the ASEAN+3 region in order to maintain the thrust of development.

With the support of our Contributors and stakeholders, CGIF is committed to uphold its mission in the region and is poised to continue to adapt, empower, and innovate.



Guiying Sun
Chief Executive Officer



**BUSINESS AND
OPERATIONAL
REVIEW**

GUARANTEE OPERATIONS

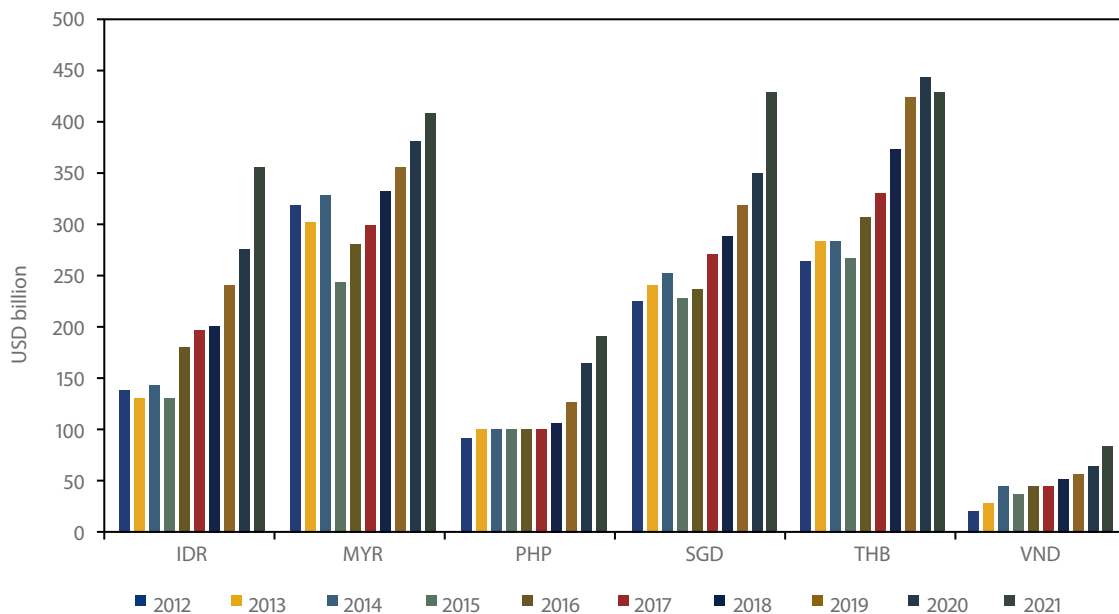
MACROECONOMIC OVERVIEW

The Global Economic Prospects of the World Bank estimated that the global economy grew by 5.50% in 2021.¹ Except Myanmar, Association of Southeast Asian Nations (ASEAN) countries showed some signs of recovery marked by positive annual economic growth rates. Singapore recorded 7.20% Gross Domestic Product (GDP) growth in 2021, significantly higher than a 5.40% contraction in 2020. Similarly, overturning the negative economic growth rates in 2020, the Philippines and Indonesia reached 5.30% and 3.70% GDP growth in 2021. Viet Nam and Thailand are estimated to record incremental economic growth rates of 2.60% and 1.00% in 2021.

Though 2021 showed economic growth, it is challenging to say that the global economy will experience a sustained recovery in 2022. Downside risks related to the COVID-19 pandemic are still expected to linger in 2022, which is depicted by emergence of new COVID-19 variants. Along with this, there are economic risks arising from weaker global demand, supply chain disruptions, and labor shortages.

ASEAN6 BOND MARKET OVERVIEW

FIGURE 6: LCY BOND MARKET SIZE IN ASEAN6



Source: Asian Bonds Online, 2022. Data are as of 3Q of every year.

Total bond market size of ASEAN6 (select ASEAN countries which include Indonesia, Malaysia, Philippines, Singapore, Thailand, and Viet Nam) bond market reached \$1.9 trillion, as of 3Q of 2021. Comparing this with figures in 3Q 2020, the total bond market of the region grew by 13%. As of 3Q 2021, the share of government bonds and central bank bills took up 73% of the total bond market. Another 27% of the share was taken by corporate bonds.

Note: ¹Published in January 2022 at <https://www.worldbank.org/en/publication/global-economic-prospects>.

The total bond markets of ASEAN6 still recorded expansion as of 3Q of 2021. Growth rates ranged from 3% to 24%, in terms of local currency bond market figures. Much of this growth is driven by the government bond markets in ASEAN6. However, corporate bond markets have grown heavily differently depending on the countries. For instance, Viet Nam's corporate bond market increased significantly by 95% between 3Q of 2020 and 3Q of 2021. Singapore's corporate bond market came a far second in terms of growth, recording an increase of 13% during the same period. On the other hand, the corporate bond markets of Indonesia and Philippines recorded negative growth rates between the same period, at -4% and -12% respectively.

Uncertainties in ASEAN still abound, primarily due to the COVID-19 pandemic. These may be compounded by other external factors that may affect development of corporate bond markets in the region. As ASEAN continues to explore possibilities during this time of pandemic, CGIF will strive to support more activities in the region's local currency bond markets.

GUARANTEE OPERATIONS

In 2021, ASEAN was impacted greatly by the pandemic with all large economies being impacted by the second wave. Most of the region was under strict lockdown for large parts of the year, which has had a significant impact on deal origination and monitoring. CGIF, however, stayed focused and made it a year of "firsts." As CGIF closed several key landmark transactions by guaranteeing 12 bonds and sukuks by 7 corporate issuers, it pushed boundaries while keeping in mind its developmental objectives. These new guarantee issuances amounted to \$373 million and were deployed in five ASEAN+3 (10 ASEAN countries and the People's Republic of China, Japan, and the Republic of Korea) bond markets in the denominations of Indonesian Rupiah (IDR), Thai Baht (THB), Cambodian Riel (KHR), Malaysian

Ringgit (MYR), and offshore Chinese Renminbi (CNH).

CGIF's first guarantee was issued to support PT Ketrosden Triasmitra ("Triasmitra") in its first foray in the debt market with dual-tranche 3- and 5-year bonds, marking CGIF's first guarantee for IDR-denominated bonds offered through public offering in Indonesia.

The second IDR-denominated bond guaranteed by CGIF for the year was by PT Polytama Propindo ("Polytama"). The company issued dual-tranche bonds with a combined size of IDR319.5 billion and maturity of 3 and 5 years as well as dual-tranche ijarah sukuks with a combined size of IDR160 billion and maturity of 3 and 5 years. This marks CGIF's inaugural guarantee support for a sukuk transaction and Indonesia's first and only guaranteed corporate sukuk, as yet.

In line with its commitment toward the growth of thematic bond issuances in ASEAN+3, CGIF supported its first green and social bonds in 2021. The issuers of the green bonds are Korea-based Hanwha Solutions Corporation ("HSC") and its Malaysia subsidiary Hanwha Q Cells Malaysia Sdn. Bhd. ("HQCL"). Their first bond was issued in April 2021 by HSC in the form of a green dim sum bond (i.e. green bond in CNH denomination). This transaction is CGIF's first guarantee for a CNH-denominated bond. HQCL likewise issued a 3-year green bond 5 months later; amounting to MYR150 million, it marks CGIF's first MYR-denominated bond supported.

In the same year, CGIF supported Thaifoods Group Public Company Limited's ("TFG's") 5-year social bond with an amount of THB1 billion that was privately placed to domestic institutional investors. In addition to being the first-ever social bond guaranteed by CGIF, this is the first and only social bond issuance under the ASEAN Social Bond Standards by a non-financial corporate issuer, thus far.

JWD InfoLogistics Public Company Limited ("JWD") also received CGIF's guarantee support

for its THB1,900 million Medium-term Notes (MTN) Program, under which a 5-year THB700 million and a 9-year THB1,200 million bonds were issued in March and December 2021, respectively. This is the first time CGIF supported an MTN Program and the second tranche is CGIF's longest maturing THB-denominated bond, to date.

In line with its efforts to grow the smaller ASEAN markets, CGIF supported KHR80 billion, 5-year issuance by Telcotech Limited ("Telcotech"), and the bond is listed on the Cambodia Securities Exchange. This transaction is recognized as the first CGIF-guaranteed KHR-denominated bond to be offered through private placement in Cambodia, setting the benchmark for other companies looking to tap the Cambodian market through private placement.

Consequently, CGIF saw the successful redemption of the four bonds issued by Vingroup Joint Stock Company, Fullerton Healthcare Corporation Limited, AEON Credit Services (Philippines) Inc., and AP Renewables, Inc. in 2021.

CGIF received its first guarantee call after KNM Group Berhad ("KNM") failed to redeem its THB2.8 billion bond before the lapse of its 2-week grace period. On 17 December 2021, CGIF made its first guarantee call payment, discharging its liability under the guarantee agreement. CGIF maintains bilateral communications with KNM and endeavors to recover the funds paid under its guarantee obligations.

The impact of the pandemic has resulted in greater workload in terms of deal monitoring. As CGIF waits for annual results for 2021, the emphasis on portfolio monitoring will continue in 2022. CGIF will maintain new deal origination in sectors that have not been impacted by COVID-19.

Moreover, CGIF used technology efficiently to continue market development efforts in 2021. It also worked in close partnership with key market participants and regulators to further such efforts. CGIF has started a series of webinars focused

on specific markets in ASEAN and conducted the webinars in Indonesia and Cambodia in July and September 2021, respectively. CGIF's efforts to be more interactive and have better communication with stakeholders have resulted in the creation of a "Knowledge Center" on the company website.

GUARANTEE PORTFOLIO

The guarantee portfolio of CGIF substantially grew in 2021 following a sizeable number of bonds guaranteed. These new issuances increased the cumulative total number of bonds guaranteed by 12 and is equivalent to a guarantee amount of \$373 million. Additionally, two of the bonds supported were denominated in new currencies, further broadening CGIF's guarantee footprint in the ASEAN+3 region.

By end-2021, CGIF's guarantee portfolio has reached 52 bonds guaranteed amounting to \$2,595 million issued in 9 of 13 currencies by 36 corporate issuers from 12 of 13 ASEAN+3 member countries. Total outstanding guarantee exposure stood at \$2,009 million (including KNM account) and is comprised of 41 bonds.

GEOGRAPHICAL DISTRIBUTION OF INQUIRIES IN 2021

In spite of travel and border restrictions that remain in place in most ASEAN countries due to the pandemic, which affected origination and marketing efforts, CGIF saw a total of 31 Preliminary Information Packs (PIPs) submission in 2021. This is slightly higher than last year's total submission and within the usual range of PIP submissions in the prior years.

These PIPs received were from corporates from seven countries in the ASEAN+3 region. Ten submissions have come from Viet Nam. This is distantly followed by Indonesia with 6 submissions and the remaining 15 from Cambodia, Thailand, Philippines, Singapore, and China.

TABLE 3: GUARANTEE PORTFOLIO AS OF 31 DECEMBER 2021

Guarantee Issue Date	Bond Issuer	Country of Origin (Issuer)	Bond Issuance Venue (Bond Market)
1-Dec-21	JWD InfoLogistics Public Company Limited	 Thailand	 Thailand
11-Nov-21	Thaifoods Group Public Company Limited	 Thailand	 Thailand
8-Sep-21	PT Polytama Propindo	 Indonesia	 Indonesia
8-Sep-21	PT Polytama Propindo	 Indonesia	 Indonesia
8-Sep-21	PT Polytama Propindo	 Indonesia	 Indonesia
8-Sep-21	PT Polytama Propindo	 Indonesia	 Indonesia
1-Sep-21	Hanwha Q Cells Malaysia Sdn. Bhd.	 Malaysia	 Malaysia
25-Aug-21	Telcotech Ltd.	 Cambodia	 Cambodia
19-Apr-21	Hanwha Solutions Corporation	 Korea	 Singapore
5-Mar-21	JWD InfoLogistics Public Company Limited	 Thailand	 Thailand
8-Jan-21	PT Ketrosden Triasmitra	 Indonesia	 Indonesia
8-Jan-21	PT Ketrosden Triasmitra	 Indonesia	 Indonesia
24-Dec-20	GLP Pte. Ltd.	 Singapore	 Japan
23-Apr-20	PRASAC Microfinance Institution PLC	 Cambodia	 Cambodia

Note: 'Refers to ijarah sukuk issuances.

	Bond Issue Size (LCY)	Bond Issue Size (USD equivalent)	Percentage Guaranteed by CGIF	Issue Rating (Agency)	Bond Tenor
	THB1.2 billion	\$36 million	100%	AAA (Fitch)	9 years
	THB1 billion	\$30 million	100%	AAA (TRIS Rating)	5 years
	IDR96.5 billion	\$7 million	100%	AAA (Pefindo)	3 years
	IDR223 billion	\$16 million	100%	AAA (Pefindo)	5 years
	IDR104 billion ¹	\$7 million	100%	AAA (Pefindo)	3 years
	IDR56 billion ¹	\$4 million	100%	AAA (Pefindo)	5 years
	MYR150 million	\$36 million	100%	AAA (RAM)	3 years
	KHR80 billion	\$20 million	100%	Unrated	5 years
	CNH1 billion	\$153 million	100%	AA (S&P)	3 years
	THB700 million	\$23 million	100%	AAA (Fitch)	5 years
	IDR415 billion	\$30 million	100%	AAA (Pefindo)	3 years
	IDR168 billion	\$12 million	100%	AAA (Pefindo)	5 years
	JPY15.4 billion	\$149 million	100%	AA (S&P)	9 years
	KHR127.2 billion	\$31 million	100%	Unrated	3 years

Guarantee Issue Date	Bond Issuer	Country of Origin (Issuer)	Bond Issuance Venue (Bond Market)
9-Apr-20	RMA (Cambodia) PLC	 Cambodia	 Cambodia
10-Jan-20	Energy Absolute Public Company Ltd ²	 Thailand	 Thailand
8-Jan-20	Thaifoods Group Public Company Limited	 Thailand	 Thailand
31-Dec-19	Vietnam Electrical Equipment Joint Stock Corporation	 Viet Nam	 Viet Nam
24-Dec-19	Hong Phong 1 Energy Joint Stock Company	 Viet Nam	 Viet Nam
24-Dec-19	Hong Phong 1 Energy Joint Stock Company	 Viet Nam	 Viet Nam
03-Dec-19	Nexus International School (Singapore) Pte. Ltd.	 Malaysia	 Singapore
25-Mar-19	CJ Logistics Asia Pte. Ltd.	 Korea	 Singapore
28-Jan-19	Refrigeration Electrical Engineering Corporation	 Viet Nam	 Viet Nam
25-Jan-19	Yoma Strategic Holdings Ltd.	 Myanmar	 Thailand
17-Dec-18	Boonthavorn Ceramic 2000 Co. Ltd.	 Thailand	 Thailand
07-Dec-18	Siamgas and Petrochemicals Public Company Limited	 Thailand	 Thailand
16-Nov-18	AEON Credit Service (Philippines) Inc.	 Philippines	 Philippines
05-Oct-18	Hoan My Medical Corporation	 Viet Nam	 Viet Nam

Note: ² CGIF risk-participated 50% of ADB's investment in Energy Absolute Public Company Ltd.'s Green Bonds issuance.

	Bond Issue Size (LCY)	Bond Issue Size (USD Equivalent)	Percentage Guaranteed by CGIF	Issue Rating (Agency)	Bond Tenor
	KHR80 billion	\$20 million	100%	Unrated	5 years
	THB3 billion	\$99 million	50% risk participation with ADB	A (TRIS Rating)	7 years
	THB2 billion	\$66 million	100%	AAA (TRIS Rating)	5 years
	VND1.2 trillion	\$50 million	100%	Unrated	10 years
	VND400 billion	\$17 million	100%	Unrated	5 years
	VND2.2 trillion	\$93 million	100%	Unrated	15 years
	SGD150 million	\$110 million	100%	AA (S&P)	12 years
	SGD70 million	\$52 million	100%	AA (S&P)	5 years
	VND2.3 trillion	\$100 million	100%	Unrated	10 years
	THB2.2 billion	\$70 million	100%	AAA (TRIS Rating)	5 years
	THB2 billion	\$61 million	50%	AA+ (TRIS Rating)	5 years
	THB2 billion	\$61 million	70%	A (TRIS Rating)	5 years
	PHP100 million	\$2 million	100%	Unrated	5 years
	VND1.4 trillion	\$60 million	100%	Unrated	7 years

Guarantee Issue Date	Bond Issuer	Country Of Origin (Issuer)	Bond Issuance Venue (Bond Market)
05-Oct-18	Hoan My Medical Corporation	 Viet Nam	 Viet Nam
10-Sep-18	The PAN Group Joint Stock Company	 Viet Nam	 Viet Nam
28-Feb-18	Siamgas and Petrochemicals Public Company Limited	 Thailand	 Thailand
10-Jan-18	ASA Philippines Foundation, Inc.	 Philippines	 Philippines
17-Nov-17	Mobile World Investment Corporation	 Viet Nam	 Viet Nam
28-Jun-17	ASA Philippines Foundation, Inc.	 Philippines	 Philippines
10-Feb-17	ASA Philippines Foundation, Inc.	 Philippines	 Philippines
07-Jul-16	Fullerton Healthcare Corporation Limited	 Singapore	 Singapore
18-Feb-16	Vingroup Joint Stock Company	 Viet Nam	 Viet Nam
07-Oct-15	IVL Singapore PTE. Ltd.	 Thailand	 Singapore
05-Dec-14	Masan Consumer Holdings	 Viet Nam	 Viet Nam
27-Nov-14	Protelindo Finance BV ³	 Indonesia	 Singapore

Note:³ Change of issuer of the bonds from Protelindo Finance B.V. to PT Professional Telekomunikasi Indonesia effective 03 August 2016.

