



**Draft Minutes of the Meeting of the Board of Directors of the
Asian Infrastructure Investment Bank**
held at the AIIB Headquarters, Beijing, China on December 8-9, 2016

PRESENT:

Chair:

JIN Liqun, President

Directors:

Sulaiman M. AL-TURKI
Ömer Ethem BAYAR
BOONCHAI Charassangsomboon
CHEN Shixin
Yoon Kyung KIM
Ahmed KOUCHOUK
Raj KUMAR*
Christopher LEGG
Vanessa MACDOUGALL
Timur MAKSIMOV
Nikolai PUTSCHER
Rionald SILABAN

Alternate Directors:

Adel AL HOSANI (Al-Turki)
Konul ALIYEVA (Bayer)
Nurym AYZABAYEV (Maksimov)
Philippe BAUDRY (Putscher)
Abul Mansur Md. FAIZULLAH (Boonchai)
Michelle GYSIN (MacDougall)
Irene JANSEN (Putscher)
Omar Hamid KHAN (Bayar)
Alvin LIM (Legg)
Angkhansada MOUANGKHAM (Silaban)
Yoel NAVEH (Kim)
Radek PYFFEL (MacDougall)
WU Guoqi (Chen)

*Alternate Director acting as Director

Staff Participating

Danny ALEXANDER, Vice President and Corporate Secretary
Thierry DE LONGUEMAR, Vice President and Chief Financial Officer
D.J. PANDIAN, Vice President and Chief Investment Officer
Joachim VON AMSBERG, Vice President, Policy and Strategy
Luky Eko WURYANTO, Vice President and Chief Administration Officer
Gerard SANDERS, General Counsel
Hamid SHARIF, Director-General of the Compliance, Effectiveness and Integrity Unit.
Martin KIMMIG, Chief Risk Officer
O. Barron, H. Bell, N. Berrah, H. Bhaskar, H. Chen, S. Elbech, K. Fang, X. Gao, S. Khan, S. Lintner, F. Liu, I. Nightingale, Y. Pang, P. Quayle, E. Sun, Y. Sun, S. Teravaninthorn, T. Wan, R. Woggon, J. Yoo, Q. Zheng, Y. Zhou.

Participants from PwC for Audit item only:

A. Everett, P. Raymond, T. Chen

Progress Report from Management

1. The Board of Directors received updates from Management on a number of issues pertaining to the Bank's development, including financial management, recruitment, the approach towards external communications and the Board's indicative work plan.

Consideration of Investment Projects

2. The Board of Directors considered the President's Memorandum on a proposed loan to the Sultanate of Oman for the Duqm Port Commercial Terminal and Operational Zone Development Project (0013-OMN PD) and approved the recommendation in paragraph 3 of the Memorandum.
3. The Board of Directors considered the President's Memorandum on a proposed loan to the Sultanate of Oman for the Railway System Project Preparation Project (0014-OMN PD) and approved the recommendation in paragraph 3 of the Memorandum.

Risk Management: Risk Limits Policy and Loss Provisioning Policy

4. The Board of Directors considered the President's Memorandum on Risk Limits Policy and Loss Provisioning Policy (Sec2016-090). The Board approved the Loss Provisioning Policy and supported the President's suggestion to seek approval of the Risk Limits Policy on the Absence of Objections received by December 21, 2016.

Revised Policy on Prohibited Practices

5. The Board of Directors considered the President's Memorandum on Proposed Enhancements to the Policy on Prohibited Practices (Sec2016-096) and approved the recommendation in paragraph 4 of the Memorandum.

Consideration of Proposed Changes to the Compensation and Benefits Policy

6. The Board of Directors considered the President's Memorandum on Proposed Changes to the Compensation and Benefits Policy (Sec2016-099). It was agreed that supplementary information to the Memorandum on Proposed Changes to the Compensation and Benefits Policy would be circulated, further to seeking approval of the Proposed Changes at the next meeting of the Board of Directors.

Update with the Director General of the Compliance, Effectiveness and Integrity Unit

7. The Board of Directors received an update from Mr. Hamid Sharif, Director General of the Compliance, Effectiveness and Integrity Unit.

Update from the Committee Chairs

8. The Board of Directors received an update on from the Chairs of the Policy and Strategy Committee and the Budget and Human Resources Committee.

Consideration of the 2017 Business Plan and Budget

9. The Board of Directors considered the President's Memorandum on the Proposed 2017 Business Plan and Budget (Sec2016-098) and approved the recommendation in paragraph 14 of the Memorandum, subject to consideration on proposed changes to salary arrangements at the next meeting of the Board of Directors.

Energy Sector Strategy

10. The Board of Directors received an update on the preparation of the Bank's Energy Sector Strategy.

Audit

11. The Board of Directors discussed the proposed Audit Committee. It was agreed that Management would develop the proposals for the Board's consideration on an Absence of Objection basis. The Board of Directors received a briefing from the Bank's external auditor, PwC.

Consideration of Proposed Terms for New Members

12. The Board of Directors considered a Memorandum from the President on Proposed Membership Terms for New Members (Sec2016-100) and approved the recommendation in paragraph 8 of the Memorandum.

Investment Program

13. The Board of Directors received a briefing on the Bank's forthcoming investment program. Directors agreed with the President's proposal to convene a special virtual Board Meeting on Wednesday December 21, 2016, for the consideration of a sovereign-backed loan to the TANAP project in Azerbaijan.

The following item(s) have been approved on an Absence of Objection Basis between September 29, 2016 and December 8, 2016:

14. The Board of Directors recorded their approval of the Recommendation of the President on Extending the Deadline for Founding Signatories to Ratify the Bank's Articles of Agreement (Sec2016-084, October 27, 2016).
15. The Board of Directors recorded their approval of the Recommendation of the President on the First Election of the Third Non Regional Director (Sec2016-085, October 27, 2016).
16. The Board of Directors recorded their approval of the Recommendation of the President on the Staff Regulations of the Asian Infrastructure Investment Bank (Sec2016-086, November 11, 2016).
17. The Board of Directors recorded their approval of the Summary Record of Proceedings for the Meeting of the Board of Directors, September 27-28, 2016 (Sec2016-119, December 7, 2016).