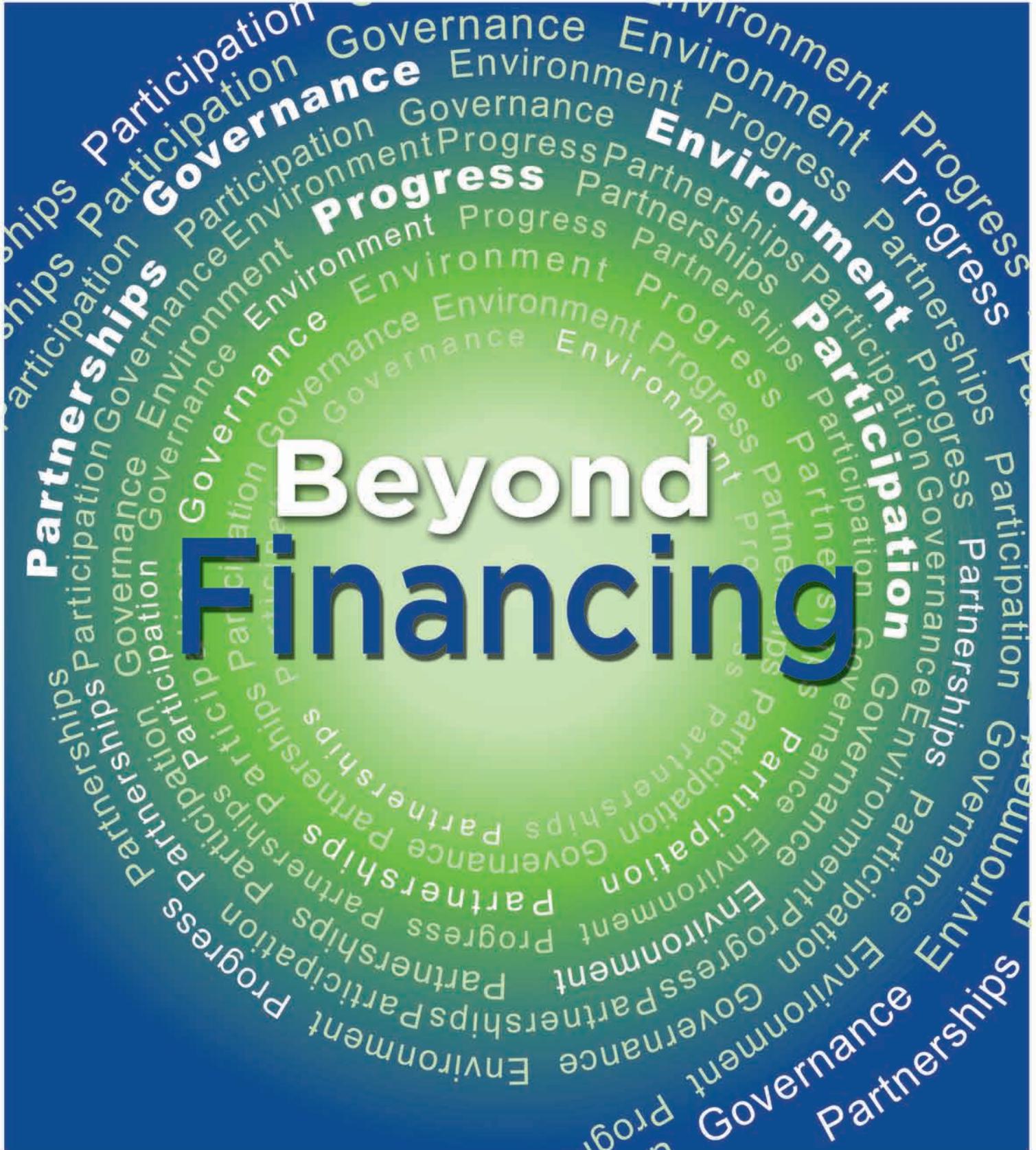


AD ANCE

2012 Sustainability Magazine of the Association of Development Financing Institutions in Asia and the Pacific



**Beyond
Financing**

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About this Magazine

As the focal point of development financing institutions, the Association of Development Financing Institutions in Asia and the Pacific (ADFIAP) aims to build value by advancing a sustainability agenda based on four pillars: economic, social, environment, and good governance.

What we report

This report provides information on ADFIAP's performance for the 12-month period from January to December 2012. Comparative data for the past five years (2008-2012) were also included. All reports are available on ADFIAP's website in PDF file format.

Environmental and social performance data for the report are collected annually from the operations of the ADFIAP Secretariat office located in Makati City, Philippines.

Data on economic performance represent the activities of the entire organization. The information provided in this report were selected on the basis of feedback and consultations with internal stakeholders. Financial information are obtained from ADFIAP's accounting system and are presented in U.S. dollars.

Putting it together

To enhance the usability and reader-friendliness of our Sustainability Report, we made this annual publication into a magazine for the first time since we started demonstrating the seriousness of our commitment to corporate responsibility and sustainability in 2008.

As a baseline for reporting, the report makes reference to the "Sustainability Reporting Guidelines - G3" developed by the Global Reporting Initiative (GRI). While our sustainability performance remains at application level C, we remain committed to the GRI process.

Our Commitment

ADFIAP has been registering its sustainability reports with the GRI disclosure database since 2008. This demonstrates our commitment to promoting sustainable development and providing transparency on our commitments, policies, strategy and performance in economic, environmental and social aspects affecting our operations and stakeholders.

ADFIAP has appointed a Sustainability Officer to keep closer track of our sustainability performance and lay the groundwork for seeking external assurance in the near future.

We welcome feedback from our various stakeholders to improve our sustainability reporting process. A feedback form is published together with this report and also downloadable on our website. You may also contact:

Association of Development Financing Institutions in Asia and the Pacific (ADFIAP)
2nd Floor, Skyland Plaza
Senator Gil Puyat Avenue
Makati City, 1200 Philippines
Email: inquiries@adfiap.org
Website: www.adfiap.org

Inbox



Extra mile

The professionalism, passion and dedication displayed by the two host institutions (ADFIAP and AJU IB investment staff) are highly commendable. They went more than the extra mile to ensure that the team is comfortable.

*MVULENI GEOFFREY QHENA
Chief Executive Officer
Industrial Development Corporation of South Africa Ltd.*

Opportunity knocks

In general, the training is well organized, relevant to our day-to-day work. Apart from the class lectures, company visits helped us to learn more on different products and compare the differences. The resource personnel are all informative, friendly and helpful. The support staff are very helpful, too. I would personally thank ADFIAP for organizing this training. It's been a great opportunity for me.



*YESHEY OM
BNBL*

Enrich understanding

This Study Tour Program is the most beneficial activity I have undertaken in a very long time. It enriched my understanding of macro and micro issues that are responsible for the development of nations across the world. I highly recommended it to all similar organizations.

