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

**INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
31 DECEMBER 2015 AND 2014**

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CONTENTS

	<u>PAGE</u>
Independent auditors' report	1 – 2
Statement of financial position	3
Statement of net income	4
Statement of comprehensive income	5
Statement of changes in members' equity	6
Statement of cash flows	7
Notes to financial statements	8 – 26

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF CREDIT GUARANTEE AND INVESTMENT FACILITY

Report on the Financial Statements

We have audited the accompanying financial statements of Credit Guarantee and Investment Facility, which comprise the statement of financial position as at 31 December 2015 and 2014 and the statement of net income, the statement of comprehensive income, statement of changes in members' equity and statement of cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

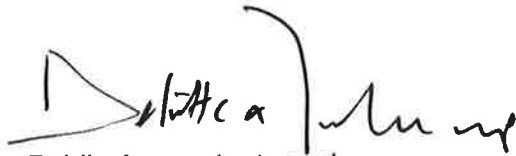
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Credit Guarantee and Investment Facility as at 31 December 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.



Public Accountants and
Chartered Accountants

Singapore
19 April 2016

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF FINANCIAL POSITION
As at 31 December 2015 and 2014
Expressed in Thousands of United States Dollars

	NOTES	2015	2014
ASSETS			
CASH		3,183	1,905
INVESTMENTS	4	718,272	712,856
DERIVATIVE ASSETS	5	69	
ACCRUED INTEREST INCOME	4	3,430	4,150
GUARANTEE FEE RECEIVABLE	6	25,533	20,732
FURNITURES, FIXTURES AND EQUIPMENT, NET	7	207	204
INTANGIBLE ASSETS, NET	8	342	302
OTHER ASSETS	9	533	337
TOTAL ASSETS		751,569	740,486
LIABILITIES AND MEMBERS' EQUITY			
LIABILITIES			
GUARANTEE LIABILITY	6	27,841	22,499
UNEARNED INTEREST INCOME - GUARANTEES		89	11
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	10	382	777
OTHER LIABILITIES	11	700	700
TOTAL LIABILITIES		29,012	23,987
MEMBERS' EQUITY			
CAPITAL STOCK			
SUBSCRIBED CAPITAL	12	700,000	700,000
RETAINED EARNINGS		7,781	3,548
RESERVE	13	16,907	13,359
UNREALIZED LOSS IN FAIR VALUES OF AVAILABLE FOR SALE	4	(2,131)	(408)
TOTAL MEMBERS' EQUITY		722,557	716,499
TOTAL LIABILITIES AND MEMBERS' EQUITY		751,569	740,486

**CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF NET INCOME
For the years ended 31 December 2015 and 2014
Expressed in Thousands of United States Dollars**

	NOTES	2015	2014
REVENUE			
GUARANTEE FEES		4,664	1,322
INTEREST INCOME	14	9,268	8,310
REALIZED GAIN FROM SECURITIES		219	487
FAIR VALUE CHANGES - DERIVATIVES		76	-
MISCELLANEOUS INCOME	15	524	13
GROSS REVENUE		14,751	10,132
EXPENSES			
ADMINISTRATIVE AND OPERATIONAL EXPENSES	16	5,807	5,787
FINANCIAL EXPENSES		50	56
MISCELLANEOUS EXPENSES	11	700	700
TOTAL EXPENSES		6,557	6,543
NET OPERATING INCOME		8,194	3,589
LOSS FROM FOREIGN EXCHANGE		(413)	(41)
NET INCOME		7,781	3,548

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF COMPREHENSIVE INCOME
For the years ended 31 December 2015 and 2014
Expressed in Thousands of United States Dollars

	NOTES	2015	2014
NET INCOME		7,781	3,548
OTHER COMPREHENSIVE INCOME			
ITEM THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO NET INCOME:			
UNREALIZED LOSS IN FAIR VALUES OF AVAILABLE FOR SALE		(1,723)	(2,281)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,058	1,267

**CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the years ended 31 December 2015 and 2014
Expressed in Thousands of United States Dollars**

	Subscribed Capital	Retained Earnings	Reserve	Unrealized Gain/Loss in Fair Value of AFS	Total Members' Equity
BALANCE, 1 JANUARY 2014	700,000	2,718	10,641	1,873	715,232
NET INCOME FOR THE YEAR	-	3,548	-	-	3,548
ALLOCATION OF PRIOR YEAR INCOME TO RESERVE	-	(2,718)	2,718	-	-
OTHER COMPREHENSIVE LOSS NET UNREALIZED INVESTMENT HOLDING LOSS DURING THE YEAR	-	-	-	(2,281)	(2,281)
BALANCE, 31 DECEMBER 2014	700,000	3,548	13,359	(408)	716,499
NET INCOME FOR THE YEAR	-	7,781	-	-	7,781
ALLOCATION OF PRIOR YEAR INCOME TO RESERVE	-	(3,548)	3,548	-	-
OTHER COMPREHENSIVE LOSS NET UNREALIZED INVESTMENT HOLDING LOSS DURING THE YEAR	-	-	-	(1,723)	(1,723)
BALANCE, 31 DECEMBER 2015	700,000	7,781	16,907	(2,131)	722,557

