

**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2018**  
**(UNAUDITED)**

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**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**Condensed Statement of Comprehensive Income**  
**For the three months ended March 31, 2018 (unaudited)**

<i>In thousands of US Dollars</i>	<b>Note</b>	<b>For the period from January 1, 2018 to March 31, 2018 (unaudited)</b>	<b>For the period from January 1, 2017 to March 31, 2017 (unaudited)</b>
Interest income	C1	45,087	19,677
Interest expense	C1	-	-
<b>Net interest income</b>		<b>45,087</b>	<b>19,677</b>
Net fee and commission expense	C2	(169)	(87)
Net gain on investment at fair value through profit or loss	C5	1,410	12,184
Impairment provision		(1,470)	(3,156)
General and administrative expenses	C3	(15,478)	(12,427)
Net foreign exchange loss		(64)	(20)
<b>Operating profit for the period</b>		<b>29,316</b>	<b>16,171</b>
Accretion of paid-in capital receivables	C7	25,665	46,430
<b>Net profit for the period</b>		<b>54,981</b>	<b>62,601</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>54,981</b>	<b>62,601</b>
<b>Attributable to:</b>			
Equity holders of the Bank		<b>54,981</b>	<b>62,601</b>

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

**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**Condensed Statement of Financial Position**  
**As at March 31, 2018 (unaudited)**

<i>In thousands of US Dollars</i>	<b>Note</b>	<b>March 31, 2018 (unaudited)</b>	<b>December 31, 2017 (audited)</b>
<b>Assets</b>			
Cash and cash equivalents	C4	865,935	1,104,866
Term deposits	C4	6,429,390	5,885,854
Investment at fair value through profit or loss	C5	3,258,123	3,255,140
Funds deposited for co-financing arrangements		5,801	1,592
Loan investments, at amortized cost	C6	873,619	773,238
Paid-in capital receivables	C7	7,781,193	7,948,901
Intangible assets		1,526	1,032
Other assets	C8	1,812	1,983
<b>Total assets</b>		<b>19,217,399</b>	<b>18,972,606</b>
<b>Liabilities</b>			
Prepaid paid-in capital		80	-
Other liabilities	C9	14,330	13,587
<b>Total liabilities</b>		<b>14,410</b>	<b>13,587</b>
<b>Members' equity</b>			
Paid-in capital	C10	19,199,500	19,000,300
Reserve for accretion of paid-in capital receivables		(144,990)	(160,444)
Retained earnings		148,479	119,163
<b>Total members' equity</b>		<b>19,202,989</b>	<b>18,959,019</b>
<b>Total liabilities and members' equity</b>		<b>19,217,399</b>	<b>18,972,606</b>

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

**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**Condensed Statement of Changes in Equity**  
**For the three months ended March 31, 2018 (unaudited)**

<i>In thousands of US Dollars</i>	Note	Subscribed capital	Less: callable capital	Paid-in capital	Reserve for accretion of paid-in capital receivables	Retained earnings	Total members' equity
<b>January 1, 2017</b>		<b>90,327,000</b>	<b>(72,261,600)</b>	<b>18,065,400</b>	<b>(282,868)</b>	<b>7,297</b>	<b>17,789,829</b>
Capital subscription and contribution		1,645,800	(1,316,600)	329,200	-	-	329,200
Net profit for the period		-	-	-	-	62,601	62,601
Paid-in capital receivables - accretion effect		-	-	-	(5,893)	-	(5,893)
Transfer of accretion		-	-	-	46,430	(46,430)	-
<b>March 31, 2017</b>		<b>91,972,800</b>	<b>(73,578,200)</b>	<b>18,394,600</b>	<b>(242,331)</b>	<b>23,468</b>	<b>18,175,737</b>
<b>January 1, 2018</b>		<b>95,001,100</b>	<b>(76,000,800)</b>	<b>19,000,300</b>	<b>(160,444)</b>	<b>119,163</b>	<b>18,959,019</b>
Capital subscription and contribution		995,900	(796,700)	199,200	-	-	199,200
Net profit for the period		-	-	-	-	54,981	54,981
Paid-in capital receivables - accretion effect		-	-	-	(10,211)	-	(10,211)
Transfer of accretion	C7	-	-	-	25,665	(25,665)	-
<b>March 31, 2018</b>	C10	<b>95,997,000</b>	<b>(76,797,500)</b>	<b>19,199,500</b>	<b>(144,990)</b>	<b>148,479</b>	<b>19,202,989</b>

