



CGCC Annual Seminar

“Diversifying Credit Guarantee Mechanism for Sustainable Financing of MSMEs”

Phnom Penh, 31 January 2024

GUIDEBOOK



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About CGCC's Annual Seminar



Ministry of Economy and Finance (MEF) and Credit Guarantee Corporation of Cambodia (CGCC) co-organize the CGCC Annual Seminar to wrap up and celebrate accomplishments, review the progress of public credit guarantee schemes, award top performing financial institutions and launch new public credit guarantee products, as well as collect inputs from related stakeholders for improving public credit guarantee mechanisms to promote financial inclusion and develop small and medium enterprises in Cambodia.

This year, CGCC Annual Seminar focused on **"Diversifying Credit Guarantee Mechanism for Sustainable Financing of MSMEs."** Approximately 150 participants in the Seminar included representatives of public institutions, local and international development partners, banking and financial institutions, business associations, and business owners.



CGCC Annual Seminar on “Diversifying Credit Guarantee Mechanism for Sustainable Financing of MSMEs”

Phnom Penh, 31 January 2024

Agenda

- 2:30pm-3:00pm : The Arrival of Guests and Registration
- 3:00pm-3:05pm : MC Introduction & National Anthem
- 3:05pm-3:20pm : Welcome Remarks and Report on CGCC's Guarantee Progress by **Mr. Wong Keet Loong**, CEO of CGCC
- 3:30pm-3:50pm : Opening Remarks by **H.E. Ros Seilava**, Secretary of State, Ministry of Economy and Finance (MEF), and Chairman of CGCC, Representative of **H.E. Deputy Prime Minister, Minister of Economy, and Finance**
- 3:50pm-4:05pm : Launching of CGCC as Cambodia's First Bond Guarantee Institution, and Awarding to CGCC's Top Performing Financial Institutions (PFIs) 2023, presided over by **H.E. Ros Seilava**, Secretary of State of MEF, and Chairman of CGCC, Representative of **H.E. Deputy Prime Minister, Minister of Economy, and Finance**
- 4:05pm-4:30pm : **Presentation 1**
“Policies to Support Credit Guarantee for Financial Inclusion in Cambodia” by **Mr. Heng Bomakara**, First Deputy Director General of Banking Supervision of the National Bank of Cambodia (NBC)
- 4:30pm-4:55pm : **Presentation 2**
“Primary Collateralized Bond Obligation Guarantee of KODIT (Primary-CBO)” by **Mr. Choi Taejin**, Director General of Capital Market Department, Korea Credit Guarantee Fund (KODIT)
- 4:55pm-5:20pm : **Presentation 3**
“Impact of Guaranteed Bonds: Lessons Learned from Other Countries” by **Mr. Nishant Kumar**, Managing Director Asia at GuarantCo

- 5:20pm-6:00pm : **Panel Discussion**
“Benefits and Opportunities for Guaranteed Bonds in Cambodia's Capital Market Development”
- **Panelists**
- Mrs. Hong Socheata**, Acting Director of Securities Issuance Supervision Department of Securities and Exchange Regulator of Cambodia (SERC)
- Mr. Jerome Ferreria**, Senior Investment Specialist of Credit Guarantee Investment Facility (CGIF)
- Mr. Iv Ranarith**, Chairman of the Cambodia Association of Securities Firms
- Mr. Youk Chamroeunrith**, Group CEO of Forte Group
- **Moderator**
- Mr. KL Wong**, CEO of CGCC
- 6:00pm-6:10pm : Concluding Remarks by **Mr. No Lida**, Deputy CEO of CGCC
- 6:10pm-6:40pm : Gala Dinner
- 6:40pm-6:50pm : Welcome Remarks to the Gala Dinner by **Mr. Wong Keet Loong**, CEO of CGCC
- 6:50pm-7:10pm : Launching of Entrepreneurship Program Initiative of CGCC (EPIC)
- 7:10pm-7:30pm : Khmer Traditional Dancing Performance
- 8:00pm-8:15pm : Appreciation Certificates for Sponsors

Note: CGCC reserves the right to change the above agenda if necessary.

Speaker's Profiles

Opening Remarks



H.E. Ros Seilava

**Secretary of State of MEF
and Chairman of CGCC's Board of Directors**

H.E. Ros Seilava is currently a Secretary of State of the Ministry of Economy and Finance, Secretary General of the General Secretariat of the Public Financial Management Reform Program Steering Committee, and a Member of the Supreme National Economic Council. He also serves as Chairman of the Agricultural and Rural Development Bank. He joined the Ministry of Economy and Finance in 1994. From 2006-2008, he was an Advisor to the Executive Director of the World Bank in Washington D.C. He received his BA in Social Science from Penza's Institute of the Pedagogy, the former USSR, in 1987-1992. In 2002, he obtained his Master of International Affairs (MIA) in Economic Policy Management from Columbia University, New York, USA.

Welcome Remarks



Mr. Wong Keet Loong CEO of CGCC

Mr. KL Wong is the CEO of CGCC. He is also a board member of CGCC. Mr. KL Wong has more than 25 years of Banking experience in Retail and Commercial Banking. He joined CGCC on 1st October 2020 to set up the company. Prior to joining CGCC, he was at CGC Malaysia for 5.5 years in Sales & Business Development, structuring credit guarantee schemes and promoting the growth of SME's access to financing. He has a vast experience in credit guarantees and has been invited to share his experience in Sri Lanka, Zimbabwe, Indonesia, and neighboring countries. Mr. KL Wong is also a member of the Association of Chartered Certified Accountants (ACCA) since 1994.

Presentation 01



Mr. Heng Bomakara First Deputy Director General of Banking Supervision National Bank of Cambodia (NBC)

Mr. Heng Bomakara, as the First Deputy Director General of Banking Supervision at the National Bank of Cambodia (NBC), oversees the performance of the banks and financial institutions, develops and discusses regulatory frameworks, conducts macro surveillance and financial stability analysis, supervises the credit bureau, and monitors financial inclusion in Cambodia.

Before that, he held various positions at the NBC, including director of the off-site supervision department, director of the licensing department, chief of the macro surveillance division, and deputy chief of the internal audit division. Concurrently, Mr. Heng Bomakara is a team leader of the Financial Inclusion Working Group of the NBC and co-chair of the Financial Stability Consultation Working Group, as well as a member of various committees and working groups, such as the Financial Stability Committee at the National Bank of Cambodia, the monetary policy committee, the Board of the Center for Banking Study, the National Committee for Consumer Protection, the Competition Commission of Cambodia, and the Council of Recovering Agricultural and Rural Development.

Mr. Heng Bomakara holds a Master's degree from the University of Utara Malaysia in the field of management and another Master's degree from the Australian National University in the field of international and development economics. Mr. Heng Bomakara has also participated in various research studies, such as agricultural financing and interest rate caps.

Presentation 02



Mr. Choi Taejin **Director General, Capital Market Department** **Korea Credit Guarantee Fund (KODIT)**

Mr. Taejin Choi is the Director General of Capital Market Department at KODIT, which he joined in January 1996 fresh out of Seoul National University with a BA in Geography.

Upon returning from the U.S. with a company-sponsored MBA degree from University of Minnesota in 2006, he was assigned to KODIT's Investment Finance Office, where he had an opportunity to build experience in P-CBO business. From then on, he worked at P-CBO Guarantee Center, Capital Market Department and others witnessing firsthand how P-CBO guarantees help businesses overcome temporary liquidity crisis and contribute to market stabilization particularly during economic turmoil caused by the global financial crisis and COVID-19.

Mr. Choi is happily married with a son and a daughter and in his spare time, you can find him enjoying hiking and playing the guitar.

Presentation 03



Mr. Nishant Kumar, **Managing Director Asia at GuarantCo**

Mr. Nishant Kumar joined GuarantCo's Singapore office in November 2016 as Executive Director and was Regional Director for South Asia since January 2019 where he led origination and execution of transactions in the region. In June 2020, Nishant became Managing Director of Asia.