*ABDU SARKINBAI MUKHTAR
Chief Executive Officer/Managing Director
Abuja Investments Company Ltd. (AIC)
Abuja, Nigeria*

Missing ingredients

I came to this program not knowing what to expect. I had a broad idea of what I wanted and that is to have some direction (on) where to go from here in the case of the Vanuatu Agricultural Development. I have found that DFIs are responsible for providing the missing ingredients which are: capital, entrepreneurial skills and technologies for the countries needed development. All projects technical, economical, financial, administrative and environmental aspects provide the whole feasibility study. DFIs must be sustainable but not be profit-driven. DFIs should be measured by their development contribution.

*PAKOA THOMSON
Chief Operating Officer
Vanuatu Agricultural Development
Bank*

Small and different

I enjoyed this experience very much and learned a lot of things that I could apply back home. The only thing is that the characteristics of SMEs in Micronesia is pretty different from the other participants' countries. Micronesia is very much smaller and less developed country so our challenges are different. I would appreciate if ADFIAP can organize a seminar or workshop targeted for small island countries or other countries of similar economic, market, and entrepreneurship characteristics.



*KATHERINE GISOG
Branch Manager,
Yap Branch
FSM Development Bank*

Banker-friendly

The program is very helpful for bankers and banking aspirants like us. It will also be useful at my present work in our organization. Thank you very much to our guru, ADFIAP Staff for your support I recommend this training to development financing institutions.

*GREGORIO MACAPAGAL III
Area Manager, Credit Operations-Micro Finance
Alalay sa Kaunlaran Inc.*

Editorial

Sustainability is an important part of who we are at ADFIAP. For 36 years, we have been the focal point of all development banks and other financial institutions engaged in the financing of development in the Asia-Pacific region. We have a strong, continuing commitment to our 125 member-institutions in 45 countries and territories, as well as to our partner-organizations around the world, our employees at the ADFIAP Secretariat, and other stakeholders. We have never been content to define our sustainability agenda in narrow terms, but rather always with a view to using our network and resources to make life better in the larger society and the world around us. Our motto of “financing sustainable development” demands no less.

As we hope will be apparent as you read our 2012 Sustainability Magazine, we take our responsibilities seriously.

We see sustainability as much more than just a buzzword, but as a fundamental element that we strive to embed into all facets of our organization. We believe that this approach makes us stronger and more relevant to our stakeholders as we become better equipped to deal with challenges and better positioned for long-term success.

As in past years, many of our activities are dedicated to helping our member-institutions achieve their goals in a more sustainable and responsible way. Our positive impact is felt in what they do in their host countries, as well as in what we do together as an organization united around common goals.

A strong sustainability focus has never been more important to development financing. We believe that the successful institutions of the future will align their business goals even more closely with societal goals to address a range of pressing needs – for economic growth, a healthier environment and thriving communities.

Sustainability is a journey, not a final destination. We at ADFIAP will constantly look for new ways to help our members and partners realize our vision of a future of lasting economic, environmental and social development and growth in the region, with people as the ultimate beneficiary.



Datuk Wan Azhar Wan Ahmad
ADFIAP Chairman

BEYOND FINANCING

A strong commitment to sustainability has been a hallmark of ADFIAP since its inception as a non-stock, non-profit organization of development banks during the 6th Asian Development Bank Regional Conference for Development Financing Institutions (DFIs) held in October 1976 in Manila.

While challenges abound in the field of development financing, the organization has grown in size and footprint for the past 36 years.

As of end-2012, its membership spans 125 institutions in 45 countries and territories. Its Secretariat is based in Makati City, Metro Manila, Philippines.

Beyond its advocacy on sustainable development financing, ADFIAP also plays an active role in the global arena. It is a founding member of the World Federation of Development Financing Institutions, which has 328 member-institutions in 154 countries belonging to similar regional associations in Africa, Latin America and the Middle East.

ADFIAP is also a non-governmental organization in consultative status with the United Nations' Economic and Social Council and a member of the United Nations Environment Programme Finance Initiative's Asia-Pacific Task Force. It is also a collaborating partner of the Asia Pacific Economic Cooperation (APEC) Business Advisory Council.

OUR SUSTAINABILITY FRAMEWORK



Numbers that Matter

ADFIAP is all about linking people, institutions and ideas to inspire leadership and spark achievement within the development banking and finance community. We facilitate the work of development financing institutions and professionals in advancing sustainable development through knowledge delivery and collaboration initiatives.

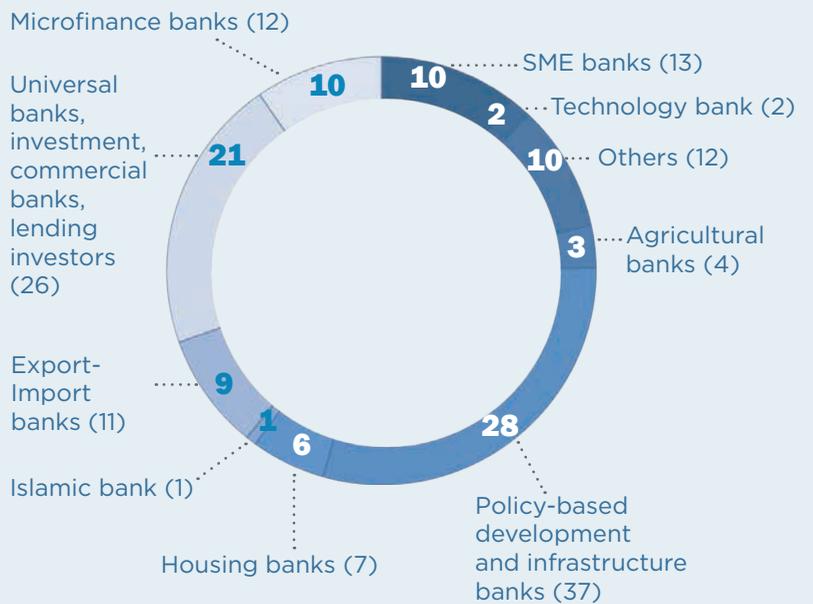
Community

ADFIAP is the community affiliation of choice for development banking and finance industry and professionals. Through programs that continually engage our members and partners, we help those in the development banking and finance community connect with others who share their interests, goals and aspirations.

Members' Contributions in USD



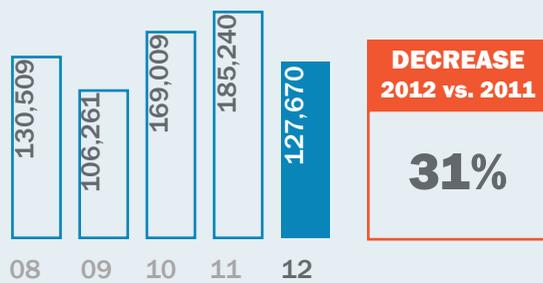
Membership by type as % of total



Knowledge & Learning

ADFIAP is the first choice for knowledge and information for the development banking and finance industry and profession. Through our Asia-Pacific Institute of Development Finance (IDF), ADFIAP conducts regular training and capacity-building activities which are organized and implemented together with partners and donor-institutions.

