THE FIRST & BEST CG 2020

CONSTRUCTION GUARANTEE COOPERATIVE 2018



We walk together with you and promise a better tomorrow for all

You always feel encouraged when you are with your partner. Hope expands when you and your partner look in the same direction. As we build a beautiful and safe space, a better future is provided for the CG cooperative and its members.

Under the name of trust and enthusiasm,

we promise a future that we will shape together.

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CEO's Message

With the best services and support, we will enhance the competitiveness of the construction industry and will always be a reliable partner for you.

Dear Construction Guarantee clients.

I am the Chairman & President of Construction Guarantee Cooperative, Young-Mook Choi.

Construction Guarantee is Korea's first construction guarantee institution that was established in 1963. Our aim is to support the independent economic activities of construction companies and to promote the sound development of the construction industry which will have a positive effect on the national economy.

We have been providing credit and financial services for the construction industry and assisting the construction industry to become a key industry of Korea. In doing so, we have grown to become the nation's largest construction financial institution with over 12,000 members and 5.8 trillion won in capital.

Based on our solid financial structure and accumulated know-how, CG will continue to develop customer-oriented products in order to offer a wide range of high-quality financial services and diligently meet public interest in the construction guarantee market. Such policies will enable us to be your strong partner.

I sincerely request for your continued support and encouragement which will allow us to add value to the lives of people and become a comprehensive construction financial institution that designs the future of the Korean construction industry with our customers.

Thank you

Chairman & President of Construction Guarantee Cooperative, Young-Mook Choi



Purpose of Establishment

CG does not fear change and innovation. Based on our solid organizational capabilities and our commitment to obtaining customer satisfaction, we will strive to bring about a brighter and more promising future with our members. We will continue to work hard to be the best construction financial institution whose growth will extend to the growth and competitiveness of all of its members.



History

CG, a pioneer in the field of construction guarantee in Korea, has continuously expanded its business area from performance bond and warranty bond, to a range of new products providing credit and financial services to the construction industry. We have been supporting the construction industry to be the key industry of Korea by taking advantage of our solid financial structure and advanced competitiveness.

1963 - 2000

Oct. 1963 Inaugural assembly Apr. 1988 Separation of Korea Specialty Contractor Financial Coop Jul. 1995 Introduction of the credit rating system Apr. 1999 Establishment of Construction Management Training Center Jul. 1999 Abolishment of the joint surety system, implementation of credit based transactions Aug. 2000 Implementation of e-guarantee system





Proclamation of the Construction Guarantee Act construction building

2011 -

Jul. 2011 Establishment of the 'CG 2020 business strategy' Oct. 2011 Exceeded KRW 100 trillion in guarantee balance Introduction of the advance payment co-management escrow trust system Apr. 2012 Change of the insurance system to holding insurance

Sep. 2012 Opening of Sejong Field Golf Club & Practice Field

Dec. 2012 Acquisition of FITCH A





Sep. 2012 Nov. 2010 Opening of Sejong Field Golf Club & Practice Field Launch of the next-ger

2001 - 2010

perative

May 2006	Announcement of the New CI of 'CG'
Aug. 2006	Initiation of the Workmen's Compensation Insurance
Jan. 2008	Initiation of the Construction Work Compensation
	Insurance business
Jul. 2008	Establishment of the Defects Dispute Support Center
	Initiation of Business Liability Insurance
Jul. 2009	Release of Overseas Workmen's Compensation Insurance and
	Completed Construction all risk Insurance
Jun. 2010	Expansion of the total guarantee limit (30 times)
Sen 2010	Opening of the next-generation system

2010 Opening of the next-generation system



Completion of the , truction building



Apr. 1999 Opening ceremony of Construction Management Training Center



May. 2006 CI announcement ceremony

Jun. 2013	Implementation of the Payment Guarantee of Construction
Dec. 2014	Machinery & Equipment Lease Fee
Dec. 2014	Opening of the e-document submission system Acquisition of A.M.Best A+/Stable
Apr. 2016	Release of the Group Accident Insurance
Oct. 2017	Opening of the Sejong Field Golf Club & Practice Field
Sep. 2018	Release of Executive and Liability Insurance
Nov. 2018	Release of the Comprehensive Fire Insurance Product





Apr. 2012 Launching of v of the holding quarantee



Oct. 2012 50th anniversary of Construction Guarantee

The First & Best CG 2020!

Since its establishment in 1963 under the Framework Act on the Construction Industry, CG has been promoting healthy development of the construction industry by improving the interests and economic status of its members. As a construction financial institution, it is providing various financial services such as guarantees, loans, and insurance in order to support our members' stable construction and management activities.