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

**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**Condensed Statement of Cash Flows**  
**For the three months ended March 31, 2018 (unaudited)**

<i>In thousands of US Dollars</i>	<b>Note</b>	<b>For the period from January 1, 2018 to March 31, 2018 (unaudited)</b>	<b>For the period from January 1, 2017 to March 31, 2017 (unaudited)</b>
<b>Cash flows from operating activities</b>			
Net profit for the period		54,981	62,601
Adjustments for:			
Interest income from term deposits		(35,016)	(13,783)
Accrued interest on funds deposited for co-financing arrangements		(13)	(67)
Accretion of paid-in capital receivables	C7	(25,665)	(46,430)
Net gain on investment at fair value through profit or loss	C5	(1,410)	(12,184)
Impairment provision	C6	1,470	3,156
Depreciation and amortization		200	14
Increase in loan investments	C6	(102,194)	(188,624)
Increase in funds deposited for co-financing arrangements		(4,196)	-
Decrease/(Increase) in other assets		316	(98)
Increase in other liabilities		1,084	4,238
<b>Net cash used in operating activities</b>		<b>(110,443)</b>	<b>(191,177)</b>
<b>Cash flows from investing activities</b>			
Investment purchases	C5	(1,573)	-
Increase in term deposits, net of interest received		(508,520)	(2,445,924)
Intangible assets		(650)	-
Property improvements		(187)	(168)
<b>Net cash used in investing activities</b>		<b>(510,930)</b>	<b>(2,446,092)</b>
<b>Cash flows from financing activities</b>			
Capital contributions received		382,442	1,791,062
<b>Net cash from financing activities</b>		<b>382,442</b>	<b>1,791,062</b>
<b>Net decrease in cash and cash equivalents</b>			
		(238,931)	(846,207)
Cash and cash equivalents at beginning of period		1,104,866	1,281,992
<b>Cash and cash equivalents at end of period</b>	<b>C4</b>	<b>865,935</b>	<b>435,785</b>

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

**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**Notes to Condensed Interim Financial Statements**  
**For the three months ended March 31, 2018 (unaudited)**  
**(All amounts in thousands of US Dollars unless otherwise stated)**

**A GENERAL INFORMATION**

Asian Infrastructure Investment Bank (the “Bank” or the “AIIB”) is a multilateral development bank. In June 2015, representatives from 57 countries signed the Articles of Agreement (the “AOA”). The AOA entered into force on December 25, 2015. The Bank commenced operations on January 16, 2016. The principal office of the Bank is located in Beijing, the People’s Republic of China (the “PRC”).

During the first three months of 2018, the Bank has approved 2 new membership applications. As at March 31, 2018, the Bank’s total approved membership is 84, of which 63 have completed the membership process and have become members of the Bank in accordance with the AOA.

The purpose of the Bank is to: (i) foster sustainable economic development, create wealth and improve infrastructure connectivity in Asia by investing in infrastructure and other productive sectors; and (ii) promote regional cooperation and partnership in addressing development challenges by working in close collaboration with other multilateral and bilateral development institutions.

The legal status, privileges, and immunities for the operation and functioning of the Bank in the PRC are agreed in the AOA and further defined in the Headquarters Agreement between the government of the PRC (the “Government”) and the Bank on January 16, 2016.

**B ACCOUNTING POLICIES**

**B1 Basis of preparation**

These condensed interim financial statements for the three months ended March 31, 2018 have been prepared in accordance with International Financial Reporting Standard: IAS 34 *Interim Financial Reporting*.

**B2 Financial statement preparation**

These condensed interim financial statements have been prepared in accordance with the same accounting policies adopted in the Bank’s audited financial statements for the year ended December 31, 2017.

**B3 Comparatives**

These condensed interim financial statements have been prepared with a comparative period from January 1, 2017 to March 31, 2017. Certain comparative figures have been adjusted to conform with changes in disclosures in current period.

