

**Asian Infrastructure Investment Bank**

**Condensed Financial Statements (Unaudited)  
for the Three Months Ended March 31, 2024**

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**Asian Infrastructure Investment Bank**  
**Condensed Statement of Comprehensive Income**  
**For the three months ended March 31, 2024**

<i>In thousands of US Dollars</i>	<b>Note</b>	<b>For the three months ended March 31, 2024 (unaudited)</b>	<b>For the three months ended March 31, 2023 (unaudited)</b>
Interest income	C1	533,609	411,239
Interest expense	C1	(268,463)	(178,969)
<b>Net interest income</b>		<b>265,146</b>	<b>232,270</b>
Net fee and commission income	C2	8,984	8,118
Net gain on financial instruments measured at fair value through profit or loss	C3	173,158	25,770
Net loss on financial instruments measured at amortized cost	C9	(161)	(2,178)
Share of gain on investment in associates	C10	1,697	1,013
Impairment provision	C4	37,308	(13,968)
General and administrative expenses	C5	(58,316)	(46,704)
Net foreign exchange (loss)/gain		(81,772)	22,603
<b>Operating profit for the period</b>		<b>346,044</b>	<b>226,924</b>
Accretion of paid-in capital receivables	C11	188	366
<b>Net profit for the period</b>		<b>346,232</b>	<b>227,290</b>
Other comprehensive loss			
<i>Items will not be reclassified to profit or loss</i>			
Unrealized loss on fair-valued borrowings arising from changes in own credit risk	C13	(120,961)	(57,864)
<b>Total comprehensive income</b>		<b>225,271</b>	<b>169,426</b>
<b>Attributable to:</b>			
Equity holders of the Bank		<b>225,271</b>	<b>169,426</b>

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

**Asian Infrastructure Investment Bank**  
**Condensed Statement of Financial Position**  
**As at March 31, 2024**

<i>In thousands of US Dollars</i>	Note	March 31, 2024 (unaudited)	Dec. 31, 2023 (audited)
<b>Assets</b>			
Cash and cash equivalents	C6	6,193,390	1,839,122
Term deposits	C6	2,071,897	3,108,817
Investments at fair value through profit or loss	C7	17,211,930	16,576,859
Loan investments, at amortized cost	C8	23,245,706	21,969,382
Bond investments, at amortized cost	C9	9,757,594	8,266,365
Paid-in capital receivables	C11	243,435	262,637
Derivative assets	C14	550,249	616,242
Investment in associates	C10	118,963	58,799
Property and equipment		5,219	5,573
Intangible assets		5,982	6,208
Other assets	C12	1,462,152	1,082,969
<b>Total assets</b>		<b>60,866,517</b>	<b>53,792,973</b>
<b>Liabilities</b>			
Borrowings	C13	36,976,262	30,528,131
Derivative liabilities	C14	1,666,162	1,582,026
Prepaid paid-in capital		474	200
Other liabilities	C15	549,491	233,759
<b>Total liabilities</b>		<b>39,192,389</b>	<b>32,344,116</b>
<b>Members' equity</b>			
Paid-in capital	C16	19,405,400	19,405,400
Reserves			
Accretion of paid-in capital receivables		(806)	(994)
Unrealized loss on fair-valued borrowings arising from changes in own credit risk		(172,701)	(51,740)
Retained earnings		2,442,235	2,096,191
<b>Total members' equity</b>		<b>21,674,128</b>	<b>21,448,857</b>
<b>Total liabilities and members' equity</b>		<b>60,866,517</b>	<b>53,792,973</b>

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

**Asian Infrastructure Investment Bank**  
**Condensed Statement of Changes in Equity**  
**For the three months ended March 31, 2024**

<i>In thousands of US Dollars</i>	Note	<u>Reserves</u>						
		Subscribed capital	Less: callable capital	Paid-in capital	Accretion of paid-in capital receivables	Unrealized loss on fair-valued borrowings arising from changes in own credit risk	Retained earnings	Total members' equity
<b>Jan. 1, 2023</b>		<b>96,964,700</b>	<b>(77,571,800)</b>	<b>19,392,900</b>	<b>(2,268)</b>	<b>9,548</b>	<b>1,065,545</b>	<b>20,465,725</b>
Capital subscription and contribution		-	-	-	-	-	-	-
Net profit for the period		-	-	-	-	-	227,290	227,290
Other comprehensive income		-	-	-	-	(57,864)	-	(57,864)
Paid-in capital receivables - accretion effect		-	-	-	-	-	-	-
Transfer of accretion	C11	-	-	-	366	-	(366)	-
<b>March 31, 2023 (unaudited)</b>	C16	<b>96,964,700</b>	<b>(77,571,800)</b>	<b>19,392,900</b>	<b>(1,902)</b>	<b>(48,316)</b>	<b>1,292,469</b>	<b>20,635,151</b>
<b>Jan. 1, 2024</b>		<b>97,027,300</b>	<b>(77,621,900)</b>	<b>19,405,400</b>	<b>(994)</b>	<b>(51,740)</b>	<b>2,096,191</b>	<b>21,448,857</b>
Capital subscription and contribution		-	-	-	-	-	-	-
Net profit for the period		-	-	-	-	-	346,232	346,232
Other comprehensive loss		-	-	-	-	(120,961)	-	(120,961)
Paid-in capital receivables - accretion effect		-	-	-	-	-	-	-
Transfer of accretion	C11	-	-	-	188	-	(188)	-
<b>March 31, 2024 (unaudited)</b>	C16	<b>97,027,300</b>	<b>(77,621,900)</b>	<b>19,405,400</b>	<b>(806)</b>	<b>(172,701)</b>	<b>2,442,235</b>	<b>21,674,128</b>

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

**Asian Infrastructure Investment Bank**  
**Condensed Statement of Cash Flows**  
**For the three months ended March 31, 2024**

<i>In thousands of US Dollars</i>	Note	For the three months ended March 31, 2024 (unaudited)	For the three months ended March 31, 2023 (unaudited)
<b>Cash flows from operating activities</b>			
Net profit for the period		346,232	227,290
Adjustments for:			
Interest income from term deposits		(35,141)	(85,420)
Interest expense for borrowings	C13	255,475	172,781
Interest expense for leasing	C1	8	-
Issuance cost for borrowings	C5	6,876	2,793
Accretion of paid-in capital receivables	C11	(188)	(366)
Net (gain)/loss on financial instruments measured at fair value through profit or loss		(136,212)	4,073
Share of gain on investment in associates	C10	(1,697)	(1,013)
Impairment provision (release)/charge	C4	(37,308)	13,968
Depreciation and amortization		960	689
Increase in loan investments	C8	(1,238,419)	(798,856)
Decrease in bond in investment operations portfolio		49,954	2,514
Net cash paid for derivatives		(154,747)	(197,781)
(Increase)/decrease in other assets		(378,974)	317,398
Increase in other liabilities		315,158	375,101
<b>Net cash (used in)/from operating activities</b>		<b>(1,008,023)</b>	<b>33,171</b>
<b>Cash flows from investing activities</b>			
Increase in investment of funds, trust and others		(87,610)	(15,535)
Dividends received and return of capital contributions		15,198	4,290
Bond at amortized cost purchased in treasury investment portfolio		(1,522,800)	(761,250)
Bond at amortized cost matured, terminated or sold under treasury investment portfolio		10,061	-
Net purchase in other treasury investment		(576,553)	(2,367,628)
Decrease/(increase) in term deposits		1,030,000	(735,000)
Increase in investment in associates		(58,467)	-
Interest received from term deposits		42,062	61,993
Increase in intangible assets, property and equipment		(589)	(1,137)
<b>Net cash used in investing activities</b>		<b>(1,148,698)</b>	<b>(3,814,267)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings, net	C13	8,180,904	6,192,561
Repayments of borrowings	C13	(1,420,594)	(676,050)
Interest payments on borrowings	C13	(268,985)	(92,043)
Capital contributions received	C11	19,390	19,390
Prepaid paid-in capital received		274	-
<b>Net cash from financing activities</b>		<b>6,510,989</b>	<b>5,443,858</b>
<b>Net increase in cash and cash equivalents</b>		<b>4,354,268</b>	<b>1,662,762</b>
Cash and cash equivalents at beginning of period		1,839,122	3,077,356
<b>Cash and cash equivalents at end of period</b>	C6	<b>6,193,390</b>	<b>4,740,118</b>

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

## **A General Information**

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

As at March 31, 2024, the Bank’s total approved membership is 109, of which 95 have completed the membership process and have become members of AIIB in accordance with the AOA.