	Bond Issue Size (LCY)	Bond Issue Size (USD Equivalent)	Percentage Guaranteed By CGIF	Issue Rating (Agency)	Bond Tenor
	VND930 billion	\$40 million	100%	Unrated	5 years
	VND1.1 trillion	\$50 million	100%	Unrated	5 years
	THB2 billion	\$64 million	85%	A (TRIS Rating)	5 years
	PHP500 million	\$10 million	75%	Unrated	5 years
	VND1.1 trillion	\$50 million	100%	Unrated	5 years
	PHP500 million	\$10 million	75%	Unrated	5 years
	PHP1 billion	\$20 million	75%	Unrated	5 years
	SGD50 million	\$37 million	100%	AA (S&P)	7 years
	VND1 trillion	\$47 million	100%	Unrated	10 years
	SGD195 million	\$137 million	100%	AA (S&P)	10 years
	VND2.1 trillion	\$98 million	100%	Unrated	10 years
	SGD180 million	\$138 million	100%	AA (S&P)	10 years

FIGURE 7: PRELIMINARY INQUIRIES RECEIVED BY DOMICILE (YEAR 2021)

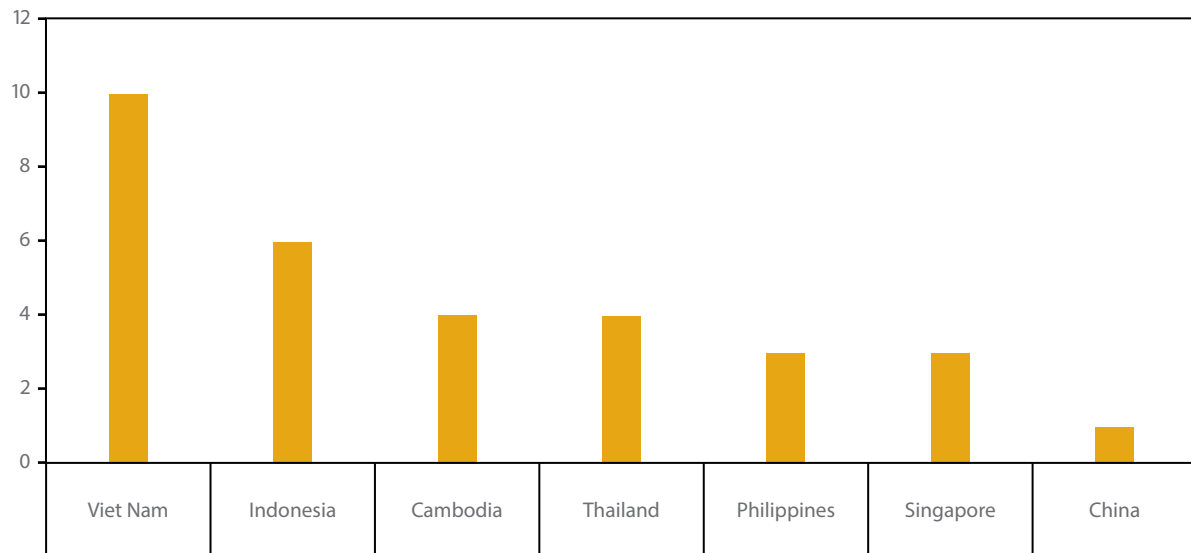
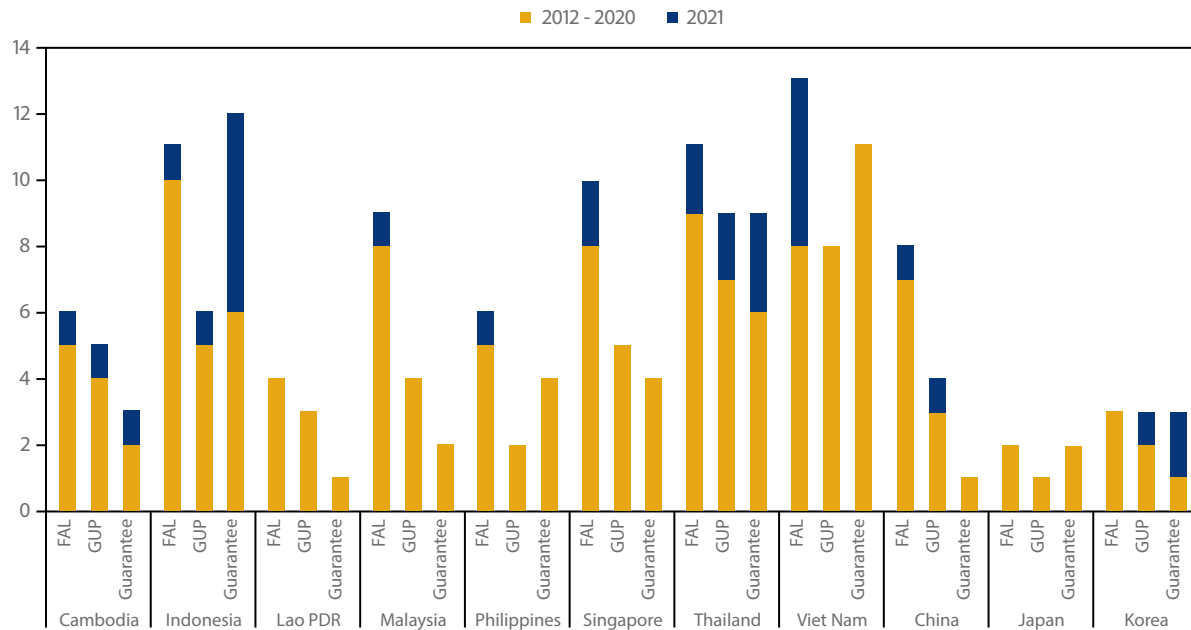


FIGURE 8: APPLICATIONS RECEIVED¹, UNDERWRITING PAPERS APPROVED, AND BONDS GUARANTEED² BY DOMICILE (2012-2021)

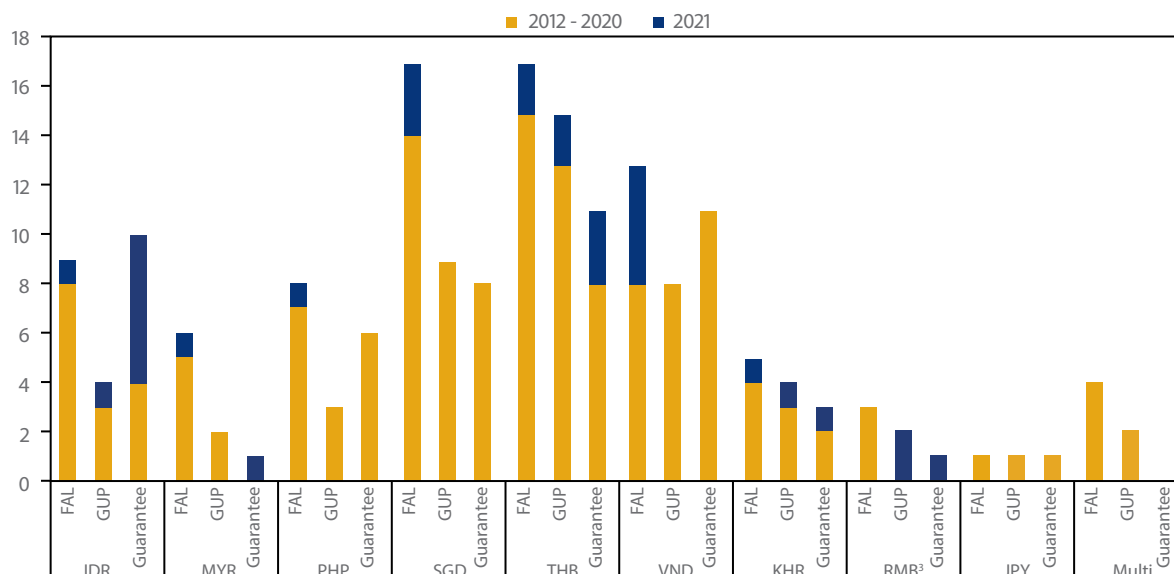


Notes:

¹ FAL refers to Formal Application Letters received from clients; GUP refers to Guarantee Underwriting Papers approved by the Board of Directors (BOD).

² Each bond/sukuk tranche issued is recorded as one bond/sukuk guaranteed.

FIGURE 9: APPLICATIONS RECEIVED¹, UNDERWRITING PAPERS APPROVED, AND BONDS GUARANTEED² BY CURRENCY (2012-2021)



Notes:

¹ FAL refers to Formal Application Letters received from clients; GUP refers to Guarantee Underwriting Papers approved by the BOD.

² Each bond/sukuk tranche issued is recorded as one bond/sukuk guaranteed.

³ Refers to CNH and CNY.

LOOKING AHEAD

The uncertainty and volatility of market conditions brought about by the COVID-19 pandemic remain a great hurdle and threat to investors, issuers, and other key market players alike. However, after experiencing a major downturn the year prior, some signs of economic growth among the ASEAN countries have already been observed in 2021. Should the pandemic situation improve further in 2022, with borders and businesses reopening and investors regaining market confidence, the ASEAN capital markets are expected to demonstrate a growth trajectory—albeit at varying pace—and, hopefully, return to pre-pandemic levels.

In spite of this positive outlook, CGIF will maintain a cautious approach in sourcing deals and processing guarantee applications in its pipeline of transactions. Companies deemed to be positively or slightly negatively affected by the COVID-19 pandemic will be pursued while sectors perceived to be negatively impacted will be avoided.

Additionally, CGIF will continue to provide guarantee support for unique or innovative fixed income instruments such as project finance, sustainable bonds, sukuk, and securitization while facilitating easier access to new investors or diversifying investor bases for the issuers of these products.

CGIF will also strengthen its efforts to kickstart or progress the development of the nascent local currency markets in the BCLM¹ region by encouraging and incentivizing corporate issuers from these countries to access the debt capital markets or by providing corporates domiciled in the +3² countries with local currency financing options to tap into the BCLM bond markets in order to mobilize funds.

Moreover, CGIF will focus on greater monitoring of weaker balance sheets in its portfolio. Besides regular portfolio monitoring, it will also focus on all ASEAN countries' macroeconomic situations and employ a broad sector-based impact analysis for deal origination. Recovery efforts from KNM (i.e. CGIF's first guarantee call) will remain center and in focus in 2022.

In line with its developmental mandate, raising market awareness will continue to be among CGIF's top priorities. And in addition to participating in several virtual external events, for 2022, even more events will be organized by CGIF. Some of these may potentially be in collaboration with other organizations and corporates to gain a wider reach of audience in the ASEAN region. The knowledge center on the website will be made more robust to enable various partners and stakeholders to better understand CGIF and its activities.

Notes:

¹ Refers to the countries of Brunei Darussalam, Cambodia, Lao People's Democratic Republic, and Republic of the Union of Myanmar.

² Refers to the countries of People's Republic of China, Japan, and Republic of Korea.

FINANCE

FINANCIAL CONTROL

Financial Control supports CGIF's business in terms of recording its guarantees, investments, and all other transactions in its financial books and for processing payments and receipts, monitoring assets, and maintaining its general ledger system.

In line with the continual growth of CGIF's operations, the number of transactions to be processed and to be recorded in its book has been increasing. Financial Control's function also includes the regular preparation of financial reports. This includes monthly financial reports submitted to Management, quarterly condensed financial statements reported to the Board of Directors (BOD), and coordination with the external auditor for the exercise of annual audit and finalizing the annual audited financial statements.

While it still relies on the Treasury Department of ADB for the provision of accounting data for investments and external treasury transactions, CGIF fully manages other financial control functions. CGIF also regularly reviews and analyzes the procedures and workflows from inception of accounting events to their full reflection on the financial books. Accordingly, the accounting manual is updated and enhanced along with the evolution of CGIF's operations.

In 2021, the accounting system was migrated to a cloud server. With this migration, the system was also upgraded to a new version, which now incorporates the purchase request module within the main system. With this upgrade, the new version fully automates the approval process of purchase requests.

TREASURY

The capital resources of CGIF are managed by ADB, as trustee, under investment strategies and performance targets that have been set in agreement with CGIF. ADB also provides back office services for external transactions of CGIF, including, among others, settlement of all Foreign Exchange (FX) and derivatives transactions and valuation report for its investment portfolio and external transactions. As indicated in the Operational Policies (OP), ADB valuation reports are cross-checked by CGIF Treasury upon delivery.

CAPITAL RESOURCES MANAGEMENT

CGIF and ADB have also agreed on the Strategic Assets Allocation (SAA), which is designed to optimize the investment allocation of capital resources of CGIF. The objective is to maximize the ratio of investment return to the combined risk of both its guarantee and investment portfolios. Upon implementation of the SAA, CGIF expects diversification of credit risk, enhanced liquidity, and stable investment income stream. The SAA recommendations for portfolio asset allocation and duration of the portfolio are presented in Table 4. The table also shows that the asset allocation and duration of the investment portfolio have been in line with the SAA for the last 3 years. As capital increase proposal was approved by Contributors in December 2017 and CGIF has started receiving new capital contribution, the size of the paid-in capital to be managed has grown from \$700 million to \$1,137 million as of end of 2021.

TABLE 4: TRANSITION OF ASSET ALLOCATION OF INVESTMENT PORTFOLIO

	UST 1-5Y	UST 5-10Y	A+ to AAA	A-1	Duration
SAA	0-30%	0-20%	40-80%	0-40%	2.00-4.00
31 December 2019	16%	4%	64%	16%	3.08
31 December 2020	17%	4%	57%	22%	3.01
31 December 2021	12%	3%	63%	23%	2.93

Note: Where, UST means US Treasuries. A+ to AAA means the bonds whose credit ratings are from A+ to AAA in terms of international rating scale with the maturities of longer than one year. A-1 means the bonds or deposits whose maturities remain one year or less. Duration means average effective duration of the investment portfolio.

EVOLUTION OF THE INVESTMENT PORTFOLIO

Table 4 shows that investment portfolio's asset allocation and duration have been in line with the SAA. Some variations of the actual investment portfolio against SAA are inevitable and can be intentionally taken in consideration of market view and guarantee portfolio situations. The BOD approved Management's proposal to lower

the minimum rating criteria in CGIF's investment guidelines to A+ for government-related issuers of CGIF contributor countries at the BOD meeting in November 2017. Figures 10, 11, 12, and 13 show the evolution of the investment portfolio in terms of credit rating, geographical distribution of investments, distribution by sectors, and maturity distribution in past years.

