

**ASIAN INFRASTRUCTURE INVESTMENT BANK**

**CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE  
MONTHS ENDED MARCH 31, 2017  
(UNAUDITED)**

## **CONTENTS**

### CONDENSED INTERIM FINANCIAL STATEMENTS

Condensed Statement of Comprehensive Income.....	1
Condensed Statement of Financial Position .....	2
Condensed Statement of Changes in Equity .....	3
Condensed Statement of Cash Flows.....	4
Notes to Condensed Interim Financial Statements .....	5-8

**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**Condensed Statement of Comprehensive Income**  
**For the three months ended March 31, 2017 (unaudited)**

<i>In thousands of US Dollars</i>	<b>Note</b>	<b>For the period from January 1, 2017 to March 31, 2017 (unaudited)</b>	<b>For the period from January 16, 2016 to March 31, 2016 (unaudited)</b>
Interest income		19,677	3,198
Interest expense		-	-
<hr/>			
<b>Net interest income</b>		<b>19,677</b>	<b>3,198</b>
Net fee and commission expense		96	-
Unrealized gain on investment at fair value through profit or loss	4	12,184	3,164
Impairment provision	5	(3,156)	-
General and administrative expenses		(12,427)	(3,515)
Net foreign exchange (loss)/gain		(20)	8
<hr/>			
<b>Operating profit for the period</b>		<b>16,354</b>	<b>2,855</b>
Accretion of paid-in capital receivables	6	46,430	31,724
<hr/>			
<b>Net profit for the period</b>		<b>62,784</b>	<b>34,579</b>
Other comprehensive income		-	-
<hr/>			
<b>Total comprehensive income</b>		<b>62,784</b>	<b>34,579</b>
<hr/>			
<b>Attributable to:</b>			
Equity holders of the Bank		<b>62,784</b>	<b>34,579</b>
<hr/>			

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

**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**Condensed Statement of Financial Position**  
**As at March 31, 2017 (unaudited)**

<i>In thousands of US Dollars</i>	<b>Note</b>	<b>March 31, 2017 (unaudited)</b>	<b>December 31, 2016 (audited)</b>
<b>Assets</b>			
Cash and cash equivalents		435,785	1,281,992
Term deposits		4,751,848	2,292,141
Investment at fair value through profit or loss	4	3,192,057	3,179,873
Funds deposited for co-financing arrangements		23,690	23,623
Loan investments, at amortised cost	5	195,021	9,553
Paid-in capital receivables	6	9,594,662	11,007,227
Intangible assets under construction		29	-
Other assets		1,013	958
<b>Total assets</b>		<b>18,194,105</b>	<b>17,795,367</b>
<b>Liabilities</b>			
Prepaid paid-in capital		8,760	-
Other liabilities		9,425	5,538
<b>Total liabilities</b>		<b>18,185</b>	<b>5,538</b>
<b>Members' equity</b>			
Paid-in capital	7	18,394,600	18,065,400
Reserve for accretion of paid-in capital receivables		(242,331)	(282,868)
Retained earnings		23,651	7,297
<b>Total members' equity</b>		<b>18,175,920</b>	<b>17,789,829</b>
<b>Total liabilities and members' equity</b>		<b>18,194,105</b>	<b>17,795,367</b>

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

**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**Condensed Statement of Changes in Equity**  
**For the three months ended March 31, 2017 (unaudited)**

<i>In thousands of US Dollars</i>	Note	Subscribed capital	Less: callable capital	Paid-in capital	Reserve for accretion of paid-in capital receivables	Retained earnings	Total equity
<b>January 16, 2016</b>		-	-	-	-	-	-
Capital subscription and contribution	7	76,066,100	(60,853,100)	15,213,000	-	-	15,213,000
Net profit for the period		-	-	-	-	34,579	34,579
Paid-in capital receivables - accretion effect	6	-	-	-	(390,165)	-	(390,165)
Transfer of accretion		-	-	-	31,724	(31,724)	-
<b>March 31, 2016</b>		<b>76,066,100</b>	<b>(60,853,100)</b>	<b>15,213,000</b>	<b>(358,441)</b>	<b>2,855</b>	<b>14,857,414</b>
<b>December 31, 2016</b>		<b>90,327,000</b>	<b>(72,261,600)</b>	<b>18,065,400</b>	<b>(282,868)</b>	<b>7,297</b>	<b>17,789,829</b>
Capital subscription and contribution	7	1,645,800	(1,316,600)	329,200	-	-	329,200
Net profit for the period		-	-	-	-	62,784	62,784
Paid-in capital receivables - accretion effect	6	-	-	-	(5,893)	-	(5,893)
Transfer of accretion		-	-	-	46,430	(46,430)	-
<b>March 31, 2017</b>		<b>91,972,800</b>	<b>(73,578,200)</b>	<b>18,394,600</b>	<b>(242,331)</b>	<b>23,651</b>	<b>18,175,920</b>

