

Announcement: Moody's: Asian Infrastructure Investment Bank's credit profile is well supported

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Singapore, August 21, 2018 -- Moody's Investors Service says that the Asian Infrastructure Investment Bank's (Aaa stable) credit profile is underpinned by robust capital adequacy, a strong governance framework and solid shareholder support, notwithstanding the absence of a lengthy track record of operations.

Over the past year, the bank has made further progress in strengthening its governance framework and risk management architecture, supporting Moody's view of robust financial performance past its initial growth phase.

Against this backdrop, AIIB's development portfolio has expanded significantly as its investment operations have gathered pace.

Moody's conclusions are contained in its just-released annual credit analysis, "Asian Infrastructure Investment Bank -- Aaa Stable".

The credit analysis elaborates on AIIB's credit profile in terms of capital adequacy, Very High; liquidity, Very High; and strength of member support, Very High. These are the three main analytical factors in Moody's Multilateral development Banks and Other Supranational Entities Rating Methodology.

Moody's rating for the bank further reflects an assessment of AIIB's current and future creditworthiness, as the institution ramps up its operations over the next 5-10 years.

Moody's looks, in particular, at how its standalone credit metrics will evolve against the development of the institution and its governance.

Moody's continues to expect AIIB's capital base to remain very large in relation to its assets as its balance sheet continues to grow over the next 10 years, providing ample financial capacity to fulfill the bank's mandate to invest in infrastructure in Asia.

Policies have been formulated in a manner that mitigates credit risk, contains leverage and preserves profitability. Moreover, Moody's assumes that strong asset performance will be supported by the bank's preferred creditor status, similar to other multilateral development banks (MDBs).

At the same time, a recently revised liquidity policy will anchor AIIB's ample liquidity position, complemented by what is likely to be strong access to funding markets.

Moody's notes that bank's investment operations have gathered pace over the past year with project approvals more than doubling to \$5.3 billion in July 2018 from \$2.0 billion in March 2017. Most loans have been cofinanced with other large MDBs, including the ADB, EBRD and IBRD.

The stable outlook reflects our expectation that AIIB will maintain the strength of its standalone credit metrics beyond its initial growth phase and into the next decade.

Subscribers can read the full report at:

https://www.moody's.com/researchdocumentcontentpage.aspx?docid=PBC_1136052

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