Prior to GuarantCo, Nishant worked across functions in Mergers & Acquisitions, Corporate Finance, Investment Banking and in Renewable Energy Private Equity where he led origination and execution of infrastructure, natural resources, agriculture, food & beverages, consumer transactions and investments across Asia-Pacific. Nishant started his financial services career in Hong Kong and subsequently moved to Singapore where he has been living since 2010.

Nishant has an MBA from University of Hong Kong & London Business School programme and a Bachelor of Technology in Mining Engineering from Indian Institute of Technology, BHU (Varanasi), India.

GuarantCo mobilises private sector local currency investment for infrastructure projects and supports the development of financial markets in lower income countries across Africa and Asia. GuarantCo is part of the Private Infrastructure Development Group (PIDG) and is funded by the governments of the United Kingdom, Switzerland, Australia and Sweden, through the PIDG Trust, the Netherlands, through FMO and the PIDG Trust, and France through a stand-by facility. GuarantCo is rated AA- by Fitch and A1 by Moody's. GuarantCo's activities are managed by GuarantCo Management Company which is part of Cardano Development.

www.guarantco.com

Panel Discussion



Mrs. Hong Socheata

**Acting Director of Securities Issuance Supervision
Department of Securities and Exchange Regulator of
Cambodia (SERC)**

Mrs. Hong Socheata is an Acting Director of Issuance Supervision Department of the Securities and Exchange Regulator of Cambodia. She has more than 14 years of experience in the securities market in the Kingdom of Cambodia. She is a member of the working groups on the development of new regulations relating to the IPO and participates in reviewing and evaluating issuers' Disclosure Document regarding the financial situation, as well as continuing to monitor the financial statements the listed companies. She holds a Bachelor of Accounting degree from Pannasastra University and is currently pursuing a career in accounting at CamEd Business School.



Mr. Jerome Ferreria

Senior Investment Specialist of CGIF

A Senior Investment Specialist and a Unit Head in the Deal Operations Department of the Credit Guarantee & Investment Facility (CGIF), a trust fund of the Asian Development Bank. He is currently responsible for external relations, market development, credit administration and portfolio reinsurance. Prior to joining CGIF in 2014, Jerome was the Vice President & Department Head of Non-Japanese Corporate Banking of the MUFG Bank, Philippine branch.

Jerome graduated from the University of Santo Tomas with a degree in BS Accountancy and also holds an MBA degree from the Asian Institute of Management (Washington Sycip Scholar). Jerome is a CPA and a CFA Charterholder.



Mr. Iv Ranarith

**Chairman of the Cambodia Association of Securities
Firms**

Mr. Ranarith Iv is the Chairman of the Cambodia Association of Securities Firms ("CASF") and is the CEO of RHB Securities (Cambodia) Plc., one of the leading securities firms in Cambodia.

He has over 10 years of experience in advising and executing various capital raising transactions such as initial public offerings (IPOs), bond issuances and project financings in Cambodia. He completed several landmark IPOs in Cambodia, the most recent one being the IPO of Mengly J. Quach Education Plc.

He obtained dual bachelor degrees in Economics and Business Management in 2006 from Royal University of Law and Economics and Université Lumière Lyon II, a prestigious joint program between the Cambodian and French university. He then pursued his Master of Science in International Project Management in 2008 from SKEMA Business School, a top-ranked business school in France with campuses around the world.



Mr. Youk Chamroeunrith

Group CEO of Forte Group

Mr. Youk Chamroeunrith is a Group CEO of Forte and CEO of Forte Insurance. He began his career at Forte in 1999 as a manager in the Underwriting department and quickly moved through several underwriting and strategic roles. He served as managing director from 2015 - 2020 and general manager from 2001 to 2014 where he was responsible for the operations and business of the company. He has also served as a Board Member of Forte since 2001.

Concluding Remarks



Mr. No Lida

Deputy CEO of CGCC

Mr. No Lida is the Deputy Chief Executive Officer of CGCC. He is also a board member of CGCC. He started his career with the Ministry of Economy and Finance in 2007. He was promoted to the Deputy Director of the Financial Market and Institutions Department of the General Department of Financial Industry in 2017. He formulated and implemented various policies to support the financial sector development. He was also a member of the ASEAN+3 Taskforce to enhance Cambodia's regional financial integration with the rest of ASEAN+3 countries. He received a Master in Public Administration from Lee Kuan Yew School of Public Policy in Singapore and a Master of International Studies from Yonsei University in the Republic of Korea.



PRESENTATION

**Welcome Remarks and Report on
CGCC's Guarantee Progress**

Mr. KL Wong

CEO of CGCC





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Credit Guarantee Corporation of Cambodia

CGCC's Guarantee Progress

Mr. KL Wong, CEO of CGCC

January 31, 2024

CGCC Guarantee Progress

Guaranteed Account (GA)
1928

Guaranteed Loan (GL)
USD 164.72million Equi.

Outstanding Guaranteed Loan
USD 116.13million Equi.

Outstanding Guaranteed Amount
USD 83.65million Equi.

Guarantee Progress by Months (2023)



*Exchange Rate: USD1 = KHR4,083

*IGS : Individual Guarantee Scheme

*PGS : Portfolio Guarantee Scheme



CGCC Guarantee Progress

Credit Additionality



Sectors

Percentage

Agriculture	67 (3%)
Industry	135 (7%)
Services and Trade	953 (50%)
Others	773 (40%)

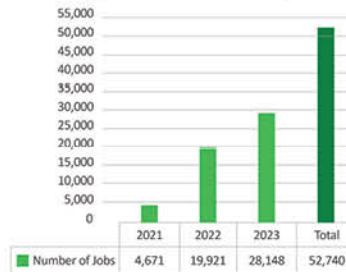


CGCC Guarantee Progress

Geographical Coverage (IGS)*



Number of Jobs



Gender



Type of Loan



Achievements in 2023



PGS

1 PGS

2 PGS

2 PGS

Total PGS \$13 mil

SUSTAINABLE
DEVELOPMENT
GOALS



Achievements in 2023



PGS

1 PGS

2 PGS

2 PGS

Total PGS \$13 mil



Zero Risk Weight

SUSTAINABLE
DEVELOPMENT
GOALS



Capital Management

Capital Adequacy Ratio (CAR) = (Tier 1 Capital + Tier 2 Capital) / Risk Weighted Assets

Risk Weighted Assets = Credit Risk + Market Risk + Operational Risk

Loans x Risk Weight

Type of Exposures/ Loans	Risk Weight
Secured by property	100%
Loans to MSMEs	85%
Loans guaranteed by CGCC	0%

* Prakas on Credit Risk for Capital Adequacy Ratios, Issued on 23 June 2023



Achievements in 2023



PGS

- 1 PGS
- 2 PGS
- 2 PGS
- Total PGS \$13 mil



Zero Risk Weight



Bond Guarantee

CGCC certified as the
First Cambodian
Bond Guarantor by SERC
Rated **khAAA** by RAC

SUSTAINABLE
DEVELOPMENT
GOALS



Achievements in 2023



PGS

- 1 PGS
- 2 PGS
- 2 PGS
- Total PGS \$13 mil



Zero Risk Weight



Bond Guarantee

CGCC certified as the First Cambodian Bond Guarantor by SERC
Rated **khAAA** by RAC



Launch of GMS

Digital Platform for Processing Guarantee

SUSTAINABLE
DEVELOPMENT
GOALS



Achievements in 2023



PGS

- 1 PGS
- 2 PGS
- 2 PGS
- Total PGS \$13 mil



Zero Risk Weight



Bond Guarantee

CGCC certified as the First Cambodian Bond Guarantor by SERC
Rated **khAAA** by RAC



