

**AIB Project Preparation Special Fund**  
**Condensed Financial Statements (Unaudited)**  
**for the Nine Months Ended Sep. 30, 2018**

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**AIIB Project Preparation Special Fund  
Condensed Statement of Comprehensive Income  
For the nine months ended Sep. 30, 2018**

<i>In thousands of US Dollars</i>	<b>Note</b>	<b>For the nine months ended Sep. 30, 2018 (unaudited)</b>	<b>For the nine months ended Sep. 30, 2017 (unaudited)</b>
Interest income		1,046	306
Disbursements	C1	(66)	-
General and administrative expenses		(58)	(52)
<b>Net profit and total comprehensive income for the period</b>		<b>922</b>	<b>254</b>
<b>Attributable to:</b>			
Contributors		<b>922</b>	<b>254</b>

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

**AIIB Project Preparation Special Fund  
Condensed Statement of Financial Position  
As at Sep. 30, 2018**

<i>In thousands of US Dollars</i>	<b>Note</b>	<b>Sep. 30, 2018 (unaudited)</b>	<b>Dec. 31, 2017 (audited)</b>
<b>Assets</b>			
Cash and cash equivalents		71,205	38,075
Term deposits		-	-
Other assets		482	210
<b>Total assets</b>		<b>71,687</b>	<b>38,285</b>
<b>Liabilities</b>			
Other liabilities		6	26
<b>Total liabilities</b>		<b>6</b>	<b>26</b>
<b>Contributors' resources</b>			
Contributions	C2	70,500	38,000
Accumulated gains		1,181	259
<b>Total contributors' resources</b>		<b>71,681</b>	<b>38,259</b>
<b>Total liabilities and contributors' resources</b>		<b>71,687</b>	<b>38,285</b>

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

**AIIB Project Preparation Special Fund  
Condensed Statement of Changes in Contributors' Resources  
For the nine months ended Sep. 30, 2018**

<i>In thousands of US Dollars</i>	<b>Note</b>	<b>Contributions</b>	<b>Accumulated gains/(losses)</b>	<b>Total</b>
<b>Jan. 1, 2017 (unaudited)</b>		<b>10,000</b>	<b>(126)</b>	<b>9,874</b>
Contributions		20,000	-	20,000
Net profit for the period		-	254	254
<b>Sep. 30, 2017 (unaudited)</b>		<b>30,000</b>	<b>128</b>	<b>30,128</b>
<b>Jan. 1, 2018 (unaudited)</b>		<b>38,000</b>	<b>259</b>	<b>38,259</b>
Contributions	C2	32,500	-	32,500
Net profit for the period		-	922	922
<b>Sep. 30, 2018 (unaudited)</b>		<b>70,500</b>	<b>1,181</b>	<b>71,681</b>

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

**AIIB Project Preparation Special Fund  
Condensed Statements of Cash Flows  
For the nine months ended Sep. 30, 2018**

<i>In thousands of US Dollars</i>	<b>Note</b>	<b>For the nine months ended Sep. 30, 2018 (unaudited)</b>	<b>For the nine months ended Sep. 30, 2017 (unaudited)</b>
<b>Cash flows from operating activities</b>			
Net profit for the period		922	254
Adjustments for:			
Interest income from term deposits		(49)	(59)
Increase in other assets		(272)	(148)
Decrease in other liabilities		(20)	(26)
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Net cash used in operating activities		581	21
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<b>Cash flows from investing activities</b>			
Increase in term deposits		49	59
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Net cash used in investing activities		49	59
<hr/>			
<b>Cash flows from financing activities</b>			
Contribution received	C2	32,500	20,000
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Net cash from financing activities		32,500	20,000
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<b>Net increase in cash and cash equivalents</b>		<b>33,130</b>	<b>20,080</b>
Cash and cash equivalents at the beginning of the period		38,075	9,900
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<b>Cash and cash equivalents at the end of the period</b>		<b>71,205</b>	<b>29,980</b>
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The accompanying notes are an integral part of these condensed interim financial statements.

**AIIB Project Preparation Special Fund**  
**Notes to the Condensed Financial Statements**  
**For the nine months ended Sep. 30, 2018**  
*(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 the preparation 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.

As of Sep. 30, 2018, the People’s Republic of China, the Republic of Korea and the United Kingdom of Great Britain and Northern Ireland through Contribution Agreements with the Bank, concluded on June 25, 2016, Dec. 22, 2016 and Dec. 16, 2017, have committed contributions in the amount of USD50 million, USD8 million and USD50 million, respectively. On Sep. 3, 2018, the Republic of Korea has signed a Contribution Agreement with the Bank, with a commitment to contribute an additional USD10 million to the Special Fund.

As of Sep. 30, 2018, the Bank has received a total of USD70.5 million as payments to the Special Fund: USD50 million from the People’s Republic of China, USD8 million from the Republic of Korea and USD12.5 million from the United Kingdom of Great Britain and Northern Ireland.

**B Accounting Policies**

**B1 Basis of preparation**

These condensed interim financial statements for the nine months ended Sep. 30, 2018 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, 2017.

The accounting policies adopted are consistent with those used in the Special Fund’s annual financial statements for the year ended Dec. 31, 2017.

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 nine months ended Sep. 30, 2018**  
*(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 Sep. 30, 2018 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, 2017, 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, 2017 to Sep. 30, 2017.



**AIIB Project Preparation Special Fund**  
**Notes to the Condensed Financial Statements**  
**For the nine months ended Sep. 30, 2018**  
*(All amounts in thousands of US Dollars unless otherwise stated)*

**C Disclosure Notes**

**C1 Disbursements**

As of Sep 30, 2018, the Bank has received the refund of unused disbursement amount of USD0.13 million due to the cancellation of Solid Waste Management Project in Sri Lanka.

**C2 Contributions**

	<b>Nine months ended Sep. 30, 2018</b>	<b>Year ended Dec. 31, 2017</b>
<b>As at Jan. 1, 2018/2017</b>	<b>38,000</b>	<b>10,000</b>
Contributions received from:		
People's Republic of China	20,000	20,000
Republic of Korea	-	8,000
United Kingdom of Great Britain and Northern Ireland	12,500	-
<b>As at Sep. 30, 2018/ Dec. 31, 2017</b>	<b>70,500</b>	<b>38,000</b>

**C3 Approved projects**

For the nine months ended Sep. 30, 2018, the Special Funds Committee of the Bank has approved three projects, which include USD1 million grant to Nepal for Power Distribution System Upgrade and Expansion Project, USD0.995 million grant to Lao PDR for National Road 13 Improvement and Maintenance Project and USD0.7 million to Pakistan for Lahore Water and Wastewater Management Project. The grant agreements of the first two projects have been signed between the Bank and the governments of the beneficiary countries.

**C4 Events after the end of the reporting period**

On Oct. 22, 2018, the Hong Kong SAR has signed a Contribution Agreement with the Bank, with a commitment to contribute USD10 million to the Special Fund.

**D FAIR VALUE**

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.