**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**Notes to Condensed Interim Financial Statements**  
**For the three months ended March 31, 2018 (unaudited)**  
*(All amounts in thousands of US Dollars unless otherwise stated)*

**C DISCLOSURE NOTES**

**C1 Interest income and expense**

	<b>For the period from January 1, 2018 to March 31, 2018</b>	<b>For the period from January 1, 2017 to March 31, 2017</b>
<b>Interest income</b>		
Loan investments <sup>(1)</sup>	6,209	538
Cash and deposits	38,878	19,139
<b>Total interest income</b>	<b>45,087</b>	<b>19,677</b>
<b>Interest expense</b>	-	-
<b>Total interest expense</b>	-	-
<b>Net interest income</b>	<b>45,087</b>	<b>19,677</b>

<sup>(1)</sup> Interest income for loan investments includes amortization of front-end fees, commitment fees and other incremental and directly related costs in relation to loan origination that are an integral part of the effective interest rate of those loans.

**C2 Net fee and commission expense**

	<b>For the period from January 1, 2018 to March 31, 2018</b>	<b>For the period from January 1, 2017 to March 31, 2017</b>
Special Fund administration fee	17	17
Loan service fee	20	-
<b>Total fee and commission income</b>	<b>37</b>	<b>17</b>
Co-financing service fee	(206)	(104)
<b>Total fee and commission expense</b>	<b>(206)</b>	<b>(104)</b>
<b>Net fee and commission expense</b>	<b>(169)</b>	<b>(87)</b>



**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
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**C3 General and administrative expenses**

	<b>For the period from January 1, 2018 to March 31, 2018</b>	<b>For the period from January 1, 2017 to March 31, 2017</b>
Staff costs	8,870	6,208
Professional service expenses	2,797	1,685
Travelling expenses	1,587	1,095
Facilities and administration expenses	1,464	1,649
IT services	284	1,436
Others	476	354
<b>Total general and administrative expenses</b>	<b>15,478</b>	<b>12,427</b>

**C4 Cash and deposits with banks**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Cash	-	-
Deposits with banks		
- Demand deposits	464,254	457,124
- Term deposits	6,831,071	6,533,596
<b>Total cash and deposits with banks</b>	<b>7,295,325</b>	<b>6,990,720</b>
Less: term deposits with maturity more than 3 months <sup>(1)</sup>	(6,429,390)	(5,885,854)
<b>Total cash and cash equivalents</b>	<b>865,935</b>	<b>1,104,866</b>

<sup>(1)</sup> Term deposits with maturity more than 3 months have original maturities up to 24 months.

**C5 Investments at fair value through profit or loss**

	<b>For the period from January 1, 2018 to March 31, 2018</b>	<b>For the year ended December 31, 2017</b>
As at beginning of period/year	3,255,140	3,179,873
Additions	3,215	21,484
Deductions	(1,642)	-
Fair value gain, net	1,410	53,783
<b>Total investments at fair value through profit or loss</b>	<b>3,258,123</b>	<b>3,255,140</b>

**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**Notes to Condensed Interim Financial Statements**  
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**C5 Investments at fair value through profit or loss (Continued)**

Analysis of investments at fair value through profit or loss:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Trust Fund	3,238,134	3,236,448
LP Fund	19,989	18,692
<b>Total investments at fair value through profit or loss</b>	<b>3,258,123</b>	<b>3,255,140</b>

**C6 Loan investments, loan commitments and related ECL allowance**

<b>Loan investments</b>	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Gross carrying amount	880,705	778,511
ECL allowance	(7,086)	(5,273)
<b>Net carrying amount</b>	<b>873,619</b>	<b>773,238</b>

The following table sets out overall information about the credit quality of loan investments and loan commitments issued for effective contracts as at March 31, 2018. The gross amounts of loans include the transaction costs and fees that are capitalized through the effective interest method.

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Loan investments, gross carrying amount	880,705	778,511
Loan commitments	2,402,051	1,947,528
	3,282,756	2,726,039
Total ECL allowance <sup>(a)</sup>	(10,835)	(9,365)
	3,271,921	2,716,674

(a) As at March 31, 2018, ECL related to loan commitments were USD3.75 million, presented as a provision in Note C9.