Launch of GMS

Digital Platform for Processing Guarantee



SME Capacity Building and Roadshows

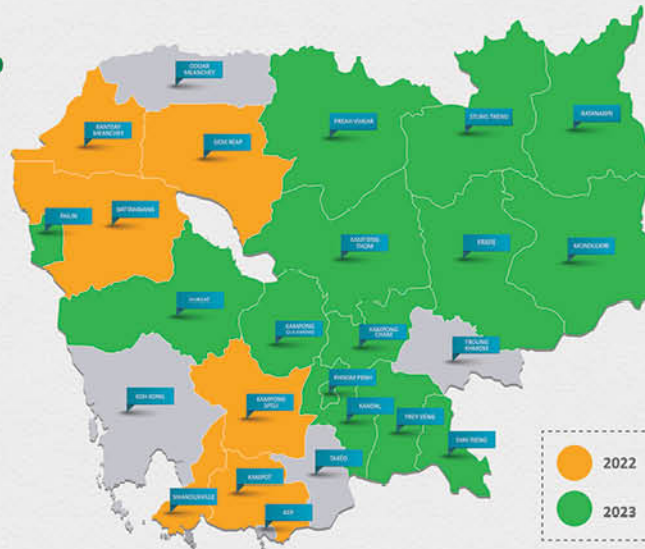
9 Training Sessions in Phnom Penh and 4 provinces
1,000+ MSMEs

SUSTAINABLE
DEVELOPMENT
GOALS



Achievements in 2023

Roadshow Map



Achievements in 2023



PGS

1 PGS

2 PGS

2 PGS

Total PGS \$13 mil



Zero Risk Weight



Bond Guarantee

CGCC certified as the First Cambodian Bond Guarantor by SERC
Rated **khAAA** by RAC



Launch of GMS

Digital Platform for Processing Guarantee



SME Capacity Building and Roadshows

9 Training Sessions in Phnom Penh and 4 provinces
1,000+ MSMEs



FIs & Associations Partnership

2 New PFIs
3 New MoUs

SUSTAINABLE DEVELOPMENT GOALS



FIs and Associations in 2023

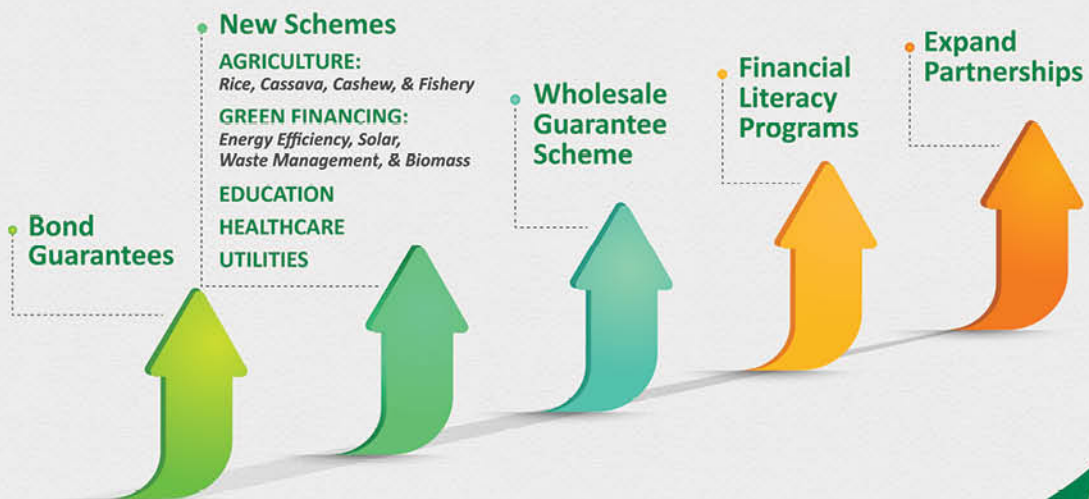
2 New PFIs



3 New MoUs



2024 Plans





THANK YOU



www.cgcc.com.kh



CGCC Telegram

PRESENTATION

01

Mr. Heng Bomakara

**First Deputy Director General of Banking Supervision
National Bank of Cambodia (NBC)**

CGCC Annual Seminar on "Diversifying Credit Guarantee Mechanism for Sustainable Financing of MSMEs"

Mr. Heng Bomakara
First Deputy Director General of
Banking Supervision



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The views expressed in this presentation are those of the author and do not necessarily represent the views of the NBC.

Content

- 1 The Overview of SMEs in Cambodia
- 2 Obstacles for SMEs to get financing
- 3 NBC toward supporting SMEs



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The Overview of SMEs in Cambodia



SMEs are often regarded as the backbone of Cambodia economy and engine of economic development.



SMEs represent 70% of employment, 99.8% of companies, and contribute 58% to the GDP



SMEs are categorized into three sectors: (1) Agriculture, (2) Industry, and (3) Services and Trading



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Obstacles for SMEs to get financing

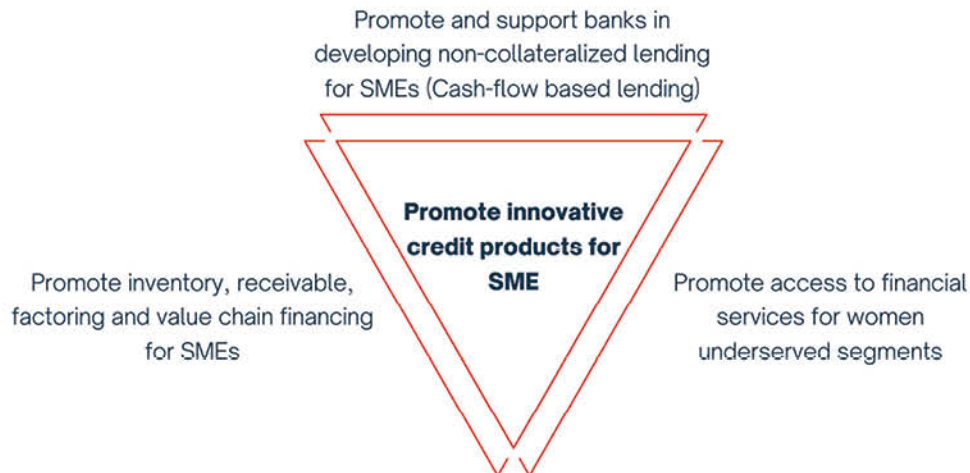
- Lack of credible financial record and collateral
- Lack of Financial Literacy
- Lack of good corporate governance and solid business plan
- The awareness of bank and financial institutions regarding to SMEs



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NBC toward supporting SME

The National Financial Inclusion Strategy 2019-2025



NBC toward supporting SME



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Initiating a private credit reporting system by issuing Prakas on Credit Reporting

- The purpose of the Prakas on Credit Reporting is to establish a framework and cooperation for the Credit Reporting System to enhance responsible and effective lending and fair competition with the aim of reducing credit risks of the Banks and Financial Institutions and promoting financial inclusion in Cambodia.
- Additionally, the Prakas on credit reporting also allows to share credit reporting cross-border, so that entrepreneurs and investors abroad are able to access to a wider source of funds.



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Signing MOU with IFC to implement Cambodia Supply Chain Finance Market Development

The purpose of signing the MOU is to develop the supply chain market to enhance the ability to access finance of MSMEs, as well as strengthen the supply chain of Cambodia.



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Promoting Financial Literacy

- The National Bank of Cambodia has cooperated with ministries and institutions to promote financial literacy among the public, especially MSMEs, about household financial management, utilizing loans effectively, ways to access finance, and the understanding of roles and responsibilities.



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Prakas on Credit Risk for Capital Adequacy Ratios in Deposit-Taking Banks and Financial Institutions

- The purpose is to provide a measure of the credit risk for the implementation of a capital adequacy framework which is able to promote economic growth and foster the implementation of related policies.
- It encourages granting financing to registered MSMEs and having adequate financial statements by the risk weight of 75% on exposures. This Prakas also supports Credit Guarantee Corporation of Cambodia by the risk weight of 0% for loan that are guaranteed to facilitate MSMEs to gain more capital.