Training Fees in USD



Grants received in USD



Sources of Funding in %



Advocacy

Through our advocacy and communications programs, ADFIAP helps build awareness for the valuable role that development banks and financial institutions and professionals play in advancing sustainable development.

Our advocacy and communications initiatives are also designed to engage our various stakeholders. These include the following:



EVENTS

- Annual Meetings
- CEO Forums
- Country Host Program
- DFI-to-DFI exchange
- Study tour programs
- Seminars
- Briefings
- Business networking
- ADFIAP Awards



PUBLICATIONS

- Sustainability Reports
- SME Toolbox
- Governance digest
- Greenbank
- Memogenda
- ADFIAP News
- Journal of Development Finance
- Books
- Sustainable Development Projects



ONLINE RESOURCES

- ADFIAP e-Library
- A-Nex
- lamadfiap
- Environmental Governance Standards
- DFIs for Corporate Governance
- SME Finance Initiative
- e-newsletter



SERVICE UNITS

- Asia-Pacific Institute of Development Finance (IDF)
- ADFIAP Consulting (AC)
- ADFIAP Responsible Citizenship (ARC) Center

Go to www.adfiap.org and click on the icons of the programs above to access.

A DAY AT ADFIAP

Every member of our ADFIAP Secretariat and ADFIAP Consulting has a unique story to tell about their personal and professional growth with ADFIAP because of the unique character of the organization. Take this opportunity to meet some of them below.



➤ **Secretary General**
Octavio B. Peralta

➤ **ADFIAP CONSULTING**
(L-R) Arlene Orenca, Corazon Conde, Alberto Reyno, Cecilia Ibarra and Ma. Cristina Aquino

RATIO OF MALE TO FEMALE 1:1	INVESTMENT IN STAFF TRAINING 304 work hours 12.8% Increase from 2011	SALARIES AND WAGES 72% of total package 6% Increase from 2011	BENEFITS AND OTHERS 28% of total package 2.5% Increase from 2011	EMPLOYEE TURNOVER RATE 0	WORK-RELATED INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND OTHER FATALITIES 0
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➤ **Consultant, Membership and Events Management**
Sandy Lim



➤ **Finance & Administration Officer**
Lorie Cervantes



➤ **Logistics and Support Consultant**
Susan Bajar



➤ **Staff Support**
Elmer Enerva and Regional Villafior



➤ **Head, Knowledge Management & Sustainability Officer**
Enrique Florencio



➤ **Senior Executive, Programs**
Sandra Honrado



➤ **Membership Specialist**
Liza Olvina



➤ **IT Specialist**
Ma. Cristina Arenas

➤ **Information Officer**
Robert Juan

Tracking our Footprint

We at ADFIAP continue to be deeply committed to improving the sustainability of our Secretariat's operations by maximizing the economic, environmental, and social impacts of our organization. The infographics on the opposite page outlines the areas in which we are currently taking action.

ENVIRONMENTAL

Energy Use

In 2012, the ADFIAP Secretariat consumed a total of 1,269 kilowatt hours of electricity, slightly down from 1,616 kilowatt hours in 2011. This was due to our energy conservation efforts such as using energy-efficient computer laptops instead of personal computers. To date, almost 90% of ADFIAP staff and officers have shifted to laptops.

Water Use

Consumption of water at the Secretariat office was slightly higher in 2012 at 163.25 cubic meters than 160 cubic meters a year ago. However, we will continue to be vigilant about our water conservation initiatives to bring down our water bill in the coming years.

Paper Consumption

Our paper consumption in 2012 has remained unchanged from the previous year at 130 reams. The Secretariat continues to pursue paperless initiatives to cut down our paper and printing expenses, eventually resulting in saving trees and raising work productivity. ADFIAP has also been disseminating more and more information electronically via its website, www.adfiap.org, and other microsites.

Ink Consumption

We shifted to an ink tank printer system in 2012 to generate savings and at the same time keep close tab of our ink consumption. In 2012, we used 120 pieces of ink cartridge and four pieces of toner.

Travel

The nature of our work as a resource provider entails travelling to countries and territories to touch-base with our member-institutions, attend or conduct conferences, meetings, and other events. In 2012, ADFIAP senior officers logged a total of 179,114 kilometers of airmiles, equivalent to 31.71 metric tons of carbon emissions and slightly higher than the 165,834 kilometers of airmiles in 2011. We plan to engage in carbon offsetting through a local agency/institution.

ECONOMIC

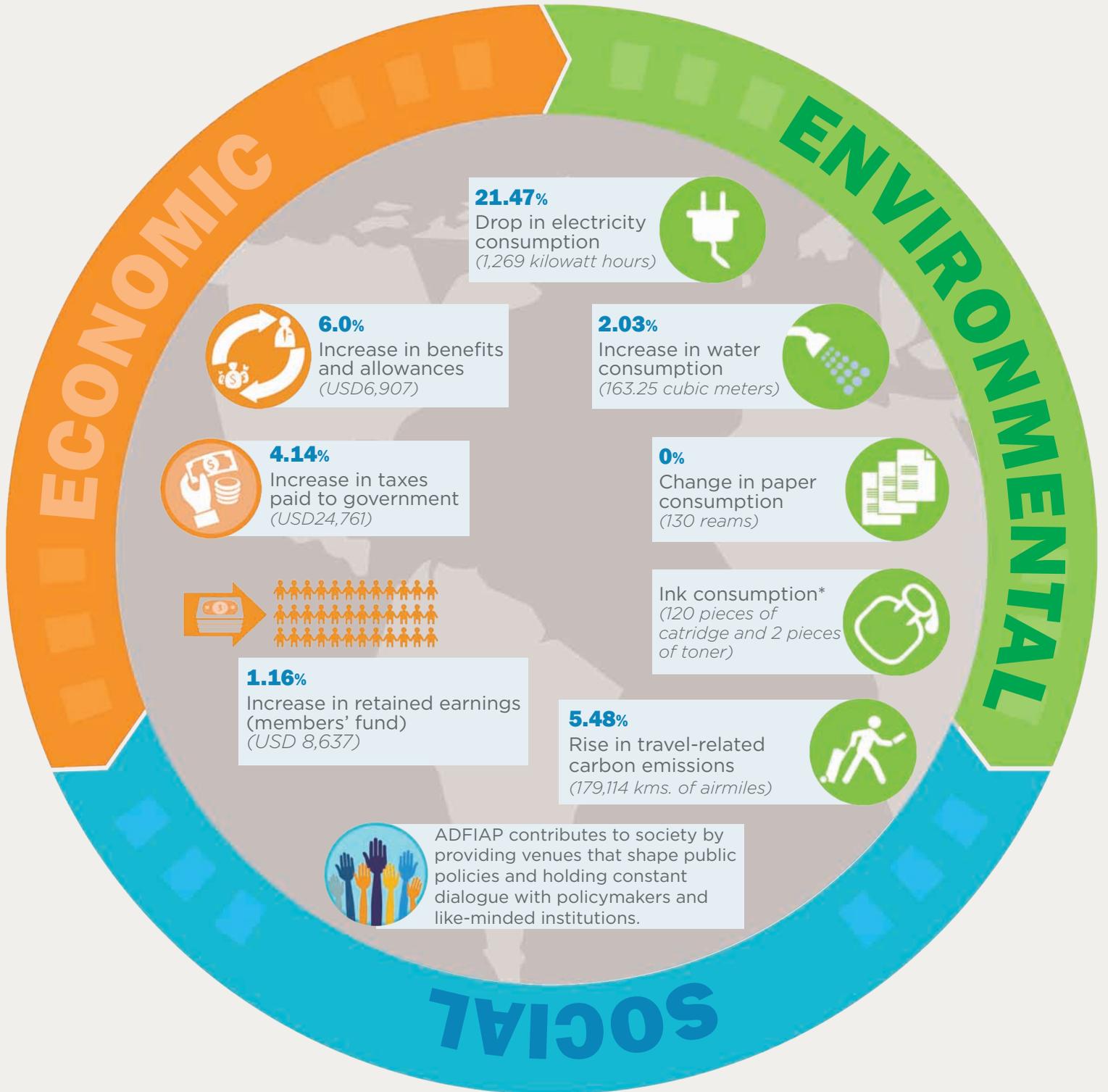
As a non-stock, non-profit institution, we make direct economic contributions by paying staff wages and benefits, government taxes, returns to capital (interest income on budget savings), as well as payments to suppliers. In 2012, these amounted to USD251,046.