AIIB’s purpose 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 AIIB in the PRC are agreed in the AOA and further defined in the Headquarters Agreement between the government of the People’s Republic of China (the “Government”) and the Bank on Jan. 16, 2016.

The Bank’s first overseas office, an Interim Operational Hub (the “Hub”), was established in Abu Dhabi, the United Arab Emirates, upon the government of the United Arab Emirates (the “UAE”) and the Bank signing an agreement regarding the establishment of an office in the UAE on April 19, 2023. The Hub provides proximity to global financial centers and connectivity with the international infrastructure ecosystem which is important in maintaining AIIB’s growth momentum.

## **B Accounting Policies**

### **B1 Basis of preparation**

These condensed interim financial statements for the three months ended March 31, 2024 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”): IAS 34 *Interim Financial Reporting*, and should be read in conjunction with the annual financial statements for the year ended Dec. 31, 2023.

The accounting policies adopted are consistent with those used in the Bank’s annual financial statements for the year ended Dec. 31, 2023.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgment in its process of applying the Bank’s accounting policies. The financial statements have been prepared on a going concern basis.

**Asian Infrastructure Investment Bank**  
**Notes to the Financial Statements**  
**For the three months ended March 31, 2024**  
*(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 three months ended March 31, 2024, do not have any significant impact on the operating results, financial position and comprehensive income of the Bank, based on the assessment of the Bank.

**B3 Comparatives**

The comparative date of the Condensed Statement of Financial Position is as at Dec. 31, 2023, while the comparative period of the Condensed Statement of Comprehensive Income, the Condensed Statement of Changes in Equity and the Condensed Statement of Cash Flows are from Jan. 1, 2023 to March 31, 2023.

**Asian Infrastructure Investment Bank**  
**Notes to the Financial Statements**  
**For the three months ended March 31, 2024**  
*(All amounts in thousands of US Dollars unless otherwise stated)*

**C Disclosure Notes**

**C1 Interest income and expense**

	<b>For the three months ended March 31, 2024</b>	<b>For the three months ended March 31, 2023</b>
<b>Interest income</b>		
Loan investments <sup>(1)</sup>	370,432	251,588
Cash, cash equivalents, and deposits	85,320	131,080
Bond investments	77,857	28,571
<b>Total interest income</b>	<b>533,609</b>	<b>411,239</b>
<b>Interest expense</b>		
Borrowings <sup>(2)</sup>	(268,455)	(178,969)
Lease	(8)	-
<b>Total interest expense</b>	<b>(268,463)</b>	<b>(178,969)</b>
<b>Net interest income</b>	<b>265,146</b>	<b>232,270</b>

<sup>(1)</sup> Interest income for loan investments includes amortization of front-end 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.

<sup>(2)</sup> Interest expense is accrued mainly based on the notional coupon rate. However, the Bank uses derivatives to manage interest rate and foreign currency risks, and hence, the actual borrowing cost for the Bank is swapped from fixed to floating rate. Please refer to Note C14 Derivatives for details.

**C2 Net fee and commission income**

	<b>For the three months ended March 31, 2024</b>	<b>For the three months ended March 31, 2023</b>
Loan and guarantee fees	9,370	8,761
Special Funds administration fee (Note C20)	155	38
MCDF administration fee <sup>(1)</sup>	589	517
Implementing entity administration fee <sup>(2)</sup>	8	69
<b>Total fee and commission income</b>	<b>10,122</b>	<b>9,385</b>
Cofinancing service fee	(1,138)	(1,267)
<b>Total fee and commission expense</b>	<b>(1,138)</b>	<b>(1,267)</b>
<b>Net fee and commission income</b>	<b>8,984</b>	<b>8,118</b>

<sup>(1)</sup> According to the Governing Instrument of the Finance Facility of the Multilateral Cooperation Center for Development Finance ("MCDF Finance Facility") and the agreement on the terms and conditions of service as the administrator of the MCDF Finance Facility, the Bank provides administrative and financial services to the MCDF Finance Facility, including hosting of the secretariat of the Multilateral Cooperation Center for Development Finance ("MCDF"). Therefore, the Bank charges an administration fee for the services provided as the administrator of the MCDF Finance Facility. The MCDF serves as a multilateral initiative to foster high-quality infrastructure and connectivity investments in developing countries.

<sup>(2)</sup> Implementing entity refers to the Bank's role as either implementing partner, technical partner, or another analogous role, in a multilateral partnership facility.

Asian Infrastructure Investment Bank  
Notes to the Financial Statements  
For the three months ended March 31, 2024  
*(All amounts in thousands of US Dollars unless otherwise stated)*

**C Disclosure Notes**

**C3 Net gain on financial instruments measured at fair value through profit or loss**

	<b>For the three months ended March 31, 2024</b>	<b>For the three months ended March 31, 2023</b>
Money Market Funds (Note C6)	36,946	29,843
Investments at fair value through profit or loss (Note C7)	14,583	159,095
Borrowings (Note C13)	426,505	(277,000)
Derivatives (Note C14):		
- Borrowings associated	(616,275)	103,184
- Loan investments associated	70,394	(4,962)
- Treasury investment portfolio and bond investments associated	241,005	15,610
<b>Total</b>	<b>173,158</b>	<b>25,770</b>

**C4 Impairment provision**

	<b>For the three months ended March 31, 2024</b>	<b>For the three months ended March 31, 2023</b>
- Loan investments (Note C8)	(37,264)	13,293
- Bond investments (Note C9)	34	675
- Guarantees	(78)	-
<b>Total impairment provision</b>	<b>(37,308)</b>	<b>13,968</b>

**C5 General and administrative expenses**

	<b>For the three months ended March 31, 2024</b>	<b>For the three months ended March 31, 2023</b>
Staff costs	30,818	26,394
Professional service expenses	7,899	6,825
Issuance cost for borrowings	6,876	2,793
IT services	5,041	3,659
Facilities and administration expenses	3,404	3,335
Travel expenses	2,005	1,756
Others	2,273	1,942
<b>Total general and administrative expenses</b>	<b>58,316</b>	<b>46,704</b>

Refer to Note C20 for details of key management remuneration.

**Asian Infrastructure Investment Bank**  
**Notes to the Financial Statements**  
**For the three months ended March 31, 2024**  
*(All amounts in thousands of US Dollars unless otherwise stated)*

**C Disclosure Notes**

**C6 Cash, cash equivalents, and deposits with banks**

	<b>March 31, 2024</b>	<b>Dec. 31, 2023</b>
Cash	-	-
Deposits with banks		
- Demand deposits <sup>(1)</sup>	102,258	60,308
- Term deposits with initial maturity of three months or less	3,962,426	628,728
Money Market Funds <sup>(2)</sup>	2,128,706	1,150,086
<b>Total cash and cash equivalents</b>	<b>6,193,390</b>	<b>1,839,122</b>
Add: term deposits with initial maturity more than three months <sup>(3)</sup>	2,071,897	3,108,817
<b>Total cash, cash equivalents, and deposits with banks</b>	<b>8,265,287</b>	<b>4,947,939</b>

<sup>(1)</sup> USD117.85 million of demand deposits is segregated for the externally managed portfolios (Dec. 31, 2023: USD37.84 million).

<sup>(2)</sup> Money Market Funds

	<b>For the three months ended March 31, 2024</b>	<b>For the year ended Dec. 31, 2023</b>
As at beginning of period/year	1,150,086	1,280,649
Additions	7,098,362	18,189,374
Disposals	(6,156,688)	(18,394,715)
Fair value gain, net	36,946	74,778
<b>Total Money Market Funds</b>	<b>2,128,706</b>	<b>1,150,086</b>

Money Market Funds (“MMFs”) are rated triple-A equivalent and invest in a diversified portfolio of short-term high-quality assets. The objective of the investment is only to meet short-term cash commitments. The MMFs are subject to an insignificant risk of changes in value, with daily liquidity and an investment return comparable to normal USD denominated money market interest rates. The MMFs are exposed to credit, market and liquidity risks, and are measured at fair value.