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THANK
YOU



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PRESENTATION

02

Mr. Choi Taejin

**Director General of Capital Market Department
Korea Credit Guarantee Fund (KODIT)**

2024

The Best Partner Promoting the
Challenges and Growth of Enterprise

P-CBO Guarantee

Best Examples of KODIT's Innovation in the Capital Market

January 31st, 2024
Annual Seminar on “Diversifying Credit Guarantee Mechanism for Sustainable
Financing of MSMEs” hosted by Credit Guarantee Corporation of Cambodia

KODIT
KOREA CREDIT GUARANTEE FUND



Contents

- 01. Overview of KODIT
- 02. P-CBO Guarantee

CREDIT GUARANTEE
SCHEME OF KODIT

CHAPTER

01

Overview of KODIT

01. Overview of KODIT



01. Overview of KODIT



KOREA CREDIT GUARANTEE FUND | 5

01. Overview of KODIT

KODIT at a Glance



- Establishment: 1976
- Status: Non-profit Special Legal Entity



- Capital Fund : USD 8.3 Billion
- Outstanding Guarantee : USD 65.6 Billion
- Number of Guaranteed Enterprises : 590,972



- Number of Employees: 2,685
- Business Network: 1 HQ, 9 Regional HQs, 109 Branches

KOREA CREDIT GUARANTEE FUND | 6

Public Credit Guarantee Scheme of KODIT

Four Key Success Factors of KODIT

01

Legal and Regulatory Basis

02

Financial Stability

03

Effective and Efficient CGS Operating System

04

Systematic Risk Management

Fundamental Operating Features



Legal Basis

Established by the Act
on Korea Credit Guarantee Fund



Regulatory
Authorities

* Financial Service Commission (Supervision)
* Ministry of Economy and Finance (Budget, Manpower)
* National Assembly of Korea (National Audit)

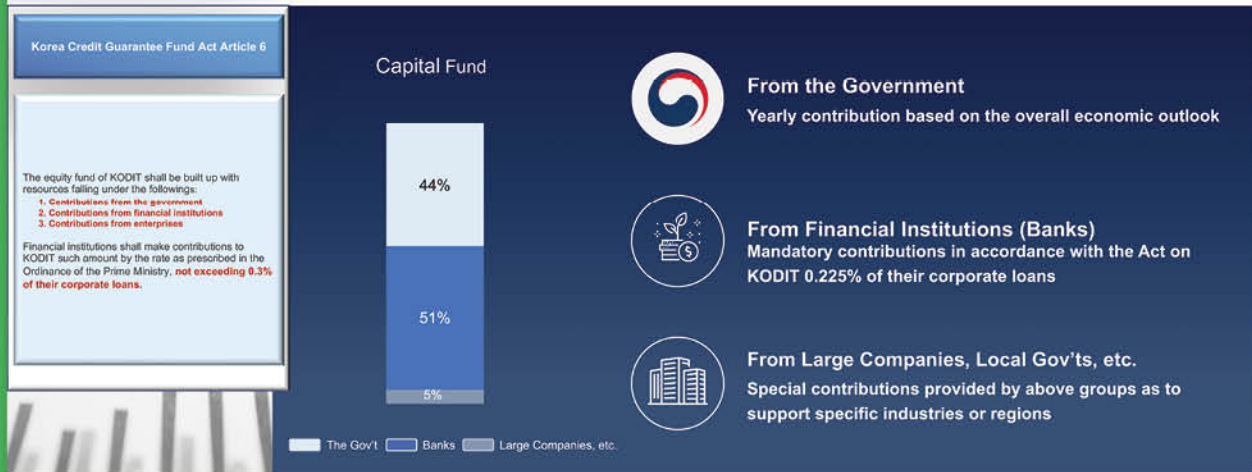


Governance

No Ownership applied
No shareholders

The Source of Funding

Capital fund is a fundamental resource to operate the credit guarantee business
It is made up of contributions as follows



KOREA CREDIT GUARANTEE FUND | 9

Core Business Areas

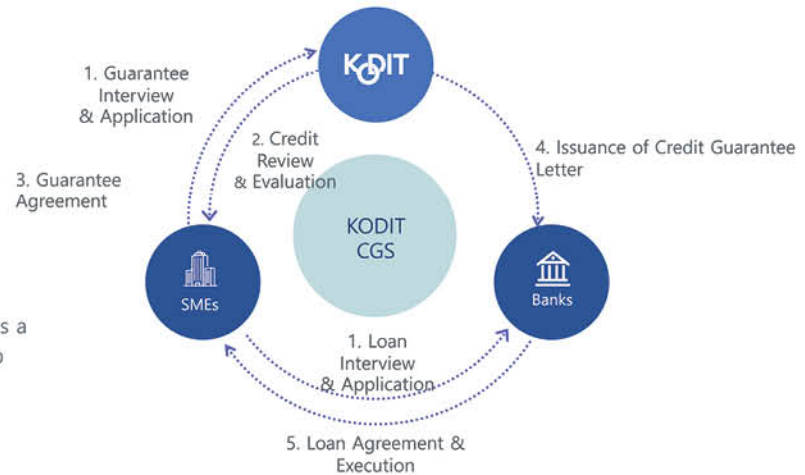


KOREA CREDIT GUARANTEE FUND | 10

KODIT Credit Guarantee System

The Key Effects

CGS(Credit Guarantee Scheme) provides a credit risk mitigation to banks and help SMEs to raise necessary funds



KOREA CREDIT GUARANTEE FUND | 11

Comparison of the Operating Mechanism in CGS

(based on KODIT's past experience)

	Indirect Approach	Direct Approach
Credit Review & Evaluation	Lenders(Banks)	Credit Guarantee Institution
Cost of Operation	Low	High
Default rate	High	Low
Possibility of Moral Hazard	High	Low
Strength in		
(1) Identifying the SMEs' needs		
(2) Collecting Data from SMEs		
(3) Providing Customized Nurturing Programs for Enterprises		
Considering Different Growth Stages	Low	High

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CHAPTER

02

P-CBO Guarantee

02. P-CBO Guarantee

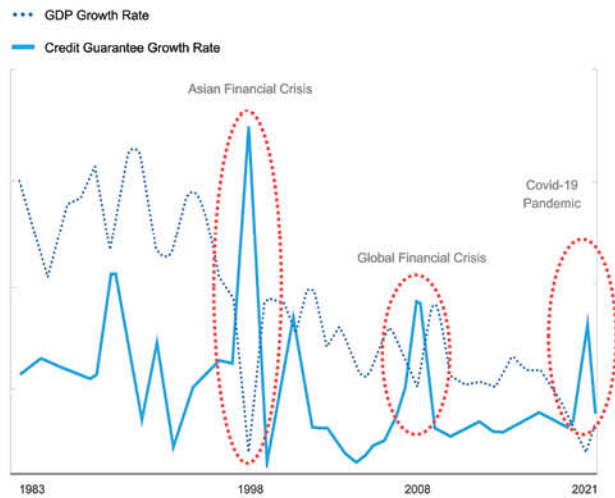


CGCC accredited as Cambodia's first bond issuance guarantor

September 11, 2023 | Latest News

Effect of Credit Guarantees

Credit Guarantee including P-CBO serves as an automatic stabilizing mechanism for the economy during a recession



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Benefits of P-CBO



KOREA CREDIT GUARANTEE FUND | 16

Features of Asset Backed Securitization

Article 2 of Asset Backed Securitization Act

01



SPC (Special Purpose Company)