CREDIT GUARANTEE AND INVESTMENT FACILITY
(A TRUST FUND OF THE ASIAN DEVELOPMENT BANK)
STATEMENT OF CASH FLOWS
For the years ended 31 December 2015 and 2014
Expressed in Thousands of United States Dollars

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
GUARANTEE RELATED INCOME RECEIVED	4,904	2,377
OTHER INCOME RECEIVED	324	12
ADMINISTRATIVE AND OPERATIONAL EXPENSES PAID	(6,559)	(5,535)
FINANCIAL EXPENSES PAID	(50)	(56)
NET CASH USED IN OPERATING ACTIVITIES	<u>(1,381)</u>	<u>(3,202)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
PURCHASES OF INVESTMENTS	(5,791,251)	(528,572)
SALES/MATURITIES OF INVESTMENTS	5,782,077	516,647
INTEREST RECEIVED ON INVESTMENTS	11,901	13,525
REALIZED GAIN FROM SECURITIES	219	487
REALIZED LOSS ON DERIVATIVES	7	-
PURCHASE OF FURNITURE, EQUIPMENT, AND INTANGIBLES	(290)	(27)
DISPOSAL OF FURNITURE, EQUIPMENT, AND INTANGIBLES	4	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>2,667</u>	<u>2,060</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(8)	(6)
NET INCREASE (DECREASE) IN CASH	1,278	(1,148)
CASH AT THE BEGINNING OF THE YEAR	1,905	3,053
CASH AT THE END OF THE YEAR	<u>3,183</u>	<u>1,905</u>
RECONCILIATION OF NET INCOME TO NET CASH USED IN OPERATING ACTIVITIES		
NET INCOME	7,781	3,548
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH USED IN OPERATING ACTIVITIES		
DEPRECIATION AND AMORTIZATION	241	276
INTEREST INCOME ON INVESTMENTS	(9,146)	(8,287)
REALIZED TRADING GAIN	(219)	(487)
GAIN ON DERIVATIVES	(76)	-
GAIN ON DISPOSAL OF ASSET	(1)	-
FX REVALUATION LOSS	8	7
CHANGE IN GUARANTEE FEE RECEIVABLE	(4,801)	(19,549)
CHANGE IN GUARANTEE LIABILITY	5,342	20,734
CHANGE IN UNEARNED INTEREST INCOME	78	7
CHANGE IN ACCOUNTS PAYABLE	(61)	69
CHANGE IN ACCRUED EXPENSES	(334)	449
CHANGE IN MISCELLANEOUS ASSETS	(193)	31
NET CASH USED IN OPERATING ACTIVITIES	<u>(1,381)</u>	<u>(3,202)</u>

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

**NOTES TO FINANCIAL STATEMENTS
For the year ended 31 December 2015**

NOTE 1—GENERAL INFORMATION

The Credit Guarantee and Investment Facility (CGIF) was established on 12 November 2010. Its main objectives are to promote resilience of the financial markets, and to prevent disruptions to the international financial order, by eliminating currency and maturity mismatches for creditworthy corporations in the region through guarantees to help them access local currency bond markets.

The general principles of organization, management and operations of CGIF are set out in the Articles of Agreement as adopted by the Contributors. The Asian Development Bank (ADB) is the Trustee of CGIF and holds in trust and manages CGIF funds and other property only for the purposes of, and in accordance with the provisions of the Articles of Agreement. Based on the Article 13.2 of the Articles of Agreement of CGIF, the privileges, immunities and exemption accorded to ADB pursuant to the Agreement Establishing the ADB shall apply to (1) the Trustee, (2) the property, asset, archives, income, operations, and transactions of CGIF.

CGIF will be financed solely from capital contributed by member countries and ADB. CGIF will not borrow from any source to finance its operations except for purposes of cash management.

The Contributors in CGIF are the governments of Association of Southeast Asian Nations, People's Republic of China, Japan, Republic of Korea (ASEAN+3) and ADB (see Note 12). Ownership rights are in proportion to capital contributions. The authorized capital of CGIF is US\$700,000,000, divided into 7,000 shares with a nominal value of US\$100,000 each. All such shares are subscribed and fully paid in by the Contributors.

The financial statements were approved by the Board of Directors on 19 April 2016 for presentation to the Meeting of Contributors on 31 May 2016. The financial statements are subject to approval at the Meeting of Contributors.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of CGIF have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

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

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

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

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

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

Level 1: fair values are based on unadjusted quoted prices in active markets for identical assets or liabilities
Level 2: fair values are based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
Level 3: fair values are based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

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

Cash

Cash represents cash on hand or deposit in a bank account.

Financial Instruments

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

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue are added to or deducted from the fair value of the financial assets or financial liabilities (except for financial assets and financial liabilities at fair value through profit or loss), as appropriate, on initial recognition.