SOCIAL

The nature of ADFIAP as the focal point of development banks and other financial institutions makes it inherent for our operations to support local community development in all the countries where our member-institutions and partners operate. One of our primary advocacies is financial inclusion in which we work with our members in providing access to financial and technical resources to micro, small and medium enterprises. The APEC Business Advisory Group (ABAC) has also engaged ADFIAP on regional financial inclusion issues and has a working partnership with the Australian APEC Study Centre at RMIT University Melbourne (AASC) in organizing seminars and conferences on financial inclusion regulatory framework.

OUR SUSTAINABILITY PERFORMANCE

2012 vs. 2011



*First time this indicator is reported.

SME Development Bank of Thailand Offering a taste of Thai to the world



'Holistic' describes the kind of support that SMEs get from SME Development Bank of Thailand (SME Bank). From easy financing and patent application to technical assistance, machinery, and equipment, the bank covers all bases as it encourages Thai entrepreneurs to enter business as an alternative to a professional career.

The bank puts a special premium on product innovation and invention, with long-term loans that offer low interest rates and grace periods. For instance, startups can enjoy some breathing room, as they need to pay only the interest without the principal on the first year.

In particular, businesses that deal with export and the "Thai kitchen" get valuable help. SME Bank lends special support in terms of funding and promotion to SMEs that export their products.

A program called "Thai Kitchen to World Kitchen" gives special attention to SMEs that belong to industries that promote native Thai cuisine and culture. These include businesses that produce and process Thai food, including Thai restaurants, as well as those in the hospitality industry, such as Thai-style spas and traditional massage establishments overseas.

With all-around support from SME Bank, Thai entrepreneurs can hit the ground running as they venture into the risk-filled but potentially rewarding arenas of business.

SME Bank Berhad Fueling the entrepreneurial spirit

In business, you can never go wrong when you combine youthful energy with exciting ideas. Malaysia's SME Bank Berhad believes in this vision and so two of its programs are anchored on encouraging a new breed of men and women with a passion for business and just need a little push.

To encourage university graduates to take the road less traveled and become entrepreneurs, the Malaysian government set up a RMB 25-million (US\$4-million) Graduate Entrepreneurs Fund through the bank.

Open to Malaysians who graduated less than two years ago, it offers loans between RM20,000 and RM500,000 to fund startup SMEs. New entrepreneurs enjoy one-of-a-kind terms, such as a maximum financing option of up to 20 years and a four-year grace period.

The bank also established the IQ-Dagang program that turns ideas into reality by providing financial and advisory help to promising business plans.

From this "idea box," successful concepts go through a team of

experts who will assist in further development until they become ready for execution. Like the Graduate Entrepreneurs Fund, additional incentives include technical assistance and help with the loan application.

Through these programs, SME Bank Berhad creates a conducive environment for budding entrepreneurs. By giving them an opportunity to succeed, the bank makes it possible for these businesses to in turn be, in their own ways, reliable engines of national growth.



Planters Development Bank Bringing SMEs to cyberspace

Planters Development Bank is harnessing the power of the Internet and social media in promoting the cause of small and medium enterprises in a nation dubbed as the “social networking capital of the world.”

The privately owned bank has remained up to speed with developments in cyberspace, with initiatives geared towards taking advantage of the Philippines’ massive online population.

as an alternative to mainstream avenues. In particular, Facebook and Twitter offer good opportunities to SMEs, considering the country’s 39 million Facebook and Twitter users.



In partnership with its affiliate SME Web Solutions, Plantersbank set up the SMEPlus Loan Portal. Entrepreneurs only need to sign up to the internet-based portal to get easy access to financing and other business services such as financial consulting.

Plantersbank has achieved international acclaim for its successful double bottom line approach to SME banking, combining profitability and social development. It hosted the 9th APEC Financial Institutions Dealing with SME Meeting and Conference in 2012.

To help SMEs further, the bank is also pushing for new and existing enterprises to promote their businesses through social networking sites

As the lone representative from the Philippines, it shared lessons on balancing financial success with creating a positive impact in the communities where their clients are located.

Small Industries Development Bank of India (SIDBI) Empowering women entrepreneurs

As women entrepreneurs make up only 10% of the micro, small and medium enterprises (MSMEs) sector in India, a special program by the Small Industries Development Bank of India (SIDBI) aims to boost their business and increase their presence in the field by helping organizations that promote women-led enterprise both in the domestic and international markets.

The Marketing Fund for Women is available to women entrepreneurs and organizations that are involved in the marketing of products manufactured by women entrepreneurs. This includes any unit that provides marketing

services, such as advertising, market research, warehousing, and even internet support, to businesses owned and managed by women. Also eligible are organizations whose main marketing targets include women entrepreneurs.

The Fund provides financial assistance, as well as soft loans and grants, to beneficiaries, allowing them to organize events like trade fairs, exhibitions, buyer-seller congresses, and training programs, all geared toward helping women entrepreneurs market their products and expand their businesses.



The project is only one of SIDBI’s initiatives in championing the important role that MSMEs play in India’s national economy by creating jobs and helping speed up the development of rural areas.

FOCUS: Advancing Infrastructure Finance

Vnesheconombank Banking on PPP

Russia's Vnesheconombank is banking on strategic partnerships with the government and some key international institutions as it continues to scale up its investments in the country's infrastructure programs.