**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**Notes to Condensed Interim Financial Statements**  
**For the three months ended March 31, 2018 (unaudited)**  
*(All amounts in thousands of US Dollars unless otherwise stated)*

**C7 Paid-in capital receivables**

	<b>For the period from January 1, 2018 to March 31, 2018</b>	<b>For the year ended December 31, 2017</b>
As at beginning of period/year	7,948,901	11,007,227
Paid-in capital receivables originated	188,989	916,882
Contributions received	(382,362)	(4,115,650)
Accretion to the profit or loss	25,665	140,442
<b>Carrying amount</b>	<b>7,781,193</b>	<b>7,948,901</b>

As at March 31, 2018, the contractual undiscounted paid-in capital receivables overdue amounting to USD3.60 million (December 31, 2017: USD346.04 million) (Note C10).

**C8 Other assets**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Property improvements	507	271
Tax refund receivable	447	750
Computer hardware	238	238
Prepaid co-financing service fee	73	63
Others	547	661
<b>Total other assets</b>	<b>1,812</b>	<b>1,983</b>

**C9 Other liabilities**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Accrued expenses	9,492	8,080
Provision – ECL allowance (Note C6)	3,749	4,092
Staff costs payable	771	1,205
Deferred administration fee of Special Fund	318	210
<b>Total other liabilities</b>	<b>14,330</b>	<b>13,587</b>

**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**Notes to Condensed Interim Financial Statements**  
**For the three months ended March 31, 2018 (unaudited)**  
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**C10 Share capital**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
Authorized capital	100,000,000	100,000,000
Allocated		
- Subscribed	95,997,000	95,001,100
- Unsubscribed	2,281,700	3,277,600
Unallocated	1,721,300	1,721,300
Total authorized capital	<u>100,000,000</u>	<u>100,000,000</u>
Subscribed capital	95,997,000	95,001,100
Less: callable capital	<u>(76,797,500)</u>	<u>(76,000,800)</u>
Paid-in capital	<u>19,199,500</u>	<u>19,000,300</u>
Paid-in capital comprises		
- Amounts received	11,273,317	10,890,955
- Amounts due but not yet received	3,599	346,040
- Amounts not yet due	7,922,584	7,763,305
<b>Total paid-in capital</b>	<u>19,199,500</u>	<u>19,000,300</u>

**D FAIR VALUE OF FINANCIAL INSTRUMENTS**

The table below summarizes the carrying amounts and fair values of those financial assets and financial liabilities not measured on the condensed statement of financial position at their fair values as at March 31, 2018:

	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets</b>		
Cash and cash equivalents	865,935	865,935
Term deposits	6,429,390	6,429,390
Funds deposited for co-financing arrangements	5,801	5,801
Loan investments	873,619	882,946
Paid-in capital receivables	7,781,193	7,891,508
<b>Financial liabilities</b>		
Other liabilities	14,330	14,330

As at March 31, 2018, the Bank's balances of those financial assets and liabilities not measured at fair value but with short-term maturity approximate their fair values.

Fair value of loan investments and paid-in capital receivables measured at amortized cost were calculated using Level 3 inputs by discounting the cash flows at a current interest rate applicable to each loan and paid-in capital receivable.

**ASIAN INFRASTRUCTURE INVESTMENT BANK**  
**Notes to Condensed Interim Financial Statements**  
**For the three months ended March 31, 2018 (unaudited)**  
*(All amounts in thousands of US Dollars unless otherwise stated)*

**D FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**Financial assets and financial liabilities measured at fair value on the statement of financial position**

The table below summarizes the fair values of the financial assets and financial liabilities measured in the statement of financial position at their fair value:

**As at March 31, 2018**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Investments at fair value through profit or loss				
- Trust Fund	-	3,238,134	-	3,238,134
- LP Fund	-	-	19,989	19,989
<b>Total</b>	<b>-</b>	<b>3,238,134</b>	<b>19,989</b>	<b>3,258,123</b>

**As at December 31, 2017**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Assets</b>				
Investments at fair value through profit or loss				
- Trust Fund	-	3,236,448	-	3,236,448
- LP Fund	-	-	18,692	18,692
<b>Total</b>	<b>-</b>	<b>3,236,448</b>	<b>18,692</b>	<b>3,255,140</b>