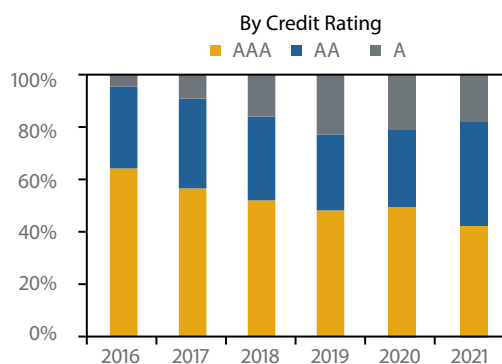
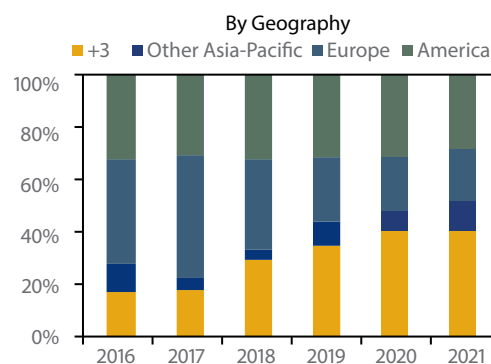
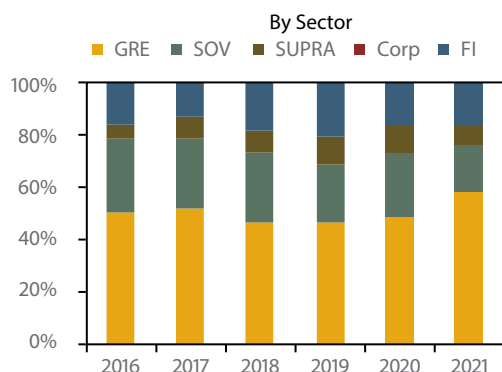
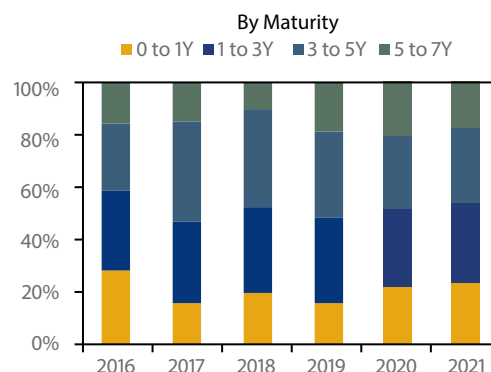
FIGURE 10: EVOLUTION OF INVESTMENT PORTFOLIO I**FIGURE 11: EVOLUTION OF INVESTMENT PORTFOLIO II****FIGURE 12: EVOLUTION OF INVESTMENT PORTFOLIO III****FIGURE 13: EVOLUTION OF INVESTMENT PORTFOLIO IV**

TABLE 5: 2020-2021 INVESTMENT INCOME

Investment Income (\$'000)	2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021
Debt Securities	24,684	6,605	5,851	5,947	5,830	24,232
Time Deposits and CDs	1,725	133	177	167	150	627
Total	26,409	6,737	6,028	6,114	5,980	24,860

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

INVESTMENT INCOME IN 2021

Realized investment income for 2021 was \$24.9 million, representing a yield of 1.98% without the effect of change in fair value. It is lower than the yield achieved in 2020 (2.21%) but higher than the original target of 2021 (1.95%). Table 5 provides a quarterly breakdown for investment income for the year 2021, as well as annual income of 2020 and 2021. ADB suggested a target yield for 2022 at 1.65% in consideration of lower reinvestment yields and the volatile US Dollar (USD) interest rate environment.

FX TRANSACTIONS

As CGIF's functional currency is USD, CGIF converts to USD whenever it receives guarantee fees or other payments in local currency (LCY). Future LCY receivables can be fixed in USD by FX derivative transactions when such are considered hedging transactions and deemed practically appropriate. CGIF has three counterparties that executed the International Swaps and Derivatives Association (ISDA) master agreement so that it can enter into derivative transactions when necessary. Under the agreement between CGIF and ADB, derivative transactions are executed by CGIF and then processed and settled by ADB. As of end of 2021, CGIF has no outstanding FX derivative position. For FX transactions, CGIF confirms local FX regulations and provides supporting documents if required.

ASEAN CORPORATE BOND MARKET RESEARCH

In 2021, the Research Unit under the Finance Department published the research paper for corporate bond markets of Cambodia, Lao People's Democratic Republic, and Myanmar, "CLM Corporate Bond Market Research." The Research Unit also conducted research for corporate bond markets of Malaysia and Singapore. The Malaysia Corporate Bond Market Research was published in the fourth quarter of 2021, while the Singapore Corporate Bond Market Research is expected to be published within the first quarter of 2022.

For 2022, the Research Unit will conduct short research on the potential of Brunei for its own corporate bond market. This will complete the ASEAN corporate bond market research. The Research Unit will also provide a report on comparison of the corporate bond markets among ASEAN countries by end of 2022. The Research Unit will also update the research papers on the corporate bond markets of Indonesia, Viet Nam, Philippines, and Thailand.

RISK MANAGEMENT

GOVERNANCE

The Board of Directors (BOD) is the highest internal control and risk management governing body in CGIF. Based on recommendations of its Internal Control and Risk Management Committee (ICRMC), the BOD establishes appropriate policies on internal control and assures itself that the control and risk management system of CGIF is functioning effectively (Operational Policy [OP] 128). The ICRMC ensures that there are sound and effective systems of internal control and risk management to safeguard CGIF Contributors' investments and CGIF's assets, and that the BOD approves only sound guarantee and investment proposals (OP 117). The Chief Risk Officer (CRO), who functionally reports to the ICRMC, implements the foregoing responsibilities at managerial and operational levels.

CGIF manages and controls all risks (pursuant to OP 133 and 180). Internal control and risk management in CGIF involves continual activities of identification, measurement, control, and reporting of risk exposures. Being in the guarantee business, CGIF is naturally heavily exposed to credit, market, and liquidity risks. As such, CGIF prioritizes the management of these risks.

The ICRMC is composed of three Directors representing Japan, the Republic of Korea, and the Association of Southeast Asian Nations (ASEAN). The Director representing the Republic of Korea serves as the ICRMC Chair. The Meeting of Contributors (MOC) approves the appointment of the Chairperson. Unless it delegates authority to the Guarantee and Investment Committee (GIC), the BOD approves Guarantee Underwriting Proposals (GUPs) approved and endorsed by the GIC.

RISK MANAGEMENT POLICIES

CGIF has a system of internal control and risk management that promotes and facilitates effective and efficient operations. The system enables CGIF to achieve its objectives; respond to business, financial, and operational risks; safeguard assets from inappropriate or improper use, loss, and fraud; and identify and manage liabilities (pursuant to OP 133). CGIF's internal control and risk management policies may be found in its OP and the various manuals and guidelines that are considered part of CGIF's Risk Management Framework (RMF). Any proposed amendment of the OP requires the BOD's approval. Proposed amendments of the RMF require approval of either the GIC or the ICRMC.

CREDIT RISK MANAGEMENT

A major component of CGIF's RMF is the Credit Guarantee Process guidelines. These guidelines specify a continual identification, measurement, control, and reporting of credit risk. From the guarantee deal origination stage to the GUP approval stage, and up to the guarantee portfolio management stage, CGIF's Deal Operations Department (DOD) bears the principal responsibility of identifying credit risk factors relating to prospective guaranteed bond issuers and to outstanding guaranteed accounts.

The DOD secures approval of Management's GIC before a borrower may be advised to formally apply for a CGIF credit guarantee. The DOD submits to the GIC a Guarantee Concept Proposal (GCP) that presents (i) a borrower's affirmative eligibility test results; (ii) information on the proposed guaranteed bond issuer; and (iii) the proposed guarantee transaction structure that includes, among others, proposed use of proceeds,

guarantee size, tenor, pricing, financial covenants, and security. The credit rating of a borrower is determined by the Risk Management Department (RMD) using a credit scoring system developed by one of the major international credit rating agencies.

An issuer that applies for credit guarantee is subjected to a more thorough and in-depth credit risk assessment and a due diligence review before a GUP is submitted to the GIC for approval and endorsement to the BOD for final approval. Part of the due diligence review is an on-site visit to the issuer. The thorough and diligent review is intended to allow for the derivation of a better-informed borrower credit risk rating and borrower credit profile. CGIF's RMD reviews all GCPs and GUPs and submits its Credit Review Notes for guidance of the DOD, the GIC, and the BOD.

With the endorsement of Management's GIC, the BOD deliberates on the GUPs for final approval. The BOD has delegated to the GIC its authority for final approval of GUPs when (i) the proposed guarantee amount does not exceed \$50 million; (ii) the proposed guarantee tenor does not exceed 5 years; (iii) the prospective bond issuer's credit rating is BB or better in the international rating scale; (iv) the use of guaranteed bond proceeds is not classified as Category A as per CGIF's Environmental and Social Management System; and (v) the CRO has given approval and endorsement on the proposed guarantee.

Each outstanding guarantee account and the quality of the guarantee portfolio are reviewed periodically. Credit rating migrations and the weighted average probability of default of the guarantee portfolio are monitored. Leverage ratio and credit guarantee concentrations are likewise monitored. By policy, CGIF's leverage ratio—the ratio of credit guarantee exposure to CGIF equity—should not exceed 2.50. CGIF has set limits

on, among others, credit guarantee exposures per issuer, per country, per currency, per sector, and per industry.

CGIF is in treaty with a consortium of reinsurers. Under the treaty, 25% of guarantees with tenors of not more than 7 years and amounts that are not more than \$150 million that are issued by CGIF during the treaty period are ceded to the consortium. The consortium's approval may be requested for cession of guarantees that do not meet these criteria.

MANAGEMENT OF MARKET RISK AND CREDIT RISK OF INVESTMENTS

As Trustee, ADB manages CGIF's capital resources, pursuant to CGIF's OP and Treasury Risk Management Guidelines and the ADB's risk management and investment guidelines. CGIF's OP 215 specifies that the primary objective of CGIF capital resources management is the protection of principal by maintaining a conservative exposure to market, credit, and liquidity risks. Liquidity must always be available to meet potential calls on the guarantees issued so that all investments should be marketable within a reasonable time.

CGIF's capital resources are invested in eligible USD-denominated fixed income securities and in bank placements. Investments in fixed income securities are carried at fair value through other comprehensive income (FVTOCI) in CGIF's books. As such, movements in the market values of these securities are not reflected under Net Income but are accounted in Other Comprehensive Income in the financial statements. CGIF's management action trigger for unrealized loss of the investment portfolio is set at 1% of equity. The investment portfolio's modified duration is limited to not more than 5 years. Pursuant to OP

220, CGIF's long-term investments are restricted to those with international ratings of AA- or better, except for investments in contributor countries' government-related securities that may be rated as low as A+. Ratings of short-term investments should not be lower than A-1. Credit concentration of investments is controlled by policy limits on exposure per issuer, per type of issuer, and per country rating grade.

Investment country exposure is kept within limit that is a percentage of CGIF's capital according to the sovereign rating of the country. There is no limit imposed for investment exposures to the United States. A limit is set for long-term investments in countries with sovereign rating A+ and above. Long-term investments are not allowed for countries with sovereign rating A or below. Investments in short-term money market instruments are excluded in reckoning country exposures against country exposure limits.

LIQUIDITY RISK MANAGEMENT

CGIF is liquid insofar as it can fund assets and meet obligations as they become due. As such, CGIF's liquidity redounds to the availability of resources to fund assets and to CGIF's ability to meet obligations when they become due. Liquidity risk refers to the possibility that CGIF finds itself short of funds for its short-term operational requirements or unable to fund assets or meet obligations that fall due. CGIF measures its operating liquidity risk by estimating liquidity gaps at each of the next 6 months. This exercise is conducted quarterly. Liquidity stress tests are likewise conducted quarterly to determine CGIF's ability to raise funds required in a stress scenario, defined as calls on guarantees on the largest guaranteed accounts representing 20% of the number of outstanding guarantee accounts.

FOREIGN EXCHANGE RISK MANAGEMENT

CGIF's Foreign Exchange (FX) risk relates to the risk of loss due to a decrease in the USD value of assets denominated in local currencies or to an increase in USD value of liabilities denominated in local currencies. CGIF's FX risk is mitigated as 87% of CGIF's total assets are investments in USD securities that, in turn, represent Contributors' equity in CGIF. In 2017, the BOD removed the requirement to hedge FX risk relating to guarantee fees in local currencies. Corollary to this, the BOD removed the limit on open foreign currency exposures.

OPERATING RISK AND COMPLIANCE RISK MANAGEMENT

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events. Potential loss may be in the form of financial loss, reputational loss, and operational downtime or disruptions. Guidelines for the management of CGIF's operational risks are articulated in CGIF's Operational Risk Management Manual, which includes guidelines for quarterly Risk and Control Self-Assessment (RCSA).

Compliance risk is the risk of non-compliance to CGIF's various policies and operating guidelines. Such risk is mitigated by internal compliance and disclosure validation audits.

CAPITAL ADEQUACY RISK MANAGEMENT

CGIF's capacity to undertake its guarantee business is contingent on the adequacy of its capital. Insufficiency of capital puts CGIF at risk of a credit rating downgrade and the consequent loss of business or of profitability. CGIF tracks its leverage ratio and capital adequacy ratio (CAR) to monitor capital sufficiency. By policy, CGIF's leverage ratio should not exceed 2.50:1. By policy, CGIF's CAR should not fall below 8.80%.

ENVIRONMENTAL AND SOCIAL SAFEGUARDS RISK MANAGEMENT

CGIF's environmental and social management system (ESMS) is an integral part of the RMF and was approved by CGIF Management in February 2019 and updated in July 2020 to cover Type B Guarantees. It was further updated in April 2021 to include the compliance reporting process for any breaches of CGIF's Environmental and Social Safeguards (ESS) Policy or covenants by the bond issuer. Requirements for electronic filing of safeguards-related documentation were also enhanced.

Notwithstanding the challenges from ongoing travel restrictions and remote working in 2021, CGIF's Institutional Risk Group (IRG) supported the issuance of seven guarantee transactions (plus a further guarantee which was pending issuance on 31 Dec 2021), all of which were classified as Specific Purpose Corporate Bond (SCB) transactions for Safeguards risk assessment purposes. CGIF IRG team also completed the review of 24 annual Environmental and Social Safeguards Performance Report (ESSPR) submissions from outstanding issuers to ensure ongoing compliance with the ESS Policy requirements. In addition, the IRG team undertook Environmental and Social Due

Diligence (ESDD) screening and assessment on a further 18 guarantee transactions: 3 where extensive ESDD was complete, 4 where ESDD is ongoing but pending prospective issuer clarifications, and 11 that did not proceed further.

COVID-19 pandemic challenges continued to be an issue in 2021, particularly related to travel restrictions in carrying out site visits for ESDD (for prospective issuers) or annual review monitoring (for outstanding issuers). CGIF and third-party consultants have continued to adopt a flexible approach for on-site visits to limit health and safety risks for all parties, while maintaining support for prospective issuers wishing to raise finance. CGIF has remained unable to participate in on-site visits, and third-party consultant appointments have been restricted to those having in-country staff. Corporate-level interviews and information gathering by CGIF, as well as third-party consultants, sought to minimize face-to-face contact risk by utilizing virtual meetings via conference and videoconference calls. Site visits used photo documentary and streaming video facilities to support risk assessment. In addition to processing of new guarantees, the IRG team also monitors the submission of the annual ESSPR from outstanding issuers. CGIF also experienced ESSPR delays and challenges primarily related to issuers operating in Myanmar or in countries with high rates of COVID-19 infection or related restrictions. These have impacted the rollout of issuers' ESMS enhancements or completion of corrective action plans. Despite such challenges experienced by CGIF and its outstanding issuers, no recorded breaches of annual ESSPR submission or corrective action plan requirements were reported in 2021.

IRG capacity and expertise were enhanced by the appointment of the new Principal Safeguards Specialist, who brings 20 years of environmental and social expertise (including within the financial sector), in May 2021. IRG developed and delivered

Safeguards-related training, in conjunction with subject matter experts from ADB, during the second half of the year. The training was focused on assessing and mitigating safeguards risk in bond transactions and projects that are likely or expected to present higher potential environmental or social impacts due to the industry sector. Training is aimed at enhancing knowledge through technical information sharing by using existing project experience to enhance safeguards capacity at all levels across the organization.

In 2021, no material non-compliances to the ESS Policy were identified across both prospective and outstanding issuers.

INTEGRITY RISK MANAGEMENT

In 2021, CGIF continued to develop and implement the Integrity Policy and associated procedures developed as part of the Integrity Management System, which forms part of CGIF's RMF to ensure that CGIF guarantees will not be utilized to facilitate money laundering, financing of terrorism, fraud, corruption, and tax evasion. As part of the ongoing development and strengthening of the policy, the Integrity Management System, which defines the process and procedures for integrity risk management, was updated and enhanced to cover i) electronic filing of integrity documents and ii) integrity screening of third parties who provide credit mitigation or reinsurance services to CGIF.

The Integrity team was strengthened in 2020, and it has continued to enhance its activities under the appointment of the new Principal Safeguards Specialist in 2021. IRG now has three experienced integrity professionals within the team to identify, assess, address, and mitigate integrity and

reputational risks to comply with both CGIF and global standards. IRG closely collaborated with the counterparts in ADB's Office of Anti-corruption and Integrity (OAI) in development and sharing of knowledge and experience within CGIF and in providing support on transactions, where required.

In 2021, IRG integrity assessments were carried out across the same prospective and outstanding issuers as noted above for Safeguards. Of the seven issued guarantees, five issuers were rated low-medium risk for Integrity, with the remaining two rated medium risk, where appropriate risk mitigation conditions were included in the bond guarantee agreement. During the year, all 24 outstanding issuers were reviewed to identify any significant changes, including integrity and reputational risk, to ensure they continue to comply with the CGIF Integrity Policy and any conditions or covenants imposed.