Vision and Business Strategy

VISION

The best comprehensive construction financial institution to lead the future of the construction industry

3 strategic goals and challenges

No.1 in the construction guarantee market share Exceeded 65 trillion KRW in total guarantee record





Construction Guarantee Cooperative 2018



the construction industry by

We Move forward together

We will add integrity to the trust that you have shown.

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Bert Berry

Rooms of stars a

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CG Highlights

(As of September, 2018)

Financial Status

Financial Status





Transparent financial management and a sound capital structure are the most important qualities of Construction Guarantee. While it is important to make a profit, it is even more imperative to maintain a financial environment, which will enable our members to enjoy more benefits and opportunities and create sustainable profits. Construction Guarantee has been awarded Fitch A rating for 7 consecutive years and A.M. Best A + rating for 5 years consecutive based on its excellent financial management ability and stable capital structure.











We always support your growth and success

CG supports its members' success by providing a variety of our construction financial services. To increase our competitiveness, we not only strengthen the construction guarantee and insurance functions but also offer comprehensive financial services to diversify our business.





Signficance of CG Guarantee

CG guarantee contributes to the promotion of public welfare by operating as \ulcorner the safety net of the construction industry thereby increasing the reliability of construction contracts and enhancing the protection levels of trade safety.





Guarantee Trend (in KRW 100 million)

Guarantee Limit

14,072 9 5,228 1980

A guarantee limit is determined according to the number of share, size of the company, credit rating, etc. Guarantee is issued by subtracting from the guarantee limit given according to the risk and characteristics of the individual guarantee application.

Equity investme

The number of share, o credit, etc.

Domestic Guarantee

We establish trust to support the execution of construction work.

A safety net is required to execute the construction work from the bidding phase to the completion of the project. Construction Guarantee Cooperative supports the dynamic economic activities of people by complementing the credit of the construction industry as well as protecting the owner from any risk. $\label{eq:BidBond} \textbf{BidBond} \mid \textbf{If any member who successfully acquired the construction contract does then not conclude the contract and exposes the contractor to any damages, then we will pay the deposit.$



Performance Bond | If any contractor does not fulfill any of the contractual obligations previously stipulated, then we will fulfill such obligations on behalf of the contractor or pay the deposit.

Advancement Payment Bond | Guarantees refund of advance payment received by any members under the terms of the contract, when any reason for a refund occurs. Subcontract Payment Bond | Guarantees when the payment of the subcontract the payment of the subcontract concluded by any union member is not paid, the payment of the subcontract.





2000

2018.09

ent limit	Construction capabilities limit	Unused loans on the credit limit
company size, C.	Construction capability appraisal sum, company value appraisal sum, credit, etc.	The number of unused shares on the credit limit, company size, credit, etc.



Overseas Guarantee

We support our members' overseas construction work.

We supply overseas guarantee in order to meet the demands of our members who try to advance into the global market. According to the requirements of the owner and contents of a contract, our guarantees are issued in accordance with international standards. The issued certificate will be delivered to the owner through various means including SWIFT (Society for Worldwide Interbank Financial Telecommunication.)

• Indirect guarantee through cooperation with domestic and international financial institutions



• Direct guarantee (traditional method)







Insurance

We protect the construction site with a tight safety net.

If an unexpected disaster or sudden accident at the construction site causes damage to the member or requires the member to fulfill their liability, we will compensate you according to the provisions in the insurance contract. All you have to do is to take care of your work as we provide the best services ranging from workmen's compensation insurance to fire insurance.





of Loan



Basic working funds

Loan based on the credit of the member

🗹 Limit KRW 1.1Million (per account, for rating A)

Minterest rate (for A rating members)

Average interest rate of the credit loan of SMEs: 5.07%

(in KRW 100 million)

Loan

We support the seamless operation of your business.

We provide financial support for the construction industry and construction project at a lower interest rate than any other financial institutions, helping our members operate smoothly and reduce financial costs.





* Average CD return of the previous quarter (91 days) +1.70 %P

Given the loan type, rate of loan usage, and transaction trend, as much as 0.6% per annum is deductible

** Average CD return of the previous quarter (91 days) +3.00%P





Prevention Activities

• We are ultimately responsible for the completion of infrastructures such as roads, bridges, and private housing, which are closely linked to people's lives, and do our best to contribute to the enhancement of the reliability of construction contracts and the promotion of public welfare

- damage preservation.







Processing for Guarantee Acciden



peration of Claims

Legal Services

Claims & Recovery

Our services cover from compensation to the guarantee accident prevention.

In case of a guarantee accident, we will process the compensation procedure promptly and accurately. We are a reliable partner whom our customers can trust through organizational cooperation among compensation, claims management, and legal affairs teams and guarantee accident prevention activities.

