

AIB Project Preparation Special Fund

**Condensed Financial Statements (Unaudited)
for the Three Months Ended March 31, 2022**

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Financial Statements

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**AIB Project Preparation Special Fund
Statement of Comprehensive Income
For the three months ended March 31, 2022**

| <i>In thousands of US Dollars</i> | Note | For the three months ended March 31, 2022 (unaudited) | For the three months ended March 31, 2021 (unaudited) |
|---|-------------|--|--|
| Interest income | | 56 | 32 |
| Disbursements | C1 | (676) | 7 |
| Transfer to Special Fund Window | C2 | - | - |
| General and administrative expenses | | (63) | (56) |
| Net loss and total comprehensive loss for the period | | (683) | (17) |
| Attributable to: | | | |
| Contributors | | (683) | (17) |

The accompanying notes are an integral part of these financial statements.

AIIB Project Preparation Special Fund
Condensed Statement of Financial Position
As at March 31, 2022

| <i>In thousands of US Dollars</i> | Note | March 31, 2022 (unaudited) | Dec. 31, 2021 (audited) |
|--|-------------|---------------------------------------|------------------------------------|
| Assets | | | |
| Cash and cash equivalents | C3 | 38,016 | 8,640 |
| Term deposits | C3 | 57,027 | 87,023 |
| Other assets | C5 | 487 | 550 |
| Total assets | | 95,530 | 96,213 |
| Liabilities | | | |
| Other liabilities | | 31 | 31 |
| Total liabilities | | 31 | 31 |
| Contributors' resources | | | |
| Contributions | | 128,000 | 128,000 |
| Accumulated losses | | (32,501) | (31,818) |
| Total contributors' resources | | 95,499 | 96,182 |
| Total liabilities and contributors' resources | | 95,530 | 96,213 |

The accompanying notes are an integral part of these financial statements.

AIB Project Preparation Special Fund
Statement of Changes in Contributors' Resources
For the three months ended March 31, 2022

| <i>In thousands of US Dollars</i> | Note | Contributions | Accumulated losses | Total |
|---------------------------------------|-------------|----------------------|---------------------------|---------------|
| Jan. 1, 2021 | | 128,000 | (29,418) | 98,582 |
| Net loss for the period | | - | (17) | (17) |
| March 31, 2021 (unaudited) | | 128,000 | (29,435) | 98,565 |
| Jan. 1, 2022 | | 128,000 | (31,818) | 96,182 |
| Net loss for the period | | - | (683) | (683) |
| March 31, 2022 (unaudited) | | 128,000 | (32,501) | 95,499 |

The accompanying notes are an integral part of these financial statements.

AIIB Project Preparation Special Fund
Statement of Cash Flows
For the three months ended March 31, 2022

| <i>In thousands of US Dollars</i> | Note | For the three months ended March 31, 2022 (unaudited) | For the three months ended March 31, 2021 (unaudited) |
|---|-------------|--|--|
| Cash flows from operating activities | | | |
| Net loss for the period | | (683) | (17) |
| Adjustments for: | | | |
| Interest income from term deposits | | (83) | - |
| Decrease in other assets | | 63 | 56 |
| <hr/> | | | |
| Net cash used in operating activities | | (703) | 39 |
| <hr/> | | | |
| Cash flows from investing activities | | | |
| Decrease in term deposits | | 30,000 | - |
| Interest received from term deposits | | 79 | - |
| <hr/> | | | |
| Net cash from investing activities | | 30,079 | - |
| <hr/> | | | |
| Cash flows from financing activities | | | |
| Contributions received | | - | - |
| <hr/> | | | |
| Net cash from financing activities | | - | - |
| <hr/> | | | |
| Net increase in cash and cash equivalents | | 29,376 | 39 |
| Cash and cash equivalents at the beginning of the period | | 8,640 | 97,713 |
| <hr/> | | | |
| Cash and cash equivalents at the end of the period | | 38,016 | 97,752 |
| <hr/> | | | |

The accompanying notes are an integral part of these financial statements.

AIIB Project Preparation Special Fund
Notes to the Financial Statements
For the three months ended March 31, 2022
(All amounts in thousands of US Dollars unless otherwise stated)

A General Information

On June 24, 2016, the AIIB Project Preparation Special Fund (“PPSF”) was established as a special fund of the Asian Infrastructure Investment Bank (the “Bank” or “AIIB”) in accordance with Article 17.1 of the Bank’s Articles of Agreement (the “AOA”).

PPSF is established as a multi-donor fund, which is open to contributions by all Bank members and others (the “Contributors”). The purpose of PPSF is to support and facilitate preparatory activities during the preparation and early implementation of projects to be financed by the Bank. The resources from the Contributors are accepted, held, managed, administered, used, committed, expended, or otherwise disposed of by the Bank in accordance with the AOA, the Rules and Regulations of PPSF, and the Contribution Agreements.

The following table sets out the total commitments and paid contributions as at March 31, 2022.

| Contributors | Commitments/Contributions |
|--|----------------------------------|
| People’s Republic of China | 50,000 |
| United Kingdom of Great Britain and Northern Ireland | 50,000 |
| Republic of Korea | 18,000 |
| Hong Kong, China | 10,000 |
| Total | 128,000 |

B Accounting Policies

B1 Basis of preparation

These condensed interim financial statements for the three months ended March 31, 2022 have been prepared in accordance with International Financial Reporting Standard (IFRS): IAS 34 Interim *Financial Reporting*, and should be read in conjunction with the annual financial statements for the year ended Dec. 31, 2021.