In 2021, no non-compliances to the Integrity Policy were identified across both prospective and outstanding issuers.

STAFFING AND ORGANIZATION STRUCTURE

The approved staff number for CGIF in 2021 is 65 staff members, excluding secondees. Table 6 shows the updated staff complement by category as of the end of December 2021.

TABLE 6: STAFF RESOURCES BY CATEGORY

Staff Category	Head Count
Executive Staff	8
Professional Staff	11
National Staff	17
Administrative Staff	28
Total	64

By the end of 2021, a total of 64 positions had been filled, compared to the 57 filled positions in 2020. In 2021, one national staff member left CGIF, while one professional and seven administrative staff members joined. These new staff members were distributed among these departments: Budget, Planning, Personnel and Management Systems Department, Deal Operations Department, Finance Department, Legal Department, and Risk Management Department.

The organization structure of CGIF is regularly reviewed to ensure effective recruitment of human resources.

KEY STAFF DEMOGRAPHICS

FIGURE 14: STAFF GENDER

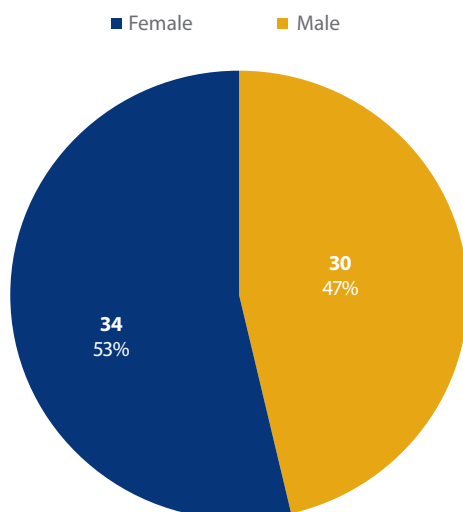


FIGURE 15: STAFF CATEGORY

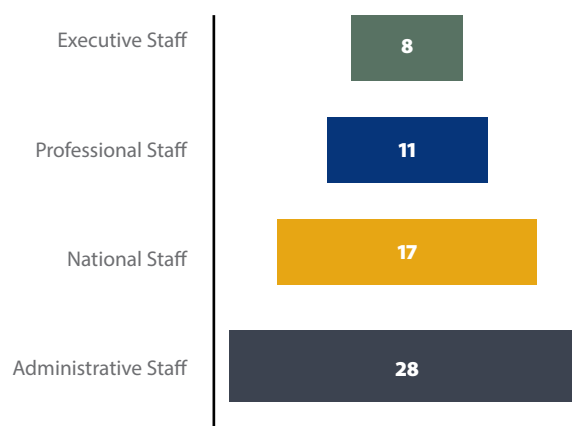
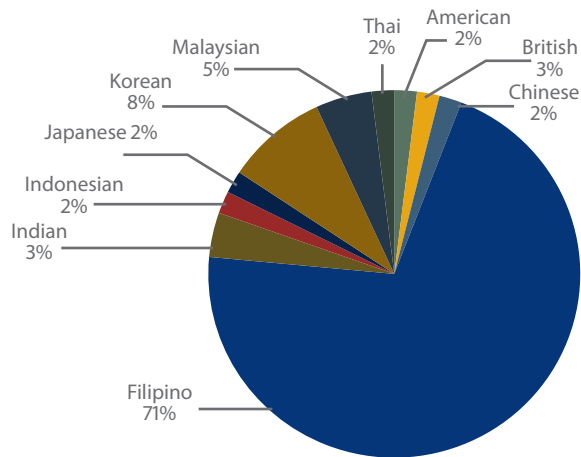


FIGURE 16: STAFF NATIONALITIES



INSTITUTIONAL INFRASTRUCTURE

The institutional infrastructure in 2021 focused on the following key areas:

- 1. Implementation of Medium-term Business Strategy (MBS).** CGIF Management continues to pursue the plans laid out in the MBS approved in August 2017. The MBS provides guidance on CGIF's roles, operational focus, country-specific business strategies, and growth path until 2026.
- 2. Website Refresh.** CGIF website was revamped to further strengthen CGIF's market education and awareness initiatives. The new website, which launched in November 2021, features a refreshed design, new contents, and enhanced functionalities that are compatible with both desktop and mobile devices, providing a more intuitive

and user-friendly browsing experience for clients, business partners, and other visitors.

3. Application Development and Improvement.

To drive greater efficiency and functional resilience, the Information Technology Unit successfully delivered the following workflow application and database developments and improvement projects in 2021:

- Mission Authorization Request (MAR) Tool
- Human Resource Information System (HRIS) Phase 3 Development
- Approval Workflow and Tracking System (AWTS)
- 360-Degree Feedback System
- Training and Knowledge Management System (TKMS)

BUDGET

Budget utilization ratio (before contingency) for 2021 remains low at 76% (or \$10.1 million), although up from 71% (or \$9.3 million) in 2020. The continued low utilization is mainly attributed to the continuing COVID-19 pandemic restricting travel and mobility throughout the region.

The BOD, in its November 2021 meeting, approved the 2022 budget of \$13.9 million, committing the necessary resources to support the 2022 Work Program.

FINANCIAL HIGHLIGHTS

In 2021, CGIF generated a net income of \$29.8 million. This is 24% or \$5.9 million higher than previous year despite a guarantee call before the yearend. The increase of the net income was realized through the \$8.7 million drop in provision. Of the total revenue of \$48.9 million, \$24.9 million was contributed from investment income and \$22.6 million from guarantee income. From the \$21.2 million recovery from reinsurance for claims on the guarantee call, \$18.6 million was set aside as provision for future return to reinsurers on possible recovery from the defaulted account. The growth of gross revenue was largely driven by the 14% increase in income from guarantees—from \$19.9 million to \$22.6 million. This significant increase is attributed to a number of deals closed in 2020 and 2021. Total expenses ended at \$19.1 million as a result of lower administrative and operational expenses this year and lower provision for impairment. Additional provision for impairment based on the expected credit losses in 2021 amounted to \$3.4 million, 64% lower than the previous year. The provision for impairment was reduced by \$2.6 million share of reinsurers which

resulted to a \$831 thousand net provision in the profit and loss.

Outstanding guarantee obligation with only principal as of year-end 2021 amounted to \$1,926.3 million, only slightly higher than 2020's \$1,889.3 million despite several guarantee deals being added during the year. This is mainly due to the early redemption of one significant-sized PHP bond in 2021. Net guarantee fee receivables recorded amounted to \$63.6 million. Guarantee liability recorded at \$76.2 million, inclusive of additional provision for the guarantee obligation amounting to \$5.8 million. Net receivable from the guarantee that defaulted amounted to \$73.1 million.

Total Member's Equity increased to \$1,292.4 million in 2021, 2% increase from last year's \$1,264.5 million. Including \$29.8 million net income for 2021, CGIF's Retained Earnings and Reserve, which is the accumulation of allocated retained earnings since its establishment, stood at \$139.2 million.

FIGURE 17: REVENUE VS. EXPENSES

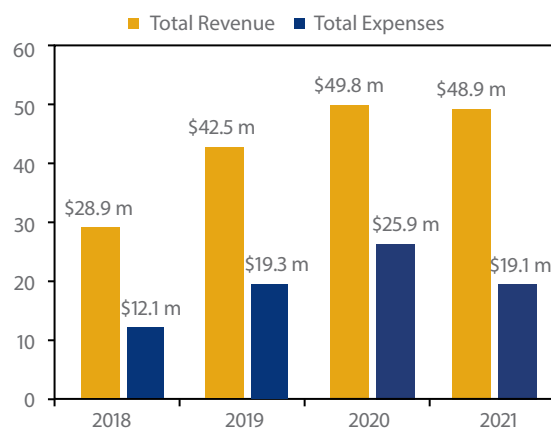


FIGURE 19: GUARANTEE LIABILITY

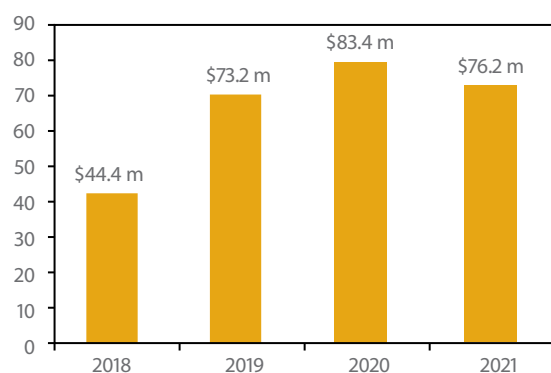


FIGURE 18: ADMINISTRATIVE AND OPERATIONAL EXPENSES

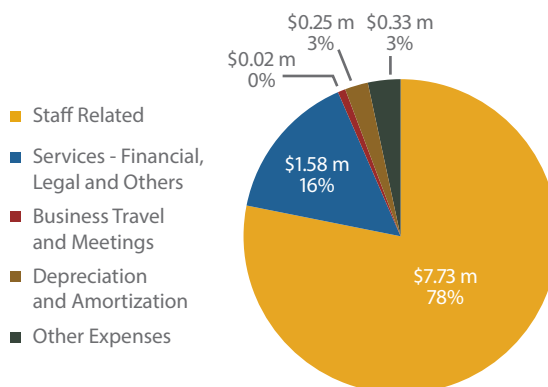
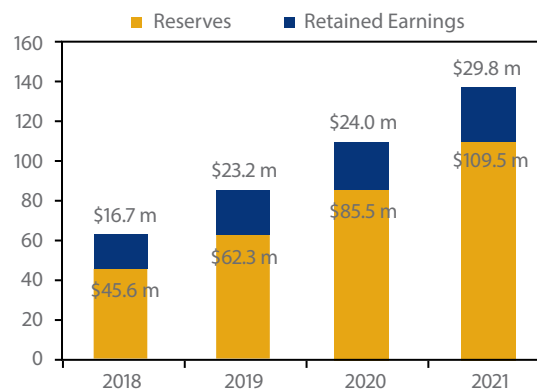


FIGURE 20: RETAINED EARNINGS AND RESERVES





OUR PEOPLE

◎ BOARD OF DIRECTORS



Chairperson
Board of Directors

Mr. Noriyasu Matsuda
Resident Executive Officer
Regional Head for Asia and the Pacific
Japan Bank for International Cooperation



Chairperson
Nomination and Remuneration Committee

Mr. Yuchuan Feng
General Manager
Investment Management Department
The Export-Import Bank of China



Chairperson
Internal Control and Risk Management
Committee

Mr. Taebum Kim
Director
Financial Investment Department
The Export-Import Bank of Korea



Chairperson
Audit Committee

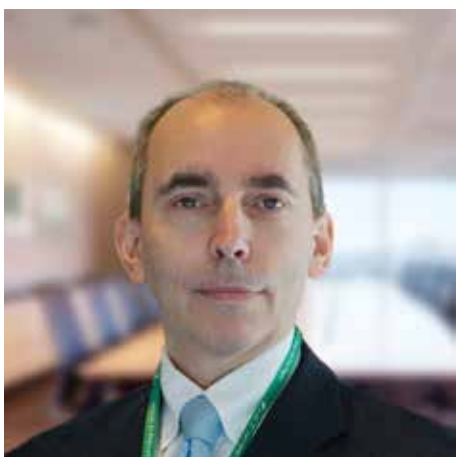
Mr. Mark Dennis Y.C. Joven
Undersecretary
International Finance Group
Department of Finance Philippines



Ms. Mina Kajiyama
Director
Promotion of Regional Financial Cooperation
International Bureau
Ministry of Finance Japan



Ms. Jiandi Ye
Deputy Director General
International Economic Relations
Department
Ministry of Finance PRC



Mr. Stefan Hruschka
Unit Head
Project Administration
Portfolio Management Division
Private Sector Operations Department
Asian Development Bank



Ms. Guiying Sun
Chief Executive Officer
Credit Guarantee and Investment Facility

◎ MANAGEMENT TEAM



Guiying Sun

Chief Executive Officer

Ms. Guiying Sun is the Chief Executive Officer of CGIF. Prior to joining CGIF, Ms. Sun was Deputy General Manager of the Investment Management Department of the Export-Import Bank of China. Having served as a member of CGIF's Board of Directors (BOD), she has been involved in CGIF since its formative years and has contributed to the formation of its current Medium-term Business Strategy (2017-2026). She held the position of General Manager of Chongqing Export-Import Credit Guarantee Company from 2011-2015.

Ms. Sun holds both a Master of Science in Economics and Development Economics from Nottingham University and a Master of Finance from Central University of Finance and Economics.



Mitsuhiro Yamawaki

Deputy Chief Executive Officer / Chief Risk Officer

Mr. Mitsuhiro Yamawaki is the Deputy Chief Executive Officer / Chief Risk Officer of CGIF. Prior to joining CGIF, Mr. Yamawaki worked for the Japan International Cooperation Agency (JICA) as Senior Advisor and for Asian Development Bank (ADB) as Head – Office of Risk Management (ORM).

Mr. Yamawaki was also involved in risk assessment of ADB's investment in CGIF as Director of Credit Risk Assessment Division at ORM when CGIF was established. He also has extensive experience in investment banking, corporate banking, and project and structured finance at a commercial bank. He held managerial positions, such as General Manager of the Investment Banking Division for the Americas at the Bank of Tokyo-Mitsubishi UFJ in New York, USA, prior to his assignments at JICA and ADB. Mr. Yamawaki holds a Bachelor of Political Science from Waseda University in Tokyo, Japan.



Aarne Dimanlig
Chief Credit-risk Officer

Mr. Aarne Dimanlig is CGIF's Chief Credit-risk Officer and had 16 years of risk management and investment banking experience prior to joining CGIF. Mr. Dimanlig's other professional experiences include appointments at Columbia University Graduate School of Business; the International Monetary Fund; and the University of California, Santa Barbara.

Mr. Dimanlig attended the University of California, Santa Barbara, for his PhD in Economics. His academic portfolio includes a Master of Science in Industrial Economics and a Bachelor of Science in Mathematics.



Gene Soon Park
General Counsel and Board Secretary

Mr. Gene Soon Park is the General Counsel and Board Secretary of CGIF. Mr. Park started his legal career as an attorney at the largest law firm in Korea (Kim and Chang) where he gained hands-on experience in capital market transactions, cross border financial transactions, and project financing. He has served as General Counsel of Korean subsidiaries of global institutions of Lehman Brothers Securities/Bank and Citibank. He held the position of General Counsel and Board Secretary for Citibank Korea and Citigroup Korea.

Mr. Park attended the Law School of Seoul National University (for his Bachelor, Master, and PhD in banking and securities regulation), and Law School of Stanford University (master's degree in SPILS -Stanford Program for International Legal Studies).



Hou Hock Lim

Corporate Planner and Head of Budget, Planning, Personnel and Management Systems

Mr. Hou Hock Lim is CGIF's Corporate Planner and Head of Budget, Planning, Personnel and Management Systems (BPPMS). Prior to joining CGIF, Mr. Lim was the General Manager of Group Finance Division of Hong Leong Bank, one of the major banks in Malaysia. He held various senior positions in OCBC Bank (Malaysia) Bhd; Deloitte Touche Tohmatsu in Melbourne, Australia, doing corporate advisory work for regional mergers and acquisitions, regional restructuring, and global transaction services; Danajamin, a bond guarantor in Malaysia, overseeing the functions of Finance, Treasury, Administration, and IT; and Affin Investment Bank Berhad as Chief Financial Officer.

Mr. Lim attended the Monash University (Clayton) Australia for his Bachelor of Commerce in Accounting and Finance and the Harvard Business School's Senior Management Development Program. He also recently completed a Strategic HR Management Program at the National University of Singapore. He is a qualified member of the Australian Society of CPAs and Malaysian Institute of Accountants.



Jackie Jeong-Ae Bang

Internal Auditor

Ms. Jackie Jeong-Ae Bang is the Head of Internal Audit at CGIF. She was the Senior Vice President of Singapore-based Citibank Internal Audit Department for 9 years, covering the Association of Southeast Asian Nations Plus Three (ASEAN+3) region, along with India subcontinent and Australia/New Zealand. She has over 20 years of extensive banking experiences on audit, credit risk management, client relationship, and securities and funds services, having worked in Standard Chartered Bank and Citibank, Seoul and Singapore.

Ms. Bang attended Seoul National University for BA in English Language and Literature, the Graduate School of Yonsei University for MBA, and Thunderbird School of Global Management for Master of International Management. She obtained certificates for Project Management Professional (PMP) and Certified Fraud Examiner (CFE).



