

AIB Project Preparation Special Fund

**Condensed Financial Statements (Unaudited)
for the Six Months Ended June 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

**AIB Project Preparation Special Fund
Statement of Comprehensive Income
For the six months ended June 30, 2021**

<i>In thousands of US Dollars</i>	Note	For the six months ended June 30, 2021 (unaudited)	For the six months ended June 30, 2020 (unaudited)
Interest income		63	837
Disbursements	C1	(103)	(1,564)
Transfer to Special Fund Window	C2	-	(30,000)
General and administrative expenses		(112)	(36)
Net loss and total comprehensive loss for the period		(152)	(30,763)
Attributable to:			
Contributors		(152)	(30,763)

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

AIB Project Preparation Special Fund
Condensed Statement of Financial Position
As at June 30, 2021

<i>In thousands of US Dollars</i>	Note	June 30, 2021 (unaudited)	Dec. 31, 2020 (audited)
Assets			
Cash and cash equivalents	C3	97,643	97,713
Other assets	C5	787	900
Total assets		98,430	98,613
Liabilities			
Other liabilities		-	31
Total liabilities		-	31
Contributors' resources			
Contributions		128,000	128,000
Accumulated losses		(29,570)	(29,418)
Total contributors' resources		98,430	98,582
Total liabilities and contributors' resources		98,430	98,613

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

AIB Project Preparation Special Fund
Statement of Changes in Contributors' Resources
For the six months ended June 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		-	(30,763)	(30,763)
June 30, 2020 (unaudited)		115,500	(28,528)	86,972
Jan. 1, 2021		128,000	(29,418)	98,582
Net loss for the period		-	(152)	(152)
June 30, 2021 (unaudited)		128,000	(29,570)	98,430

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

AllB Project Preparation Special Fund
Statement of Cash Flows
For the six months ended June 30, 2021

<i>In thousands of US Dollars</i>	Note	For the six months ended June 30, 2021 (unaudited)	For the six months ended June 30, 2020 (unaudited)
Cash flows from operating activities			
Net loss for the period		(152)	(30,763)
Adjustments for:			
Interest income from term deposits		-	(606)
Increase in other assets		113	35
(Decrease)/increase in other liabilities		(31)	25
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Net cash used in operating activities		(70)	(31,309)
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Cash flows from investing activities			
Decrease in term deposits		-	64,821
Interest received from term deposits		-	800
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Net cash from investing activities		-	65,621
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Cash flows from financing activities			
Contributions received		-	-
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Net cash from financing activities		-	-
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Net (decrease)/increase in cash and cash equivalents		(70)	34,312
Cash and cash equivalents at the beginning of the period		97,713	41,725
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Cash and cash equivalents at the end of the period		97,643	76,037
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The accompanying notes are an integral part of these financial statements.

AIIB Project Preparation Special Fund
Notes to the Financial Statements
For the six months ended June 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 June 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 six months ended June 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.

AllB Project Preparation Special Fund
Notes to the Financial Statements
For the six months ended June 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 six months ended June 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 June 30, 2020.

AllIB Project Preparation Special Fund
Notes to the Financial Statements
For the six months ended June 30, 2021
(All amounts in thousands of US Dollars unless otherwise stated)

C Disclosure Notes

C1 Disbursements

Total projects	Commitments approved ⁽¹⁾	Disbursements	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 six months ended June 31, 2021	4,700	103	4,597
At June 30, 2021	28,806	4,475	24,331

⁽¹⁾ Approved commitments amounts are net of cancellation.

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

	June 30, 2021	Dec. 31, 2020
Cash	-	-
Deposits with banks		
- Demand deposits	10,620	30,705
- Term deposits with initial maturity of three months or less	87,023	67,008
Total cash and cash equivalents	97,643	97,713
Add: term deposits with initial maturity more than three months	-	-
Total cash, cash equivalents, and deposits with banks	97,643	97,713

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

AllIB Project Preparation Special Fund
Notes to the Financial Statements
For the six months ended June 30, 2021
(All amounts in thousands of US Dollars unless otherwise stated)

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 parties

PPSF's related parties are the Bank, the Contributors and the Special Fund Window under the COVID-19 Crisis Recovery Facility.

The Bank is entitled to charge PPSF an administration fee of an amount equal to one percent of contributions received. For the six months ended June 30, 2021, an administration fee of USD0.11 million (for the six months ended June 30, 2020: USD0.035 million) has been charged. The administration fee paid but not yet charged to the Statement of Comprehensive Income as at June 30, 2021 amounts to USD0.79 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.