

**AllB External Special Funds**

**Auditor's Report and Combined Statements of Receipts, Disbursements  
and Fund Balance  
for the year ended Dec. 31, 2022**



羅兵咸永道

## Independent Auditor's Report

To the Board of Governors of the Asian Infrastructure Investment Bank:

### Opinion

#### *What we have audited*

The financial information of AIIB External Special Funds, which is set out on pages 1 to 5, comprises:

- the Combined Statements of Receipts, Disbursements and Fund Balance as at 31 December 2022 for AIIB External Special Funds; and
- the notes to the Combined Statements of Receipts, Disbursements and Fund Balance as at 31 December 2022 for AIIB External Special Funds, which include significant accounting policies and other explanatory information (together “the financial information”).

#### *Our opinion*

In our opinion, the financial information of AIIB External Special Funds as at 31 December 2022 is prepared, in all material respects, in accordance with the accounting policies set out in Note B to the financial information.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Information section of our report.

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

#### *Independence*

We are independent of AIIB External Special Funds in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, and we have fulfilled our other ethical responsibilities in accordance with the Code.



### **Emphasis of Matter – Basis of Accounting and Restriction on Use**

We draw attention to Note B to the financial information, which describes the basis of accounting. The financial information does not comprise a full set of financial statements prepared in accordance with IFRS. The financial information is prepared to provide information to the Board of Governors. As a result, the financial information may not be suitable for another purpose. Our report is intended solely for the Board of Governors of the AIIB and should not be used by any other parties for any purpose. Our opinion is not modified in respect of this matter.

### **Other Matter**

The comparative financial information as at 31 December 2021 has not been audited.

### **Responsibilities of Managements and Those Charged with Governance for the Financial Information**

Management of AIIB External Special Funds is responsible for the preparation of the financial information in accordance with the accounting policies set out in Note B to the financial information and for such internal control as the management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

In preparing the financial information, the management is responsible for assessing the ability of AIIB External Special Funds to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the management either intends to liquidate AIIB External Special Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance of AIIB External Special Funds are responsible for overseeing the financial reporting process.



## Auditor's Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial information.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of AIIB External Special Funds to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the AIIB External Special Funds to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, China, March 21, 2023

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**AIB External Special Funds  
 Combined Statements of Receipts, Disbursements and Fund Balance  
 For the year ended Dec. 31, 2022**

| <i>In thousands of US Dollars</i>                              | Notes | <b>For the year ended<br/>Dec. 31, 2022</b> |
|--|-------|---|
| Contributions  | C1    | 5,545                                       |
| <b>Total receipts</b>  |       | <u><b>5,545</b></u>                         |
| Project-related disbursements                                  | C2    | (131)                                       |
| <b>Total disbursements</b>                                     |       | <u><b>(131)</b></u>                         |
| Excess of receipts over disbursements                          |       | 5,414                                       |
| <b>Fund Balance:</b>   |       |   |
| At Jan. 1, 2022  |       | -   |
| <b>At Dec. 31, 2022</b>  |       | <u><b>5,414</b></u>                         |
| Fund balance consist of:                                       |       |   |
| <b>AIB External Special Funds<br/>undisbursed cash balance</b> | C3    | <u><b>5,414</b></u>                         |

The accompanying notes are an integral part of Combined Statements.



Mr. Jim Liqun  
 President of the Bank



Mr. Andrew Cross  
 Chief Financial Officer of the Bank



Ms. Hul Fong Lee  
 Controller of the Bank

**AIIB External Special Funds**  
**Notes to the Combined Statements of Receipts, Disbursements and Fund Balance**  
**For the year ended Dec. 31, 2022**  
*(All amounts in thousands of US Dollars unless otherwise stated)*

**A Organization and Operations**

**A1 General information**

The Asian Infrastructure Investment Bank (the “Bank” or “AIIB”) established Special Funds by virtue of its accreditation as a Technical Partner to the Global Infrastructure Facility Partnership Program (“GIF TP”) on June 23, 2021, and as an Implementing Partner of the Multilateral Cooperation Center for Development Finance (“MCDF IP”) on August 9, 2021. MCDF IP, GIF TP, and other similar Special Funds in which AIIB receives resources from multilateral partnership facilities in its role as an implementing entity, are collectively referred to as “AIIB External Special Funds”.

AIIB enters into legal arrangements individually with the respective multilateral partnership facilities (the “Contributors”) regarding the funding to the AIIB External Special Funds. The resources from the Contributors are administered by the Bank in accordance with Article 17.1 of the Bank’s Articles of Agreement (the “AOA”) and the respective agreements entered into by AIIB and the Contributors.

The AIIB External Special Funds provides support to the selection, design, structuring and preparation of high-quality, bankable, sustainable infrastructure programs and projects in emerging markets that are attractive to private capital through technical assistance grants or advisory support, and to promote high-quality infrastructure and connectivity investments in developing countries in compliance with international financial institution (IFI) standards, including by encouraging other investors and financial institutions to adopt such standards.

The Combined Statements of Receipts, Disbursements and Fund Balance (the “Statements”) were signed by the President, the Chief Financial Officer, and the Controller of the Bank on March 21, 2023.