02



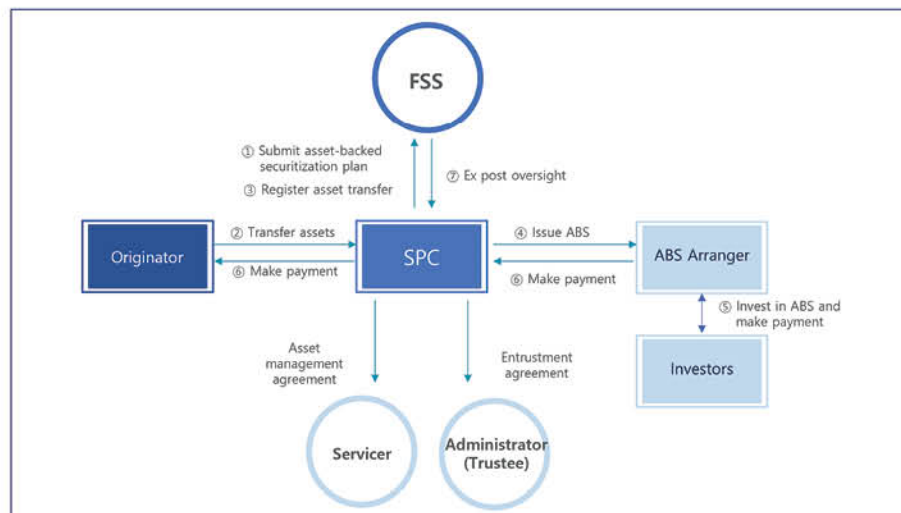
Trust Business Entity

03

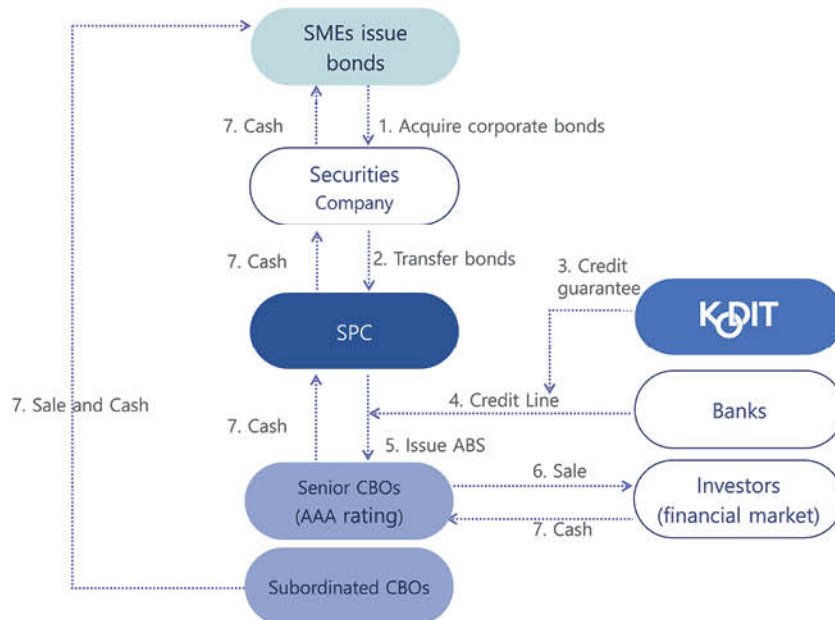


SPC or Trust Business Entity

Basic Structure of Asset Backed Securitization with SPC

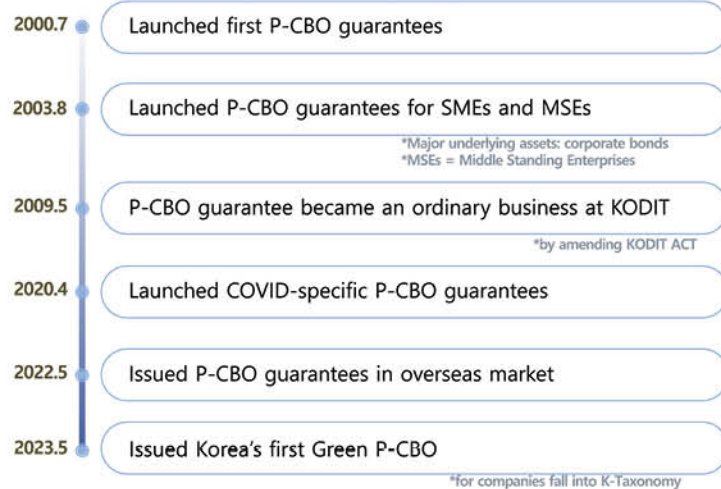


Overall Process of P-CBO Issuance with Credit Guarantee



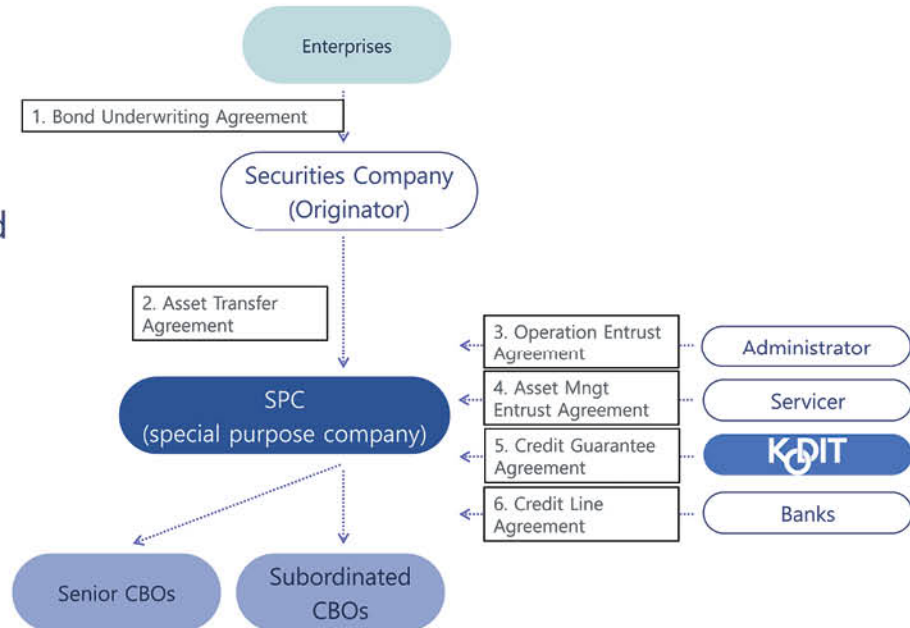
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History of KODIT's P-CBO

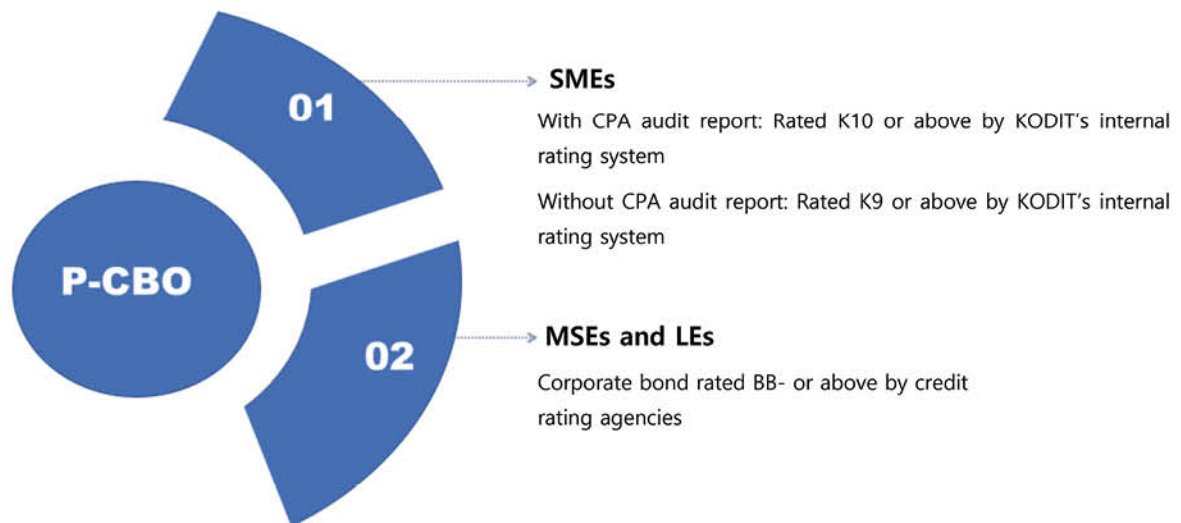


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Legal Relationship and Documents



Eligibility Criteria for P-CBO Guarantee



P-CBO Guarantee Limit

(Unit :KRW Billion)

Financing Limit
by Credit
Ratings

Category	A- ↑	BBB+	BBB	BBB-	BB+	BB	BB-
LEs	150	127.5	105	82.5	60	45	30
MSEs	105	90	75	60	45	30	15