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

**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**Condensed Statement of Cash Flows**  
**For the three months ended March 31, 2017 (unaudited)**

<i>In thousands of US Dollars</i>	<b>Note</b>	<b>For the period from January 1, 2017 to March 31, 2017 (unaudited)</b>	<b>For the period from January 16, 2016 to March 31, 2016 (unaudited)</b>
<b>Cash flows from operating activities</b>			
Net profit for the period		62,784	34,579
Adjustments for:			
Interest income from term deposits		(13,783)	(884)
Increase in accrued interest on funds deposited for co-financing arrangements		(67)	-
Accretion of paid-in capital receivables	6	(46,430)	(31,724)
Unrealized gain on investment at fair value through profit or loss	4	(12,184)	(3,164)
Impairment provision	5	3,156	-
Depreciation and amortization		14	-
Increase in loan disbursements	5	(188,624)	-
Increase in other assets		(98)	(32)
Increase in other liabilities		4,055	1,689
Net cash used in operating activities		(191,177)	464
<b>Cash flows from investing activities</b>			
Investment purchases		-	(1,500,000)
Increase in term deposits		(2,445,924)	(1,200,000)
Property improvements		(168)	-
Net cash used in investing activities		(2,446,092)	(2,700,000)
<b>Cash flows from financing activities</b>			
Capital contributions received	7	1,791,062	2,841,550
Net cash from financing activities		1,791,062	2,841,550
<b>Net (decrease)/increase in cash and cash equivalents</b>		(846,207)	142,014
Cash and cash equivalents at beginning of period		1,281,992	-
<b>Cash and cash equivalents at end of period</b>		<b>435,785</b>	<b>142,014</b>

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

**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**Notes to Condensed Interim Financial Statements**  
**For the three months ended March 31, 2017 (unaudited)**  
*(All amounts in thousands of US Dollars unless otherwise stated)*

## **1 GENERAL INFORMATION**

The Asian Infrastructure Investment Bank (the “Bank” or “AIIB”) is a multilateral development bank. In June 2015, representatives from 57 countries signed the Articles of Agreement (the “AOA”), which is the international treaty under which the Bank was formed. The AOA entered into force on December 25, 2015. The Bank commenced operations on January 16, 2016. As at March 31, 2017, 52 of these signatory countries have completed the membership process and become members of the Bank according to the AOA. The principal office of the Bank is headquartered in Beijing, the People’s Republic of China (“PRC”).

On March 23, 2017 the Bank approved 13 new applicants to become prospective members of the Bank. The Bank’s total approved membership has increased to 70 as of March 31, 2017.

The purpose of the Bank is to foster sustainable economic development, create wealth, and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors. It will also promote regional cooperation and partnership in addressing development challenges by working in close collaboration with other multilateral and bilateral development institutions.

The legal status, privileges, and immunities for the operation and functioning of the Bank in the PRC are agreed to in the AOA and further defined by the Headquarters Agreement between the government of the PRC and the Bank, dated January 16, 2016.

## **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **2.1 Basis of preparation**

These condensed interim financial statements for the three months ended March 31, 2017 have been prepared in accordance with International Financial Reporting Standard: IAS 34 *Interim Financial Reporting*.

### **2.2 Financial statement preparation**

These condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the Bank’s audited financial statements for the period from January 16, 2016 (date of commencement of operation) to December 31, 2016.

## **3 COMPARATIVES**

These condensed interim financial statements have been prepared with a comparative period from January 16, 2016 (date of commencement of operations) to March 31, 2016.