• We are committed to protecting the clients (guarantee creditors) through the operation of preventive measures in line with active risk management such as providing advanced management for construction, substitution construction work (fulfillment of service) and



System

- related guarantee institutions.

Credit Rating



Credit Rating

It is the beginning of the credit transaction of the cooperative and its members.

The credit rating of CG is used as one of the key indexes to display the confidence of the construction company.

As the first construction guarantee institution to introduce the credit rating system, CG uses a statistical modeling technique that has been proven to be significant and reliable by many domestic and international financial institutions.

Credit Rating Grades

• CG's credit rating model combines the credit evaluation result and the early warning model that assigns a company to one of ten grades: AAA, AA, AA, BBB, BB, B, CCC, CC, C, D. which serves as a basis for the guarantee limit, commission fee, and loan interest rate.

Evaluation Time and Effective Period

Credit ratings are conducted annually from April 1st to March 31st of the following year after the settlement of accounts of the members has been concluded. The validity period of the credit rating is from the settlement date of the recent business year to one year and six months. From time to time, we take the opportunity to carry out a reassessment in accordance with any changes that may occur in the credit status.

· CG introduced a credit rating system in 1995 for the first time among construction-

• CG has developed and operated an advanced evaluation system that meets the IRB standards introduced by the global financial institutions by applying more than 20 years of specialized know-how in the construction sector.



• It is composed of financial, non-financial, and representative models according to the types of data used in the credit evaluation model. It is a statistical model that reflects the accumulated know-how gained over a long period of time and built in a structure as shown below.

• We rate final credit rating by reflecting early warning and in-depth evaluation to evaluation grade.

We grow together, and surpass ourselves.

For the growth of the CG and its members, We are paying close attention to minor matters. We dream of a better tomorrow where we can move forward with our members through the operation of the Construction Management Training Center and Sejong Field Golf Club.





Construction Management Training Center

We nurture the talents of the construction industry in the best education facility that harmoniously blends with beautiful nature. As the Construction Management Training Center was established to advance construction technology and cultivate construction professionals, it opens up a bright future for the Korean construction industry. Based on a systematic education system, it has been providing training services that lead the latest trends and has become a secure place to cultivate the talents who will lead the future of the construction industry.





Size
1 room with 400 seats
1 room with 200 seats
1 room (120 seats) / 3 rooms (80 seats) / 5 rooms (56 seats)
6 rooms (20 seats)
2 rooms in the new building
99 rooms in the new building
55 rooms in the old building
27 rooms in the old building
3 rooms in the old building
Accommodates up to 350 people
Soccer field size (65 m X 98.5 m), 100 m track, and foot volleyball court
Basketball court size (15 m X 28 m), available for various indoor sports
Accommodates up to 120 people, up-to-date karaoke facilities
Treadmills and other modern fitness equipment
Court size (11 m X 23.8 m), 4 chemical courts
Lounges/internet rooms on all floors, wireless internet access, projectors, electronic lecture desks and monitors equipped in all lecture halls, outdoor campfire site, miniature golf course, hiking trails, etc.

	Content
	Initial training for construction engineer/construction engineer promotion training
and J	New candidates/ethics of the construction industry/construction laws/ safety, etc.
ement	Bidding process/practical skills required by construction site/ overseas business development process/others (including leadership)
	Level-specific training /organizational capacity enhancement/ competency enhancement

• Facility inquiry | +82-43-850-4523 / FAX +82-43-850-4770~1

• Address | 1939, Gamno-ro, Noeun-myeon, Chungju-si, Chungcheongbuk-do (in front of North Chungju IC of Jungbunaeryuk Expressway)





Construction Building Lease

The Construction Building in Nonhyun-dong, Seoul and other buildings in Anyang, Gwangju, Changwon, and Jeju symbolize Korea's construction industry. They all provide the diverse convenience services of the office and conference hall lease and elevate our pride in the development and achievement of the construction industry.





	Size		A	rea	Address		Years of Completion
	2 stories below and 20 above the ground		46,3	378	711, Eonju-ro, Gangnam-gu, Seoul		^{I,} 1986
	3 stories below and 7 above the ground		8,2	35	169–22 Burim-ro, Dongan-gu, Anyang-si, Gyeonggi-do		1995
2 stories below and 7 above the ground		3,6	3,642 174, Dokrib-ro, Seo-gu, Gwangju-si			1983	
1 story below and 6 above the ground		2,6	49	650, 315 Daero, Masanhwawon-gu, Changwon-si, Gyeongnam		1985	
3 stories below and 9 above the ground		12,6	670	64, Shinda Jeju-do	aero, Jeju-si,	1995	
Main Mediu nference hall conferenc (2nd FL) (2nd F		e hall	Main I conference hall (3rd FL)		Medium conference hall (3rd FL)	Small conference hall (3rd FL)	
694 seats 168 sea		168 seat	S	100 seats		40 seats	20 seats



Sejong Field Golf Club & Practice Field

Sejong Field Golf Club was opened as a physical training facility for members in September 2012. Designed in harmony with nature on the grounds of 1,017,415m², the 18-hole golf course offers you the chance to relax in nature at the heart of the city. A golf driving range equipped with natural grass lawns, putting and approaching practice areas and bunker driving ranges all provide a relaxing place for our members and their clients.