Financial Assets

CGIF classifies its financial assets in the following categories: financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments (HTM), available for sale (AFS) financial assets and loans and receivables. Management determines the classification of its financial assets at initial recognition depending on the purpose for which the financial assets are acquired.

Effective Interest Method

Effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transactions costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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

Investments

All investment securities and negotiable certificate of deposits by CGIF are considered to be "Available for sale" and are reported at fair value. Time deposits are reported at cost which is a reasonable estimate of fair value. Investment securities are recorded at trade dates. Except for foreign exchange gains or losses, any gain or loss arising from change in fair value are recognized directly in other comprehensive income under member's equity.

Derivative Financial Instruments

To manage its exposure to market risks, CGIF may enter into derivative financial instruments, including foreign exchange forward contracts. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. Changes in the fair value of any derivative instrument are recognized immediately in profit and loss unless the derivative is designated and effective as a hedging instrument.

Impairment of Financial Assets

Financial assets are assessed at the end of each reporting period for objective evidence of impairment. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been affected.

Objective evidence that financial assets are impaired could include significant financial difficulty of the issuer or counterparty, default or delinquency in interest or principal payments, indications that the borrowers or issuers will enter bankruptcy or financial re-organization, disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's effective interest rate. Losses are recognized in profit or loss and carrying amount is reduced through the use of an allowance account. When it is considered uncollectible or there is no realistic prospects of recovery of the assets, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the profit or loss. Changes in the carrying amount of the allowance account are recognized in profit or loss.

In the case of AFS financial assets, that are considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of Financial Assets

CGIF derecognizes a financial asset when the contractual rights to receive the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

When the security is derecognized or disposed of, the unrealized gains or losses previously recognized in Member's Equity will be recognized in the Statement of Net Income.

Guarantee Fee Receivable

Guarantee fee receivables are initially recognized at their fair values in the Statement of Financial Position, which are estimated based on the present value of total fees expected to be received under the guarantees.

Guarantee Liability

Guarantee liabilities recorded in the Statement of Financial Position represents the unamortized balance of the total present value of the guarantee fees received or expected to be received under the terms of the guarantee. Subsequently, the guarantee liabilities are measured at the higher of the unamortized balance of the amount initially recognized, and the expenses required to settle any commitments which are probable and can be reliably estimated.

Revenue Recognition for Guarantee Fee

Guarantee fees are recognized upon performance of services and is amortized over the term of the guarantee obligation in accordance with the terms and conditions of the agreement.

Furniture, Fixtures and Equipment

All furniture, fixtures and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditures that are directly attributable to the acquisition of the asset and bringing it to its working condition.

Subsequent costs incurred for the purpose of enhancement or improvement shall be added to the carrying amount of the asset when it is probable that the expenditure will cause additional future economic benefit to CGIF. Other subsequent costs like maintenance, repairs and minor betterments are charged to expense.

The estimated useful lives by asset class are as follows:

<u>Asset Class</u>	<u>Useful Life</u>
Office Furniture and Equipment	
Furniture - Imported	10 years
Furniture - Non-Imported	7 years
Other Office Equipment	4 years
IT and Communication	
Computer	4 years
Server	4 years
Network	4 years
Communication	7 years
Others	4 years
	Over the
<u>Building Improvement</u>	<u>lease period</u>

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

Intangible Assets

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

Impairment of Tangible and Intangible Assets

At the end of each reporting period, CGIF reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of asset's fair value less costs of disposal and the value in use.

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

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

Offsetting Arrangements

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

Subscribed Capital

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

Segment Reporting

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

Fair Value of Financial Instruments

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

Functional and Presentation Currency

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

Translation of Currencies

CGIF adopts the use of daily exchange rates for accounting and financial reporting purposes. This allows transactions denominated in currencies other than USD to be translated to the reporting currency using the exchange rates applicable at the time of transactions. Contributions included in the financial statements during the year are recognized at applicable exchange rates as of the respective dates of commitment. At the end of each accounting period, translations of asset and liabilities which are not denominated in USD are adjusted using the applicable rates of exchange at the end of the reporting period. These translation adjustments are accounted for as unrealized foreign exchange gains or losses and are charged to operations in the Statement of Net Income.

Accounting and Reporting Developments

In December 2013, IASB issued *Annual Improvements to 2010 – 2012 Cycle and 2011 - 2013 Cycle*. These Annual Improvements include amendments to a number of IFRSs. One of which is the amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*. The amendments clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that the accumulated depreciation/amortization is the difference between the gross carrying amount and the carrying amount after taking into account the accumulated impairment losses. The purpose of the said amendments is to remove inconsistencies in the accounting for accumulated depreciation/amortization when an item is revalued.

The Annual Improvements also includes amendment to IAS 24 *Related Party Disclosures* which clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is considered a related party of the reporting entity. Consequently, amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services should be disclosed by the reporting entity as related party transactions.