<sup>(3)</sup> Term deposits with initial maturity more than three months have maturities up to 24 months. As at March 31, 2024, USD2.07 billion of term deposits have remaining maturity within 12 months (Dec. 31, 2023: USD3.11 billion).

**Asian Infrastructure Investment Bank**  
**Notes to the Financial Statements**  
**For the three months ended March 31, 2024**  
*(All amounts in thousands of US Dollars unless otherwise stated)*

**C Disclosure Notes**

**C7 Investments at fair value through profit or loss**

	<b>For the three months ended March 31, 2024</b>	<b>For the year ended Dec. 31, 2023</b>
As at beginning of period/year	16,576,859	12,701,947
Additions, net	628,759	3,127,649
Return of capital contributions	(8,271)	(33,857)
Net gain of investments	14,583	781,120
<b>Total investments at fair value through profit or loss</b>	<b>17,211,930</b>	<b>16,576,859</b>

Analysis of investments at fair value through profit or loss:

	<b>March 31, 2024</b>	<b>Dec. 31, 2023</b>
External Managers Program (a)	4,297,083	4,267,303
Bond investments (b)	8,586,579	8,088,954
Certificates of deposit and commercial papers (c)	3,062,629	3,056,432
Investment operations fixed income portfolio (d)	237,298	242,553
Investment in funds, trust and others (e)	1,028,341	921,617
<b>Total investments at fair value through profit or loss</b>	<b>17,211,930</b>	<b>16,576,859</b>

(a) The Bank has engaged external asset managers to invest in portfolios of high credit quality securities (the "External Managers Program"). The portfolios are fair value measured and securities are eligible for sale.

(b) The Bank invests in bond securities of high credit quality, which are mostly actively managed within treasury investment portfolio. The bond investments are measured at fair value through profit or loss. Separately, the Bank also invests in securities for infrastructure and development purposes in its investment operations portfolio.

(c) The Bank invests in certificates of deposit and commercial papers which are actively managed within treasury investment portfolio and measured at fair value through profit or loss. The certificates of deposit and commercial papers are of high credit quality.

**C Disclosure Notes**

**C7 Investments at fair value through profit or loss (Continued)**

- (d) The Bank has engaged an external asset manager to invest in a fixed-income portfolio. The objective of this portfolio is to develop the climate bond markets in Asia, composing of labeled green bonds and unlabeled climate-aligned bonds. The investment strategy targets climate bond issuers who rate high on the evaluation of three dimensions related to the Paris Agreement: (a) climate mitigation, (b) climate adaptation and (c) contribution to the transition to a low carbon, climate resilient economy.
- (e) The Bank invests in limited partnership funds ("LP Funds"), trust and others. LP Funds are managed by the general partners, who manage all investments on behalf of the limited partners. The Bank, along with other investors, has entered into the LP Funds as a limited partner. The investment in funds, trust and others do not have an expected maturity date within twelve months.

**Asian Infrastructure Investment Bank**  
**Notes to the Financial Statements**  
**For the three months ended March 31, 2024**  
*(All amounts in thousands of US Dollars unless otherwise stated)*

**C Disclosure Notes**

**C8 Loan investments, loan commitments and related ECL allowance**

<b>Loan investments</b>	<b>March 31, 2024</b>	<b>Dec. 31, 2023</b>
Gross carrying amount	23,466,570	22,250,589
ECL allowance	(220,864)	(281,207)
<b>Net carrying amount</b>	<b>23,245,706</b>	<b>21,969,382</b>

Loan investments are carried at amortized cost. At initial recognition, loan investments are measured at fair value using the assumptions market participants of either sovereign-backed or nonsovereign-backed projects would use when pricing the loan assets. The market where the Bank enters into such transactions is considered to be the principal market. The transaction price normally represents the fair value of loans at their initial recognition.

All sovereign-backed loans to eligible members are subject to the same pricing, taking into account the “preferred creditor status” and other terms giving the Bank rights more favorable than those available to commercial creditors. The Bank applies commercial pricing practices to nonsovereign-backed loans. The Bank has no intention to sell sovereign-backed loans, nor does it believe there is a secondary market for such loans.

The Bank began offering variable spread loans in 2019 where the lending rate consists of a variable reference rate and a variable spread. The variable spread consists of a fixed contractual lending spread and maturity premium along with a variable borrowing cost margin. The reference rate and the borrowing cost margin are determined at each interest rate reset date and are applicable for the following six months. The borrowing cost margin is based on the cost of the underlying funding for these loans at the time of the reset. As at March 31, 2024, USD15,263.25 million of the total carrying amount of the Bank’s loans are variable spread loans (Dec. 31, 2023: USD14,039.2 million).

As at March 31, 2024, USD1,558.2 million of the total carrying amount matures within 12 months (Dec. 31, 2023: USD1,537.5 million).

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, 2024. The gross amounts of loans are net of the transaction costs and fees that are capitalized through the effective interest method, or EIR method.

	<b>March 31, 2024</b>	<b>Dec. 31, 2023</b>
Loan investments, gross carrying amount	23,466,570	22,250,589
Loan commitments	13,595,768	11,959,440
	37,062,338	34,210,029
Total ECL allowance (a)	(221,525)	(281,227)
	<b>36,840,813</b>	<b>33,928,802</b>

**C Disclosure Notes**

**C8 Loan investments, loan commitments and related ECL allowance (Continued)**

(a) As at March 31, 2024, total ECL allowance related to loan commitments is USD0.66 million (Dec. 31, 2023: USD0.02 million), and is presented as a provision in Note C15.

For the three months ended March 31, 2024, the impairment provision released on loan investments and loan commitments was USD37.26 million (impairment provision charged for the three months ended March 31, 2023: USD13.29 million), as disclosed in Note C4.

**C9 Bond investments at amortized cost**

	<b>March 31, 2024</b>	<b>Dec. 31, 2023</b>
Externally managed fixed-income portfolio (a)	439,654	450,047
Internally managed fixed-income portfolio (b)	8,642,518	7,119,718
Investment operations bond portfolios (c)	690,439	711,583
Gross carrying amount	9,772,611	8,281,348
ECL allowance	(15,017)	(14,983)
<b>Net carrying amount</b>	<b>9,757,594</b>	<b>8,266,365</b>

(a) The Bank engaged an external asset manager to invest in a portfolio of high credit quality securities. The portfolio adopts a hold-to-maturity business strategy. The bonds are initially recognized at fair value and subsequently measured at amortized cost.

(b) The Bank has an internally managed portfolio of high credit quality bonds. The portfolio adopts a hold-to-maturity business strategy. The bonds are initially recognized at fair value and subsequently measured at amortized cost.

(c) The Bank has invested in a fixed income bond investment portfolio which comprises Asian infrastructure-related bonds and other bond investments through private placements. The bonds are initially recognized at fair value and subsequently measured at amortized cost.

For the three months ended March 31, 2024, USD0.16 million investment loss was recognized as a result of disposal of certain bonds in the portfolios (for the three months ended March 31, 2023: USD2.18 million).

Bond investments at amortized cost are subject to credit losses estimated by applying an ECL model, assessed on a forward-looking basis. As at March 31, 2024, ECL allowances of USD14.43 million and USD0.59 million have been provided respectively to bonds in investment operations and treasury investment portfolio (Dec. 31, 2023: USD14.47 million and USD0.51 million respectively).

As at March 31, 2024, USD3,470.14 million of the gross carrying amount matures within 12 months (Dec. 31, 2023: USD3,045.95 million).

**C Disclosure Notes**

**C10 Investment in associates**

In April 2020, the Bank has subscribed for a 30% economic interest in a private company incorporated in Singapore and limited by shares since 2020. The purpose of the investee is to acquire and securitize infrastructure loans.

In January 2024, the Bank acquired a 15% unitholding in a private-listed infrastructure investment trust which currently holds a portfolio consisting of operational solar power projects, with a nominated director to the board of investment manager for the infrastructure investment trust.

For the three months ended March 31, 2024, the associates recognized a total profit of USD5.66 million (for the year ended Dec. 31, 2023: profit of USD12.1 million). The Bank has recorded a net profit of USD1.70 million following the equity method (for the year ended Dec. 31, 2023: net profit of USD3.6 million).

