

AIB Project Preparation Special Fund

**Condensed Financial Statements (Unaudited)
for the Nine Months Ended Sep. 30, 2020**

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**AIB Project Preparation Special Fund
Condensed Statement of Comprehensive Income
For the nine months ended Sep. 30, 2020**

<i>In thousands of US Dollars</i>	Note	For the nine months ended Sep. 30, 2020 (unaudited)	For the nine months ended Sep. 30, 2019 (unaudited)
Interest income	C3	908	1,961
Disbursements	C1	(2,053)	(995)
Transfer to Special Fund Window	C2	(30,000)	-
General and administrative expenses		(54)	(53)
Net (loss)/profit and total comprehensive (loss)/income for the period		(31,199)	913
Attributable to:			
Contributors		(31,199)	913

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

AIIB Project Preparation Special Fund
Condensed Statement of Financial Position
As at Sep. 30, 2020

<i>In thousands of US Dollars</i>	Note	Sep. 30, 2020 (unaudited)	Dec. 31, 2019 (audited)
Assets			
Cash and cash equivalents	C3	85,744	41,725
Term deposits	C3	-	75,196
Other assets		792	845
Total assets		86,536	117,766
Liabilities			
Other liabilities		-	31
Total liabilities		-	31
Contributors' resources			
Contributions	C4	115,500	115,500
Accumulated (losses)/gains		(28,964)	2,235
Total contributors' resources		86,536	117,735
Total liabilities and contributors' resources		86,536	117,766

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

AIB Project Preparation Special Fund
Condensed Statement of Changes in Contributors' Resources
For the nine months ended Sep. 30, 2020

<i>In thousands of US Dollars</i>	Note	Contributions	Accumulated (losses)/gains	Total
Jan. 1, 2019		93,000	1,481	94,481
Contributions	C4	10,000	-	10,000
Net profit for the period		-	913	913
Sep. 30, 2019 (unaudited)		103,000	2,394	105,394
Jan. 1, 2020		115,500	2,235	117,735
Contributions	C4	-	-	-
Net loss for the period		-	(31,199)	(31,199)
Sep. 30, 2020 (unaudited)		115,500	(28,964)	86,536

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

**AIIB Project Preparation Special Fund
Condensed Statement of Cash Flows
For the nine months ended Sep. 30, 2020**

<i>In thousands of US Dollars</i>	Note	For the nine months ended Sep. 30, 2020 (unaudited)	For the nine months ended Sep. 30, 2019 (unaudited)
Cash flows from operating activities			
Net (loss)/profit for the period		(31,199)	913
Adjustments for:			
Interest income from term deposits		(607)	-
Decrease/(increase) in other assets		53	(48)
Decrease in other liabilities		(31)	(29)
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Net cash (used in)/from operating activities		(31,784)	836
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Cash flows from investing activities			
Decrease in term deposits		75,000	-
Interest received from term deposits		803	-
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Net cash from investing activities		75,803	-
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Cash flows from financing activities			
Contributions received	C4	-	10,000
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Net cash from financing activities		-	10,000
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Net increase in cash and cash equivalents		44,019	10,836
Cash and cash equivalents at the beginning of the period		41,725	93,820
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Cash and cash equivalents at the end of the period		85,744	104,656
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The accompanying notes are an integral part of these financial statements.

AIIB Project Preparation Special Fund
Notes to the Condensed Financial Statements
For the nine months ended Sep. 30, 2020
(All amounts in thousands of US Dollars unless otherwise stated)

A General Information

On June 24, 2016, the AIIB Project Preparation Special Fund (the “Special Fund”) 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”).

The Special Fund is established as a multi-donor fund, which is open to contributions by all Bank members and others (the “Contributors”). The purpose of the Special Fund 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 the Special Fund and the Contribution Agreements.

The following table sets out the total commitments and paid contributions as at September 30, 2020.

Contributors	Commitments	Paid Contributions
People’s Republic of China	50,000	50,000
United Kingdom of Great Britain and Northern Ireland	50,000	37,500
Republic of Korea	18,000	18,000
Hong Kong, China	10,000	10,000
Total	128,000	115,500

B Accounting Policies

B1 Basis of preparation

These condensed interim financial statements for the nine months ended September 30, 2020 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, 2019.

The accounting policies adopted are consistent with those used in the Special Fund’s annual financial statements for the year ended Dec. 31, 2019.

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.

AllIB Project Preparation Special Fund
Notes to the Condensed Financial Statements
For the nine months ended Sep. 30, 2020
(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 nine months ended September 30, 2020 do not have any significant impact on the operating results, financial position and comprehensive income of the Special Fund.

B3 Comparatives

The comparative date of the Condensed Statement of Financial Position is as of Dec. 31, 2019, 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 is from Jan. 1, 2019 to September 30, 2019.

AllIB Project Preparation Special Fund
Notes to the Condensed Financial Statements
For the nine months ended Sep. 30, 2020
(All amounts in thousands of US Dollars unless otherwise stated)

C Disclosure Notes

C1 Disbursements

Total projects	Commitments approved	Disbursements	Undrawn commitments
At Dec. 31, 2018	6,541	223	6,318
Movement in the year 2019	4,134	1,657	2,477
At Dec. 31, 2019	10,675	1,880	8,795
Movement in nine months ended Sep. 30, 2020	14,131	2,053	12,078
At Sep. 30, 2020	24,806	3,933	20,873

C2 Transfer to Special Fund Window

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

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

C3 Cash, cash equivalents, and deposits with banks

	Sep. 30, 2020	Dec. 31, 2019
Cash	-	-
Deposits with banks		
- Demand deposits	15,702	5,629
- Term deposits with initial maturity of less than three months	70,042	36,096
Total cash and cash equivalents	85,744	41,725
Add: term deposits with initial maturity more than three months ⁽¹⁾	-	75,196
Total cash, cash equivalents, and deposits with banks	85,744	116,921

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

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

AIB Project Preparation Special Fund
Notes to the Condensed Financial Statements
For the nine months ended Sep. 30, 2020
(All amounts in thousands of US Dollars unless otherwise stated)

C Disclosure Notes

C4 Contributions

	Nine months ended Sep. 30, 2020	Year ended Dec. 31, 2019
As at Jan. 1, 2020/2019	115,500	93,000
Contributions received from:		
United Kingdom of Great Britain and Northern Ireland	-	12,500
Hong Kong, China	-	10,000
As at Sep. 30, 2020/ Dec. 31, 2019	115,500	115,500

C5 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.

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.