The clarification on scope of portfolio exception in IFRS 13 *Fair Value Measurement*, paragraph 52 is also included in the Annual Improvements. The amendment includes a scope of exception for measuring the fair value group of financial assets and financial liabilities on a net basis. This is referred to as the portfolio exception. The objective of said amendment is to clarify that the portfolio exception applies to all contracts within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* or IFRS 9 *Financial Instruments*, regardless whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 *Financial Instruments: Presentation*.

These amendments are effective for annual period beginning on or after 1 July 2014. The application of these amendments do not have any impact on CGIF's financial statements.

In November 2009, IASB issued IFRS 9 *Financial Instruments* to introduce new requirements for the classification and measurement of financial assets. It was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition and in November 2013 to include the new requirements for general hedge accounting. In July 2014, another revised version was issued to include (1) impairment requirements for financial assets and (2) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- all recognized financial assets that are within the scope of IAS 39 are required to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cashflows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cashflows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of the subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss;

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss;
- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized; and
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

This is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted. CGIF is currently assessing the impact of this standard on its financial statements.

In May 2014, IASB issued a new revenue recognition standard which is IFRS 15 *Revenue from Contracts with Customers*. This standard establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the majority of existing revenue recognition standard including IAS 18 *Revenue*. IFRS 15 applies to all contracts with customers except those that are within the scope of other IFRS/IAS such as leases, insurance contracts, financial instruments, certain non-monetary exchanges, and certain put options on sale and repurchase agreements. The core principle of the new revenue model is that an entity recognizes revenue to depict the transfer of the promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Far more prescriptive guidance has been added in the said standard to deal with specific scenarios. Furthermore, this new standard requires extensive disclosures. IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with earlier adoption permitted. CGIF anticipate that this new standard will have no material impact on its financial statements.

In May 2014, IASB issued Amendments to IAS 16 *Property, Plant and Equipment* to clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. IASB also issued Amendments to IAS 38 *Intangible Assets* to introduce a rebuttable presumption that a revenue-based amortization method for intangible assets is inappropriate. The amendments to both standards apply prospectively for annual periods beginning on or after 1 January 2016, with earlier application permitted. Currently, CGIF uses the straight line method for depreciation of furniture, fixtures, and equipment and amortization of intangible assets. Both amendments are not expected to have any impact on CGIF's financial statements.

In December 2014, IASB issued Amendments to IAS 1 *Presentation of Financial Statements* to give some guidance on how to apply the concept of materiality in practice (*Disclosure Initiative*). Key highlights in the amendments are as follows: (1) an entity should not reduce the understandability of its financial statements by obscuring material information with immaterial information or by aggregating material items that have different natures; (2) an entity need not provide specific disclosure required by an IFRS if the information resulting from that disclosure is immaterial; (3) separate disclosure for the share of other comprehensive income of associates and joint ventures accounted for using the equity method that will not be and that will be reclassified subsequently to profit or loss. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. This amendment is not expected to have any impact on CGIF's financial statements.

Critical Accounting Estimates and Judgment

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires exercising judgment in the process of applying the CGIF's accounting policies and determining the fair value of financial instruments. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are included in Notes 4, 5, and 6. Since the estimates are based on judgment and available information, actual results may differ and might have a material impact on the financial statement.

NOTE 3—RISK MANAGEMENT

In CGIF, risk management and internal control go hand-in-hand, and are representations of each other. Internal control and risk management are intended to facilitate the implementation of effective and efficient operations, attainment of business objectives, management of risks, and the safeguarding of CGIF's Contributors' investment in CGIF.

Risk management in CGIF covers all perceived risk exposures, particularly exposures to credit risk, market risk, liquidity risk, and operating risk. These risks are managed pursuant to Operational Policies, and Risk Management Framework, approved by CGIF's Board of Directors. The Board's Internal Control and Risk Management Committee and Risk Management Department (RMD) cause the functional units to identify, measure, monitor, control and report risks. The Board, management's Guarantee and Investment Committee, and the CEO oversee and regulate both risk taking and risk management. Appetite for risk taking as expressed in operational controls and risk exposure limits emanates from the Board.

CGIF endeavors to conform to international best practices in risk management. CGIF subscribes to the idea that informed risk-taking presents opportunities. CGIF takes risks that offer commensurate rewards. Risk-taking roles are independent of risk management roles. A positive risk management culture is fostered – the system clarifies what conduct and procedures are acceptable, and which ones are not; encourages initiatives that improve the management of risks; promotes transparency, individual responsibility and accountability.

Categories of Financial Instruments

Categories of financial instruments as of 31 December 2015 and 2014 are as follows (in \$'000):

	2015	2014
Financial assets		
Cash and bank balances	3,183	1,905
AFS	718,272	712,856
Derivatives	69	-
Guarantee Fee and Other Receivables	25,938	20,952
Financial liability		
Accounts Payable and Accrued Expenses	382	777

Credit Risk

As per its Investment Guidelines, CGIF limits the international ratings of its investments to no lower than AA- and A-1, respectively, for long term instruments and short-term instruments. CGIF's deposits are placed in banks with short-term ratings of at least A-1. Credit risk in these investments is considered low.