Dong Woo Rhee
Chief Financial Officer

Mr. Dong Woo Rhee is CGIF's Chief Financial Officer. He joined the group as its first treasury specialist and has worked for various duties associated with treasury, investment, accounting, and research. Apart from his CGIF career, Mr. Rhee has extensive experience in the capital markets with primary focus on trading fixed income securities (and their derivatives), asset and liability management, and risk management from his work at Samsung Asset Management, Samsung Life, and Credit Suisse. With his good performance and reputation in the regional fixed income market, Mr. Rhee was awarded "The Most Astute G3 Bond Investor" from the 2006 Asset Benchmark Survey.

Mr. Rhee attended Sogang University for his Bachelor of Business Administration, and Korea Advanced Institute of Science and Technology for his master's degree and PhD in Finance. He has published several papers associated with financial risk management and asset management, including "Strategic Asset Allocation of Credit Guarantors," which was published in the *Journal of Applied Business Research*. He holds both CFA (Chartered Financial Analyst) and FRM (Financial Risk Manager) credentials. He is also a certified IFRS (International Financial Reporting Standards) Manager.

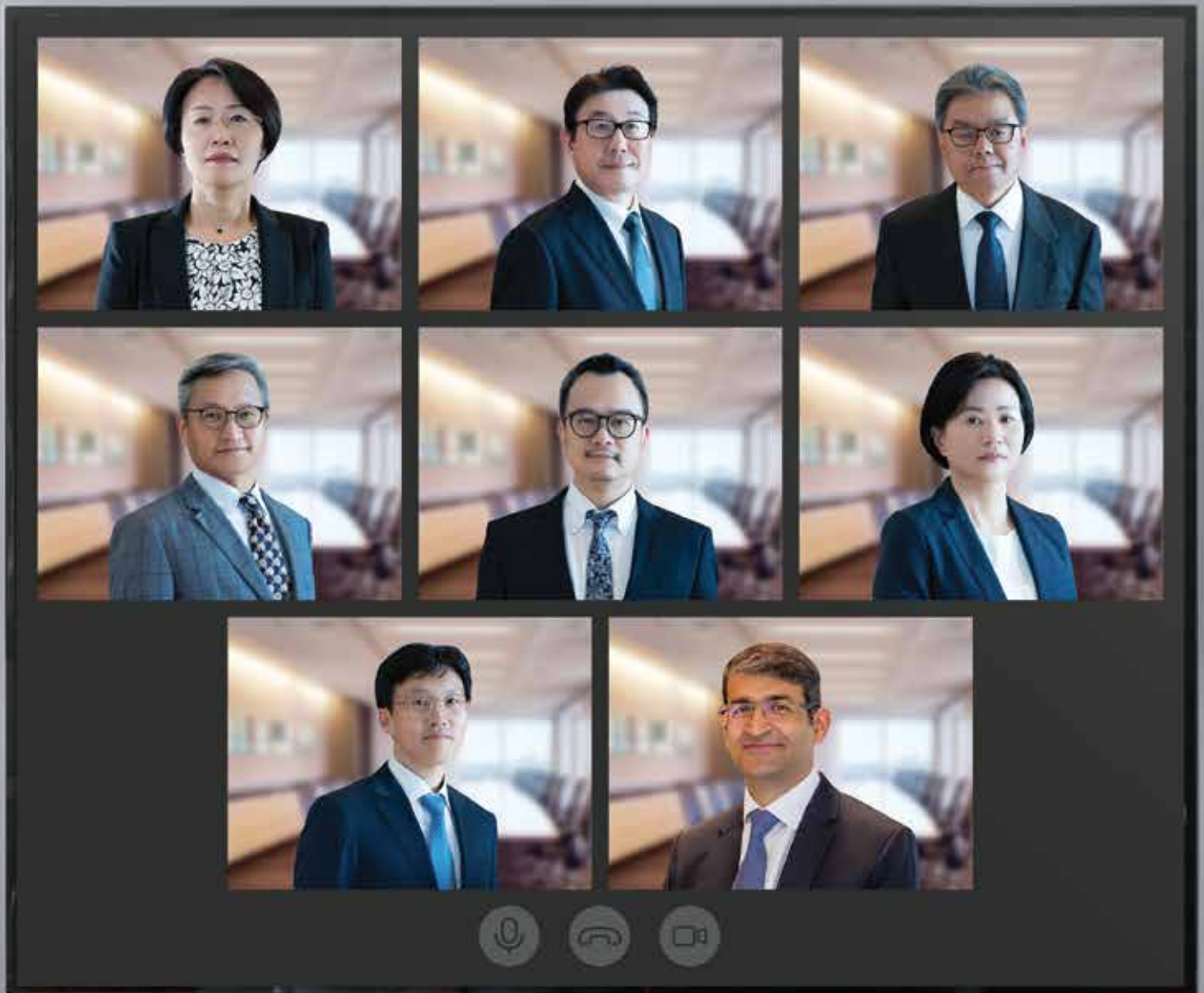


Anuj Awasthi
Vice President, Operations

As Vice President for Operations, Mr. Anuj Awasthi oversees CGIF's guarantee operations. He was formerly a Managing Director at Societe Generale, heading the financing initiatives for the Global Markets division for ASEAN and South Asia where he worked on developing the bank's local currency bond origination and structuring business.

Prior to that, he held various positions at Nomura, Merrill Lynch, and HSBC, in a career that spans over 20 years in derivatives, hedging, balance sheet management, and local currency financing solutions for corporates and institutions in South Asia and ASEAN.

Mr. Awasthi attended the Delhi University for his Bachelor of Engineering in Mechanical and finished his Post Graduation in Management from the Indian Institute of Management, Calcutta.





● OUR PEOPLE

The workforce at CGIF, established by members of the Association of Southeast Asian Nations Plus Three (ASEAN+3) countries, is well-represented by different nationalities. CGIF's cultural diversity and varied background experience enabled it to thrive, relying on differences in perspectives to overcome challenges faced. After a decade in business, CGIF has steadily increased its staff headcount, guarantee volume, and revenue. The hard work and dedication of its employees has contributed to the organization's growth, and Management has always prioritized the overall wellbeing of its staff.

Multiple and recurrent lockdowns have been implemented in various parts of the world for the past 2 years in an attempt to control COVID-19 infections. The positive and negative effects of the lockdown have long been debated, with one of the more contentious issues being its impact on mental health.

In response to the issue of mental health, CGIF Management, through a third-party vendor, conducted a session on mental health awareness, addressing common mental health issues associated with the extended work-from-home setup. From the positive responses received after the session, Management decided to include mental health awareness as part of CGIF's other recurring trainings, such as the First Aid Training.

Management continued to provide additional allowances to local staff on a quarterly basis, as additional assistance for unexpected rise in incidental expenses during the remote work period.

CGIF continues to provide its staff with reliable healthcare coverage provided by Cigna, as well as membership in International SOS and Lifeline in the Philippines to address emergency issues faced by travelers.





GOVERNANCE



◎ GOVERNANCE

05 July 2021

Mr. Kenichi Aso, Resident Executive Officer - Regional Head for Asia and the Pacific of Japan Bank for International Cooperation, resigned as Director of CGIF. In his place, Mr. Noriyasu Matsuda, Resident Executive Officer - Regional Head for Asia and the Pacific of Japan Bank for International Cooperation was nominated.

Mr. Noriyasu Matsuda was elected as the new Chairperson of the Board of Directors (BOD), following the resignation of previous Chairperson Mr. Kenichi Aso.

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

MEETING OF CONTRIBUTORS (MOC)

With the continuing COVID-19 pandemic in the region, the Meeting of Contributors (MOC) for 2021 was held on 28 May 2021 via Zoom and teleconference facility.

During the Annual MOC for 2021, Contributors considered and approved the following recommendations of the Board of Directors (BOD):

1. Minutes of the Special MOC held on 11 September 2020 via teleconference
2. Annual Report for 2020 including the Audited Financial Statements
3. Allocation of the entire net income for 2020 of \$23,963,248.30 in Retained Earnings to Reserve
4. Revision of Capital Increase Proposals: (i) to confirm the re-allocation of 90 shares to Indonesia, consistent with its Instrument of Subscription (IOS); (ii) to approve the necessary changes to MOC Resolution 2017-S-01, as amended, on the extension of deadlines; and (iii) to approve the necessary changes to the MOC Resolution 2017-S-01 on simplifying the subscription process

The Contributors also discussed the Progress Report of CGIF and updates on its regulatory

treatments report.

A Special MOC was held on 04 August 2021 via video/teleconference. The Contributors considered and approved the following recommendations of the BOD:

1. Waiver of the 21-days-prior notice requirement under Article 7.5.1 of the Articles of Agreement (AoA)
2. Election of Mr. Noriyasu Matsuda from Japan Bank for International Cooperation (JBIC) as the new Chairperson of the BOD commencing on 05 July 2021 up to the next selection of the Chairperson during the Annual MOC to be held in May 2022

Another Special MOC was convened on 28 September 2021 wherein the Contributors approved the BOD's recommendation to approve the changes in the engagement terms of Deloitte & Touche LLP, CGIF's external auditor for the FY 2021 Financial Statement Audit.

BOARD OF DIRECTORS (BOD)

In 2021, due to the continuing occurrence of the COVID-19 pandemic, the CGIF Board of Directors (BOD) had a total of three regular meetings held via Zoom and teleconference facility. A special BOD meeting was held on 22 June 2021.

In all BOD meetings, the BOD provided oversight and supervision of CGIF's management and operations. This ensured the BOD's compliance with its key responsibilities in the governance of CGIF.

The key items discussed and approved by the BOD in its regular and special meetings for 2021 are summarized below:

27 April 2021

1. Approval of the minutes of the BOD meeting held on 27 November 2020 via teleconference
2. Approval of the Annual Report for 2020
3. Approval of the allocation of the Net Income for 2020 of \$23,963,248.30 to Reserve
4. Approval of the Performance Evaluation of Ms. Guiying Sun, Chief Executive Officer of CGIF
5. Approval of the Revision of the Capital Increase Proposal (CIP): (i) to confirm 2nd Round Capital Increase by Indonesia with waiver on Timing for Submission of Instrument of Subscription (IOS); and (ii) to extend the deadlines for IOS submission and Meeting of Contributors (MOC) Resolution for confirmation by/before end 2023 and simplify the subscription process
6. Approval of the Extension of Appointments of CGIF Executive Staff: (i) General Counsel and Board Secretary and (ii) Corporate Planner and Head of Budget, Planning, Personnel and Management Systems (BPPMS)

The Directors also noted and discussed the reports of the Chairs of the Audit Committee (AC) and Internal Control and Risk Management Committee (ICRMC) as well as the Progress Report on CGIF.

22 June 2021 (Special BOD)

A Special BOD meeting was likewise held via video/teleconference. The BOD unanimously approved the Extension of Appointment of the Chief Financial Officer.

26 August 2021

1. Approval of the minutes of the BOD meeting held on 27 April 2021; Special BOD Meeting on 22 June 2021 via teleconference
2. Approval of the External Auditor's Changes in Engagement Terms for FY 2021 Financial Statement Audit
3. Approval of the Proposed Updates to Key Performance Benchmarks
4. Approval of the Extension of Appointment of External Advisory Panel Member

The Directors deferred voting on (i) the proposed changes in the Securitization Guidelines and relevant changes proposed in CGIF's Operational Policies and (ii) the proposal on the Adoption of Electronic Voting for Extension of Executive Staff. The BOD agreed that such proposals should be revised and resubmitted for electronic voting¹.

The Directors also noted and discussed the reports of the Chairs of the AC and ICRMC; Progress Report on CGIF; and results of the Capital Adequacy Stress Test.

Note: ¹ CGIF thereafter electronically reported to the BOD the follow-up proposal to proceed with a virtual BOD Meeting in respect to the extension of appointments of Executive Staff.

26 November 2021

1. Approval of the minutes of the BOD meeting held on 26 August 2021 via teleconference
2. Approval of the Business Plan, Work Program, and Budget 2022
3. Approval of the Delegating Authority by BOD to CGIF Management on Articles of Agreement (AoA) 10.3.2 (f), (g), and (h). The revised proposal was electronically circulated for comments to the BOD.

The Directors also noted and discussed the reports of the Chairs of the AC and ICRMC; Progress Report on CGIF; report on the New Country Exposure Classification Rules; and results of the 2nd Organization Culture Survey.

In 2021, through electronic voting, the BOD also deliberated and approved other CGIF Management proposals, including Guarantee Underwriting Proposals (GUPs), as follows:

1. Approval of the proposed amendments to CGIF Operational Policy (OP) 189 on 22 January 2021
2. Approval of the GUP for JWD InfoLogistics PCL on 25 January 2021
3. Approval of the GUP for Hanwha Solutions Corporation on 10 March 2021
4. Approval of the GUP for China Education Group Holdings Ltd on 27 May 2021
5. Approval of the recommendation to elect the Chairperson of the BOD on 21 July 2021
6. Approval of the GUP for Telcotech Limited on 22 July 2021
7. Approval of the GUP for Thaifoods Group Public Company Limited on 13 August 2021
8. Approval of the revised proposal on the changes in Securitization Guidelines and Relevant Changes Proposed in the OP on 24 September 2021

On 15 June 2021, CGIF electronically reported the approval of the GUP for PT Polytama Propindo via the Alternative Guarantee Approval Process (AGAP).

AUDIT COMMITTEE (AC)

The Audit Committee (AC) is tasked by the Board of Directors (BOD) with the oversight, due diligence, and control over the financial aspects of operations and performance of CGIF.

Purpose

The AC assists the BOD in fulfilling its corporate governance and oversight responsibilities, particularly on financial reporting and the internal and external audit functions, to ensure the integrity of financial reporting; the effectiveness of audit mechanisms; the efficient use of resources; the compliance with regulations and business procedures; the effective dialogue among BOD, CGIF Management, and the auditors; and the culture of effective oversight and ethical standards.

Structure and Responsibilities

Three Directors representing the Association of Southeast Asian Nations (ASEAN), the People's Republic of China, and the Republic of Korea comprise the AC, with the ASEAN Director as Chairman. The Chairman and members are all appointed by BOD.

The AC performs a critical role in assuring the integrity of CGIF's internal control environment and audit mechanism to ensure that gaps are corrected. As an important part of BOD's oversight role and to enhance accountability of Contributors, AC's work is communicated to Contributors by reporting its roles and terms of reference; members' qualifications; number of meetings and attendance; and the report of its findings and discharge of its responsibilities.

CGIF's Operational Policies (OP) empower AC to monitor, review, and make recommendations to ensure the:

1. Integrity of the financial statements and financial reporting;
2. Effectiveness of the internal audit function;
3. Independence, objectivity, and effectiveness of the external auditor;
4. Compliance with international accounting standards, business policies and practices, applicable laws and regulations; and
5. Effective communication among BOD, CGIF Management, and auditors.

The effectiveness of the audit mechanism and any cause for concern or scope for improvement are reviewed and reported to BOD by AC. Where there is disagreement between AC and BOD, which cannot be resolved within a reasonable time, AC has the right to report the issue to Contributors. The AC will have explicit authority to investigate any matter within its terms of reference and have full access to available information.

AC reviews its terms of reference and its own effectiveness annually and recommends any necessary changes to BOD.

Calendar Year 2021 Audit Committee Activities:

AC convened three times in 2021 with three video-teleconference meetings (on 27 April , 26 August, and 26 November). AC discharged its independent oversight function during its periodic meetings through deliberations, which were reported to BOD by the Chairman, and were considered and unanimously adopted by BOD.

FINANCIAL REPORTING

AC reviewed and approved significant financial

reporting issues and judgments that were made in the preparation of financial statements and disclosures by CGIF Management. Considering the view of the external auditor, AC reviewed the accounting and reporting policies adopted by CGIF; the significant estimates and judgments made; and the clarity and completeness of disclosures, in accordance with International Financial Reporting Standards.

AC approved CGIF's 2020 Audited Financial Statements on 27 April 2021. The external auditor, Deloitte & Touche Singapore (Deloitte), participated in a video-teleconference meeting without CGIF Management in attendance on 27 April 2021 to present the opinion of external auditor on CGIF's Financial Statements and to respond to the questions from AC.

Three quarterly unaudited financial statements were reported to AC for its review on 13 May, 29 July, and 4 November 2021, respectively.

EXTERNAL AUDIT

AC is responsible for overseeing the work of the external auditor and in making recommendations to BOD and Contributors on its appointment, reappointment, and removal. Deloitte is the external auditor selected by Contributors for another term of 5 fiscal years, from 2019 to 2023, as recommended by AC and BOD. ADB selected Deloitte as external auditor from 2019 to 2023, as approved by ADB BOD in November 2018.