The bank is taking the lead in Russia's quest to create a thriving Public-Private Partnership (PPP) market that will spur infrastructure investment in major sectors. As Russia's national development institution, the bank has created a PPP Center

to serve as a resource center in best practices and provide special support to PPP projects.

From transport to energy, agriculture to aviation, a number of infrastructure projects in these industries are already being implemented on the principles of PPP.

More than the financial benefit, Vnesheconombank's customers can receive technical assistance from the World Bank and international financial institutions.

Another partnership – this time between Vnesheconombank and the European Union's European



Bank for Reconstruction and Development (EBRD) – provides even more financing opportunities to projects that qualify for this “Partnership for Modernization” initiative. A total of US\$500 million is set aside each year, and top priority is given to projects related to energy efficiency, transport, and SME-targeted innovations, such as business incubators and technological parks.

China Development Bank Sustaining the economic miracle

As a key pillar in China's economic boom, infrastructure has been the focus of China Development Bank (CDB) as it pours hundreds of billions of renminbi into basic and backbone industries, such as oil, electricity, agriculture, water resources, telecommunications, and public infrastructure.

The nation's priority areas, such as electric power, road construction, petroleum and petrochemicals, and metro rail systems, got a boost from CDB's long track record as a major development financial institution.

In the energy sector, the bank's efforts in easing the country's chronic power shortage has started to move to a different direction with renewed focus on clean energy. Mega-power generation projects include hydro and integrated or pithead coal-based plants, all geared to optimize the energy supply mix.

To help further connect the country's massive land area, the bank funded a combination of road and railway network projects. From major road construction and repair efforts to the highly anticipated north-south and east-west national high-speed

railway network, the bank's heavy investment on transportation is seen to contribute to the people's economic and social development.

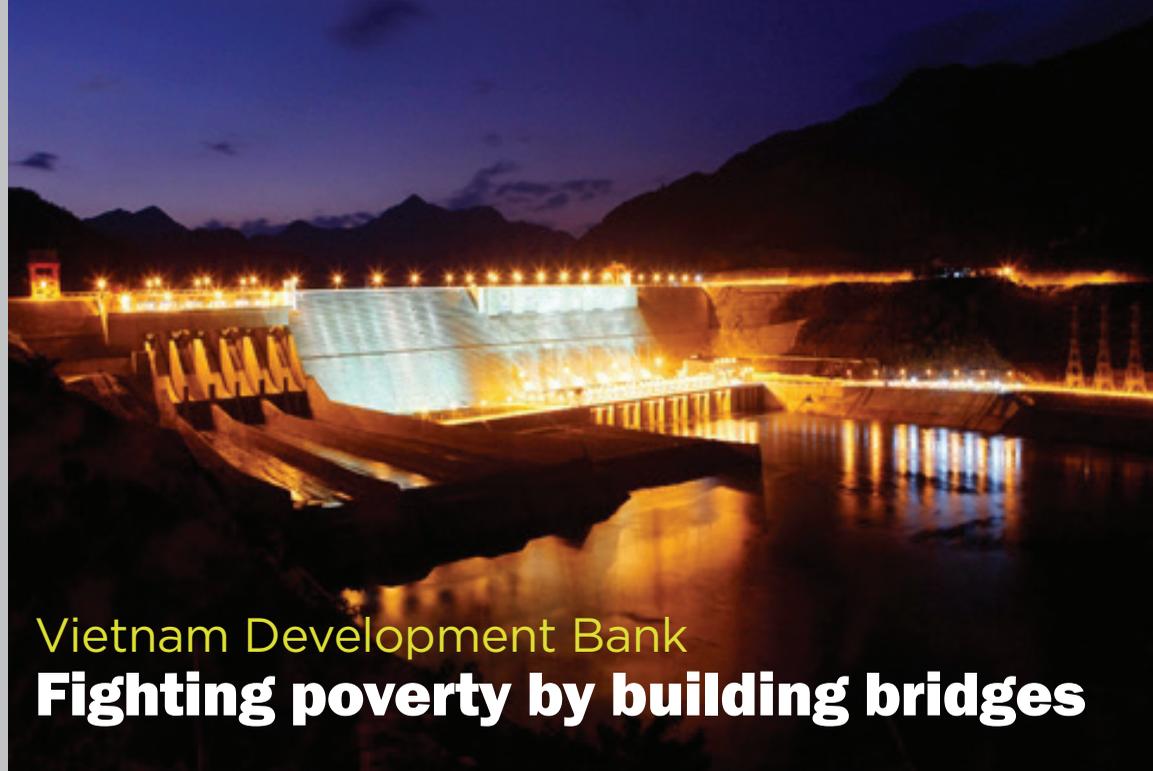
CBD has also been instrumental in the petroleum and petrochemicals sector, with continued support for the China National Petroleum Corporation on overseas oil field exploration efforts and other Chinese firms as they expand internationally.

With substantial infrastructure investments in these key areas, the bank has played a central role in further assuring the sustained growth in the continuing economic growth miracle that is China.

Amid fears of an economic downturn, the Vietnam Development Bank (VDB) has remained steadfast in its vision of being an active player in the country's quest to reduce poverty by financing development projects particularly in the rural areas.

Infrastructure continues to be VDB's priority. Through its wide network of branches and transaction centers nationwide, the bank funds the construction of irrigation and rural transport networks, traditional village infrastructure, and export-related schemes.

The 1,200-megawatt, US\$1.8-billion Lai Chau hydropower plant in Lai Chau province, for instance, is expected to start generating power



Vietnam Development Bank Fighting poverty by building bridges

by 2017, thanks to a startup US\$219-million loan provided by the bank.

The loan will be used to manage the resettlement of affected residents and the manufacturing of the hydraulic machines, to be developed by state-owned electric utility firm Electricity of Vietnam.

As VDB continues to look forward, it is banking on a whole range of strategic programs to make headways, not only in the bank's financial performance, but in operational efficiency, investor relations, and, finally, its pivotal role in helping Vietnam achieve sustainable economic growth amid challenging times.

Development Bank of Turkey Rising to the apex

To deepen its impact in the country, the Development Bank of Turkey (TKB) is turning to wholesale banking – or so-called “apex lending” – as its main lending channel in an effort to cater to a wider clientele of smaller companies.

This system, commonly used by development banks throughout the world, has already successfully helped some 300 SMEs, including those in the less-developed area of South-Southeast Anatolia.

Its partnership with commercial banks that have a wider branch network aims to spur job creation and create a ripple effect on communities, as well as improve the competitiveness of the beneficiaries through improvements in infrastructure and facilities.

Once TKB has selected a target group or market, a project that falls within its corporate mission will be developed, and the terms and conditions of the apex financing package will be finalized.

Two apex banking projects that created some 2,000 new jobs have so far been completed. Underway is another project that benefits the tourism enterprises in eight districts of Istanbul.

Year after year, the business created by apex banking has been continuously rising for TKB – proof that this approach is successfully bridging the gap between the bank and the country's SME sector, which make up nearly 100 percent of all businesses in Turkey.