CGIF only considers for guarantee borrowers that hurdle a policy maximum acceptable risk rating. Acceptable borrowers undergo a stringent due diligence review. Guarantee Underwriting Proposals (GUPs) require approval of management's Guarantee and Investment Committee, and of the Board of Directors (Board). In aid of informed decisions on GUPs, the Board is furnished with GUP reviews from CGIF's RMD, and from an external advisor to the Board.

The profile of CGIF's guarantee portfolio is monitored and controlled so that leverage and concentrations are kept within policy limits. Current policy limits the amount of guarantees issued or approved to no more than CGIF's Maximum Guarantee Capacity (MGC), where MGC is the product of (1) CGIF's total paid-in capital plus retained earnings, less credit loss reserves, foreign exchange loss reserves, and all illiquid investments, and (2) the maximum leverage ratio of 2.5:1. CGIF's maximum leverage ratio is determined by the Meeting of Contributors on the recommendation of the CGIF Board.

A system of concentration controls is in place. Guarantee exposure to any country and to any currency is limited to no more than 20% and 40%, respectively, of CGIF's MGC. Aggregate exposure to any single Intermediate Jurisdiction (i.e., a country outside of the ASEAN+3 where a guaranteed borrower is registered) and aggregate exposure to all Intermediate Jurisdictions are limited to 20% and 40%, respectively, of CGIF's MGC. Aggregate exposure to any sector and to any industry may not exceed 40% and 20%, respectively, of MGC. In any country, exposure to any industry may not exceed 10% of MGC. Single borrower exposures, and single group exposures, may not exceed 20% of CGIF equity. CGIF's leverage ratio and concentration ratios are reported quarterly to the CGIF Board.

Market Risk

Market risk represents the potential loss that could result from adverse market movements. The main components of market risk for CGIF are interest rate risk and foreign exchange risk.

Interest rate risk is primarily the exposure of income on assets to fluctuation in interest rates. An objective of interest rate risk management in CGIF is the generation of overall interest income that is not overly sensitive to changes in interest rates, but yet responsive to general market trends.

CGIF's Investment Guidelines restrict CGIF's investment portfolio duration to no more than 5 years. As of 31 December 2015, CGIF investment portfolio was invested with maturities up to 4.5 years (3.0 years - 31 December 2014), with an average effective duration of 1.77 years (1.50 years - 31 December 2014). CGIF investments are sensitive to interest rate movements. For CGIF's fixed income portfolio at end-December 2015, it is estimated that a 100 basis points upward parallel shift in the yield curve would cause an unrealized loss of about \$12.8 million (\$10.8 million - 31 December 2014).

CGIF is exposed to foreign exchange risk underlying foreign currency payables and receivables relating mostly to CGIF's guarantee fee receivables. CGIF policy requires the hedging of foreign exchange risk relating to guarantee fee receivables to the extent possible. Subject to the availability of hedge markets, transaction costs and administrative cost, it is possible that some foreign exchange risk exposures may be left without hedge. Foreign exchange risk is managed within Board-approved limits. For CGIF's foreign exchange exposures at 31 December 2015, it is estimated that a 10% adverse change in FX rates in the relevant foreign currency exposures will cause an instant loss of \$0.1 million (\$0.9 million - 31 December 2014).

The net carrying amounts of CGIF's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows (in '000):

Currency	Net Assets			
	2015		2014	
	Local Currency	USD Equivalent	Local Currency	USD Equivalent
PHP	1,662	35	(165)	(4)
IDR	1,574,912	115	1,574,912	127
MYR	(42)	(10)	(68)	(19)
JPY	(679)	(6)	(300)	(2)
THB	160	4	161	5
SGD	328	233	1,509	1,140
VND	(12,806,196)	(570)	169,902,847	7,944
GBP	(7)	(11)	-	-
EUR	-	-	(21)	(25)

Counterparty Risks

As CGIF may utilize derivative instruments hedge risk exposures, CGIF may be exposed to counterparty risk, i.e., the risk that counterparties to derivatives transactions may be unable to meet its obligation to CGIF. Given the nature of CGIF's operations, it is not possible to eliminate counterparty credit risk. However, CGIF minimizes this risk by executing transactions within a prudent framework of approved counterparties with minimum credit rating standards.

Liquidity Risk

Liquidity risk can arise if CGIF is unable to provide funds to meet its financial and operational commitments. CGIF maintains adequate liquidity resources to meet the cash requirements and potential calls on the guarantees issued. CGIF assesses and monitors the availability of its liquid assets on a quarterly basis. CGIF conducts quarterly tests of its liquidity under stress scenarios where CGIF has to meet lumpy obligations related to claims on guarantees, and raise funds from various sources. The liquidity stress test in consideration of CGIF's guarantee portfolio as of 31 December 2015 and 2014 indicates that CGIF can generate the liquidity that that will be required to meet its payment obligations in the event of guarantee claims on CGIF.