Engagement terms were approved by AC, BOD, and Contributors at the time of external auditor selection in May 2019. Engagement terms include conduct of audit in accordance with International Standards on Auditing; CGIF Management's responsibilities over financial statements and internal accounting controls; and provisions on confidentiality of information, data protection, and publishing and reproduction of

financial statements. New terms on electronic communication were added in engagement terms for Fiscal Year 2021 financial statement audit. AC and BOD approved the changes in engagement terms on 26 August 2021, and final approval from Contributors was obtained on 28 September 2021.

INTERNAL AUDIT

The Internal Auditor, as part of its responsibility and accountability to AC, evaluates and contributes to the improvement of governance, risk management, and control processes by providing risk-based independent and objective assurance.

Internal Auditor activities are carried out through a systematic and disciplined audit methodology approved by AC. AC reviews and approves the internal audit function's remit and ensures that it has the necessary resources and access to information to fulfill its mandate. It also certifies that the internal audit function is equipped to perform in accordance with appropriate professional standards.

Results of Internal Auditor's works are reviewed by AC through the issued audit reports and the reported quarterly audit updates. The audit report includes findings and recommendations for high- and medium-risk observations, with corresponding action plans. In 2021, the Internal Auditor completed and released four audit reports in line with the approved audit plan. The quarterly audit update includes (i) quarterly audit refresh exercise for any change in the approved plan, (ii) internal audit activities report, (iii) corrective action plans (CAPs) validation and completion status, and (iv) coordination of external audit.

In its video-teleconference meeting on 26 November 2021, AC reviewed and approved the internal audit plan for 2022.

AC reviews and monitors Management's responsiveness to the Internal Auditor's

findings and recommendations through the implementation of CAPs. The Internal Auditor monitors and validates the CAPs, which are reported to AC and BOD through the quarterly audit updates and the quarterly management report, respectively.

INDEPENDENT EVALUATION

Final report on Independent Evaluation was presented by KPMG Services Pte Ltd. Singapore (KPMG Singapore) in the September 2019 BOD meeting. There was a total of 42 high-, 20 medium-, and 8 low-impact observations, with 70 recommendations identified, covering evaluation of objectives, governance, fund impact, project impact, and operational efficiencies. In response to the observations and recommendations from the Independent Evaluation, MAPs were presented in the November 2019 BOD meeting. Detailed MAP on Independent Evaluation was coordinated by Internal Auditor and was reported electronically to BOD in April 2020. Status on remaining two MAPs was reported to BOD in November 2021 meeting. Internal Auditor continues to coordinate MAPs on Independent Evaluation and reports the progress to BOD.

INTERNAL CONTROL AND RISK MANAGEMENT COMMITTEE (ICRMC)

Consequent to quarantines and travel restrictions in the wake of the COVID-19 pandemic, the Internal Control and Risk Management Committee (ICRMC) met virtually three times in 2021 (on 27 April, 26 August, and 26 November). Policies for internal control and risk management were deliberated and approved by the ICRMC at its virtual meetings.

Under the guidance of the ICRMC, the managerial and operational level responsibilities have been implemented by the Guarantee and Investment Committee (GIC) that is chaired by the Chief Risk Officer. In 2021, the GIC reviewed 19 Guarantee Concept Proposals (GCPs) and 5 Guarantee Underwriting Proposals (GUPs). The CRO, as the approving authority per RMF guidelines, approved 28 annual reviews. The GIC approved and endorsed the five GUPs reviewed in 2021. These five GUPs and another GUP that was reviewed and endorsed by the GIC in 2020 were subject to final approval within 2021. The six GUPs were granted final approval. One of the six GUP final approvals was granted by the GIC through the Alternative Guarantee Approval Process (AGAP). Of these six GUP approvals, four were issued, one was partially issued, and one was not yet issued at end-2021.

CGIF underwrote \$373 million guarantees in 2021. The redemption of four guaranteed accounts reduced the portfolio by \$182 million. Gross guarantee portfolio increased to \$2,009 million (including KNM account) in 2021 from \$1,889 million in 2020. On account of capital infusions by CGIF Contributors and increased retained earnings, CGIF's maximum guarantee capacity increased to \$3,162 million at end-2021 from \$3,004 million at end-2020. At end-2021, CGIF's leverage ratio was at

1.20x versus 1.28x at end-2020, both well below the limit of 2.50x. CGIF's Capital Adequacy Ratio (CAR) at end-2021 increased to 4.28x from 3.88x CAR at end-2020, both well above the limit of 1.10x.

TABLE 7: GUARANTEES

In \$ millions	2020	2021
Guarantees Underwritten	315	373
Guarantee Portfolio	1,889	2,009 ¹
Guarantee Portfolio, Net of Reinsurance	1,343	1,356

Note: ¹Including KNM account.

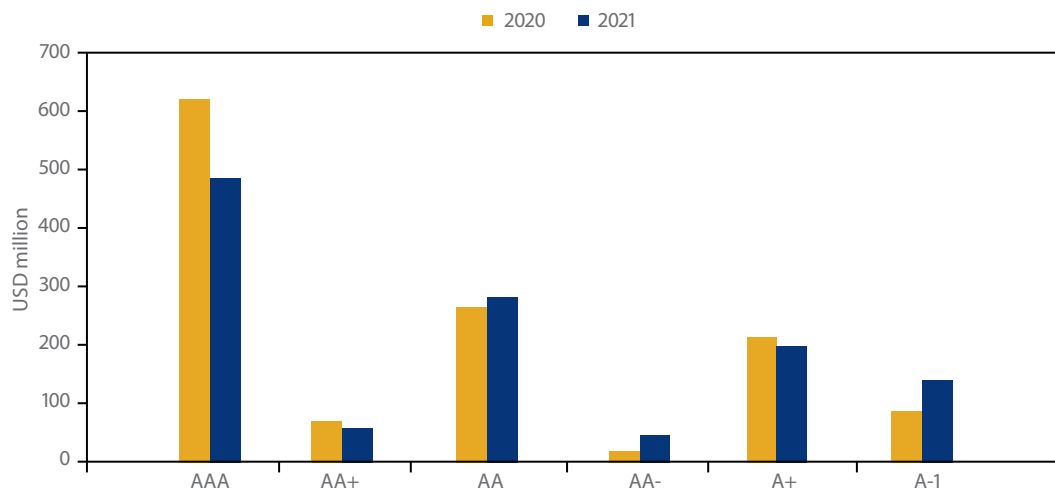
TABLE 8: CAPACITY METRICS

	2020	2021
Maximum Guarantee Capacity, \$ Million	3,004	3,162
Leverage Ratio (ceiling, 2.50x)	1.28x	1.20x
Capital Adequacy Ratio (floor, 1.00x)	3.88x	4.28x

In 2021, CGIF issued guarantees to cover 12 tranches of bonds of 7 issuers. Four guaranteed bonds matured in 2021. At end-2021, there were 30 issuers (25 at end-2020) whose bonds were guaranteed by CGIF.

CGIF's investment portfolio duration at end-2021 was 2.93 years versus 3.01 years at end-2020, both within the limit of 5 years. About 40% of the CGIF's investment portfolio is rated AAA. At end-2021, 72% of the portfolio is rated AA- or better versus 77% at end-2020. No investment concentration limit was breached in 2021. In 2021, as in 2020, CGIF passed tests for adequacy of liquidity under normal and stressed conditions.

FIGURE 21: INVESTMENT DISTRIBUTION BY RATING GRADE



THE NOMINATION AND REMUNERATION COMMITTEE (NRC)

The Nomination and Remuneration Committee (NRC) is made up of three members of the Board of Directors (BOD). The NRC is comprised of three Directors representing the People's Republic of China, ADB, and Japan, with the China Director currently serving as Chairperson. The Meeting of Contributors (MOC) approves the Chairperson's appointment.

The NRC is in charge of assessing and proposing to the BOD and the MOC matters relating to senior executive remuneration, pensions, and all other compensation in accordance with CGIF's strategy and business environment, as well as industry best practices.

NRC is primarily responsible for the following:

- a succession plan in place for the Chairperson of the BOD and the Chief Executive Officer (CEO);
- providing the BOD with the necessary recommendations for the retention of CGIF executives, as well as the selection and appointment of such executives;
- providing the BOD with the necessary details on

issues concerning executive appointments to be included in CGIF's annual report;

- participation of the NRC Chairperson in the MOC on CEO appointment and selection; and
- submitting an annual report to the BOD on its activities and recommendations.

1 March 2021, Electronic Voting Only

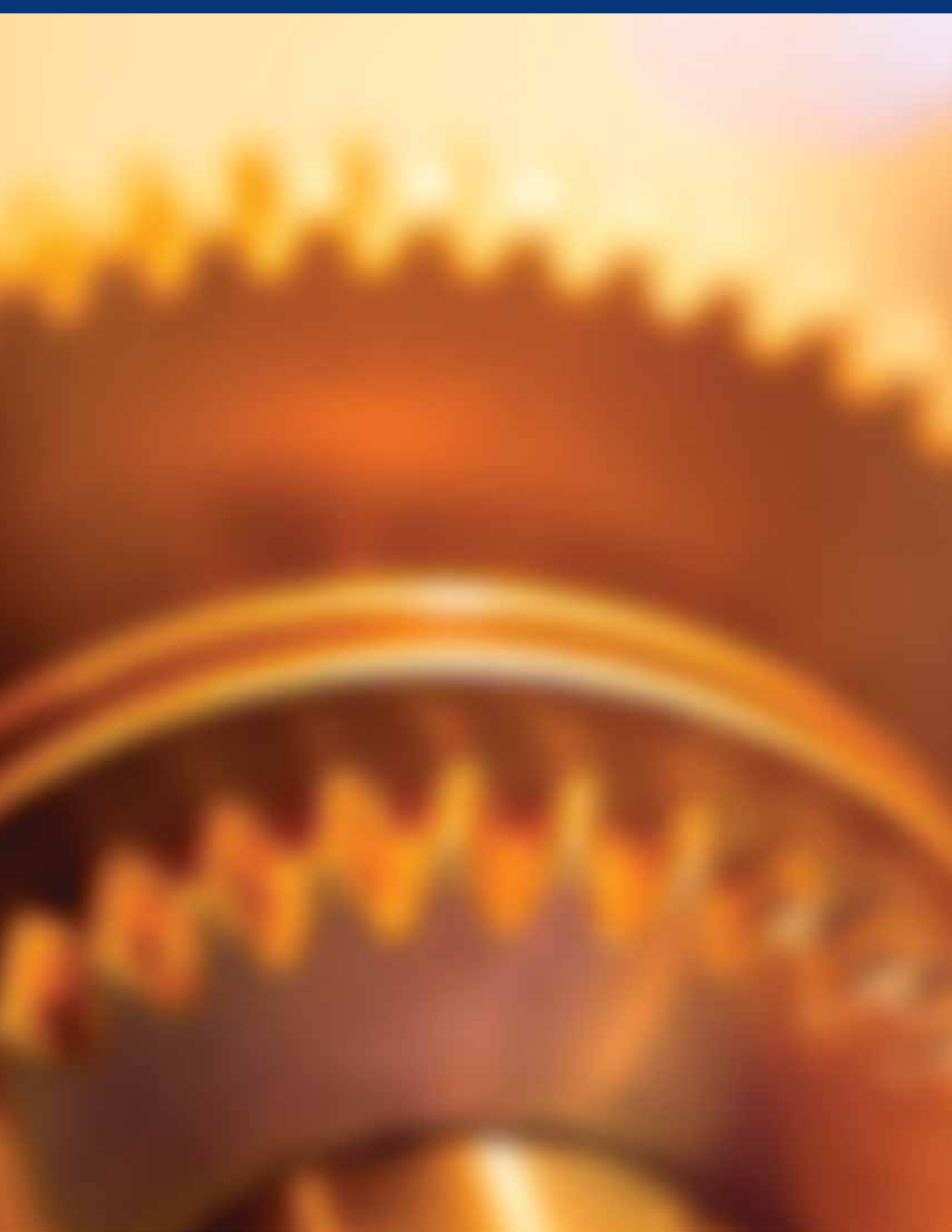
NRC approved and recommended to the BOD the extension of the appointments of two CGIF Executive Staff members, namely Mr. Gene Soon Park (General Counsel and Board Secretary) and Mr. Hou Hock Lim (Corporate Planner and Head of Budget, Planning, Personnel and Management Systems)

22 March 2021, Electronic Reporting Only

NRC noted the salary adjustment for 2021.

19 May 2021, Electronic Voting Only

NRC approved and recommended to the BOD the extension of the appointment of CGIF Executive Staff, Mr. Dong Woo Rhee (Chief Financial Officer).





APPENDIX

APPENDIX: REPORT OF THE EXTERNAL AUDITOR AND FINANCIAL STATEMENTS

**CREDIT GUARANTEE AND INVESTMENT FACILITY
(A Trust Fund of the Asian Development Bank)**

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2021

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

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

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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 2021 and 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CGIF as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

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 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. 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, and for and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing CGIF's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the CGIF or to cease operations, or has no realistic alternative but to do so.

Management is responsible for overseeing CGIF's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CGIF's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CGIF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CGIF to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- 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.

Deloitte Touche LLP

Public Accountants and
Chartered Accountants
Singapore

22 April 2022

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

As at 31 December 2021

Expressed in Thousands of United States Dollars

	NOTES	2021	2020
ASSETS			
CASH		9,154	3,460
INVESTMENTS	5	1,214,772	1,270,349
ACCRUED INTEREST INCOME	5	6,900	7,563
GUARANTEE FEE RECEIVABLE, NET	6	63,568	67,904
GUARANTEE RECEIVABLE, NET	6	73,079	-
REINSURANCE RECEIVABLE, NET	6	2,576	-
RIGHT OF USE – LEASE ASSET, NET	7	343	508
FURNITURE, FIXTURES AND EQUIPMENT, NET	8	140	181
INTANGIBLE ASSETS, NET	9	69	16
OTHER ASSETS	10	2,164	1,678
TOTAL ASSETS		1,372,765	1,351,659
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
GUARANTEE LIABILITY	6	76,200	83,381
UNEARNED INTEREST INCOME – GUARANTEES		936	794
LEASE LIABILITY	7	325	496
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	11	1,821	1,390
OTHER LIABILITIES	12	1,121	1,087
TOTAL LIABILITIES		80,403	87,148
MEMBERS' EQUITY			
CAPITAL STOCK			
PAID-IN CAPITAL	13	1,137,000	1,102,200
RETAINED EARNINGS		29,791	23,963
RESERVE	14	109,458	85,495
ACCUMULATED OTHER COMPREHENSIVE INCOME			
INVESTMENT REVALUATION RESERVE	5	16,113	52,853
TOTAL MEMBERS' EQUITY		1,292,362	1,264,511
TOTAL LIABILITIES AND MEMBERS' EQUITY		1,372,765	1,351,659

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF NET INCOME
For the year ended 31 December 2021
Expressed in Thousands of United States Dollars

	NOTES	2021	2020
REVENUE			
GUARANTEE FEES		19,420	17,392
INTEREST INCOME	15	27,276	28,852
REALIZED GAIN FROM SECURITIES		810	40
INCOME FROM REINSURANCE	18	2,759	2,327
MISCELLANEOUS INCOME	16	850	988
GROSS REVENUE		51,115	49,599
EXPENSES			
ADMINISTRATIVE AND OPERATIONAL EXPENSES	17	9,905	9,358
REINSURANCE EXPENSES	18	7,138	5,812
FINANCIAL EXPENSES		114	90
IMPAIRMENT LOSSES	5, 6	831	9,505
MISCELLANEOUS EXPENSES	12	1,121	1,087
TOTAL EXPENSES		19,109	25,852
NET OPERATING INCOME		32,006	23,747
(LOSS) GAIN FROM FOREIGN EXCHANGE		(2,215)	216
NET INCOME		29,791	23,963

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2021
Expressed in Thousands of United States Dollars

	NOTES	2021	2020
NET INCOME		29,791	23,963
OTHER COMPREHENSIVE INCOME			
ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME:			
NET UNREALIZED (LOSS) GAIN ON INVESTMENTS MEASURED AT FVTOCI	5	(36,740)	37,516
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(6,949)	61,479

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 2021
Expressed in Thousands of United States Dollars