	<b>For the three months ended March 31, 2024</b>	<b>For the year ended Dec. 31, 2023</b>
As at beginning of period/year	58,799	49,176
Additions	58,467	6,000
Share of gain for the period/year	1,697	3,623
<b>Total investment in associates</b>	<b>118,963</b>	<b>58,799</b>

**C11 Paid-in capital receivables**

According to the AOA, payments for paid-in capital (refer to Note C16) are due in five installments, with the exception of members considered as less developed countries, who may pay in ten installments. Paid-in capital receivables represent amounts due from members in respect of paid-in capital. These amounts are initially recognized at fair value and subsequently measured at amortized cost. The fair value discount is accreted through income using the effective interest method. For the three months ended March 31, 2024, none of discount (for the three months ended March 31, 2023: none) has been debited to the reserve. An amount of USD0.19 million (for the three months ended March 31, 2023: USD0.37 million) has been accreted through income in the current period.

As at March 31, 2024, overdue contractual undiscounted paid-in capital receivables amounted to USD202.89 million (Dec. 31, 2023: USD215.51 million) (Note C16) are not considered impaired.

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**C Disclosure Notes**

**C11 Paid-in capital receivables (Continued)**

As at March 31, 2024, USD235.06 million (Dec. 31, 2023: USD248.03 million) of the paid-in capital balance is due within 12 months.

	<b>For the three months ended March 31, 2024</b>	<b>For the year ended Dec. 31, 2023</b>
As at beginning of period/year	262,637	304,862
Paid-in capital receivables originated	-	12,500
Contributions received	(19,390)	(55,999)
Accretion to profit or loss	188	1,274
<b>Total paid-in capital receivables</b>	<b>243,435</b>	<b>262,637</b>

**C12 Other assets**

	<b>March 31, 2024</b>	<b>Dec. 31, 2023</b>
Cash collateral receivable (Note C14)	1,245,220	1,055,823
Receivable for unsettled trades	206,179	16,552
Prepayments	8,665	6,604
Receivable for Special Funds and MCDF administration fees	589	2,459
Guarantee fee receivables	-	254
Others	1,499	1,277
<b>Total other assets</b>	<b>1,462,152</b>	<b>1,082,969</b>

**C13 Borrowings**

	<b>March 31, 2024</b>	<b>Dec. 31, 2023</b>
Borrowings carried at fair value	33,923,418	28,334,027
Borrowings carried at amortized cost	3,052,844	2,194,104
<b>Total borrowings</b>	<b>36,976,262</b>	<b>30,528,131</b>

The Bank raises funds through various markets to support its operations. The Bank's debt issuance programs include the SEC-registered Shelf, Global Medium-Term Notes Programme, Australian Dollar and New Zealand Dollar Debt Issuance Programme, Renminbi Bond Issuance Program, and Euro Commercial Paper Programme (the "ECP"). Among these funding sources, the SEC-registered fixed-rate global notes have been the primary program of the Bank's borrowing activities. These funding initiatives have enabled the Bank to access diverse sources of capital and strengthen its financial position.

**C Disclosure Notes**

**C13 Borrowings (Continued)**

The following table sets out the details of the outstanding amount by denominated currency.

<b>Denominated currency</b>	<b>March 31, 2024</b>	<b>Dec. 31, 2023</b>
USD	25,018,069	20,473,978
GBP	4,054,944	3,138,279
EUR	2,233,625	1,892,423
CNY	1,994,295	1,670,561
HKD	980,588	768,246
AUD	963,255	1,003,122
INR	553,707	267,864
TRY	442,863	482,371
CHF	235,701	251,756
Others	499,215	579,531
<b>Total</b>	<b>36,976,262</b>	<b>30,528,131</b>

Borrowings that are paired with swaps are designated as financial liabilities at fair value through profit or loss. The designation significantly reduces accounting mismatches that would otherwise arise if the borrowings were carried at amortized cost while the related swaps are carried at fair value. Interest from borrowings is calculated based on outstanding balances of the borrowings and coupon rates and presented as interest expense in the Statement of Comprehensive Income.

Floating rate notes and ECP are carried at amortized cost with interest expenses recognized under the effective interest rate method.

The fair value changes for financial liabilities that are designated as at fair value through profit or loss that are attributable to changes in the Bank's own credit risk, are recognized in other comprehensive income in accordance with the requirements of IFRS 9. Fair value movements attributable to changes in the Bank's own credit risk are determined using the mark-to-market approach by applying an observable own credit spread curve to the Bank's exposure at the reporting date.

For the three months ended March 31, 2024, the fair value loss attributable to changes in the Bank's own credit risk included in the other comprehensive income amounted to USD120.96 million (for the three months ended March 31, 2023: fair value loss of USD 57.86 million). As of March 31, 2024, USD2.47 million of cumulative unrealized gain on fair-valued borrowings was reversed from the other comprehensive income at the derecognition (Dec. 31, 2023: USD3.89 million of cumulative unrealized loss).

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**C Disclosure Notes**

**C13 Borrowings (Continued)**

The following table sets out information about changes in liabilities arising from borrowing activities, including changes arising from cash flows and non-cash changes.

	<b>For the three months ended March 31, 2024</b>	<b>For the year ended Dec. 31, 2023</b>
As at beginning of period/year	30,528,131	24,475,728
Changes arising from cash flows		
- Proceeds from borrowings, net	8,180,904	13,184,003
- Repayment of borrowings	(1,420,594)	(8,111,728)
- Interest payments	(268,985)	(583,347)
- Issuance cost for borrowings	6,876	9,169
Non-cash changes		
- Accrued interest	255,475	789,961
- Changes in fair values included in the other comprehensive income	120,960	61,288
- Changes in fair values included in profit or loss (Note C3)	(426,505)	703,057
<b>Total borrowings</b>	<b>36,976,262</b>	<b>30,528,131</b>

**C Disclosure Notes**

**C14 Derivatives**

As at March 31, 2024, the Bank has entered into several interest rate swap, foreign exchange forward and cross currency swap contracts. The Bank makes use of derivatives primarily to hedge the Bank's borrowings, so as to convert issuance proceeds into the currency and interest rate structure sought by the Bank. The Bank also uses derivatives to manage the net interest rate and foreign exchange risks arising from its financial assets including, but not limited to, loans, certificates of deposit and bond investments.

Derivative contracts are financial instruments valued at each reporting date using valuation techniques that consider observable market data such as yield curves, interest rates, and foreign currency rates. Net interest paid or received on these derivative contracts is included within the net gain on financial instruments.

The following table sets out the contractual notional amounts and fair values of the derivatives as at March 31, 2024 and Dec. 31, 2023. The payments under each of the derivative contracts are subject to enforceable master netting arrangements.

	<b>As at March 31, 2024</b>		
	<b>Contractual notional amount</b>	<b>Fair value</b>	
		<b>Assets</b>	<b>Liabilities</b>
<b>Derivatives</b>			
Interest rate swaps	37,040,986	172,657	818,592
Cross currency swaps	17,064,716	337,488	842,867
FX forwards	3,570,046	40,104	4,703
<b>Total derivatives</b>	<b>57,675,748</b>	<b>550,249</b>	<b>1,666,162</b>

	<b>As at Dec. 31, 2023</b>		
	<b>Contractual notional amount</b>	<b>Fair value</b>	
		<b>Assets</b>	<b>Liabilities</b>
<b>Derivatives</b>			
Interest rate swaps	29,459,077	179,681	717,607
Cross currency swaps	15,127,846	436,303	823,460
FX forwards	2,334,500	258	40,959
<b>Total derivatives</b>	<b>46,921,423</b>	<b>616,242</b>	<b>1,582,026</b>

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**C Disclosure Notes**

**C14 Derivatives (Continued)**

The table below presents the undiscounted cash flows in/(out) of the derivatives the Bank has entered into as at March 31, 2024 and Dec. 31, 2023.