The following table details (in \$'000) the maturity profile of financial instruments. The maturity analysis is based on the remaining period from the end of the reporting date to the contractual maturity date or the expected date the financial asset will be realized and the financial liability will be settled.

31 December 2015						
	Less than 1 month	1 to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	TOTAL
Financial assets						
Cash and Bank						
Balances	3,183	-	-	-	-	3,183
AFS	83,796	60,010	85,042	489,424	-	718,272
Derivatives	-	-	2	67	-	69
Guarantee Fee and Other Receivables	65	425	3,853	10,989	10,606	25,938
Total financial assets	87,044	60,435	88,897	500,480	10,606	747,462
Financial liabilities						
Accounts Payable and Accrued Expenses						
	80	31	135	136	-	382
Total financial liabilities	80	31	135	136	-	382
Total maturity gap	86,964	60,404	88,762	500,344	10,606	747,080
31 December 2014						
	Less than 1 month	1 to 3 months	More than 3 months to 1 year	More than 1 year to 5 years	More than 5 years	TOTAL
Financial assets						
Cash and Bank						
Balances	1,905	-	-	-	-	1,905
AFS	60,506	25,100	107,344	519,906	-	712,856
Guarantee Fee and Other Receivables	203	458	3,173	9,370	7,748	20,952
Total financial assets	62,614	25,558	110,517	529,276	7,748	735,713
Financial liabilities						
Accounts Payable and Accrued Expenses						
	120	263	285	109	-	777
Total financial liabilities	120	263	285	109	-	777
Total maturity gap	62,494	25,295	110,232	529,167	7,748	734,936

Capital Resources

CGIF's capital resources comprise of capital stock, retained earnings and a reserve. The primary objective in the management of CGIF's capital resources is to protect the capital by maintaining a conservative exposure to market risk, credit risk and liquidity risk. CGIF strives to maximize returns on the invested asset portfolio while minimizing volatility of investment income. CGIF capital resources are placed with the Trustee, ADB.

Capital Adequacy

CGIF measures and monitors a capital adequacy ratio (CAR) that is more stringent than the Basel II CAR. CGIF's CAR accounts for a granularity adjustment capital charge, a metric of concentration risk due to the number of accounts in a credit portfolio. As of 31 December 2015, CGIF's CAR stood at 18.5% (28.9% - 31 December 2014). CGIF's policy floor CAR is 8.8%.

Operating Risk

CGIF manages operating risks through annual risk and control self-assessments (RCSAs) conducted by each department in the enterprise. Through RCSAs, CGIF's operating units are directed to identify their operating risks, and assess the significance of each of these. The significance of an identified operating risk is a function of two attributes – the likelihood and the impact of occurrence of the operating risk event. Measurable risk indicators, and corresponding control limits, are assigned to each operating risk. Results of RCSAs are reported to the CEO and to the Board's Internal Control and Risk Management Committee.

NOTE 4—INVESTMENTS

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

	<u>2015</u>	<u>2014</u>
Time Deposits	<u>6,798</u>	<u>35,599</u>
AFS		
Government-related-entity or government-guaranteed obligations	646,406	666,560
Corporate obligations	<u>65,068</u>	<u>10,697</u>
Total AFS	<u>711,474</u>	<u>677,257</u>
TOTAL INVESTMENT	<u><u>718,272</u></u>	<u><u>712,856</u></u>

ADB, as the Trustee, manages capital resources in accordance with CGIF's Investment Guidelines prepared in consultation with ADB and approved by the CGIF Board of directors.

ADB follows the same process and internal controls to value the investment securities as ADB's portfolio. The data management unit in ADB's treasury department is responsible for providing the valuation in accordance with the business process. In instances where ADB relies primarily on prices from third party pricing information, there are procedures in place to validate the appropriateness of those values in determining the hierarchy levels. This involves evaluating the nature of prices provided by third party pricing sources to determine if they are indicative or binding prices.

The annualized rate of return on the average investments held during the year ended 31 December 2015, based on the portfolio held at the beginning and end of each month without the effect of change in fair value was 1.30% (1.23% - 31 December 2014)

The estimated fair value and amortized cost of the investments by contractual maturity as of 31 December 2015 and 2014 are as follows (in \$'000):

	2015		2014	
	Estimated Fair Value	Amortized Cost	Estimated Fair Value	Amortized Cost
Due in less than one year	228,848	229,034	192,950	192,569
Due in one to five years	489,424	491,369	519,906	520,696
TOTAL	718,272	720,403	712,856	713,265

Fair Value Disclosure

The fair value of the government-related-entity or government-guaranteed obligations and corporate obligations as of 31 December 2015 and 31 December 2014 were as follows (in \$'000):

	31 December 2015	Fair Value Measurements		
		Level 1	Level 2	Level 3
Government-related-entity or government-guaranteed obligations	646,406	394,676	251,730	-
Corporate obligations	65,068	65,068	-	-

	31 December 2014	Fair Value Measurements		
		Level 1	Level 2	Level 3
Government-related-entity or government-guaranteed obligations	666,560	414,724	251,836	-
Corporate obligations	10,697	10,697	-	-

If available, active market quotes are used to assign fair values to investment securities. These include government-related-entity/government-guaranteed obligations. For investments where active market quotes are not available, investments are categorized as Level 2 or Level 3, and valuation is provided by independent valuation services. Time deposits are reported at cost, which approximates fair value.