Category	K3 ↑	K4	K5	K6	K7	K8	K9	K10
SMEs	25	20	18	16	10	7	6	5

KOREA CREDIT GUARANTEE FUND | 23

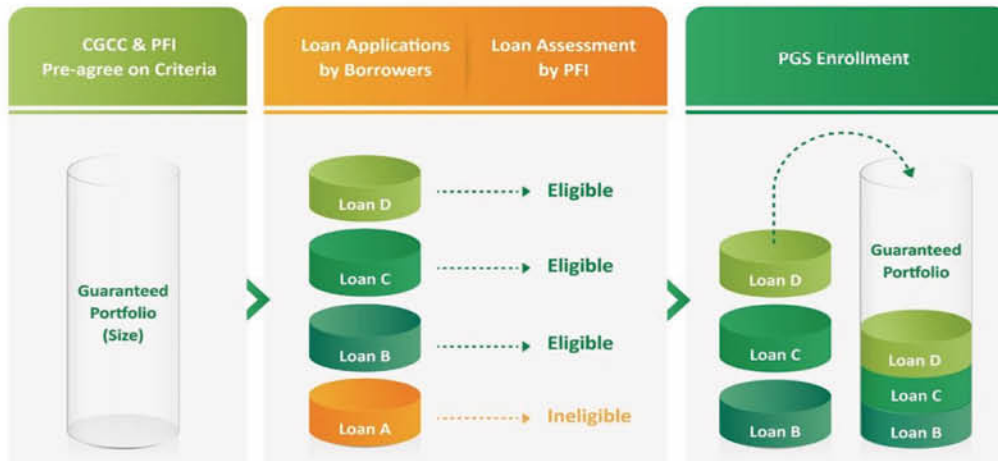
CGCC's Portfolio Guarantee Scheme

PGS Scheme Features

Features	Criteria	Notes
Scheme Size	Start from USD 3 million <small>For the Scheme Size below USD 3 million is subject to CGCC approval.</small>	Refers to the total accumulated loans to be enrolled under PGS
Scheme Period	Up to 7 Years	The period which the guarantee shall cover
Loan Amount	Maximum Minimum	Minimum and maximum size of each loan that shall be enrolled under PGS
Guarantee Coverage	As % of Loan Principle Amount	
Guarantee Fee per Annum	As % of Guaranteed Amount	

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Process Flow of PGS



KOREA CREDIT GUARANTEE FUND | 25

Risk Management : P-CBO Portfolio

Pools	Size	Share of MSEs: 50% or above	
	Business Sector	Manufacturing : Unlimited Wholesale & retail : 30% or less Others: 20% or less	
	Credit ratings	LEs MSEs	A- or above : 30% or less BB- : 5% or less
		SMEs	K3 or above : 5% or less K9 or less and Startups : 1% or less

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Key Takeaways of Subordinated CBOs



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General Guarantee vs P-CBO Guarantee

	General Guarantee	P-CBO Guarantee
Target Sectors	SMEs	SMEs, MSEs and LEs
Type of Financing	Indirect Financing from Banks	Direct Financing from the Capital Market
Guarantee Limit	Up to KRW 3 bil ~ 30bil* *In some special guarantees cases	SMEs : Up to KRW 25 bil MSEs: Up to KRW 105 bil LEs: KRW 150 bil
Interest Rates	Variable Interest rates	Fixed Interest Rate
Maturity	Within 1 year(Short term)	Up to 3 years(Longer Term)

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Performance of P-CBO Guarantees for Last Five Years



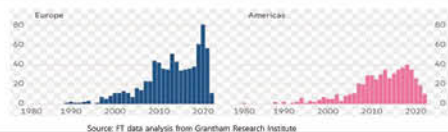
(USD 1 = KRW 1,264.5; As of Dec 2022)

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Growing Importance of ESG in the ABS Market

- Increase in climate change laws & policies around the world

Number of climate change laws and policies in Europe and US by year (as of Jun 2022)

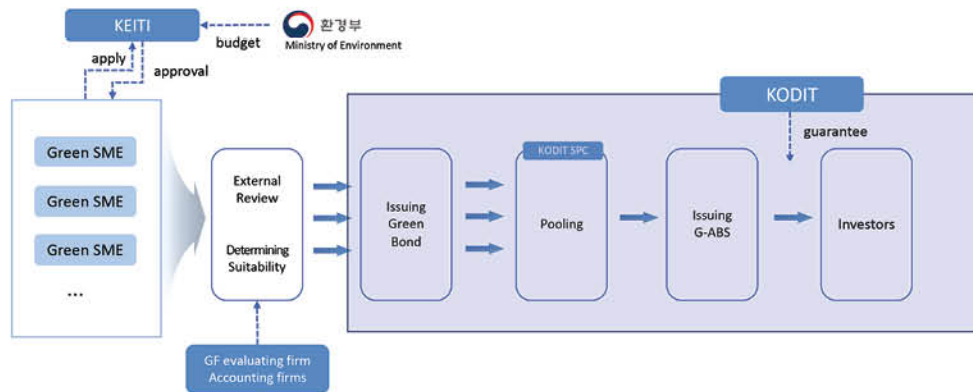


- Europe and US have legalized step-by-step disclosure of non-financial information since 2014
- Major economies pledged to go carbon neutral, increasing green investments

Global hegemony over ESG	Category	U.S.	China	Europe (EU)	Korea
	Carbon neutrality (time of declaration)	Achieve by 2050 (Jul. 2020)	Achieve by 2060 (Sep 2020)	Achieve by 2050 (Dec 2019)	Achieve by 2050 (Oct 2020)

KOREA CREDIT GUARANTEE FUND | 30

Process of Issuing Green ABS with KODIT's Guarantee



KOREA CREDIT GUARANTEE FUND | 31

Thank You
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PRESENTATION

03

Mr. Nishant Kumar

**Managing Director Asia
GuarantCo**

GuarantCo

Enabling long-term infrastructure finance in local currency

Nishant Kumar, Managing Director Asia

31st January 2024



GuarantCo is part of
the Private Infrastructure
Development Group



Who we are



Enabling infrastructure development

In lower income countries in Africa and Asia through provision of long-term local currency credit solutions

Our philosophy

-  Build capacity
-  Develop partnerships
-  Deliver impact

Our funders

GuarantCo is funded by the governments of the United Kingdom, Switzerland, Australia and Sweden through the PIDG Trust, the Netherlands through FMO and the HUG I Fuit, France through a stand-by facility and Global Affairs Canada through a repayable facility and Global Affairs Canada through a repayable facility.



GuarantCo is part of the Private Infrastructure Development Group

GuarantCo is part of the Private Infrastructure Development Group (PIDG) alongside the Technical Assistance Fund (TAF), DevCo, InfraCo Africa, InfraCo Asia and the Emerging Africa Infrastructure Fund (EAF). GuarantCo's activities are managed through GuarantCo Management Company by the Cardano Development Group.

OUR PRODUCTS

GuarantCo can provide a variety of credit solutions as required for a particular project including: partial credit, tenor extension, liquidity extension, EPC contractor and portfolio guarantees. In addition, GuarantCo can provide other solutions depending on individual project requirements.

HIGHLY RATED

AA-
Fitch

A1
Moody's

AAA
Bloomfield

AAA
Pacra

CREDIT HIGHLIGHTS

- Track record of periodic equity injections provided by its owners
- GuarantCo has no debt on its balance sheet.
- The Board allows for leverage up to 3 times equity and callable capital. Moody's and Fitch are comfortable with the GuarantCo Board's leverage definition and threshold.