	<b>As at March 31, 2024</b>					
	<b>Less than 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Derivatives</b>						
Interest rate swaps	(119,728)	(136,754)	(259,035)	(141,136)	(419)	(657,072)
Gross settling cross currency swaps - inflow	55,788	501,123	2,523,992	14,295,675	1,824,392	19,200,970
Gross settling cross currency swaps - outflow	(86,945)	(537,356)	(2,656,163)	(14,505,129)	(1,566,630)	(19,352,223)
Gross settling FX forwards - inflow	579,688	1,727,838	1,000,339	256,479	-	3,564,344
Gross settling FX forwards - outflow	(571,527)	(1,707,358)	(967,791)	(242,674)	-	(3,489,350)
<b>Total derivatives</b>	<b>(142,724)</b>	<b>(152,507)</b>	<b>(358,658)</b>	<b>(336,785)</b>	<b>257,343</b>	<b>(733,331)</b>

	<b>As at Dec. 31, 2023</b>					
	<b>Less than 1 month</b>	<b>1-3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total</b>
<b>Derivatives</b>						
Interest rate swaps	(43,831)	(95,858)	(367,008)	(42,899)	1,933	(547,663)
Gross settling cross currency swaps - inflow	64,112	950,949	2,179,876	12,287,630	1,848,326	17,330,893
Gross settling cross currency swaps - outflow	(92,825)	(1,018,177)	(2,233,970)	(12,431,559)	(1,579,160)	(17,355,691)
Gross settling FX forwards - inflow	646,370	686,993	610,938	390,113	-	2,334,414
Gross settling FX forwards - outflow	(663,649)	(696,344)	(606,812)	(376,581)	-	(2,343,386)
<b>Total derivatives</b>	<b>(89,823)</b>	<b>(172,437)</b>	<b>(416,976)</b>	<b>(173,296)</b>	<b>271,099</b>	<b>(581,433)</b>

**C Disclosure Notes**

**C14 Derivatives (Continued)**

The Bank requires collateral in the form of cash against the exposures to derivative counterparties. The Bank records cash collateral in respect of the interest rate swaps and cross currency swaps based on the fair value of the swaps. This amount is presented separately in the Bank's Statement of Financial Position as the cash flows are not applied towards the settlement of net interest payments. The collateral would only be applied against amounts due in the event that some or all the corresponding swaps are terminated early, including, but not limited to, as a result of a default by the relevant counterparty. As at March 31, 2024, the Bank has received cash collateral of USD112.43 million (Note C15) (Dec. 31, 2023: USD101.99 million) from the swap counterparties, and has paid cash collateral of USD1,245.22 million (Note C12) (Dec. 31, 2023: USD1,055.82 million) to the swap counterparties.

Due to the collateral arrangements in the Bank's derivatives contracts, the counterparty valuation adjustment ("CVA") and debt valuation adjustment ("DVA") do not have a material impact on the derivative valuations as at March 31, 2024 and Dec. 31, 2023.

As at March 31, 2024, the Bank makes use of derivatives with notional amount of USD39,023.19 million to hedge the borrowings with carrying amount of USD33,923.42 million. The Bank enters into derivatives with notional amount of USD3,786.33 million to hedge loans with carrying amount of USD3,475.49 million. The Bank makes use of derivatives with notional amount of USD572.51 million to hedge bonds in investment operations with carrying amount of USD587.87 million. Derivatives with notional amount of USD14,293.73 million are used to hedge financial instruments in treasury investment portfolio. The Bank's risk exposures have been well hedged. Therefore, the profit and loss are effectively managed on a net basis.

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**C Disclosure Notes**

**C15 Other liabilities**

	<b>March 31, 2024</b>	<b>Dec. 31, 2023</b>
Payable and advance receipt for unsettled trades	362,128	49,328
Cash collateral payable (Note C14)	112,426	101,994
Deferred interest (Note C20)	34,815	34,855
Accrued expenses	25,319	28,758
Staff costs payable	9,056	8,837
Financial guarantee liabilities	4,257	4,681
Payable to Special Fund Window relating to project cancellation (C20)	-	4,140
Lease liability	796	898
Deferred administration fee (Note C20)	15	170
Loan provision—ECL allowance (Note C8)	661	20
Others	18	78
<b>Total other liabilities</b>	<b>549,491</b>	<b>233,759</b>

**C16 Share capital**

	<b>March 31, 2024</b>	<b>Dec. 31, 2023</b>
Authorized capital	100,000,000	100,000,000
– Allocated		
- Subscribed	97,027,300	97,027,300
- Unsubscribed	984,200	984,200
– Unallocated	1,988,500	1,988,500
<b>Total authorized capital</b>	<b>100,000,000</b>	<b>100,000,000</b>
Subscribed capital	97,027,300	97,027,300
Less: callable capital	(77,621,900)	(77,621,900)
<b>Paid-in capital</b>	<b>19,405,400</b>	<b>19,405,400</b>
Paid-in capital comprises:		
– amounts received	19,161,159	19,141,769
– amounts due but not yet received	202,891	215,512
– amounts not yet due	41,350	48,119
<b>Total paid-in capital</b>	<b>19,405,400</b>	<b>19,405,400</b>

In accordance with Articles 4 and 5 of the AOA, the initial authorized capital stock of the Bank is USD100 billion, divided into 1,000,000 shares, which shall be available for subscription only by members.

The original authorized capital stock is divided into paid-in shares and callable shares, with paid-in shares having an aggregate par value of USD20 billion and callable shares having an aggregate par value of USD80 billion.

Payment of the amount subscribed to the callable capital stock of the Bank shall be subject to call only as and when required by the Bank to meet its liabilities. Calls on unpaid subscriptions shall be uniform in percentage on all callable shares.

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**C Disclosure Notes**

**C16 Share capital (Continued)**

In accordance with Article 37 of the AOA, any member may withdraw from the Bank at any time by delivering a notice in writing to the Bank at its principal office. A withdrawing member remains liable for all direct and contingent obligations to the Bank to which it was subject at the date of delivery of the withdrawal notice. At the time a country ceases to be a member, the Bank shall arrange for the repurchase of such country's shares by the Bank as a part of the settlement of accounts with such country.

<b>Members</b>	<b>Total shares</b>	<b>Subscribed capital</b>	<b>Callable capital</b>	<b>Paid-in capital</b>
Afghanistan	866	86,600	69,300	17,300
Algeria	50	5,000	4,000	1,000
Argentina	50	5,000	4,000	1,000
Australia	36,912	3,691,200	2,953,000	738,200
Austria	5,008	500,800	400,600	100,200
Azerbaijan	2,541	254,100	203,300	50,800
Bahrain	1,036	103,600	82,900	20,700
Bangladesh	6,605	660,500	528,400	132,100
Belarus	641	64,100	51,300	12,800
Belgium	2,846	284,600	227,700	56,900
Benin	50	5,000	4,000	1,000
Brazil	50	5,000	4,000	1,000
Brunei Darussalam	524	52,400	41,900	10,500
Cambodia	623	62,300	49,800	12,500
Canada	9,954	995,400	796,300	199,100
Chile	100	10,000	8,000	2,000
China	297,804	29,780,400	23,824,300	5,956,100
Cook Islands	5	500	400	100
Côte d'Ivoire	50	5,000	4,000	1,000
Croatia	50	5,000	4,000	1,000
Cyprus	200	20,000	16,000	4,000
Denmark	3,695	369,500	295,600	73,900
Ecuador	50	5,000	4,000	1,000
Egypt	6,505	650,500	520,400	130,100
Ethiopia	458	45,800	36,600	9,200
Fiji	125	12,500	10,000	2,500
Finland	3,103	310,300	248,200	62,100
France	33,756	3,375,600	2,700,500	675,100
Georgia	539	53,900	43,100	10,800
Germany	44,842	4,484,200	3,587,400	896,800
Ghana	50	5,000	4,000	1,000
Greece	100	10,000	8,000	2,000
Guinea	50	5,000	4,000	1,000
Hong Kong, China	7,651	765,100	612,100	153,000
Hungary	1,000	100,000	80,000	20,000
Iceland	176	17,600	14,100	3,500
India	83,673	8,367,300	6,693,800	1,673,500
Indonesia	33,607	3,360,700	2,688,600	672,100
Iran	15,808	1,580,800	1,264,600	316,200
Iraq	250	25,000	20,000	5,000
Ireland	1,313	131,300	105,000	26,300
Israel	7,499	749,900	599,900	150,000
Italy	25,718	2,571,800	2,057,400	514,400
Jordan	1,192	119,200	95,400	23,800