FOCUS: Advancing Financial Inclusion

Business Development Bank of Canada Reaching out to aboriginals



More than a million aboriginal people spread in countless communities across Canada, of which only around 27,000 are entrepreneurs, according to Census Canada. Guaranteeing opportunities for them is the spirit behind the highly successful “Aboriginal Banking” program of the Business Development Bank of Canada (BDC).

Established in 1996, the bank’s Aboriginal Banking Department has made capital readily available to aboriginal entrepreneurs, not only through flexible and long-term loans, but also technical assistance and mentorship made possible through teams of experts that are themselves part of aboriginal communities.

The Aboriginal Business Development Fund (ABDF), for instance, provides financing at the community level, making sure that individual entrepreneurs who would normally not qualify for a loan receive support.

This grassroots approach to funding SMEs benefits the entire community as it serves as a business model for others to follow.

Peer lending, meanwhile, banks on a group’s solidarity in being able to secure loans since the entire group is penalized if one person defaults. A success story in the case of Manitoba’s Peer Lending Circle in Split Lake has enabled two groups of elders in the community to purchase equipment to produce traditional crafts such as outfits and moccasins. Constant and open communication, the group said, proved to be the key to their success.

IDBI Bank Limited Banking on barefoot

If the poor can’t go to the bank, the bank will go to them.

Reaching out to India’s unbanked population in urban poor villages across the country has been the main goal of a financial inclusion initiative by IDBI Bank. It runs a campaign where basic banking services, such as savings, remittances, and even investments, insurance, and entrepreneurship loans, are brought right to the doorstep of customers through biometric smart cards and handheld devices.

Through its Urban Financial Inclusion Program, the poor will have better access to tools that can potentially be a decisive step in uplifting their lives. Maintaining a savings account, in particular, is a critical but often ignored safeguard in guaranteeing better financial stability. By bringing in more people into the financial mainstream, the bank can help the country’s vision of sustainable and equitable growth.

IDBI Bank has also set up Ultra Small Branches (USBs) in various villages to serve more customers in the rural areas. In the past, these customers had to travel long distances just to make simple bank transactions. IDBI has also stepped up its financial literacy campaigns to complement this increased access to banking.

Bhutan Development Bank Limited

Making happiness count

While pristine and beautiful, Bhutan's rugged and mountainous terrain could present some problems for an institution that is trying to spread the call of financial literacy to the country's 700,000 or so people.

For the employees of Bhutan Development Bank Ltd. (BDBL), making people understand money is just another day at the office.

With a network that is now more than 30 branches strong, BDBL has achieved yet another milestone in its history. Financial inclusion, whether it is in the arena of agriculture or SMEs, has always been its rallying call, and every new branch that opens brings this spirit closer to every Bhutanese community.

Those who live in remote rural areas, in particular, are most in need of banking facilities as the long distance to the nearest bank not only meant an additional expense but also a great danger during the monsoon season.

With more branches, more Bhutanese can take advantage of banking services, tools they can use to achieve financial security and eventually overcome poverty.

But as it is, the success and sustainability of every new BDBL branch depends as much on the bank as it does on the support of local communities. In a country world famous for measuring progress through the happiness of its people, this seems to be a welcome task.



National Housing Bank

Raising more roofs

Rapidly increasing urbanization and climate change present twin challenges for the National Housing Bank of India, and the institution is responding to the tall order head on.

To put a roof above the heads of more Indians, programs like the 1% Interest Subvention Scheme and Mortgage Credit Guarantee Fund Trust are in place. This was designed to facilitate the flow of housing funds into those who need it the most, through lending institutions such as housing finance companies and other banks.

To help counter the impact of climate change on India's vast

population, the bank is beefing up its support for energy-efficient homes. It offers a special refinancing assistance to companies that promote environmentally sound housing schemes, with up to Rs. 50 lakhs (around US\$91,000) to people in urban areas who opt for greener homes.

To be eligible, housing projects need to prove that its design will result into least 30-percent savings in energy consumption, based on calculations of a German-based building company and India's own The Energy and Resource Institute. This means taking advantage of renewable



energies, like solar, wind, and hydropower; optimized natural lighting; efficient cooling and ventilation appliances; and good thermal insulation.

As the scheme promotes savings as well, the benefit will not only reflect on reduced carbon emissions for the country, but on the electric bills of individual households.

FOCUS: Advancing Green Finance

Development Bank of the Philippines Painting the town green

From within its bank premises to far-flung watershed areas, the Development Bank of the Philippines (DBP) has been painting the country green.

The state-owned bank remains aggressive in its push for “green financing” even as it also continues to venture into rural reforestation efforts.

Under its Green Financing Program, its umbrella initiative in investing in “green” process and technologies, DBP has received an Php18.9-billion (\$464-million) funding boost to help local government units make the crucial shift to more eco-friendly day-to-day operations. These measures include proper waste management, energy efficiency, water conservation, and air quality improvement, among others.

In addition to power and wastewater treatment plants, other projects include the acquisition of electric vehicles, the construction of a bio-ethanol distillery, a green charcoal plant, a ferro-nickel smelting plant, and a sanitary landfill.

The bank also runs the DBP Forest Program to provide immediate relief to flood-prone communities all over the country. In cooperation with partner institutions like state colleges and universities, local government units, and other government agencies, DBP takes care of the cost of planting stocks and operating expenses on the first year.

Through a combination of “green financing” and forestation, DBP aims to help reduce carbon footprint. And as the Philippines is identified as among the most vulnerable to the impacts of climate change, for the 65-year-old bank, it is a call worth heeding.



Development Bank of Japan Building green

Accustomed to natural calamities, the Japanese are known for a way of life that is in constant harmony with nature. It doesn't come as surprise that the Development Bank of Japan (DBJ) is similarly in the forefront of green banking, developing the world's first system of financing based on environmentally responsible ratings in 2004.

Since the 1960s, the bank has earmarked some ¥3 trillion in environment-related businesses, a commitment that the climate change phenomenon has made all the more important.

The DBJ Green Building Certification scheme aims to support “green buildings,” real estate properties

that demonstrate not only a keen regard for the environment but social awareness as well.

Disaster prevention, tenants' comfort and convenience, and harmony with surrounding environment are just among the factors considered in determining just how “green” a building is. Buildings with sufficient scores based on a simple scoring model become eligible to a range of flexible financial instruments from the DBJ.

Aside from encouraging green construction and architecture, this program is also geared towards nurturing a real estate market where green buildings are properly evaluated.

Credit Guarantee Corporation Malaysia Berhad

Making high-tech green

Malaysia's own drive towards a sustainable and eco-friendly future got a major boost in 2010 with the Green Technology Financing Scheme, its answer to the global call for more widespread use of green technology.

The country's credit enhancement agency, Credit Guarantee Corporation Malaysia Berhad (CGC), helps bring the cause of sustainability to companies that supply and use green technology through soft loans of up to 15 years.