	Paid-in Capital					
	Subscribed Capital	Unpaid Subscription	Retained Earnings	Reserve	Investment Revaluation Reserve	Total Members' Equity
BALANCE, 1 JANUARY 2020	1,149,000	(71,400)	23,162	62,333	15,337	1,178,432
ADDITIONAL SUBSCRIPTION (NOTE 13)	-	24,600	-	-	-	24,600
NET INCOME FOR THE YEAR	-	-	23,963	-	-	23,963
ALLOCATION OF PRIOR YEAR INCOME TO RESERVE	-	-	(23,162)	23,162	-	-
OTHER COMPREHENSIVE LOSS						
NET UNREALIZED GAIN ON INVESTMENTS MEASURED AT FVTOCI (NOTE 5)	-	-	-	-	37,516	37,516
BALANCE, 1 JANUARY 2021	1,149,000	(46,800)	23,963	85,495	52,853	1,264,511
ADDITIONAL SUBSCRIPTION (NOTE 13)	9,000	25,800	-	-	-	34,800
NET INCOME FOR THE YEAR	-	-	29,791	-	-	29,791
ALLOCATION OF PRIOR YEAR INCOME TO RESERVE	-	-	(23,963)	23,963	-	-
OTHER COMPREHENSIVE LOSS						
NET UNREALIZED LOSS ON INVESTMENTS MEASURED AT FVTOCI (NOTE 5)	-	-	-	-	(36,740)	(36,740)
BALANCE, 31 DECEMBER 2021	1,158,000	(21,000)	29,791	109,458	16,113	1,292,362

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF CASH FLOWS
For the year ended 31 December 2021
Expressed in Thousands of United States Dollars

	NOTES	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
GUARANTEE RELATED INCOME RECEIVED		25,054	19,445
OTHER INCOME RECEIVED		1,739	1,875
GUARANTEE PAYMENT		(84,843)	-
ADMINISTRATIVE AND OPERATIONAL EXPENSES PAID		(10,462)	(10,419)
REINSURANCE EXPENSES PAID		(5,390)	(4,042)
FINANCIAL EXPENSES PAID		(113)	(91)
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		(74,015)	6,768
CASH FLOWS FROM INVESTING ACTIVITIES			
PURCHASES OF INVESTMENTS		(1,924,532)	(1,522,468)
MATURITIES OF INVESTMENTS		1,942,987	1,464,302
INTEREST RECEIVED ON INVESTMENTS		25,982	26,672
REALIZED GAIN FROM SECURITIES		810	40
PURCHASE OF FURNITURE AND EQUIPMENT AND INTANGIBLE ASSETS		(126)	(26)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		45,121	(31,480)
CASH FLOWS FROM FINANCING ACTIVITIES			
CONTRIBUTIONS RECEIVED	13	34,800	24,600
LEASE LIABILITY PAID		(155)	(163)
NET CASH PROVIDED BY FINANCING ACTIVITIES		34,645	24,437
EFFECT OF EXCHANGE RATE CHANGES IN CASH		(57)	(5)
NET INCREASE (DECREASE) IN CASH		5,694	(280)
CASH AT THE BEGINNING OF THE YEAR		3,460	3,740
CASH AT THE END OF THE YEAR		9,154	3,460
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
NET INCOME		29,791	23,963
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:			
DEPRECIATION AND AMORTIZATION – FIXED ASSETS		89	104
DEPRECIATION – ROU ASSETS		165	159
PROVISION FOR EXPECTED CREDIT LOSSES		831	9,505
INTEREST INCOME ON INVESTMENTS		(24,049)	(26,368)
REALIZED GAIN FROM SECURITIES		(810)	(40)
FX REVALUATION LOSS		41	1
CHANGE IN GUARANTEE FEE RECEIVABLE		5,400	(3,366)
CHANGE IN GUARANTEE RECEIVABLES		(82,830)	-
CHANGE IN GUARANTEE LIABILITY		(2,786)	2,658
CHANGE IN UNEARNED INTEREST INCOME		142	246
CHANGE IN ACCOUNTS PAYABLE AND ACCRUED EXPENSES		456	(382)
CHANGE IN OTHER ASSETS		(489)	173
CHANGE IN OTHER LIABILITIES		34	115
NET CASH PROVIDED BY OPERATING ACTIVITIES		(74,015)	6,768

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

NOTES TO FINANCIAL STATEMENTS
For the year ended 31 December 2021

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 2021, \$1,158,000,000 are subscribed and \$1,137,000,000 are paid in by the Contributors. Details are discussed in Note 13.

The financial statements were approved by the Board of Directors on 22 April 2022 for presentation to the Meeting of Contributors (MOC) scheduled on 30 May 2022. The financial statements are subject to approval at the MOC.

NOTE 2—APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Revised IFRS in issue but not yet effective

CGIF has not applied the following revised IFRS that has been issued but not yet effective:

IAS 1 Presentation of Financial Statements

On 23 January 2020, the IASB issued *Classification of Liabilities as Current or Non-Current* providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments are effective for annual reporting periods beginning on or after 1 January 2022. CGIF does not anticipate any significant impact on CGIF's Financial Statements upon the application of these amendments.

NOTE 3—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of CGIF have been prepared in accordance with IFRS as issued by the IASB.

The accounting policies adopted are consistent with those of the previous financial year unless stated otherwise.

These financial statements have been prepared using the historical cost basis except for certain assets and financial instruments that are measured at fair values or revalued amounts at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, CGIF takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety.

The fair values of CGIF's financial assets and liabilities are categorized as follows:

Level 1: fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities that CGIF can access at the measurement date;

Level 2: fair values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3: fair values are based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Inter-level transfers from one year to another may occur due to changes in market activities affecting the availability of quoted market prices or observable market data.

CGIF's policy is to recognize transfers in and transfers out of levels as of the end of the reporting period in which they occur.

Cash

Cash represents cash on hand or deposits in a bank account. The carrying amount of these assets is approximately equal to their fair value.

Financial Instruments

Financial assets and liabilities are recognized by CGIF once it becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue are added to or deducted from the fair value of the financial assets

or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss), as appropriate, on initial recognition.

Classification of Financial Assets

Financial assets are both measured and classified as amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL), on the basis of both: (i) CGIF's business model for managing the financial assets and (ii) the contractual cashflow characteristics of the financial asset.

Amortized Cost and Effective Interest Method

The amortized cost and effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transactions costs and other premiums or discounts), excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortized cost of the debt instrument on initial recognition.

The gross carrying amount of a financial asset is the amortized cost of a financial asset before adjusting any loss allowance.

Interest income on investment securities and time deposits are recognized as earned and reported net of amortization of premiums and discounts. Interest is accrued, by reference to the principal outstanding at the applicable effective interest rate.

Financial Assets at Amortized Cost

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are measured at amortized cost using the effective interest method, less any impairment. This includes cash on hand or deposit in a bank account, time deposits, accrued interest income, guarantee fee receivables, reinsurance receivables, and other receivables.

Investments

All investment securities are considered to be FVTOCI and are reported at fair value. Investment securities are recorded at trade dates. Changes in the carrying amount of these instruments as a result of foreign exchange gains or losses, impairment gains and losses (see below), and interest income are recognized in the profit or loss. All other changes in the carrying amount arising from change in fair value are recognized and accumulated in other comprehensive income under member's equity. Time deposits and certificates of deposits are also classified under investments and are reported at cost which is a reasonable estimate of its fair value.

Guarantee Fee Receivable

Guarantee fee receivables are initially recognized at their fair values in the Statement of Financial Position, which are estimated based on the present value of total fees expected to be received under the guarantees. They are subsequently measured at amortized cost net of any loss allowance.

Guarantee Receivable

Guarantee receivables are from guarantee obligations on defaulted bonds that were settled and is expected to be received or recovered based on guarantee contracts. They are initially recognized as credit impaired in the Statement of Financial Position. For these assets, all changes in lifetime ECL since initial recognition are recorded as a loss allowance with any changes recognized in the Statement of Profit or Loss. Any favorable change creates an impairment gain.

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 expected credit loss (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 since initial recognition of the respective financial instrument.

If there has been a significant increase in credit risk (SICR) of the financial instrument from initial recognition, the loss allowance is based on the lifetime ECL of the item. If the credit risk on the financial instrument has not increased significantly since initial recognition, the loss allowance for that financial instrument is measured at an amount equal to 12-month ECL.

Significant Increase in Credit Risk

CGIF assesses financial guarantee contracts to have an SICR if any of the following conditions are met: (1) credit risk rating drops to B- or lower, but 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 in its initial four years after inception, or by at least 5 notches from inception if beyond four years from inception. For financial guarantee contracts, the date that CGIF becomes a party to an irrevocable commitment is the date of initial recognition or inception for the purpose of assessing impairment.

For CGIF's investments, it is assumed that the credit risk of a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have a low credit risk (see Notes 4 and 5). A financial instrument is determined to have a low credit risk if (i) it has a low risk of default, (ii) there is a strong capacity for the counterparty to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Definition of Default

For purposes of ECL computation, financial guarantee contracts and guarantee fee receivables shall be in default once an event of default in the Guarantee Agreement has occurred, and CGIF's guarantee has been called. An investment is in default if it has been declared by the debt capital market agents particularly the investors' trustee for the investment instrument. Technical defaults, i.e. defaults without missed payments, are not considered defaults for ECL model unless decided otherwise by the GIC.

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.

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

The measurement of expected credit losses is a function of the probability of default (PD), loss given default (LGD) and the exposure at default (EAD). CGIF generates point-in-time PDs by considering unbiased and probability weighted scenarios. The Credit Cycle Projection Overlay from S&P Global Market Intelligence (SPGMI) is used in generating these PDs. CGIF uses forecasted or forward-looking values of macroeconomic scenarios with corresponding probability weights. LGD is currently set at 50%. However, for stage 3, assumptions are revised to reflect additional information and realistic assumptions reflective of the default position. For financial assets, EAD is represented by the gross carrying amount of the assets at reporting date. For financial guarantee contracts, the EAD is the sum (i) of the nominal value of the bond (or debt instrument) guaranteed translated into USD at the reporting date's exchange rate, (ii) one coupon payment, and (iii) past due coupons and administrative cost of recovery (if in stage 3).

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.

Guarantee Liability

Guarantee liabilities recorded in the Statement of Financial Position represents the unamortized balance of the total present value of the guarantee fees received or expected to be received under the terms of the guarantee. Subsequently, the guarantee liabilities are 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.

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	7-10 years
Other Office Equipment	4 years
IT and Communication	
Computer	3-4 years
Server	5 years
Network	4 years
Communication	7 years
Others	4 years
Leasehold Improvement	Over the lease period

An item of furniture, fixtures, and equipment is derecognized upon disposal. Any gain or loss arising on the disposal of an item of furniture, fixtures, and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Net Income.

Intangible Assets

Intangible assets are composed of acquired information system software licenses that are capitalized on the basis of costs incurred to acquire and bring to use the specific software. These are amortized over a period of 4 years and are carried at cost less accumulated amortization and accumulated impairment losses.

Impairment of Tangible and Intangible Assets

On regular basis, CGIF reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of asset's fair value less costs of disposal and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of the recoverable amount but only to the extent of the carrying amount of the asset had no impairment loss been recognized in prior years. A reversal of the impairment loss is recognized immediately in the profit or loss.

Offsetting Arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to either settle on a net basis or to realize the asset and settle the liability simultaneously. A right to set-off must be available at the end of the reporting period rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency, or bankruptcy.

Subscribed Capital

Each contributor subscribed by depositing with the Trustee a duly completed Instrument of Acceptance. Contributions are included in the financial statements at historical cost from the date of the signing of the Instrument of Acceptance.

The increase in the authorized capital of CGIF pursuant to Article 4.2 of the AoA was approved by the MOC. Instrument of Subscription (IOS) submitted to the Board Secretary, who acts on behalf of the Trustee, formally confirms the Contributor's intention to subscribe the number of shares specified. The additional subscription will be effective from the date the Board Secretary notifies the subscribing Contributor that the Instrument of Subscription has been received.

Segment Reporting

CGIF is a credit guarantee and investment facility established to develop and strengthen local currency and regional bond markets, so that creditworthy corporations can access those markets and avoid currency and maturity mismatches. CGIF's products and services are unique and are structured and distributed in a uniform manner to its clients. Based on CGIF's operations, CGIF has only one reporting segment.

Fair Value of Financial Instruments

IFRS 13, Fair Value Measurements, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is market-based measurement, not an entity-specific measurement. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market, or in the absence of principal market, in the most advantageous market for the asset or liability.

Functional and Presentation Currency

CGIF's members are from ASEAN+3 and ADB with the subscriptions and redemptions of the shares denominated in the United States dollars (USD). The primary activity of CGIF is guaranteeing bonds that are denominated in local currencies and issued by creditworthy ASEAN+3 corporations in the ASEAN+3 region. The performance of CGIF is measured and reported to the Contributors in USD. The USD is considered as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in USD, which is CGIF's functional and presentation currency.

Translation of Currencies

CGIF adopts the use of daily exchange rates for accounting and financial reporting purposes. This allows transactions denominated in currencies other than USD to be translated to the reporting currency using the exchange rates applicable at the time of transactions. Contributions included in the financial statements

during the period are recognized at applicable exchange rates as of the respective dates of commitment. At the end of each accounting period, translations of asset and liabilities which are not denominated in USD are adjusted using the applicable rates of exchange at the end of the reporting period. These translation adjustments are accounted for as unrealized foreign exchange gains or losses and are charged to operations in the Statement of Net Income.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of CGIF's accounting policies, which are described above, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be 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, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether there is a significant increase in credit risk, CGIF takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Furthermore, in calculating the loss allowance, CGIF uses the Credit Cycle Projection Overlay from SPGMI to generate the point in time probabilities of default (PIT-PD). Unbiased and probability weighted scenarios are considered in generating these PIT-PDs. For stage 3, PD will be 100%. LGD shall be set at 50% for stages 1 and 2. For stage 3, LGD shall consider additional information and realistic assumptions reflective of the actual position on default.

NOTE 4—RISK MANAGEMENT

Risk management in CGIF covers all perceived risk exposures, particularly exposures to credit risk, market risk, liquidity risk, and operational risk. These risks are managed pursuant to Operational Policies, and Risk Management Framework (RMF), approved by CGIF's Board of Directors. The Board's Internal Control and Risk Management Committee 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 2021 and 2020 are as follows (in \$'000):

	<u>2021</u>	<u>2020</u>
Financial assets		
FVTOCI	1,075,070	1,187,349
Financial assets at amortized cost	296,138	162,939
Financial liabilities		
Financial liabilities at amortized cost	2,942	2,399
Lease liabilities	325	496

Credit Risk

As per CGIF's Treasury Risk Management Guidelines, CGIF's long term investments are restricted to those with the international ratings of AA- or better, with the exception of 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 are controlled by policy limits on exposure per issuer, per type of issuer, and per country rating grade. CGIF controls the concentration of investment per country of issuer. The lower the country sovereign rating grade, the lower the investment concentration limit – 0% of CGIF capital for countries rated A or lower; up to 30% of CGIF capital for countries rated AAA, except for the US where the investment concentration limit is 100% of CGIF capital. Investments in short-term money market instruments are excluded in reckoning country concentration against country limits.

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 has delegated to the GIC final approval authority for GUPs that are rated BB or better, are not more than USD 50mn, have tenor of not more than 5 years, are not classified as safeguard risk Category A, and are approved and endorsed by the Chief Risk Officer. 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. An external advisor to the Board advises on credit risk relating to each GUP. As of 31 December 2021, CGIF's guarantee portfolio had a weighted average risk rating of BB (BB flat – 31 December 2020).

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 of 2.5:1. CGIF's maximum leverage ratio, currently 2.5:1, is determined by the MOC with the recommendation of the CGIF Board. CGIF refers to IMF's list to identify acceptable offshore financial centers (AOFCs). Exposures to AOFCs pertain to guarantee exposures to borrowing entities that are registered through the offshore incorporation process of an AOFC. Aggregate guarantee exposure to any single AOFC and aggregate exposure to all AOFCs are limited to 20% and 40%, respectively, of CGIF's MGC. Aggregate Type-B (investor-procured) guarantee exposure is limited to 20% of MGC. Aggregate guarantee exposure to any sector and to any industry is limited to 40% and 20%, respectively, of MGC. In

any country, exposure to any industry may not exceed 10% of MGC. Single borrower exposures, and single group exposures, may not exceed 20% of CGIF's paid-in capital. CGIF's leverage ratio and concentration ratios are reported quarterly to the CGIF Board.

The carrying amount of financial assets recorded in the financial statements and the guarantee obligations disclosed in Note 6 represent CGIF's maximum exposure to credit risk.

A reinsurance treaty whereby CGIF cedes to a consortium of reinsurers agreed portions of credit risk from bond issuers reduces CGIF's exposure to credit risk 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 yet 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 2021, CGIF's investment portfolio had remaining maturities of up to 9.59 years (9.93 years - 31 December 2020), with duration of 2.93 years (3.01 years - 31 December 2020). CGIF's investments are sensitive to interest rate movements. For CGIF's investment portfolio at 31 December 2021, it is estimated that a 100 basis points upward/downward parallel shift in the yield curve would cause an unrealized loss/gain of about \$35.7 million (\$38.3 million - 31 December 2020).