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**C Disclosure Notes**

**C16 Share capital (Continued)**

<b>Members</b>	<b>Total shares</b>	<b>Subscribed capital</b>	<b>Callable capital</b>	<b>Paid-in capital</b>
Kazakhstan	7,293	729,300	583,400	145,900
Korea	37,387	3,738,700	2,991,000	747,700
Kyrgyz Republic	268	26,800	21,400	5,400
Lao PDR	430	43,000	34,400	8,600
Liberia	50	5,000	4,000	1,000
Libya	526	52,600	42,100	10,500
Luxembourg	697	69,700	55,800	13,900
Madagascar	50	5,000	4,000	1,000
Malaysia	1,095	109,500	87,600	21,900
Maldives	72	7,200	5,800	1,400
Malta	136	13,600	10,900	2,700
Mongolia	411	41,100	32,900	8,200
Morocco	50	5,000	4,000	1,000
Myanmar	2,645	264,500	211,600	52,900
Nepal	809	80,900	64,700	16,200
Netherlands	10,313	1,031,300	825,000	206,300
New Zealand	4,615	461,500	369,200	92,300
Norway	5,506	550,600	440,500	110,100
Oman	2,592	259,200	207,400	51,800
Pakistan	10,341	1,034,100	827,300	206,800
Peru	1,546	154,600	123,700	30,900
Philippines	9,791	979,100	783,300	195,800
Poland	8,318	831,800	665,400	166,400
Portugal	650	65,000	52,000	13,000
Qatar	6,044	604,400	483,500	120,900
Romania	1,530	153,000	122,400	30,600
Russia	65,362	6,536,200	5,229,000	1,307,200
Rwanda	50	5,000	4,000	1,000
Samoa	21	2,100	1,700	400
Saudi Arabia	25,446	2,544,600	2,035,700	508,900
Serbia	50	5,000	4,000	1,000
Singapore	2,500	250,000	200,000	50,000
South Africa	50	5,000	4,000	1,000
Spain	17,615	1,761,500	1,409,200	352,300
Sri Lanka	2,690	269,000	215,200	53,800
Sudan	590	59,000	47,200	11,800
Sweden	6,300	630,000	504,000	126,000
Switzerland	7,064	706,400	565,100	141,300
Tajikistan	309	30,900	24,700	6,200
Thailand	14,275	1,427,500	1,142,000	285,500
Timor-Leste	160	16,000	12,800	3,200
Togo	50	5,000	4,000	1,000
Tonga	12	1,200	1,000	200
Tunisia	50	5,000	4,000	1,000
Türkiye	26,099	2,609,900	2,087,900	522,000
United Arab Emirates	11,857	1,185,700	948,600	237,100
United Kingdom	30,547	3,054,700	2,443,800	610,900
Uruguay	50	5,000	4,000	1,000
Uzbekistan	2,198	219,800	175,800	44,000
Vanuatu	5	500	400	100
Viet Nam	6,633	663,300	530,600	132,700
<b>Total</b>	<b>970,273</b>	<b>97,027,300</b>	<b>77,621,900</b>	<b>19,405,400</b>

**C Disclosure Notes**

**C17 Reserves**

Based on Article 18.1 of the AOA, the Board of Governors shall determine at least annually what part of the net income of the Bank shall be allocated, after making provision for reserves, to retained earnings or other purposes and what part, if any, shall be distributed to the members.

**C18 Distribution**

Retained earnings as at March 31, 2024 are USD2,442.24 million (Dec. 31, 2023: USD2,096.19 million). For the three months ended March 31, 2024, USD0.19 million (for the three months ended March 31, 2023: USD0.37 million) of retained earnings has been transferred to the reserve for accretion of the paid-in capital receivables.

No dividends were declared during the reporting period.

**C19 Unconsolidated structured entities**

Special Funds established and administered by the Bank based on Article 17.1 of the AOA are unconsolidated structured entities for accounting purposes. Consistent with Article 10 of the Bank's AOA, the resources of the Special Funds shall at all times and in all respects be held, used, committed, invested or otherwise disposed of entirely separately from the Bank's ordinary resources.

**The Project Preparation Special Fund**

The objective of the Project Preparation Special Fund is to support and facilitate preparatory activities during the preparation and early implementation of projects, on a grant basis, for the benefit of one or more members of the Bank that, at the time when the decision to extend the grant is made by the Bank, are classified as recipients of financing from the International Development Association ("IDA"), and other members of the Bank with substantial development needs and capacity constraints.

The resources of the Project Preparation Special Fund consist of: (a) amounts accepted from any member of the Bank, any of its political or administrative sub-divisions, or any entity under the control of the member or such sub-divisions or any other country, entity or person approved by the President may become a contributor to the Special Funds; (b) income derived from investment of the resources of the Special Funds; and (c) funds reimbursed to the Special Funds, if any.

The full cost of administering the Project Preparation Special Fund is charged to the Project Preparation Special Fund. The Bank charges an administration fee equal to 1% of any contribution, and the Project Preparation Special Fund bears all expenses appertaining directly to operations financed from the resources of the Project Preparation Special Fund.

As at March 31, 2024, the Project Preparation Special Fund has aggregate contributions received amounted to USD128 million (Dec. 31, 2023: USD128 million). For the three months ended March 31, 2024, fees recognized as income amounted to USD0.15 million (for the three months ended March 31, 2023: USD0.04 million) (Note C2). As at March 31, 2024, deferred administration fees recognized as other liabilities amounted to USD0.02 million (Dec. 31, 2023: USD0.17 million) (Note C15).

**C Disclosure Notes**

**C19 Unconsolidated structured entities (Continued)**

**The Special Fund Window for Less Developed Members (the “Special Fund Window”)**

The Special Fund Window provides interest rate buy-down to eligible sovereign-backed financing aligned with AIIB’s Corporate Strategy in eligible members according to the approved Rules and Regulations. The Special Fund Window is funded by the amounts transferred by the Bank from its Project Preparation Special Fund, and voluntary contributions from the Bank’s Members.

As at March 31, 2024, there was no administration fee receivable by the Bank (Dec. 31, 2023: USD0.04 million), and the interest rate buy-down balance for eligible sovereign-backed loans from Special Fund Window amounted to USD34.82 million (Dec. 31, 2023: USD34.86 million) (Note C15).

As of March 31, 2024, there was no payable amount to Special Fund Window due to partial cancellation of loan commitment (Dec. 31, 2023: USD4.14 million) (Note C15).

**The Project-Specific Window**

On March 19, 2024, the Bank established the Project-Specific Window for the Bank to accept, manage, and disburse external grants for the co-financing of eligible projects in the Bank’s low- and middle-income members and small island members as defined in the Rules and Regulations of the AIIB Project-Specific Window.

The resource of the Project-Specific Window consists of contributions from eligible contributors to co-finance specific eligible projects approved by the contributors. Contributions received will be channeled and disbursed to the approved specific projects. The full cost of administration shall be charged to the Project-Specific Window.

As of March 31, 2024, no contribution has been received in Project-Specific Window.

**AIIB External Special Funds**

Special Fund resources received by AIIB in its role as implementing entity of multilateral partnership facilities are considered as AIIB External Special Funds collectively. AIIB became the Global Infrastructure Facility Technical Partner (“GIF TP”) on June 23, 2021 after executing the Financial Procedures Agreement; the MCDF Implementing Partner (“MCDF IP”) on Aug. 9, 2021 after executing the Implementing Partner Agreement; and the Pandemic Prevention, Preparedness and Response Trust Fund Implementing Entity (“PPR IE”) on Feb. 10, 2023 after executing the Financial Procedures Agreement. Resources from the multilateral partnership facilities are administrated in separate External Special Funds.

The Bank is not obliged to provide financial support to the Special Funds.

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**C Disclosure Notes**

**C20 Related party transactions**

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely to the legal form.

Major outstanding balances with related parties are as follows:

	<b>March 31, 2024</b>		<b>Dec. 31, 2023</b>	
	PRC related entities	Other related parties	PRC related entities	Other related parties
Loan investments	1,488,056	-	1,508,033	-
LP Fund	66,210	-	67,830	-
Equity and bond investment in associates	-	250,118	-	205,043
Other assets	-	59	-	37
Other liabilities	-	34,830	-	39,165

The income and expense items affected by transactions with related parties are as follows:

	<b>For the three months ended March 31, 2024</b>		<b>For the three months ended March 31, 2023</b>	
	PRC related entities	Other related parties	PRC related entities	Other related parties
Income from loan investments	18,806	-	15,056	-
Net (loss)/gain on LP Fund	(4,939)	-	2,118	-
Net gain on equity and bond investment in associates	-	4,186	-	3,331
Income from Special Funds (Administration Fee)	-	155	-	38

**C Disclosure Notes**

**C20 Related party transactions (Continued)**

**Shareholder with significant influence**

The Bank considers PRC as the member that has a significant influence over the Bank's financial and operating policies through its ability to exercise its voting powers in the Board. As of March 31, 2024, the Government of the PRC (the "Government") owned approximately 30.69% of the paid-in capital of the Bank (Dec. 31, 2023: approximately 30.69%).

