

AIB Project Preparation Special Fund
Condensed Financial Statements (Unaudited)
for the Nine Months Ended Sep. 30, 2019

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**AIB Project Preparation Special Fund
Condensed Statement of Comprehensive Income
For the nine months ended Sep. 30, 2019**

<i>In thousands of US Dollars</i>	Note	For the nine months ended Sep. 30, 2019 (unaudited)	For the nine months ended Sep. 30, 2018 (unaudited)
Interest income		1,961	1,046
Disbursements	C1	(995)	(66)
General and administrative expenses		(53)	(58)
Net profit and total comprehensive income for the period		913	922
Attributable to:			
Contributors		913	922

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, 2019

<i>In thousands of US Dollars</i>	Note	Sep. 30, 2019 (unaudited)	Dec. 31, 2018 (audited)
Assets			
Cash and cash equivalents		104,656	93,820
Other assets		738	690
Total assets		105,394	94,510
Liabilities			
Other liabilities		-	29
Total liabilities		-	29
Contributors' resources			
Contributions	C2	103,000	93,000
Accumulated gains		2,394	1,481
Total contributors' resources		105,394	94,481
Total liabilities and contributors' resources		105,394	94,510

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, 2019

<i>In thousands of US Dollars</i>	Note	Contributions	Accumulated gains	Total
Jan. 1, 2018		38,000	259	38,259
Contributions	C2	32,500	-	32,500
Net profit for the period		-	922	922
Sep. 30, 2018 (unaudited)		70,500	1,181	71,681
Jan. 1, 2019		93,000	1,481	94,481
Contributions	C2	10,000	-	10,000
Net profit for the period		-	913	913
Sep. 30, 2019 (unaudited)		103,000	2,394	105,394

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

**AIB Project Preparation Special Fund
Condensed Statements of Cash Flows
For the nine months ended Sep. 30, 2019**

<i>In thousands of US Dollars</i>	Note	For the nine months ended Sep. 30, 2019 (unaudited)	For the nine months ended Sep. 30, 2018 (unaudited)
Cash flows from operating activities			
Net profit for the period		913	922
Adjustments for:			
Interest income from term deposits		-	(49)
Increase in other assets		(48)	(272)
Decrease in other liabilities		(29)	(20)
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Net cash from operating activities		836	581
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Cash flows from investing activities			
Increase in term deposits		-	49
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Net cash used in investing activities		-	49
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Cash flows from financing activities			
Contribution received	C2	10,000	32,500
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Net cash from financing activities		10,000	32,500
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Net increase in cash and cash equivalents		10,836	33,130
Cash and cash equivalents at the beginning of the period		93,820	38,075
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Cash and cash equivalents at the end of the period		104,656	71,205
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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, 2019
(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, on a grant basis, for the benefit of one or more members of the Bank that, at the time when the decision to extend the grant is made by the Bank, are classified as recipients of financing from the International Development Association, and other members of the Bank with substantial development needs and capacity constraints. The resources from the Contributors are accepted, held, managed, administered, used, committed, expended or otherwise disposed of by the Bank in accordance with, inter alia, the AOA, the Rules and Regulations of the Special Fund and the Contribution Agreements and related Grant Agreements.

The following table sets out the total commitments and paid contributions as at Sep. 30, 2019.

Contributors	Commitments	Contributions
People’s Republic of China	50,000	50,000
United Kingdom of Great Britain and Northern Ireland	50,000	25,000
Republic of Korea	18,000	18,000
Hong Kong, China	10,000	10,000
Total	128,000	103,000

B Accounting Policies

B1 Basis of preparation

These condensed interim financial statements for the nine months ended Sep. 30, 2019 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, 2018.

The accounting policies adopted are consistent with those used in the Special Fund’s annual financial statements for the year ended Dec. 31, 2018.

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

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For the nine months ended Sep. 30, 2019
(All amounts in thousands of US Dollars unless otherwise stated)

period for AIIB administration fee. The financial statements have been prepared on a going concern basis.

B Accounting Policies

B2 New accounting pronouncements

The new accounting pronouncements, amendments and interpretations issued during the nine months ended Sep. 30, 2019 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, 2018, 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, 2018 to Sep. 30, 2018.

AIB Project Preparation Special Fund
Notes to the Condensed Financial Statements
For the nine months ended Sep. 30, 2019
(All amounts in thousands of US Dollars unless otherwise stated)

C Disclosure Notes

C1 Disbursements

For the nine months ended Sep. 30, 2019, USD0.45 million has been disbursed by the Special Fund for Lao PDR National Road 13 Improvement and Maintenance Project, USD0.5 million has been disbursed for Nepal Urban Infrastructure Improvement Project and Power Distribution System Upgrade and Expansion Project, and USD0.04 million has been disbursed for Pakistan Lahore Water and Wastewater Management Project.

C2 Contributions

	Nine months ended Sep. 30, 2019	Year ended Dec. 31, 2018
As at Jan. 1, 2019/2018	93,000	38,000
Contributions received from:		
People's Republic of China	-	20,000
Republic of Korea	-	10,000
United Kingdom of Great Britain and Northern Ireland	-	25,000
Hong Kong, China	10,000	-
As at Sep. 30, 2019/ Dec. 31, 2018	103,000	93,000

C3 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.

C4 Approved projects

For the nine months ended Sep. 30, 2019, the Bank has approved USD0.9 million grant for Nepal Preparation of Tamakoshi V Hydroelectric Project. The grant agreement of the project has been signed between the Bank and the Government of Nepal.

C5 Events after the end of the reporting period

There has been no material event since the reporting date that would require disclosure or adjustment to these financial statements.