For the year ended 31 December 2015, no transfer from Level 2 to Level 1 was done (no transfer for the year ended 31 December 2014). Similarly, no transfer of financial instrument from Level 3 to Level 2 in 2015 (one financial instrument that was transferred out of Level 3 to level 2 amounting to \$50,000 matured in 2014). The inter-level transfer is attributed to the availability of observable inputs.

The following tables present the changes in CGIF's Level 3 investments for the years ended 31 December 2015 and 2014 (in \$'000).

	Government or government- guaranteed obligations	
	2015	2014
Balance, beginning of the year	-	50,000
Total gains (losses) - (realized/unrealized)		
Included in earnings (or changes in net assets)	-	-
Included in other comprehensive income	-	-
Accumulated Translation Adjustments	-	-
Unrealized Holdings Gains (Losses)	-	24
Purchases	-	-
Sales/ Maturities	-	-
Settlement and others	-	-
Transfers into Level 3	-	-
Transfers out of Level 3	-	(50,024)
Balance, end of the year	<u>-</u>	<u>-</u>

The amount of total gains (losses) for the period recognized in other comprehensive income attributable to the change in net unrealized gains or losses relating to assets/liabilities still held at the reporting date

-	<u>24</u>
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Accrued interest income from investments is further detailed as follows (in \$'000):

	2015	2014
Time Deposits	-	65
Available for Sale	3,430	4,085
TOTAL	<u>3,430</u>	<u>4,150</u>

NOTE 5 – DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives held by CGIF are foreign exchange forwards that are entered into to manage foreign exchange risk from guarantee fee receivables denominated in local currencies. These represent commitments to purchase or sell one currency against another at an agreed forward rates on a specified dates in the future. Settlement will be made via delivery of forward proceeds at the agreed rates.

The amounts in the Statement of Financial Position do not necessarily represent the amounts of future cash flows involved. The derivative instruments become favorable (assets) or unfavorable (liabilities) as a result of fluctuations in market prices relative to their original terms of contracts. The extent at which the instruments can become favorable or unfavorable in fair values can fluctuate significantly from time to time. As of 31 December 2015, the changes in fair value of the foreign exchange forwards held are reported in the Statement of Financial Position as asset.

The fair value of the derivatives assets were as follows (in \$'000):

	31 December 2015		Fair Value Measurements		
	Nominal Amount	Fair Value	Level 1	Level 2	Level 3
FX Forwards	7,715	69	14	55	-

There were no derivative financial instruments outstanding as of 31 December 2014.

NOTE 6 – GUARANTEES

As of 31 December 2015, CGIF has issued 8 guarantee (7 guarantees – 31 December 2014) covering bonds denominated in Thai Baht, Indonesian Rupiah, Singapore Dollar and Vietnamese Dong equivalent to \$833 million (\$645 million – 31 December 2014) at respective issuance dates. The total outstanding amount of the guarantees issued under the related bonds was \$749 million as of 31 December 2015 (\$616 million – 31 December 2014). The guarantees are inclusive of coupon payments.

Below is the summary of the outstanding guarantees by currency (in '000):

	31 December 2015			USD Equivalent of Total Obligation
	Principal	Local Currency Coupon	Total Obligation	
THB	2,850,000	50,449	2,900,449	80,383
IDR	420,000,000	38,892,000	458,892,000	33,625
SGD	535,000	132,072	667,072	474,548
VND	2,100,000,000	1,504,175,343	3,604,175,343	160,357
				<u>748,913</u>

	31 December 2014			USD Equivalent of Total Obligation
	Principal	Local Currency Coupon	Total Obligation	
THB	2,850,000	151,069	3,001,069	91,174
IDR	420,000,000	73,020,000	493,020,000	39,731
SGD	340,000	68,502	408,502	308,722
VND	2,100,000,000	1,672,175,342	3,772,175,342	176,369
				<u>615,996</u>

As of 31 December 2015, a guarantee liability of \$27.8 million (\$22.5 million - 31 December 2014) was reported on the Statement of Financial Position representing the unamortized balance of sum of the received guarantee fees and the present value of total guarantee fees expected to be received under the terms of the guarantee.

The reported guarantee fee receivable of \$25.5 million represents the present value of the stream of total guarantee fees expected to be received for the guarantee outstanding as of 31 December 2015 (\$20.7 million – 31 December 2014).