**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**Notes to Condensed Interim Financial Statements**  
**For the three months ended March 31, 2017 (unaudited)**  
*(All amounts in thousands of US Dollars unless otherwise stated)*

**4 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
As at beginning of period (January 1, 2017/January 16, 2016)	3,179,873	-
Investment	-	3,165,000
Unrealized fair value gain, net	12,184	14,873
	<b>3,192,057</b>	<b>3,179,873</b>

**5 LOAN INVESTMENTS AT AMORTISED COST**

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
As at beginning of period (January 1, 2017/January 16, 2016)	9,830	-
Disbursements	190,807	9,695
Repayments and prepayments	-	-
Movement in net deferral of related incremental direct costs	(2,183)	135
<b>Gross loan investments</b>	<b>198,454</b>	<b>9,830</b>
12 month expected credit loss	(3,433)	(277)
<b>Loan investments, net</b>	<b>195,021</b>	<b>9,553</b>

(1) 12 month expected loss allowance is calculated covering outstanding exposures from loan investments, and undrawn commitments of those loan investments. As at March 31, 2017, undrawn commitments were USD 924,870 million.

**6 PAID-IN CAPITAL RECEIVABLES**

	<b>For the period from January 1, 2017 to March 31, 2017</b>	<b>For the period from January 16, 2016 to December 31, 2016</b>
As at beginning of period (January 1, 2017/January 16, 2016)	11,007,227	-
Paid-in capital receivables originated	323,307	17,622,469
Contributions Received	(1,782,302)	(6,775,305)
Accretion to the profit or loss	46,430	160,063
<b>Carrying amount</b>	<b>9,594,662</b>	<b>11,007,227</b>

As at March 31, 2017, there were no overdue paid-in capital receivables (December 31, 2016: contractual undiscounted paid-in capital receivable overdue of USD 433.80 million).



**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**Notes to Condensed Interim Financial Statements**  
**For the three months ended March 31, 2017 (unaudited)**  
*(All amounts in thousands of US Dollars unless otherwise stated)*

**7 SHARE CAPITAL**

	<b>March 31, 2017</b>	<b>December 31, 2016</b>
Authorized capital	100,000,000	100,000,000
Allocated		
- Subscribed	91,972,800	90,327,000
- Unsubscribed	6,178,600	7,824,400
Unallocated	1,848,600	1,848,600
Total authorized capital	<u>100,000,000</u>	<u>100,000,000</u>
Subscribed capital	91,972,800	90,327,000
Less: callable capital	(73,578,200)	(72,261,600)
Paid-in capital	<u>18,394,600</u>	<u>18,065,400</u>
Paid-in capital comprises		
- Amounts received	8,557,607	6,775,305
- Amounts due but not yet received	-	433,795
- Amounts not yet due	9,836,993	10,856,300
<b>Total paid-in capital</b>	<u><b>18,394,600</b></u>	<u><b>18,065,400</b></u>

**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**Notes to Condensed Interim Financial Statements**  
**For the three months ended March 31, 2017 (unaudited)**  
*(All amounts in thousands of US Dollars unless otherwise stated)*

**8 FAIR VALUE OF FINANCIAL INSTRUMENTS**

The table below summarises the carrying amounts and fair values of those financial assets and financial liabilities not measured on the condensed statement of financial position at their fair values as at March 31, 2017:

	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets</b>		
Cash and cash equivalents	435,785	435,785
Term deposits	4,751,848	4,151,613
Funds deposited for co-financing arrangements	23,690	23,690
Loan investments	195,021	195,021
Paid in capital receivables	9,594,662	9,551,470
<b>Financial liabilities</b>		
Other liabilities	9,425	9,425

As at March 31, 2017, the Bank's balances of all the financial assets and liabilities not measured at fair value approximates their fair values due to short maturity, except for term deposits and paid-in capital receivables.

Fair value of loan investments and paid-in capital receivables measured at amortised cost were calculated using Level 3 inputs by discounting the cash flows at a current interest rate applicable to each loan and paid-in capital receivables.

The Bank's financial assets and financial liabilities measured at fair value on the condensed interim financial statements are as follows:

<b>March 31, 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Investments at fair value through profit or loss	-	3,192,057	-	3,192,057
<b>Total</b>	<b>-</b>	<b>3,192,057</b>	<b>-</b>	<b>3,192,057</b>
<hr/>				
<b>December 31, 2016</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Investments at fair value through profit or loss	-	3,179,873	-	3,179,873
<b>Total</b>	<b>-</b>	<b>3,179,873</b>	<b>-</b>	<b>3,179,873</b>