

AIIB Project Preparation Special Fund

Condensed Financial Statements (Unaudited)
for the Nine Months Ended Sep. 30, 2021

Contents

Financial Statements

Condensed Statement of Comprehensive Income.....	1
Condensed Statement of Financial Position	2
Condensed Statement of Changes in Contributors' Resources	3
Condensed Statement of Cash Flows	4
Notes to the Condensed Financial Statements.....	5-8
A. General Information.....	5
B. Accounting Policies.....	5-6
C. Disclosure Notes.....	6-8

AIIB Project Preparation Special Fund
Statement of Comprehensive Income
For the nine months ended Sep. 30, 2021

<i>In thousands of US Dollars</i>	Note	For the nine months ended Sep. 30, 2021 (unaudited)	For the nine months ended Sep. 30, 2020 (unaudited)
Interest income		98	908
Disbursements	C1	(2,047)	(2,053)
Transfer to Special Fund Window	C2	-	(30,000)
General and administrative expenses		(169)	(54)
Net loss and total comprehensive loss for the period		(2,118)	(31,199)
Attributable to:			
Contributors		(2,118)	(31,199)

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, 2021

<i>In thousands of US Dollars</i>	Note	Sep. 30, 2021 (unaudited)	Dec. 31, 2020 (audited)
Assets			
Cash and cash equivalents	C3	65,735	97,713
Term deposits	C3	30,005	-
Other assets	C5	731	900
Total assets		96,471	98,613
Liabilities			
Other liabilities		7	31
Total liabilities		7	31
Contributors' resources			
Contributions		128,000	128,000
Accumulated losses		(31,536)	(29,418)
Total contributors' resources		96,464	98,582
Total liabilities and contributors' resources		96,471	98,613

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

AIIB Project Preparation Special Fund
Statement of Changes in Contributors' Resources
For the nine months ended Sep. 30, 2021

<i>In thousands of US Dollars</i>	Note	Contributions	Accumulated losses	Total
Jan. 1, 2020		115,500	2,235	117,735
Net loss for the period		-	(31,199)	(31,199)
Sep. 30, 2020 (unaudited)		115,500	(28,964)	86,536
Jan. 1, 2021		128,000	(29,418)	98,582
Net loss for the period		-	(2,118)	(2,118)
Sep. 30, 2021 (unaudited)		128,000	(31,536)	96,464

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

AIIB Project Preparation Special Fund
Statement of Cash Flows
For the nine months ended Sep. 30, 2021

<i>In thousands of US Dollars</i>	Note	For the nine months ended Sep. 30, 2021 (unaudited)	For the nine months ended Sep. 30, 2020 (unaudited)
Cash flows from operating activities			
Net loss for the period		(2,118)	(31,199)
Adjustments for:			
Interest income from term deposits		(5)	(607)
Decrease in other assets		169	53
Decrease in other liabilities		(24)	(31)
Net cash used in operating activities		(1,978)	(31,784)
Cash flows from investing activities			
Increase in term deposits		(30,000)	75,000
Interest received from term deposits		-	803
Net cash from investing activities		(30,000)	75,803
Cash flows from financing activities			
Contributions received		-	-
Net cash from financing activities		-	-
Net (decrease)/increase in cash and cash equivalents		(31,978)	44,019
Cash and cash equivalents at the beginning of the period		97,713	41,725
Cash and cash equivalents at the end of the period		65,735	85,744

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

AIIB Project Preparation Special Fund
Notes to the Financial Statements
For the nine months ended Sep. 30, 2021
(All amounts in thousands of US Dollars unless otherwise stated)

A General Information

On June 24, 2016, the AIIB Project Preparation Special Fund (“PPSF”) 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”).

PPSF is established as a multi-donor fund, which is open to contributions by all Bank members and others (the “Contributors”). The purpose of PPSF 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 Project Preparation Special Fund and the Contribution Agreements.

The following table sets out the total commitments and paid contributions as at Sep. 30, 2021.

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

B Accounting Policies

B1 Basis of preparation

These condensed interim financial statements for the nine months ended Sep. 30, 2021 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, 2020.

The accounting policies adopted are consistent with those used in PPSF’s annual financial statements for the year ended Dec. 31, 2020.

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 Financial Statements
For the nine months ended Sep. 30, 2021
(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 nine months ended Sep. 30, 2021 do not have any significant impact on the operating results, financial position and comprehensive income of PPSF.

B3 Comparatives

The comparative date of the Condensed Statement of Financial Position is as of Dec. 31, 2020, 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 are from Jan. 1, 2020 to Sep. 30, 2020.

AIIB Project Preparation Special Fund
Notes to the Financial Statements
For the nine months ended Sep. 30, 2021
(All amounts in thousands of US Dollars unless otherwise stated)

C Disclosure Notes

C1 Disbursements

Total projects	Commitments approved ⁽¹⁾	Disbursements ⁽²⁾	Undrawn commitments
At Dec. 31, 2019	10,675	1,880	8,795
Movement in the year 2020	13,431	2,492	10,939
At Dec. 31, 2020	24,106	4,372	19,734
Movement in nine months ended Sep. 30, 2021	4,700	2,047	2,653
At Sep. 30, 2021	28,806	6,419	22,387

⁽¹⁾ Approved commitments amounts are net of cancellation.

⁽²⁾ Disbursements also include USD19.4 thousand of technical assistance under approved PPSF grants executed by AIIB on request of the client.

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.

On April 27, 2021, the Board of Directors of the Bank has approved the replenishment of the SFW under the Facility, by carving out up to USD25 million from the Special Fund. The transfer of up to USD25 million will be made based on the required interest rate buy down amount after the respective project is approved by the Board of Directors.

C3 Cash, cash equivalents, and deposits with banks

	Sep. 30, 2021	Dec. 31, 2020
Cash	-	-
Deposits with banks		
- Demand deposits	8,717	30,705
- Term deposits with initial maturity of three months or less	57,018	67,008
Total cash and cash equivalents	65,735	97,713
Add: term deposits with initial maturity more than three months	30,005	-
Total cash, cash equivalents, and deposits with banks	95,740	97,713

Interest income presented in the Statement of Comprehensive Income is generated from bank deposits held by PPSF.

C Disclosure Notes

C4 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.

C5 Related party transactions

PPSF's related parties include the Bank, the Contributors, the Special Fund Window under the COVID-19 Crisis Recovery Facility, and other special funds of the Bank.

The Bank is entitled to charge PPSF an administration fee of an amount equal to one percent of contributions received. For the nine months ended Sep. 30, 2021, an administration fee of USD0.17 million (for the nine months ended Sep. 30, 2020: USD0.054 million) has been charged. The administration fee paid but not yet charged to the Statement of Comprehensive Income as at Sep. 30, 2021 amounts to USD0.73 million, presented as other assets in Statement of Financial Position (Dec. 31, 2020: USD0.9 million).

The contributions received from Contributors are outlined in Note A.

C6 Events after the end of the reporting period

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