The government not only subsidizes 2% of the interest rate, it also provides a guarantee of 60% on the amount, with a partner financial institution taking care of the remaining 40%.

To be eligible, SMEs must prove the project minimizes degradation of the environment, emits minimal greenhouse gases, and promotes energy efficiency as well as renewable resources.

And as the CGC comes into the rescue of businesses without or with inadequate collateral, the bank can extend the same assistance to green startups that may need a little help getting on their feet.

So far the results are encouraging.

Initial assessments of this truly national effort has revealed that the scheme has effectively reduced carbon emissions through green technology projects.

This demonstrates the kind of impact that the effort has achieved and in such a short a time.



DFCC Bank

Brightening Sri Lankans' future

For much of Sri Lanka's rural population in the 1990s, dusk used to mean lighting up kerosene lamps and closing of business establishments. School children were forced to wrap up their lessons and people had to be careful when going out, lest they step on snakes.

This dark and depressing picture changed at the turn of the century, when a slew of initiatives harnessed the power of renewable energy that soon brought light to the lives of Sri Lankans in the countryside.

The Renewable Energy for Rural Economic Development (RERED) Project, of which the DFCC Bank is a pioneer funder, jumpstarted the country's renewable energy sector. The scheme has been able to provide electricity in remote areas through off-grid renewable energy technologies, as well as help in power generation for the main grid.

DFCC also funded over 50 mini-hydro projects with a total capacity of 156 megawatts and two wind power projects with a total capacity of 20 megawatts. These projects had contributed

greatly to stabilizing the power situation in rural Sri Lanka.

In 2009, DFCC was part of a consortium of banks that successfully launched Sri Lanka's first private sector-led wind farm.

Throughout all these, DFCC has gone beyond the role of a lending institution. As a pioneer in the sector, the bank has taken on a leadership role in both administrative and technical capacities, carrying the same staunch commitment that ultimately changed the energy landscape in Sri Lanka.

Land Bank of the Philippines **Building the countryside**

Strategic cooperation is at the core of TODO UNLAD, the flagship program of state-owned Land Bank of the Philippines (LandBank) for countryside development.

Instead of piecemeal and uncoordinated efforts, the bank rallies the support of all players concerned, in launching a coordinated area-based project aimed at increasing agricultural productivity and improving infrastructure.

These important stakeholders include cooperatives, local government units, SMEs, and even non-government organizations. LandBank, through

its array of lending programs and support services, provides strategic financing as part of the coordinated effort. Together, the parties take advantage of their locality's comparative advantage.

In the agro-industrial town of Polomolok, South Cotabato in southern Philippines, a successful model for TODO UNLAD has created more than 7,000 jobs that benefited some 1,500 households. LandBank, in partnership with the Landan People's Multi-Purpose Cooperative, launched the Integrated Pineapple Production and Marketing scheme, increasing the income of cooperatives by gathering all the players in the area's booming pineapple industry.

Another program called ACCESS further empowers cooperatives by helping them realize new and innovative ventures. LandBank believes it can significantly shape the landscape of largely agricultural rural Philippines as rural cooperatives achieve economic prosperity.

LandBank recognizes that agricultural credit by itself is not enough to address the needs of farmers and the fisherfolk. Technology, training and other services need to be integrated in a holistic approach if their impact on communities were to be sustainable and truly meaningful.



Fiji Development Bank

Sweetening finance

In the South Pacific island nation of Fiji, sugar and tourism have proven to be a sweet combination.

Sugar processing makes up one-third of industrial activity while Fiji's pristine beaches have long drawn hundreds of millions of dollars to its shores. Together, the archipelago's natural resources have made the island one of the most developed economies in the South Pacific.

A segment of the population, however, continues to rely on subsistence farming – something that Fiji Development Bank is trying to change with its range of loan packages and services aimed at uplifting the lives of Fijians.

Loans for agriculture and SME projects, farm purchase and development, and sustainable energy are all flexible, with

competitive interest rates and a measure of government assistance.

The bank aims to remain a catalyst in developing various sectors of the economy. As such, its farm purchase and development loans are geared to non-sugarcane ventures, including the construction of farmhouses on non-cane farms.

Farm development loans, meanwhile, are available for cash crops, fruits, and even root crops, while agricultural credit can be for horticulture, coconut, grains and pulses.

Finally, in response to climate change, FDB's sustainable energy financing program helps the



island nation make that important shift from fossil fuel to renewable sources of energy. Three key energy systems are the focus of this initiative, including solar photovoltaic system, Pico-Hydro System, and coconut oil as a diesel fuel alternative.

This range of products makes FDB a worthwhile partner for Fijians who wish to improve their lives, as well as make an impact on society.

Agrobank

Modernizing agriculture

For over four decades since its founding as Bank Pertanian Malaysia, Agrobank has been at the forefront of modernizing agriculture financing.

This center of excellence in agricultural financing has since offered products and services focused on the agricultural, livestock and fishery sectors of the country, while empowering agri-financing with the help of commercial banks and providing credit ratings for the sector.

As the only bank with a mobile unit, Agrobank has also been able to collect deposits in rural areas, markets, hospitals, and schools,

allowing it to contribute to the economies of remote areas. Its Entrepreneur Loans Fund Agriculture (DPUP) facility specifically targets SMEs engaged in agriculture-based activities, from production and processing to marketing and even biotechnology.

Together with other agencies, Agrobank has improved opportunities throughout the sector, from small-scale farmers to international retailers and investors, not just in the arena of credit but also in research and expertise building.

Its full range of financial services



– from savings, loans, insurance, and advisory – coupled with 40 years of experience in agriculture-focused banking has helped nurture a whole crop of successful entrepreneurs who collectively make agriculture a decisive factor in Malaysia's unfolding economic story.

Q&A: ADFIAP Secretary General

ADVANCING

Q: The theme of this 2012 Sustainability Report is “ADFIAP Advance.” What makes you say that ADFIAP is advancing?

Secretary General Octavio B. Peralta (SG): ADFIAP is moving to the next higher level in terms of outreach and visibility, offering new-generation services to members, and using technology to create more engagement opportunities with our stakeholders. We are reaching out more and forging partnerships with our peer-associations in Africa, Latin America, Europe and the Middle East and other like-minded organizations worldwide, doing joint initiatives to enhance our relevance to our members.

We are presenting the development finance sector to a broader public, going beyond the confines of the industry. We are embarking on developing and disseminating standards of practice on top of providing technical information and organizing professional training events.

We are serving as catalysts for business cooperation and opportunities for our members and partners, aside from merely connecting them.

Q: What would you consider as ADFIAP’s achievements in advancing its agenda in 2012?

SG: In 2012, ADFIAP achieved many advances and firsts within its role and mandate. We had a milestone first joint CEO Forum with our counterpart in Africa (AADFI) where over 200 DFI CEOs and senior officers from the two continents met and shared knowledge and practice in value chain financing as a means to improve access to credit by small farmers and entrepreneurs thereby also tackling financial inclusion and poverty alleviation issues.

