

AIB Project Preparation Special Fund
Condensed Financial Statements (Unaudited)
for the Six Months Ended June 30, 2020

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**AIIB Project Preparation Special Fund
Condensed Statement of Comprehensive Income
For the six months ended June 30, 2020**

<i>In thousands of US Dollars</i>	Note	For the six months ended June 30, 2020 (unaudited)	For the six months ended June 30, 2019 (unaudited)
Interest income	C3	837	1,322
Disbursements	C1	(1,564)	(345)
Transfer to Special Fund Window	C2	(30,000)	-
General and administrative expenses		(36)	(35)
Net (loss)/profit and total comprehensive (loss)/income for the period		(30,763)	942
Attributable to:			
Contributors		(30,763)	942

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

**AIB Project Preparation Special Fund
Condensed Statement of Financial Position
As at June 30, 2020**

<i>In thousands of US Dollars</i>	Note	June 30, 2020 (unaudited)	Dec. 31, 2019 (audited)
Assets			
Cash and cash equivalents	C3	76,037	41,725
Term deposits	C3	10,181	75,196
Other assets		810	845
Total assets		87,028	117,766
Liabilities			
Other liabilities		56	31
Total liabilities		56	31
Contributors' resources			
Contributions	C4	115,500	115,500
Accumulated (losses)/gains		(28,528)	2,235
Total contributors' resources		86,972	117,735
Total liabilities and contributors' resources		87,028	117,766

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

AIIB Project Preparation Special Fund
Condensed Statement of Changes in Contributors' Resources
For the six months ended June 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		-	942	942
June 30, 2019 (unaudited)		103,000	2,423	105,423
Jan. 1, 2020		115,500	2,235	117,735
Contributions	C4	-	-	-
Net loss for the period		-	(30,763)	(30,763)
June 30, 2020 (unaudited)		115,500	(28,528)	86,972

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

**AIIB Project Preparation Special Fund
Condensed Statement of Cash Flows
For the six months ended June 30, 2020**

<i>In thousands of US Dollars</i>	Note	For the six months ended June 30, 2020 (unaudited)	For the six months ended June 30, 2019 (unaudited)
Cash flows from operating activities			
Net (loss)/profit for the period		(30,763)	942
Adjustments for:			
Interest income from term deposits		(606)	(65)
Decrease/(increase) in other assets		35	(29)
Increase in other liabilities		25	-
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Net cash (used in)/from operating activities		(31,309)	848
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Cash flows from investing activities			
Decrease in term deposits		64,821	-
Interest received from term deposits		800	-
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Net cash used in investing activities		65,621	-
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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		34,312	10,848
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		76,037	104,668
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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 six months ended June 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 June 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 six months ended June 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.

AIIB Project Preparation Special Fund
Notes to the Condensed Financial Statements
For the six months ended June 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 six months ended June 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 June 30, 2019.

AIIB Project Preparation Special Fund
Notes to the Condensed Financial Statements
For the six months ended June 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 six months ended June 30, 2020	9,994	1,564	8,430
At June 30, 2020	20,669	3,444	17,225

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 (SFW)” to support eligible low-income members seeking financing under the Bank’s COVID-19 Crisis Recovery Facility (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 financing.

C3 Cash, cash equivalents, and deposits with banks

	June 30, 2020	Dec. 31, 2019
Cash	-	-
Deposits with banks		
- Demand deposits	878	5,629
- Term deposits with initial maturity of less than three months	75,159	36,096
Total cash and cash equivalents	76,037	41,725
Add: term deposits with initial maturity more than three months ⁽¹⁾	10,181	75,196
Total cash, cash equivalents, and deposits with banks	86,218	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 six months ended June 30, 2020
(All amounts in thousands of US Dollars unless otherwise stated)

C Disclosure Notes

C4 Contributions

	Six months ended June 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 June 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

On Aug. 19, 2020, the Bank approved USD4.14 million grants for preparation of one new project under Special Fund.

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