SIGNIFICANT IMPACT

USD 6.2 BILLION
of total investment

45.2 MILLION
people with improved access to infrastructure

USD 5.2 BILLION
of private sector investment

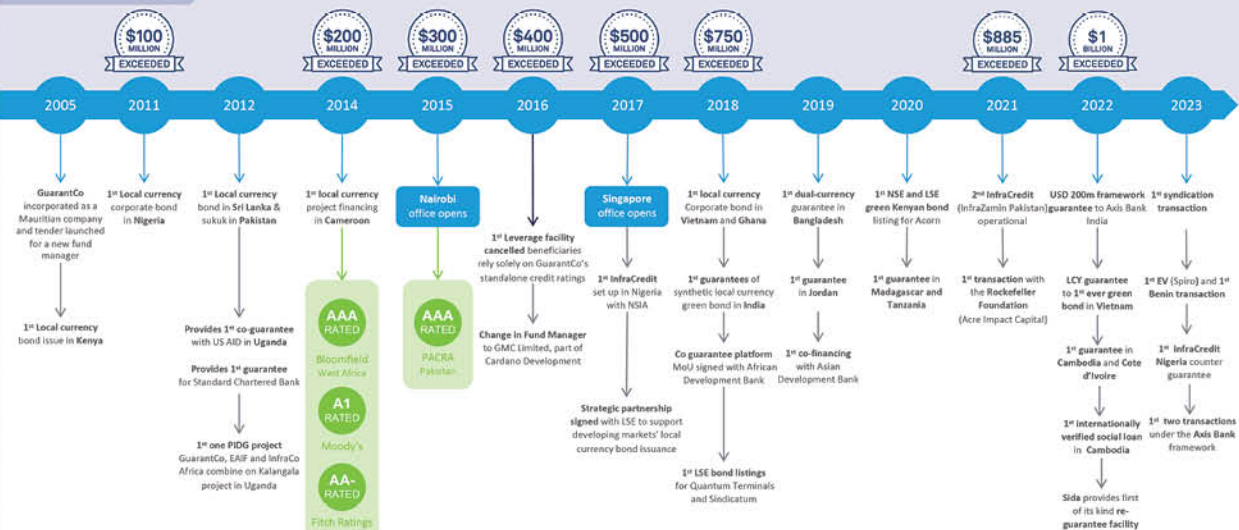
229 THOUSAND
jobs created in Africa and Asia

3

GuarantCo

We have established a track-record of innovation and growth

Total run-rate portfolio size (USD)



4

GuarantCo

Our mandate

Mobilise private sector financing into infrastructure in Africa and Asia

Guarantee terms

\$50
MILLION
SIZE

20
YEARS
TENOR

The guarantee size available from GuarantCo for a single transaction is between **USD 5 million - USD 50 million** equivalent in local currency. The maximum tenor is **20 years**.

How guarantees work



5

GuarantCo

Our experience in Cambodia



GuarantCo
GUARANTEES FOR DEVELOPMENT

GuarantCo's experience in Cambodia

Mobilising private sector financing into Cambodian sustainable infrastructure



AFFORDABLE HOUSING

First Finance (2022) - USD 7.3m, 7-year, first ever social loan verified in line with international ICMA standards in Cambodia, supporting the MFI to provide long-term mortgages to low- and middle-income households



(Private credit/ loan transaction)



TRANSPORTATION

Royal Railways (2022) - USD 24m, dual tranche 5- and 10-year, AAA-locally rated infrastructure bond, supporting acquisition of new rolling stock to support national business freight on the rail network



(Capital market transaction)



TELECOMMUNICATIONS

CamGSM/Cellcard (2023) – USD 70m 10-year, sustainable bond and loan verified in line with international ICMA/LMA standards. Largest offshore lending facility from a European bank for an infrastructure project in Cambodia. Proceeds to support the modernisation and expansion of telecoms infrastructure to increase national network coverage



(Capital market and bank loan transaction)

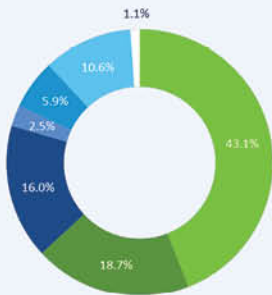
7

GuarantCo

Case studies in other countries

GuarantCo
GUARANTEES FOR DEVELOPMENT

Portfolio by sector



- Multi-sector
- Power / energy
- Transportation
- Manufacturing
- Social infrastructure
- Digital communications infrastructure
- Gas transportation, distribution and storage

Portfolio by country



As per Q4 2023 data

GuarantCo

EVN Finance

Vietnam



VND 1.15 trn

Partial credit guarantee for VND 1.75 trn Green Bond



Finance



VND 1.15 trillion (USD 50 million) partial credit guarantee to support the issuance of Vietnam's inaugural verified green bond by EVN Finance (EVNF) for VND 1.75 trillion (USD 75 million).

Use of proceeds will be to on-lend towards capex of green infrastructure, including fast-growing rooftop and ground-mounted solar sub-sectors in Vietnam.

Vietcombank Securities (VCBS) acted as the mandate lead arranger on the transaction and investors included Manulife and AIA.

Energy



EVNF has developed a Green Bond Framework which outlines the permitted use of proceeds for the bond.

The green transaction contributes to SDG 7 (ensure access to affordable, reliable, sustainable, and modern energy for all) by enhancing Vietnam's energy and climate resilience.

Through EVNF's financing of the solar sector, there will be a reduction in the national grid's dependence on fossil fuels as well as its emission intensity.

Impact

Market transformation

- First onshore, local currency, verified green bond in Vietnam
- First partially guaranteed Vietnamese corporate bond invested by institutional investors

Wider Economy

Offtake structures for renewables in Vietnam are diversifying, with corporate PPAs via commercial and industrial (C&I) off-takers. Such projects provide an alternate source of electricity for users which is more efficiently priced and will also contribute to long-term resilience of the energy sector in the country.

Capital markets development

This transaction demonstrates GuarantCo's ability to move markets; GuarantCo previously supported two transactions in Vietnam that required 100% guarantees. Prior investors in those transactions subscribed to this issuance with only partial cover.

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GuarantCo

Developing the local currency bond market in Vietnam – the catalytic impact effect

Developing the local currency bond market in Vietnam.

The catalytic impact effect



11



InfraCredit in Nigeria

Credit enhancement facility



InfraCredit is a specialised financial guarantor established in 2017 by the Nigeria Sovereign Investment Authority in collaboration with GuarantCo to provide guarantees to enhance the credit quality of local currency debt instruments issued to finance eligible infrastructure related assets in Nigeria. InfraCredit's Anti-Bribery Management System is certified as ISO 37001 compliant.

CREDIT RATING

Agusto&Co. / AAA (NGS)
Research, Credit Ratings, Credit Risk Management
June 2023

GCR / AAA (NGS)
June 2023

CAPITAL PROVIDERS

SOVEREIGN
WEALTH
FUND & DFIs



PRIVATE
INSTITUTIONAL
INVESTORS



CAPITAL

TOTAL
CAPITAL

237m
USD

CORE
CAPITAL

141m
USD (NGN EQUIVALENT)

SUBORDINATED
CAPITAL

71m
USD (NGN EQUIVALENT)

CALLABLE
CAPITAL

25m
USD (NGN EQUIVALENT)

ELIGIBILITY CRITERIA

- Naira Denominated Debt Issue
- Greenfield & Brownfield Asset
- Minimum BBB- Credit Rating
- Eligible Infrastructure Activity
- Acceptable Credit Profile
- Adequate Security Package
- Debt Tenor of up to 20 years
- Pension (PENCOM) Compliant
- Environmental & Social Standards

DEVELOPMENT PARTNERS



12



InfraZamin in Pakistan

Credit enhancement facility



InfraZamin Pakistan is an innovative, for-profit credit enhancement guarantee company, conceived and designed to issue guarantees for promoting private infrastructure projects. InfraZamin leverages the prior experience of InfraCo Asia and GuarantCo in supporting infrastructure projects in Pakistan, as well as Karandaz's local market knowledge and track record of investments focused on supporting financial inclusion.