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

	2021			
	Asset		Liabilities	
	Local Currency	USD Equivalent	Local Currency	USD Equivalent
THB	2,259,425	67,401	144,306	4,305
VND	520,973,221	22,815	-	-
JPY	864,698	7,531	-	-
SGD	8,566	6,327	2,061	1,522
IDR	38,239,397	2,688	-	-
PHP	5,120	101	24,889	493
MYR	44	10	-	-
LAK	540	-	-	-
TOTAL		<u>106,873</u>		<u>6,320</u>

2020				
	Asset		Liabilities	
	Local Currency	USD Equivalent	Local Currency	USD Equivalent
VND	667,640,504	28,868	-	-
JPY	1,048,415	10,099	-	-
THB	262,535	8,702	-	-
SGD	10,807	8,127	-	-
PHP	105,026	2,186	30,770	640
MYR	44	11	-	-
IDR	1,281	-	-	-
LAK	539	-	-	-
TOTAL		<u>57,993</u>		<u>640</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 2021, it is estimated that a 10% adverse change in FX rates in the relevant foreign currency exposure will cause an instant loss of \$9.2 million (\$5.21 million - 31 December 2020).

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 lumpy obligations related to claims on guarantees and raise funds from various sources. A liquidity stress test conducted on CGIF's guarantee portfolio as of 31 December 2021 and 2020 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.

2021						
	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	Total
Financial assets						
FVTOCI	20,016	35,119	81,087	732,215	206,633	1,075,070
Financial assets at amortized cost	180,782	3,135	60,566	40,906	11,074	296,463
Total financial assets	200,798	38,254	141,653	773,121	217,707	1,371,533
Financial liabilities						
Financial liabilities at amortized cost	705	722	1,394	121	-	2,942
Lease liability	12	26	119	168	-	325
Total financial liabilities	717	748	1,513	289	-	3,267
Net maturity gap	200,081	37,506	140,140	772,832	217,707	1,368,266
2020						
	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	Total
Financial assets						
FVTOCI	-	40,094	158,644	722,655	265,956	1,187,349
Financial assets at amortized cost	6,120	2,495	96,620	44,132	14,961	164,328
Total financial assets	6,120	42,589	255,264	766,787	280,917	1,351,677
Financial liabilities						
Financial liabilities at amortized cost	225	525	1,207	442	-	2,399
Lease liability	13	25	117	341	-	496
Total financial liabilities	238	550	1,324	783	-	2,895
Net maturity gap	5,882	42,039	253,940	766,004	280,917	1,348,782

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 1.1. CGIF's CAR at 31 December 2021 was at 4.28 (3.88 – 31 December 2020). 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 Internal Control and Risk Management Committee.

NOTE 5—INVESTMENTS

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

	2021	2020
Certificates of Deposit	55,000	83,000
Time Deposits	84,702	-
FVTOCI		
Government-related-entity or government-guaranteed obligations (GGO)	1,001,638	1,076,196
Corporate obligations	73,432	111,153
Total FVTOCI	1,075,070	1,187,349
Total Investment	1,214,772	1,270,349

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 period ended 31 December 2021, based on the portfolio held at the beginning and end of each month without the effect of change in fair value was 1.98% (2.21% - 31 December 2020).

The investment revaluation reserve of \$16,113 thousand in the statement of financial position as of 31 December 2021 (\$52,853 thousand – 31 December 2020) is composed of the unrealized gain 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 2021 and 2020 are as follows (in \$'000):

	2021		2020	
	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
Due in less than one year	275,924	274,737	281,738	279,744
Due in one to five years	732,215	717,943	722,655	687,398
Due more than five years	206,633	206,005	265,956	251,265
TOTAL	1,214,772	1,198,685	1,270,349	1,218,407

Fair Value Disclosure

The fair value of the investments as of 31 December 2021 and 2020 are as follows (in \$'000):

	2021	Fair Value Measurements		
		Level 1	Level 2	Level 3
Certificates of Deposits	55,000	-	55,000	-
Time Deposits	84,702	-	84,702	-
Government-related-entity or GGO	1,001,638	971,113	30,525	-
Corporate obligations	73,432	73,432	-	-

	2020	Fair Value Measurements		
		Level 1	Level 2	Level 3
Certificates of Deposits	83,000	-	83,000	-
Government-related-entity or GGO	1,076,196	1,045,104	31,092	-
Corporate obligations	111,153	111,153	-	-

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 and certificates of deposits are reported at cost, which approximates fair value.

For the years ended 31 December 2021 and 2020, 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 Accumulated other comprehensive income.

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

	2021	2020
Balance at beginning of the year	911	34
Loss allowance recognized in profit or loss under impairment losses during the year on:		
Assets originated	4	70
Reversals	(164)	(1)
Change in credit risk	(725)	808
	<u>(885)</u>	<u>877</u>
Balance at end of the year	<u>26</u>	<u>911</u>

During the year, all transactions are classified to Stage 1 and there are no transfers between stages.

Accrued Interest Income

The details of accrued interest income including from investments as of 31 December 2021 and 2020 are as follows (in \$'000):

	2021	2020
FVTOCI	6,728	7,425
Certificates of Deposits	112	132
Time Deposits	50	-
Guarantee	10	6
TOTAL	<u>6,900</u>	<u>7,563</u>

NOTE 6 – GUARANTEES

As of 31 December 2021, CGIF has issued guarantees covering bonds denominated in Vietnamese Dong, Singapore Dollar, Thai Baht, Chinese Yuan, Japanese Yen, Indonesian Rupiah, Malaysian Ringgit, Cambodian Riel, and Philippine Peso. The total outstanding amount of the guarantees issued under the related bonds was \$2,299 million as of 31 December 2021 (\$2,308 million – 31 December 2020). The guarantees are inclusive of coupon payments. The USD guarantee obligation below is for a KHR issued bond 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):

31 December 2021				
	Local Currency			USD Equivalent
	Principal	Coupon	Total Obligation	of Total Obligation
VND	13,608,000,000	5,042,553,766	18,650,553,766	816,753
SGD	645,000	89,084	734,084	542,159
THB	12,720,000	1,317,301	14,037,301	418,749
CNY	1,000,000	75,041	1,075,041	168,647
JPY	15,400,000	677,600	16,077,600	140,024
IDR	1,062,500,000	247,180,000	1,309,680,000	92,049
MYR	150,000	13,712	163,712	39,161
KHR	127,200,000	14,336,137	141,536,137	34,752
PHP	272,500	19,634	292,134	5,791
USD	36,333	4,915	41,248	41,248
				<u>2,299,333</u>

31 December 2020				
	Local Currency			USD Equivalent
	Principal	Coupon	Total Obligation	of Total Obligation
VND	14,338,000,000	6,055,675,743	20,393,675,743	881,812
SGD	695,000	112,964	807,964	607,583
THB	12,600,000	1,188,807	13,788,807	457,022
JPY	15,400,000	762,300	16,162,300	155,691
PHP	6,223,600	765,908	6,989,508	145,457
KHR	127,200,000	23,876,137	151,076,137	37,493
USD	19,670	3,570	23,240	23,240
				<u>2,308,298</u>

As of 31 December 2021, a guarantee liability of \$76.2 million (\$83.4 million - 31 December 2020) was reported on the Statement of Financial Position. As of 31 December 2021 and 2020, the reported liability is composed of the following (in \$'000):

	2021	2020
Unamortized balance of present value of total guarantee fees	70,373	73,158
Allowance for ECL	5,827	10,223
TOTAL	<u>76,200</u>	<u>83,381</u>

The total amount of loss allowance for guarantee obligations determined through ECL amounted to \$10.9 million as of 31 December 2021 (\$32.0 million – 31 December 2020). 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 2021, there are two accounts in the

portfolio that were classified into stage 2 and one guarantee default (2 accounts in Stage 2 and no default – 31 December 2020).

The reported guarantee fee receivable of \$63.6 million represents the present value of the stream of total guarantee fees expected to be received for the guarantee outstanding as of 31 December 2021 (\$67.9 million – 31 December 2020) net of allowance for credit losses.

In December 2021, CGIF fulfilled its obligation on the first ever default of a bond guarantee. This resulted to a \$73.1 million guarantee receivable, net of \$9.9 million impairment reported in the Statement of Financial Position.

As of 31 December 2021 and 2020, all of CGIF's future guarantee fee receivables are classified as Level 3 within the fair value hierarchy. Likewise, as of 31 December 2021, the credit impaired guarantee receivables 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 2021 and 2020 were summarized below:

	Valuation Technique	Unobservable Input	Range 2021	2020
Guarantee fee receivable	Discounted cash flows	Discount rates	1.35% to 9.70%	1.35% to 9.70%

There were no inter-level transfers during the year ended 31 December 2021 and 2020.

Impairment Losses

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

	2021	2020
Balance at beginning of the year	1,389	280
Loss allowance recognized in profit or loss under impairment losses during the year on:		
Assets originated	27	199
Reversals	(81)	(7)
Changes in credit risk	(1,009)	703
Stage 1 to Stage 2	(1)	214
	<u>(1,064)</u>	<u>1,109</u>
Balance at end of the year	<u>325</u>	<u>1,389</u>

As of 31 December 2021, there are two accounts in the portfolio that were classified as stage 2 (two – 31 December 2020).

The impairment losses amounting to \$9.8 million were recognized at the time of recognition of the guarantee receivable. On the other hand, reinsurance receivable amounting to \$2.6 million was recognized as future share on recoveries from reinsurance coverage on the obligation settled by CGIF.

Below is the composition of the net impairment loss on the guarantee receivable

	2021
Impairment loss on Guarantee Receivable	9,752
Share of reinsurer on impairment loss	<u>(2,576)</u>
Net impairment loss	<u><u>7,176</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 two years. In December 2020, CGIF and ADB agreed to extend the lease contract upon expiry for 3 years ending 31 January 2024. 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 31 December 2020 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 2020	317
Remeasurement	<u>496</u>
31 December 2020	813
Remeasurement	<u>-</u>
31 December 2021	<u>813</u>
Accumulated depreciation	
1 January 2020	(145)
Depreciation	<u>(160)</u>
31 December 2020	(305)
Depreciation	<u>(165)</u>
31 December 2021	<u>(470)</u>
NET Balance at 31 December 2021	<u>343</u>
NET Balance at 31 December 2020	<u><u>508</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 2020	349	349	5	703
Additions	10	35	-	45
Disposals	-	(5)	-	(5)
31 December 2020	359	379	5	743
Additions	-	38	-	38
Disposals	-	-	-	-
31 December 2021	359	417	5	781
Accumulated Depreciation/Amortization				
1 January 2020	(245)	(236)	(5)	(486)
Depreciation	(29)	(52)	-	(81)
Amortization	-	-	-	-
Disposals	-	5	-	5
31 December 2020	(274)	(283)	(5)	(562)
Depreciation	(27)	(51)	-	(78)
Amortization	-	-	-	-
Disposals	-	-	-	-
31 December 2021	(301)	(334)	(5)	(640)
NET, 31 December 2021	58	83	-	141
NET, 31 December 2020	85	96	-	181

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 2020	972
Additions	10
Disposals	<u>(1)</u>
31 December 2020	981
Additions	63
Disposals	<u>-</u>
31 December 2021	<u>1,044</u>
Accumulated Depreciation/Amortization	
1 January 2020	(942)
Amortization	(24)
Disposals	<u>1</u>
31 December 2020	(965)
Amortization	(10)
Disposals	<u>-</u>
31 December 2021	<u>(975)</u>
NET, 31 December 2021	<u>69</u>
NET, 31 December 2020	<u>16</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. This includes accruals for reinsurance expenses on premiums to be ceded.

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 \$1.12 million (\$1.09 million – 31 December 2020), 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 2021 will be settled subsequently in May 2022. Key management personnel total compensation of short-term employee benefits for 31 December 2021 amounted to \$3.28 million (\$3.21 million – 31 December 2020).

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 2021 and 2020 are as follows (in \$'000):

	2021	2020
Authorized capital (12,000 shares)	<u>1,200,000</u>	<u>1,200,000</u>
Subscribed	1,158,000	1,149,000
Unsubscribed	<u>42,000</u>	<u>51,000</u>
Total authorized capital	<u>1,200,000</u>	<u>1,200,000</u>
Subscribed capital comprises:		
Amounts received	1,137,000	1,102,200
Amounts not yet due	<u>21,000</u>	<u>46,800</u>
Total subscribed capital	<u>1,158,000</u>	<u>1,149,000</u>

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 2021 and 2020 are as follows (in \$'000 except for number of shares):

Contributor	31 December 2021			
	No. of shares	Subscribed	Amount received	Amount not yet received
Asian Development Bank	1,800	180,000	180,000	-
ASEAN Member Countries				
Brunei Darussalam	56	5,600	5,600	-
Cambodia	2	200	200	-
Indonesia	306	30,600	18,600	12,000
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	12,600	9,000
Viet Nam	19	1,900	1,900	-
	1,210	121,000	100,000	21,000
Others (non-ASEAN Member Countries)				
China, People's Republic of	3,428	342,800	342,800	-
Japan Bank for International Cooperation	3,428	342,800	342,800	-
Korea, Republic of	1,714	171,400	171,400	-
	8,570	857,000	857,000	-
Total	11,580	1,158,000	1,137,000	21,000

Contributor	31 December 2020			
	No. of shares	Subscribed	Amount received	Amount not yet received
Asian Development Bank	1,800	180,000	180,000	-
ASEAN Member Countries				
Brunei Darussalam	56	5,600	5,600	-
Cambodia	2	200	200	-
Indonesia	216	21,600	12,600	9,000
Lao People's Democratic Republic	2	200	200	-
Malaysia	176	17,600	12,600	5,000
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	12,600	9,000
Viet Nam	19	1,900	1,900	-
	1,120	112,000	89,000	23,000

Contributor	31 December 2020			
	No. of shares	Subscribed	Amount received	Amount not yet received
Others (non-ASEAN Member Countries)				
China, People's Republic of	3,428	342,800	342,800	-
Japan Bank for International Cooperation	3,428	342,800	342,800	-
Korea, Republic of	1,714	171,400	147,600	23,800
	8,570	857,000	833,200	23,800
Total	11,490	1,149,000	1,102,200	46,800

NOTE 14— RESERVE

The allocation to Reserve of the 2020 net income in retained earnings was approved by the Contributors at the 28 May 2021 Meeting of Contributors, per Resolution No. 2021-A-04.

NOTE 15— INTEREST INCOME

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

	2021	2020
FVTOCI	23,422	24,634
Time Deposits	156	593
Guarantee	3,225	2,477
Certificates of Deposits	472	1,141
Others	1	7
	27,276	28,852

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):

	2021	2020
Staff Related Expenses	7,726	7,543
Financial and Legal Services	1,385	687
Short Term Staff Consultants	192	424
Depreciation – ROU Assets	165	159
Depreciation and Amortization – Fixed Assets	89	104
MOC and BOD Expenses	22	12
Recruitment Expense	12	9
Business Travel	-	29
Others	314	391
	<u>9,905</u>	<u>9,358</u>

NOTE 18— REINSURANCE

On 1 October 2016, CGIF has entered into a quota share reinsurance treaty with a consortium of reinsurers. The reinsurance treaty was annually renewed to cover 1-year period. As of December 2021, a new treaty was signed to cover 2022 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 profit and loss represents the commission income of 27.5% for the premium ceded and a profit commission on the annual profit derived from all the fees ceded under a treaty.

CGIF has entered into risk sharing agreements with KEXIM in relation to three guarantee accounts; first in March 2019, second in April 2021 and third in August 2021. In all agreements, KEXIM's proportion is equal to 50% of the guaranteed amount and as such, participation fee amounting to 50% of the guarantee fees will be ceded after deducting the respective commission.

NOTE 19— SUBSEQUENT EVENTS

In January 2022, CGIF received capital contribution from Thailand amounting to \$8.1 million and also received \$21.2 million from the reinsurers related to the default of a bond guarantee. In February 2022, CGIF paid back to reinsurers \$365 thousand, the share of the reinsurer in the recovery of coupon and accrued interest from the defaulted account. CGIF's management is expecting that there will be further recoveries from the defaulted account.

On 24 February 2022, Russia launched a full-scale military invasion to Ukraine that set off geo-economic disruptions and a chain of price increases. CGIF assesses that these adverse developments have immaterial impact on any of its guaranteed accounts.

Credit Guarantee and Investment Facility

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A background image showing hands assembling interlocking gears in blue, orange, and red, symbolizing innovation and empowerment.

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