We have also engaged the APEC process, particularly in infrastructure finance, inclusive finance and financial market integration through the APEC Business Advisory Council as a collaborating partner. We have signed cooperation agreements with the Southern African Development Community-Development Finance Institutions Network and the Australian APEC Study Centre at the RMIT University in Melbourne.

We have partnered with same-purposed institutions such as chambers of commerce and trade associations in issues such as ethical businesses, anti-corruption and corporate citizenship.

We have also been invited to speak on inclusive innovation, corporate social responsibility, MSMEs, corporate governance and related themes.

ADFIAP believes that well-governed, well-managed and sustainable development-focused DFIs can adapt to the global challenges.

ADFIAP



Q: How was ADFIAP able to expand its partnerships?

SG: ADFIAP's structured and deliberate focus on sustainable finance and good governance, its stickler for relationship building and visibility, plus its prompt and reliable service delivery are key elements in the Association's approach to expanding partnerships and cooperation activities. As an example, ADFIAP became a partner of choice of many international non-profit organizations in the area of access to finance in their quest to scale up environmental and social projects under the grant programme of the European Commission.

Q: What conditions in the global/regional environment shaped or influenced ADFIAP's evolving role as a focal point in financing development?

SG: ADFIAP's primary stakeholders, i.e., its DFI-members, are national policy instruments to promote sustainable development in each

country. While DFIs are national in character and function, they are also part and parcel of a global community.

The recent global financial crisis and severe natural calamities that morphed into economic difficulties in many countries have given DFIs the main task of providing much-needed funds and technical assistance to the vulnerable sectors of both enterprise and society. These conditions have provided more impetus to the countercyclical role of DFIs when all other measures fail to deliver expected results.

It is in this context that ADFIAP has felt the need for more participatory and engaging activities among its members and partners using the Association as the focal point. This situation also afforded ADFIAP to revisit the meaning of 'development financing' and its impact to sustainable development.

In this regard, during its 76th meeting, the ADFIAP Board

approved the Association's definition of development financing as "providing access to financial and support services for the underserved, the strategic and priority areas of a country in order to achieve sustainable growth of the economy and thereby assure a more equitable distribution of the benefits of progress and a better quality of life for its people."

Q: What global/regional challenges do you see in 2013? How would these have an impact on ADFIAP and its members?

SG: The push for regional financial market integration, open and borderless trade, climate change and human resource migration offer both threats and opportunities for national DFIs.

But as in the past, ADFIAP believes that well-governed, well-managed and sustainable development-focused DFIs can adapt to these challenges and, as always, find their meaningful role in this ever-dynamic world of ours.

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Audited Statements of Financial Position*

	Years Ended December 31	
	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents	US\$473,461	US\$523,628
Short-term investments	86,797	40,000
Receivable from members	58,548	72,472
Other receivables	53,038	28,132
	671,844	664,232
Noncurrent Assets		
Property and equipment	19,485	22,947
Investment properties	269,361	269,361
Other assets	45	2,858
	288,891	295,166
	US\$960,735	US\$959,398
LIABILITIES AND MEMBERS' FUNDS		
Current Liabilities		
Advances, accounts payable and accrued expenses	US\$160,829	US\$186,528
Noncurrent Liability		
Retirement liability	124,012	105,613
	284,841	292,141
Members' Funds	776,092	767,455
Translation Adjustment	(100,198)	(100,198)
	675,894	667,257
	US\$960,735	US\$959,398

*The complete set of audited financial statements with related notes is available upon request.

Audited Statements of Comprehensive Income*

	Years Ended December 31	
	2012	2011
REVENUE		
Members' contributions	US\$303,803	US\$302,217
Training fee	127,670	185,240
Grants	50,000	139,225
Lease income	23,632	21,098
Interest income	15,255	7,273
Foreign exchange gain (loss) - net	(3,097)	5,180
Miscellaneous	78,645	24,067
	595,908	684,300
EXPENSES		
Program:		
Meetings and trainings	236,828	321,988
Information and research	25,110	36,769
Administrative:		
Salaries, wages and allowances	179,031	188,108
Retirement expense	36,596	81,182
Provision for probable losses	30,482	106,301
Professional fees	10,564	13,466
Occupancy costs	6,075	5,951
Repairs and maintenance	5,385	5,562
Depreciation	4,310	6,393
Communication	4,251	6,006
Entertainment, amusement and recreation	3,803	5,765
Utilities	3,770	3,023
Taxes and licenses	2,244	2,252
Miscellaneous	32,760	27,363
	581,209	810,129
INCOME (LOSS) BEFORE INCOME TAX	14,699	(125,829)
PROVISION FOR INCOME TAX		
Provision for regular corporate income tax	3,295	2,631
Provision for final tax	2,767	1,293
	6,062	3,924
TOTAL COMPREHENSIVE INCOME (LOSS)*	US\$8,637	(US\$129,753)

*There were no other items affecting comprehensive income (loss) in 2012 and 2011.

The complete set of audited financial statements with related notes is available upon request.



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This 2012 Sustainability Report was printed on Forest Stewardship Council (FSC)-certified paper and distributed to our member-institutions and partner-organizations in limited copies, consistent with our commitment to reduce our carbon footprint. An electronic copy may be downloaded on our website.

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3 Report Parameters		LA2 Total number and rate of employee turnover by gender, age	6-7
3.1 Reporting period	Inside Front Cover	LA3 Benefits provided to full-time (permanent) employees	6-7
3.2 Date of most recent previous report	Inside Front Cover	LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related	6-7
3.3 Reporting cycle	Inside Front Cover	SO5 Public policy positions and participation in public policy development and lobbying	20-21
3.4 Contact point for question about the report and its contents	Inside Front Cover	PR5 Practices related to customer satisfaction, including result of surveys measuring customers' (members') satisfaction	4-5
Report Scope and Boundary		NGO SECTOR SUPPLEMENT	
3.5 Process for defining report content	Inside Front Cover	NGO1 Processes for involvement of affected stakeholder groups in the design, implementation, monitoring and evaluation of policies and programs	4-5
3.6 Boundary of the report	Inside Front Cover	NGO5 Processes to formulate, communicate, implement, and change advocacy positions and public awareness campaigns	4-5
3.7 Limitations on the scope or boundary of the report	Inside Front Cover	NGO6 Processes to take into account and coordinate with the activities of other actors	4-5
3.8 Basis for reporting on joint ventures, subsidiaries and other related entities	N/A		
3.10 Explanation of the effect of any re-statement of information provided in previous reports	N/A		
3.11 Significant changes from previous reporting period	N/A		
GRI Content Index			
3.12 GRI Content index Page	Back Cover		
4. Governance, Commitments, and Engagement			
4.1 Governance structure of the organization	3		
4.2 Indicate if the Chair of the highest governance body is also an Executive Officer	N/A		
4.3 Number of Independent and non-executive members	N/A		
4.4 Mechanisms for shareholders and employees to provide recommendations	5		