Prac



DIV	Practice	e field	Driving distance		Box		Address		
Overviev	v 2,405.	.91 m²	200m	58 boxe	es (including 2 screen boxes		3, Nulwangsaeteomal-gil, Yeongi-myeon, Sejong-si		
Fee (K	RW)	N)			Operation				
DIV	Box	Box Screen Short		game	Operator	Jack Nick	laus Golf Korea		
30 min	8,000	- 10.000)		Website	https://jn	gksejongfield.modoo.at/		
60 min	13,000	~25,000	~25,000	~25,000	~25,000	0,7	7,000		
80 min	16,000	- (per hole	e)		Tel	+82-44-8 (+82-10-	4154-8272)		



b	Construction facility	1	Size		Location
D m²	/ /b/l b/lm ⁴		ole golf course 310yds(6,685m)]		1569, Jeongansejong-ro, Yeongi-myeon, Sejong-si
			Operatio	n Gui	de
en e	Cart ((per team)	Caddie fee (per team)		 Check via website (PC, mobile) or telephone Weekday: Monday 9 AM of 3 w 	
000			How to		prior to the game day until the game day 5AM Weekend: Tuesday 9 AM of 3 weeks prior to the game day until the game
000	80,000	120,000			day 5 AM
			Website		://www.sejongcc.com //m.sejongcc.com
000			Tel	+82-4	44-861-5500 (5600)



CSM/CSR

Construction Guarantee always considers and practices corporate social responsibilities. We strive to set an example for society through ethical management and social contribution activities. The success of the cooperative leads to the success of our customers. We will work to create a world where everyone can share the benefits of growth and thus grow together through our philosophy of sharing and practice.

Customer Success

In order to provide better services to its customers, the CG has established a service system for customer satisfaction and success.

CG Sarang Nanuri (CG Compassion Sharing) Volunteer Red Cross Hope Dream project









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Seoul		
TEL	FAX	
+82-2-3449-8888	+82-2-3449-8903	۵
+82-2-3449-8830	+82-2-3449-8908	(
+82-2-3449-2100	+82-2-3449-2119	(
+82-2-3449-2120	+82-2-3449-2129	١
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+82-2-3449-2140	+82-2-3449-2159	0
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+82-2-3449-8750	+82-2-3449-8907	
+82-2-3449-2138	+82-2-3449-2172	(
Incheon/Gyeonggi		- J
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	TAX	5
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	Daejeon/Chungcheor	ng
Branch Name	TEL	FAX
Daejeon	+82-42-489-7611	+82-42-483-7617
Cheongju	+82-43-256-5156	+82-43-256-5020
Chungju	+82-43-854-6720	+82-43-854-6724
Naepo	+82-41-333-4151	+82-41-332-7145
Cheonan	+82-41-563-0820	+82-41-563-0823
Construction Management Training Center	+82-43-850-4523	+82-43-850-4770
	Gwanju/Jeolla	
Branch Name	TEL	FAX
Gwangju	+82-62-363-0018	+82-62-365-2696
Jeonju	+82-63-276-2031	+82-63-276-2037
Suncheon	+82-61-722-6057	+82-61-722-6059
Mokpo	+82-61-283-3865	+82-61-283-3868
Jungbu Claims Adjustment Center	+82-63-276-4560	+82-63-276-4563
Daeg	gu/Busan/Ulsan/Gyeo	ngsang
Branch Name	TEL	FAX
Daegu	+82-53-744-4790	+82-53-756-5073
Busan	+82-51-463-8147	+82-51-464-0475
Ulsan	+82-52-245-1504	+82-52-245-1574
Pohang	+82-54-281-9092	+82-54-275-0718
Gumi	+82-54-456-5901	+82-54-456-5905
Changwon	+82-55-294-3261	+82-55-294-4261
Jinju	+82-55-762-1217	+82-55-762-1229
Youngnam Claims Adjustment Center	+82-53-745-8315	+82-53-745-8320
	Jeju	
Branch Name	TEL	FAX
Jeju	+82-64-744-1961	+82-64-746-8060

We will be there where the dreams begin.

We will do our best to carry out what we ought to do. We will always come up with the best ways to expand our boundaries. We will always deal with your dreams with care.

We will shape the future of Korea's construction industry.





 Construction
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