The Bank enters into transactions with enterprises ultimately controlled by the Government (State-owned Entities), including but not limited to, lending, bond investments, equity and fund investments, deposits and interbank placements, goods and services.

The Bank considers the transactions with PRC state-owned entities are activities conducted in the ordinary course of business, and the dealings of the Bank have not been significantly or unduly affected by the fact that these entities are ultimately controlled by the Government.

Significant transactions with the PRC related entities are as follows:

**(1) Loan investments**

The Bank has loan facilities to nonsovereign borrowers that are ultimately controlled by State-owned Entities with a total outstanding balance of USD226.07 million as at March 31, 2024. The Bank entered into the agreement with the borrowers in the ordinary course of business under normal commercial terms and at market rates.

The Bank has sovereign-backed facilities to PRC with a total outstanding balance of USD1,261.99 million equivalent as of March 31, 2024. The Bank's standard interest rate for sovereign-backed loans has been applied. PRC sovereign-backed loans and nonsovereign-backed loan on USD LIBOR have been transitioned to SOFR.

**(2) LP Fund**

In July 2019, the Bank approved a USD75 million investment into a limited partnership fund organized under the laws of Hong Kong, China and subscribed to an interest therein in November 2019. In addition to the Bank, the Government and other entities related therewith are also limited partners of the Fund. The Bank will not take part in the management of the Fund. As at March 31, 2024, the fair value of the Bank's interest in the Fund is USD66.21 million (Dec. 31, 2023: USD67.83 million).

**C Disclosure Notes**

**C20 Related party transactions (Continued)**

Transactions with other related parties are as follows:

**(1) Equity and bond investment in associates**

The Bank subscribed for USD118.96 million in associates (Note C10). As at March 31, 2024, the Bank holds USD131.16 million of infrastructure asset-backed securities issued by the associate.

**(2) Transactions with Special Funds**

As at March 31, 2024, the outstanding balance of other receivables from the Special Funds is USD0.06 million (Dec. 31, 2023: USD0.04 million).

As at March 31, 2024, other liabilities relate to the Project Preparation Special Fund deferred administration fee of USD0.02 million (Dec. 31, 2023: USD0.17 million), the interest rate buy-down balance of USD34.82 million from Special Fund Window (Dec. 31, 2023: USD34.86 million), and there was no payable amount (Dec. 31, 2023: USD4.14 million) to Special Fund Window due to a partial cancellation of loan commitment. (Note C19).

**Key management personnel**

Key management personnel are those persons who have the authority and responsibility to plan, direct, and control the activities of the Bank. Key management personnel of the Bank is defined as the members of the Bank's Executive Committee, that is, in accordance with the Terms of Reference of the Executive Committee dated Jan. 5, 2022, the President, the Vice Presidents, the General Counsel, the Chief Risk Officer, the Chief Financial Officer and the Chief Economist.

For the three months ended March 31, 2024 and the three months ended March 31, 2023, the Bank has no material transactions with key management personnel.

The compensation of key management personnel during the year comprises short-term employee benefits of USD0.99 million (for the three months ended March 31, 2023: USD1.02 million) and defined contribution plans of USD0.20 million (for the three months ended March 31, 2023: USD0.20 million).

**C Disclosure Notes**

**C20 Related party transactions (Continued)**

**Use of office building**

In accordance with Article 5 of the Headquarters Agreement, Government will provide a permanent office building (“Permanent Premises”) and temporary office accommodation to the Bank, free of charge. The Permanent Premises and temporary office accommodation are provided to the Bank for the purposes of carrying out its Official Activities, as defined in Article 1(k) of the Headquarters Agreement. The Bank does not have legal ownership of the Permanent Premises. Please refer to Headquarters Agreement disclosed on public domain of AIIB website.

The provision of the Permanent Premises and temporary office accommodation is not subject to any consideration payable by the Bank, or any conditions relating to the Bank’s lending or investing activities. The Bank, however, remains responsible for the management of the Premises and/or for the associated costs, including that of utilities and services.

On June 1, 2020, the Bank officially moved to the Permanent Premises. The temporary office was returned to the Government on June 5, 2020.

The Permanent Premises of the Bank are located at Towers A and B, Asia Financial Center, No.1 Tianchen East Road, Chaoyang District, Beijing 100101 and, as of the reporting date, provides the Bank with approximately 81,580 square meters of office space and associated facilities and equipment.

On September 11, 2019, the People’s Government of Tianjin Municipality (the “Tianjin Municipality”) and the Bank entered into a Memorandum of Understanding (the “MOU”), in accordance with Article 5 of the Headquarters Agreement, to set out the arrangements regarding the premises of the Bank as its back-up business office in Tianjin (the “Tianjin Premises”). Specifically, according to the MOU, Tianjin Municipality will provide the Tianjin Premises to the Bank for its use, free of charge, similar to the arrangements for the Permanent Premises.

On March 31, 2021, Tianjin Municipality officially handed over the Tianjin Premises to the Bank. The Tianjin Premises are located at Level 25, Level 26, 3-14, No. 681, Ronghe Road, Binhai New Area, Tianjin, and provide the Bank with approximately 4,258 square meters of office space.

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**C Disclosure Notes**

**C21 Segment reporting**

The Bank has only one reportable segment since financial results are reviewed and resource allocation decisions are made at the entity level.

The table below illustrates the geographic distribution of the Bank's loan and guarantee revenue by destination for the three months ended March 31, 2024, and March 31, 2023.

Loan and guarantee revenue comprises loan interest income, loan commitment fee, guarantee fee and other service fees.

Region	For the three months ended March 31, 2024			For the three months ended March 31, 2023		
	Sovereign -backed loans and guarantees	Nonsovereign -backed loans	Total	Sovereign -backed loans	Nonsovereign -backed loans	Total
Central Asia	31,851	4,596	36,447	14,637	2,206	16,843
Eastern Asia	19,828	3,402	23,230	12,324	4,625	16,949
Southeastern Asia	66,923	6,838	73,761	45,877	2,963	48,840
Southern Asia	137,033	6,671	143,704	93,044	6,282	99,326
Western Asia	59,827	19,719	79,546	44,170	14,923	59,093
Oceania	1,904	-	1,904	1,723	-	1,723
Other Regional	-	4,152	4,152	-	5,099	5,099
Total Regional	317,366	45,378	362,744	211,775	36,098	247,873
Total Non- Regional	12,920	4,138	17,058	8,855	3,621	12,476
<b>Total</b>	<b>330,286</b>	<b>49,516</b>	<b>379,802</b>	<b>220,630</b>	<b>39,719</b>	<b>260,349</b>

**C22 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.

## **D Financial Risk Management**

### **D1 Overview**

The Bank adopts a proactive and comprehensive approach to risk management that is instrumental to the Bank's financial viability and success in achieving its mandate. The ability to identify, mitigate, and manage risk begins with the Bank's policies established with a strong risk culture. In addition to establishing appropriate risk parameters and a thorough and robust project review and monitoring process, the risk management function provides independent oversight of credit and other investment risk, market risk, liquidity risk, counterparty credit risk, model risk, operational risk, and compliance and integrity risk in the Bank's activities. It is also designed to manage assets and liabilities to minimize the volatility in its equity value and to maintain sufficient liquidity.

For further information, please refer to the accompanying notes D Financial Risk Management included in the Bank's financial statements for the year ended Dec. 31, 2023.

### **D2 Market risk**

#### ***IBOR reform***

All sovereign loans and swaps have been transitioned to a SOFR reference rate.

As of March 31, 2024, the Bank has successfully completed the majority of the transition for nonsovereign-backed loans. There are a few legacy projects with a carrying amount of USD193.00 million and a commitment amount of USD6.2 million that now have synthetic LIBOR reset rates but have yet to transition to standard SOFR terms. The Bank is actively considering additional approaches to solve the legacy portfolio which leaves the Bank with minimal exposure to residual interest rate risk.