The accounting policies adopted are consistent with those used in PPSF’s annual financial statements for the year ended Dec. 31, 2021.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in its process of applying the accounting policies. The area involving a higher degree of judgment or complexity is the determination of the recognition period for AIIB administration fee. The financial statements have been prepared on a going concern basis.

AIIB Project Preparation Special Fund
Notes to the Financial Statements
For the three months ended March 31, 2022
(All amounts in thousands of US Dollars unless otherwise stated)

B Accounting Policies

B2 New accounting pronouncements

The new accounting pronouncements, amendments and interpretations issued during the three months ended March 31, 2022 do not have any significant impact on the operating results, financial position and comprehensive income of PPSF.

B3 Comparatives

The comparative date of the Condensed Statement of Financial Position is as of Dec. 31, 2021, while the comparative period of the Condensed Statement of Comprehensive Income, the Condensed Statement of Cash Flows and the Condensed Statement of Changes in Contributors' Resources are from Jan. 1, 2021 to March 31, 2021.

AIIB Project Preparation Special Fund
Notes to the Financial Statements
For the three months ended March 31, 2022
(All amounts in thousands of US Dollars unless otherwise stated)

C Disclosure Notes

C1 Disbursements

| Total projects | Commitments approved ⁽¹⁾ | Disbursements ⁽²⁾ | Undrawn commitments |
|---|--|-------------------------------------|----------------------------|
| At Dec. 31, 2020 | 24,106 | 4,372 | 19,734 |
| Movement in the year 2021 | 8,088 | 2,153 | 5,935 |
| At Dec. 31, 2021 | 32,194 | 6,525 | 25,669 |
| Movement in three months ended March 31, 2022 | (202) | 676 | (878) |
| At March 31, 2022 | 31,992 | 7,201 | 24,791 |

⁽¹⁾ Approved commitments amounts are net of cancellation.

⁽²⁾ Disbursements also include USD7 thousand of technical assistance for the three months ended March 31, 2022 under an approved PPSF grant executed by AIIB on request of the client. (For the year 2021: USD26.2 thousand)

C2 Transfer to Special Fund Window

On May 7, 2020, the Board of Directors of the Bank has approved the establishment of a new special fund, namely the Special Fund Window to support eligible low-income members seeking financing under the Bank's COVID-19 Crisis Recovery Facility ("Facility"). The Board has approved USD30 million from PPSF to be reallocated to Special Fund Window.

On June 5, 2020, PPSF transferred USD30 million to Special Fund Window as initial amount to provide interest rate buy-down for eligible sovereign-backed financing.

On April 27, 2021, the Board of Directors of the Bank has approved the replenishment of Special Fund Window under the Facility, by carving out up to USD25 million from PPSF. The transfer of up to USD25 million will be made based on the required interest rate buy-down amount after the respective project is approved by the Board of Directors.

On March 23, 2022, AIIB Board of Directors approved the renaming of the Special Fund Window under the COVID-19 Crisis Recovery Facility as the Special Fund Window for Less Developed Members and the revision of the applicable Rules and Regulations. With this approval, SFW will serve a broadened scope with new contributions once new contributions are received. The SFW will provide interest rate buy-down to eligible sovereign-backed financing aligned with AIIB's Corporate Strategy in eligible members according to the approved Rules and Regulations.

AIIB Project Preparation Special Fund
Notes to the Financial Statements
For the three months ended March 31, 2022
(All amounts in thousands of US Dollars unless otherwise stated)

C Disclosure Notes

C3 Cash, cash equivalents, and deposits with banks

| | March 31, 2022 | Dec. 31, 2021 |
|---|-----------------------|----------------------|
| Cash | - | - |
| Deposits with banks | | |
| - Demand deposits | 8,003 | 8,640 |
| - Term deposits with initial maturity of three months or less | 30,013 | - |
| Total cash and cash equivalents | 38,016 | 8,640 |
| Add: term deposits with initial maturity more than three months ⁽¹⁾ | 57,027 | 87,023 |
| Total cash, cash equivalents, and deposits with banks | 95,043 | 95,663 |

Interest income presented in the Statement of Comprehensive Income is generated from bank deposits held by PPSF.

(1) Term deposits with initial maturity of more than three months have maturities of up to 12 months.

C4 Fair value of financial assets and financial liabilities

The carrying amounts of financial assets and liabilities presented on the Statement of Financial Position approximate their fair values, due to the short-term in nature.

C5 Related party transactions

PPSF's related parties include the Bank, the Contributors, the Special Fund Window for Less Developed Members, and other special funds of the Bank.

The Bank is entitled to charge PPSF an administration fee of an amount equal to one percent of contributions received. For the three months ended March 31, 2022, an administration fee of USD0.06 million (for the three months ended March 31, 2021: USD0.06 million) has been charged. The administration fee paid but not yet charged to the Statement of Comprehensive Income as at March 31, 2022 amounts to USD0.49 million, presented as other assets in Statement of Financial Position (Dec. 31, 2021: USD0.55 million).

The contributions received from Contributors are outlined in Note A.

C6 Events after the end of the reporting period

There have been no other material events since the reporting date that would require disclosure or adjustment to these financial statements.