CREDIT RATING	 AAA Long term rating	A1+ Short term rating		
CAPITAL PROVIDERS	 P&D pioneering infrastructure, changing lives	 INFRACO ASIA	 GuarantCo GUARANTEES FOR DEVELOPMENT	 KARANDAZ
CAPITAL	TOTAL CAPITAL 50 m USD	CORE CAPITAL 25 m USD (PKR EQUIVALENT)	CONTINGENT CAPITAL 25 m USD (PKR EQUIVALENT)	
ELIGIBILITY CRITERIA	<ul style="list-style-type: none">• Pakistani Rupee Denominated Debt Issue• Eligible Infrastructure Activity• Debt Tenor of up to 20 years	<ul style="list-style-type: none">• Greenfield & Brownfield Asset• Acceptable Credit Profile	<ul style="list-style-type: none">• Minimum BBB- Credit Rating• Adequate Security Package• Environmental & Social Standards	

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GuarantCo

Developing local currency guarantors to support the development of local capital markets: InfraCredit Nigeria



A blueprint for transforming local capital markets

How GuarantCo makes a long-term difference

14

GuarantCo

Looking forward in Cambodia

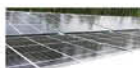


Wider engagement in Cambodia

Supporting Cambodian sustainable infrastructure and capital market development

STRATEGIC INITIATIVES / FOCUS

- Development of credit enhancement facilities (CEF) in line with the newly published PIDG 2030 strategy to localise guarantee solutions in market, designing bespoke credit enhancement solutions fit for market
- Working closely with the Credit Guarantee Corporation of Cambodia (CGCC) to help scale-up Bond guarantee facility
- Continued engagement to support development of infrastructure policy in Cambodia including in sectors across rooftop solar, water, affordable housing, agri-processing, Green SEZs, etc.
- Regular dialogue with Cambodia Ministries and authorities, development partners/ multilaterals, industry bodies, and commercial banks and investors to promote infrastructure financing and local financing market development



CAPITAL MARKET DEVELOPMENT

- Working with the guidance of the Securities and Exchange Regulator of Cambodia (SERC) to support capital market development in Cambodia
- Leading by example by developing, structuring and executing the first-of-its-kind transactions in Cambodia to demonstrate to the market the viability of long-term infrastructure bond transactions
- Supporting technical assistance initiatives to develop sustainable/ green bond instruments in collaboration with development partners such as UN ESCAP, GGGI, ADB/ CGIF



REQUEST FOR MINISTRY OF ECONOMY AND FINANCE

- Support for CGCC-GuarantCo and PIDG's work to operationalise the Bond guarantee facility in 2024
- Preferred creditor status to GuarantCo and permanent waiver of withholding tax on all fees and expenses related to GuarantCo for clients in Cambodia



THANK YOU

GuarantCo is supported by



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra



GuarantCo is part of the
Private Infrastructure
Development Group





FACTSHEET

CGCC GUARANTEE PROGRESS

As of 31 December 2023



www.cgcc.com.kh

Guaranteed Account (GA)
1928

Guaranteed Loan (GL)
USD 164.72million Equi.

Outstanding Guaranteed Loan
USD 116.13million Equi.

Outstanding Guaranteed Amount
USD 83.65million Equi.

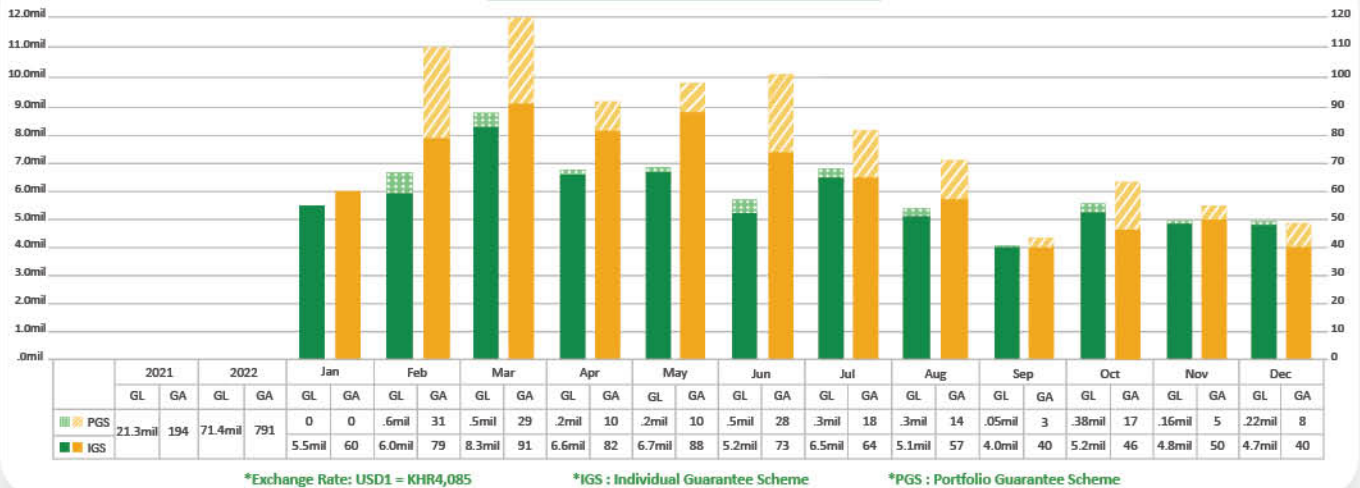
NPL Ratio of Outstanding
Guaranteed Amount
6.68%

Claim Payout
USD 250,215
KHR 105,574,697

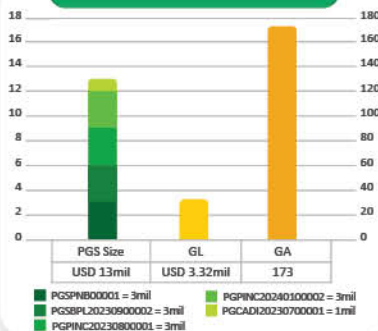
December Average Turn
Around Time/GA

	IGS	PGS
CGCC	1.5 Days	0.5 Day
CGCC & PFIs	2.0 Days	0.5 Day

Guarantee Progress by Months (2023)



Portfolio Guarantee Schemes



KHR Loan

Total Guaranteed Loan
81.7bil

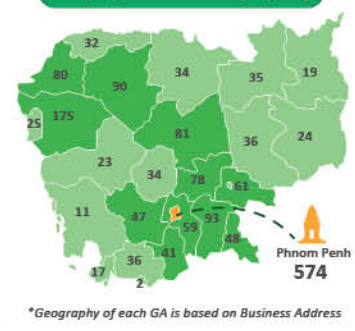


USD Loan

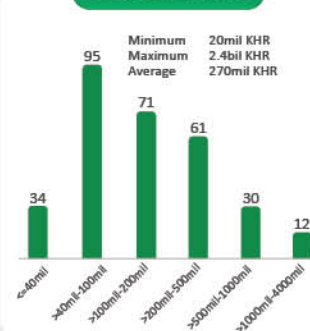
Total Guaranteed Loan
144.72mil



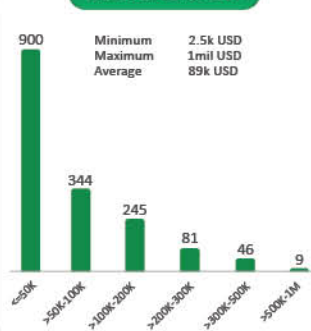
Geographical Coverage (IGS)*



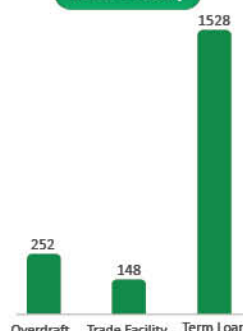
Loan Size in KHR



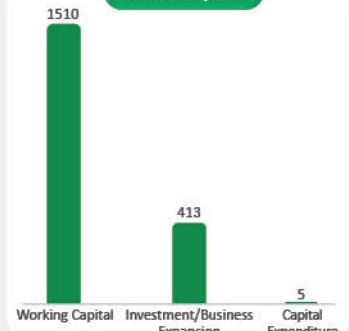
Loan Size in USD



Loan Facility



Loan Purpose



Gender



Type of Loan



Type of Borrower



Sponsors

Gold Sponsor



Silver Sponsor





Improve Financial Inclusion And Develop SMEs In Cambodia



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