**A2 Activities of the AIIB External Special Funds**

The operation of AIIB External Special Funds is cash pass-through, i.e., cash receipts from the respective Contributors, and cash disbursements to eligible projects. Their activities are carried out primarily in the following ways:

Client-executed activities

Client-executed activities involve activities carried out by the recipient third-party executing agencies (the “Recipient”). The Bank enters into legal agreements with, and disburses funds to those Recipients, who then exercise spending authority to carry out the purpose/(s) or activity/(ies) intended.

Bank-executed activities

Bank-executed activities involve activities executed by the Bank to support any direct technical assistance to the purpose/(s) or activity/(ies) intended. Spending authority is subject to the approved amount under the agreements signed with the Contributors and the Recipients, and is carried out in accordance with the Bank’s policies and procedures.

**AIIB External Special Funds**  
**Notes to the Combined Statements of Receipts, Disbursements and Fund Balance**  
**For the year ended Dec. 31, 2022**  
*(All amounts in thousands of US Dollars unless otherwise stated)*

**A Organization and Operations**

**A2 Activities of the AIIB External Special Funds (Continued)**

The Bank, as the administrator of the AIIB External Special Funds, provides administration services in connection with managing the activities of these Special Funds. Respective Contributors transfer the administrative fee directly to the Bank's ordinary resources to cover those administrative costs.

**A3 Basis of combination**

All AIIB External Special Funds are reported using the cash basis of accounting as described in Note B1, and are included in the Statements. AIIB External Special Funds are combined for the purpose of presenting the Statements only. The list of AIIB External Special Funds included in the Statements is provided in Note C4.

In the case that any of the Special Funds under the AIIB External Special Funds shall adopt a different basis of reporting, these Special Funds will be excluded in the Statements prospectively.

**B Summary of Significant Accounting Policies**

**B1 Basis of preparation**

The Statements have been prepared on the cash basis of accounting (i.e., cash receipt and disbursement basis of accounting) under the special purpose financial reporting framework.

Receipts are reported when collected (i.e., when credited to the dedicated bank account of the respective special fund under the AIIB External Special Funds), and disbursements are reported when paid (i.e., when debited from the dedicated bank account of the respective special fund under the AIIB External Special Funds).

Activities of the AIIB External Special Funds started from 2022, thus only the Statements and the notes to the Statements for the year ended Dec. 31, 2022 are disclosed.



**AIIB External Special Funds**  
**Notes to the Combined Statements of Receipts, Disbursements and Fund Balance**  
**For the year ended Dec. 31, 2022**  
*(All amounts in thousands of US Dollars unless otherwise stated)*

**B Summary of Significant Accounting Policies**

**B2 Functional currency and foreign currency transactions**

The functional currency and the presentation currency of the AIIB External Special Funds are the United States Dollar (“USD” or “US Dollar”).

Foreign currency transactions are initially translated into USD using exchange rates prevailing at the dates of the related transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Foreign currency exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are reported as foreign currency adjustments in the Statements.

There were no foreign currency transactions for the year ended Dec. 31, 2022.

**C Disclosure Notes**

**C1 Contributions**

Contributions represent funds provided by the Contributors in support of the various AIIB External Special Funds’ activities. Contributions are recognized in the AIIB External Special Funds upon receipt of funds and supported by fully executed legal agreements with the Contributors.

Contributions received during the year ended Dec. 31, 2022, are as follows:

| <b>Contributors</b>  | <b>For the year ended<br/>Dec. 31, 2022</b> |
|--|---|
| Finance Facility of the Multilateral Cooperation<br>Center for Development Finance | 5,195                                       |
| Global Infrastructure Facility Trust Fund  | 350   |
| <b>Total contributions</b>   | <b><u>5,545</u></b>                         |

**C2 Project-related disbursements**

Project-related disbursements represent amounts disbursed for the AIIB External Special Funds’ activities consistent with the terms of the legal agreements with the Contributors, and the Recipients. Project-related disbursements by activity type during the year are as follows:

| <i>Activity Type</i>                       | <b>For the year ended<br/>Dec. 31, 2022</b> |
|--|---|
| Client-executed                            | 105   |
| Bank-executed                              | 26  |
| <b>Total Project-related disbursements</b> | <b><u>131</u></b>                           |

**AIIB External Special Funds**  
**Notes to the Combined Statements of Receipts, Disbursements and Fund Balance**  
**For the year ended Dec. 31, 2022**  
*(All amounts in thousands of US Dollars unless otherwise stated)*

**C Disclosure Notes**

**C3 AIIB External Special Funds' undisbursed cash balance**

Amounts received by the AIIB External Special Funds but not yet disbursed are managed by AIIB. AIIB maintains the undisbursed funds separate from the ordinary resources of AIIB.

The AIIB External Special Funds' undisbursed cash balance amounted to USD5.41 million as of Dec. 31, 2022.

**C4 List of AIIB External Special Funds**

| <b>Names</b> | <b>For the year ended</b> |                              | <b>As of</b>         |
|--------------|---------------------------|------------------------------|----------------------|
|              | <b>Dec. 31, 2022</b>      |                              | <b>Dec. 31, 2022</b> |
|              | Contributions             | Disbursements <sup>(1)</sup> | Fund Balance         |
| MCDF IP      | 5,195                     | 131                          | 5,064                |
| GIF TP       | 350                       | -                            | 350                  |
| <b>Total</b> | <b>5,545</b>              | <b>131</b>                   | <b>5,414</b>         |

(1) Disbursements also include USD25,627 of technical assistance for the year of 2022 under approved grants executed by AIIB on request of the clients.