NOTE 7—FURNITURE, FIXTURES AND EQUIPMENT - NET

The details of this account are as follows (in \$'000):

	Office Furniture and Equipment	IT and Communications	Building Improvement	Work in Progress	TOTAL
Cost					
1 January 2014	178	149	348	246	921
Additions	3	4	-	-	7
Disposals	-	-	-	-	-
Transfers/ Reclassification	-	-	-	(242)	(242)
31 December 2014	181	153	348	4	686
Additions	32	43	5	-	80
Disposals	(2)	-	(348)	-	(350)
Transfers/ Reclassification	-	-	-	(4)	(4)
31 December 2015	211	196	5	-	412
Accumulated Depreciation/Amortization					
1 January 2014	(26)	(46)	(285)	-	(357)
Depreciation	(25)	(37)	-	-	(62)
Amortization	-	-	(63)	-	(63)
Disposals	-	-	-	-	-
Transfers/ Reclassification	-	-	-	-	-
31 December 2014	(51)	(83)	(348)	-	(482)
Depreciation	(28)	(42)	-	-	(70)
Amortization	-	-	(2)	-	(2)
Disposals	1	-	348	-	349
Transfers/ Reclassification	-	-	-	-	-
31 December 2015	(78)	(125)	(2)	-	(205)
NET, 31 December 2015	133	71	3	-	207
NET, 31 December 2014	130	70	-	4	204

Depreciation is reported under administrative expenses in the Statement of Net Income.

NOTE 8—INTANGIBLE ASSETS

Intangible assets are composed of Information systems software that is capitalized. The details of this account are as follows (in \$'000):

	<u>Information Systems Software</u>
Cost	
1 January 2014	329
Additions	6
Transfers/ Reclassification	<u>242</u>
31 December 2014	577
Additions	209
Transfers/Reclassification	-
31 December 2015	<u>786</u>
	<u>Information Systems Software</u>
Accumulated Amortization	
1 January 2014	(124)
Amortization	(151)
Transfers/ Reclassification	<u>-</u>
31 December 2014	(275)
Amortization	(169)
Transfers/Reclassification	-
31 December 2015	<u>(444)</u>
NET, 31 December 2015	<u><u>342</u></u>
NET, 31 December 2014	<u><u>302</u></u>

The amortization is reported under administrative expenses in the Statement of Net Income.

NOTE 9—OTHER ASSETS

Other assets pertain to accounts receivables for taxes withheld, advances made by CGIF for staff benefits, prepaid office rentals, subscriptions and licenses as well as security deposit.

NOTE 10—ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses pertain to administrative and operating expenses incurred but not yet paid.

NOTE 11—RELATED PARTY TRANSACTIONS

CGIF utilizes certain services from ADB including treasury service as may be agreed with the Chief Executive Officer from time to time.

Other liabilities and other miscellaneous expenses both amounting to \$0.70 million pertain to the provision for ADB's administration fee which is equivalent to 10 bps of contributions received as of 31 December 2015. The amount of \$0.70 million pertaining to ADB's administration fee for 2014 was settled subsequently in April 2015.

NOTE 12—MEMBERS' EQUITY

CGIF did not receive any additional subscription in 2015.

The subscribed capital for CGIF as of 31 December 2015 and 2014 is as follows:

Contributor	No. of Shares	Amount (\$'000)
Asian Development Bank	1,300	130,000
ASEAN Member Countries		
Brunei Darussalam	56	5,600
Cambodia	1	100
Indonesia	126	12,600
Lao People's Democratic Republic	1	100
Malaysia	126	12,600
Myanmar, Republic of the Union of	1	100
Philippines	126	12,600
Singapore	126	12,600
Thailand	126	12,600
Viet Nam	11	1,100
	700	70,000
Others (non-ASEAN Member Countries)		
China, People's Republic of	2,000	200,000
Japan Bank for International Cooperation	2,000	200,000
Korea, Republic of	1,000	100,000
	5,000	500,000
Total	7,000	700,000.00

NOTE 13— RESERVE

The 2014 net income in retained earnings was allocated to Reserve as approved by the Contributors, per Resolution No. 2015-A-04, at the 27 May 2015 Meeting of Contributors.

NOTE 14— INTEREST INCOME

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

	<u>2015</u>	<u>2014</u>
Investments on Available for Sale	9,048	8,206
Guarantee	118	23
Time Deposits	98	81
Others	4	-
	<u>9,268</u>	<u>8,310</u>

NOTE 15—MISCELLANEOUS INCOME

Miscellaneous income includes reimbursements of legal and out of pocket expenses, gain/loss from disposal of fixed assets and other income which is not related to the normal operations of CGIF.

NOTE 16— ADMINISTRATIVE AND OPERATIONAL EXPENSE

Administrative and operational expense for the year is composed of (in \$'000):

	<u>2015</u>	<u>2014</u>
Staff Related Expenses	4,167	3,746
Financial and Legal Services	370	863
Depreciation and Amortization	241	276
Short Term Staff Consultants	201	226
Business Travel	195	169
MOC and BOD Expenses	162	121
Rental Expense	141	118
Others	330	268
	<u>5,807</u>	<u>5,787</u>