### **D3 Credit and other investment risks**

#### ***Credit quality analysis***

Except for loan investments, bond investments and issued guarantee commitments, other financial assets are paid-in capital receivables, deposits with banks and MMFs, for which the credit risk is not material.

The following table sets out the loans and loan commitments for sovereign-backed loans, nonsovereign-backed loans exclusive of any received sovereign guarantees, bond investments at amortized cost and issued guarantees, with their respective ECL allowance balance as of March 31, 2024.

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**D Financial Risk Management**

**D3 Credit and other investment risks (Continued)**

*Credit quality analysis (Continued)*

	March 31, 2024			Dec. 31, 2023		
	Gross Carrying amount	Commitments	ECL	Gross Carrying amount	Commitments	ECL
Sovereign-backed loans	21,179,615	12,906,549	(183,755)	19,944,062	11,443,983	(185,867)
Nonsovereign-backed loans	2,286,955	689,219	(37,770)	2,306,527	515,457	(95,360)
Loan investments	23,466,570	13,595,768	(221,525)	22,250,589	11,959,440	(281,227)
Bond investments	9,772,611	-	(15,017)	8,281,348	-	(14,983)
<b>Total</b>	<b>33,239,181</b>	<b>13,595,768</b>	<b>(236,542)</b>	<b>30,531,937</b>	<b>11,959,440</b>	<b>(296,210)</b>

The maximum credit risk exposure of the issued financial guarantees as at March 31, 2024 is USD1,187.08 million (Dec. 31, 2023: USD1,190.28 million), with an associated ECL allowance of USD0.78 million (Dec. 31, 2023: USD0.86 million). The issued financial guarantees are classified as Stage 1.

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**D Financial Risk Management**

**D3 Credit and other investment risks (Continued)**

***Credit quality analysis (Continued)***

(i) Concentration of credit risk in investment operations portfolio

The geographical distribution by the destination of the Bank's loan investments (gross carrying amount of loans and exposure of loan commitments), issued guarantee commitments and associated ECL is as follows:

	<b>March 31, 2024</b>			<b>Dec. 31, 2023</b>		
<b>Region</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total</b>
<b>Sovereign-backed loans and guarantees<sup>(1)</sup></b>						
Central Asia	2,900,635	50,510	2,951,145	2,806,901	50,041	2,856,942
Eastern Asia	2,537,414	-	2,537,414	2,574,924	-	2,574,924
Southeastern Asia	7,902,061	69,914	7,971,975	5,296,931	70,690	5,367,621
Southern Asia	14,036,750	808,680	14,845,430	14,060,498	806,141	14,866,639
Western Asia	4,304,319	610,377	4,914,696	4,222,254	604,114	4,826,368
Oceania	118,926	-	118,926	117,023	-	117,023
Total Regional	31,800,105	1,539,481	33,339,586	29,078,531	1,530,986	30,609,517
Total						
Non-Regional	1,933,662	-	1,933,662	1,968,811	-	1,968,811
<b>Subtotal</b>	<b>33,733,767</b>	<b>1,539,481</b>	<b>35,273,248</b>	<b>31,047,342</b>	<b>1,530,986</b>	<b>32,578,328</b>

	<b>March 31, 2024</b>			<b>Dec. 31, 2023</b>		
<b>Region</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total</b>
<b>ECL allowance</b>						
Central Asia	1,128	7,320	8,448	1,079	7,503	8,582
Eastern Asia	646	-	646	627	-	627
Southeastern Asia	682	20,661	21,343	608	20,553	21,161
Southern Asia	22,872	108,330	131,202	21,335	111,761	133,096
Western Asia	5,830	13,571	19,401	5,769	14,106	19,875
Oceania	610	-	610	596	-	596
Total Regional	31,768	149,882	181,650	30,014	153,923	183,937
Total						
Non-Regional	2,887	-	2,887	2,790	-	2,790
<b>Subtotal</b>	<b>34,655</b>	<b>149,882</b>	<b>184,537</b>	<b>32,804</b>	<b>153,923</b>	<b>186,727</b>

(1) The issued financial guarantees are classified as Stage 1.

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**D Financial Risk Management**

**D3 Credit and other investment risks (Continued)**

***Credit quality analysis (Continued)***

(i) Concentration of credit risk in investment operations portfolio (Continued)

Region	March 31, 2024				Dec. 31, 2023			
	Stage 1	Stage 2	Stage 3 <sup>(1)</sup>	Total	Stage 1	Stage 2	Stage 3	Total
<b>Nonsovereign-backed loans</b>								
Central Asia	390,631	98,859	-	489,490	245,424	-	-	245,424
Eastern Asia	340,704	-	-	340,704	346,258	-	-	346,258
Southeastern Asia	350,910	-	-	350,910	348,976	-	67,255	416,231
Southern Asia	382,090	-	-	382,090	427,462	-	-	427,462
Western Asia	766,257	104,347	-	870,604	709,028	112,351	-	821,379
Other Regional	-	264,714	-	264,714	-	270,070	-	270,070
Total Regional	2,230,592	467,920	-	2,698,512	2,077,148	382,421	67,255	2,526,824
Total Non-Regional	171,175	106,485	-	277,660	181,065	114,095	-	295,160
<b>Subtotal</b>	<b>2,401,767</b>	<b>574,405</b>	<b>-</b>	<b>2,976,172</b>	<b>2,258,213</b>	<b>496,516</b>	<b>67,255</b>	<b>2,821,984</b>
<b>Total</b>	<b>36,135,534</b>	<b>2,113,886</b>	<b>-</b>	<b>38,249,420</b>	<b>33,305,555</b>	<b>2,027,502</b>	<b>67,255</b>	<b>35,400,312</b>

Region	March 31, 2024				Dec. 31, 2023			
	Stage 1	Stage 2	Stage 3 <sup>(1)</sup>	Total	Stage 1	Stage 2	Stage 3	Total
<b>ECL allowance</b>								
Central Asia	359	6,125	-	6,484	1,025	-	-	1,025
Eastern Asia	271	-	-	271	192	-	-	192
Southeastern Asia	839	-	-	839	802	-	62,751	63,553
Southern Asia	623	-	-	623	626	-	-	626
Western Asia	5,899	1,148	-	7,047	3,967	1,810	-	5,777
Other Regional	-	9,920	-	9,920	-	11,104	-	11,104
Total Regional	7,991	17,193	-	25,184	6,612	12,914	62,751	82,277
Total Non-Regional	797	11,789	-	12,586	817	12,266	-	13,083
<b>Subtotal</b>	<b>8,788</b>	<b>28,982</b>	<b>-</b>	<b>37,770</b>	<b>7,429</b>	<b>25,180</b>	<b>62,751</b>	<b>95,360</b>
<b>Total</b>	<b>43,443</b>	<b>178,864</b>	<b>-</b>	<b>222,307</b>	<b>40,233</b>	<b>179,103</b>	<b>62,751</b>	<b>282,087</b>

(1) A credit impaired nonsovereign-backed loan was derecognized after the Bank exited in full in March 2024.

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**D Financial Risk Management**

**D3 Credit and other investment risks (Continued)**

***Credit quality analysis (Continued)***

(i) Concentration of credit risk in investment operations portfolio (Continued)

The sector distribution of the proceeds of the Bank's projects for loan investments (gross carrying amount of loans and exposure of loan commitments), issued guarantee commitments and associated ECL is as follows:

Sector	March 31, 2024			Dec. 31, 2023		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
<b>Sovereign-backed loans and guarantees</b>						
CRF <sup>(1)</sup> -Economic						
Resilience/PBF <sup>(2)</sup>	10,758,554	-	10,758,554	9,124,604	-	9,124,604
CRF-Finance/Liquidity	1,181,513	213,407	1,394,920	1,207,390	210,323	1,417,713
CRF-Public Health	3,233,483	-	3,233,483	3,288,501	-	3,288,501
Education Infrastructure	251,947	-	251,947	249,860	-	249,860
Energy	3,973,776	908,967	4,882,743	3,970,868	900,944	4,871,812
Transport	6,263,769	134,817	6,398,586	6,310,317	139,451	6,449,768
Urban	1,617,855	201,798	1,819,653	1,549,584	200,244	1,749,828
Water	3,636,000	-	3,636,000	3,673,042	-	3,673,042
Health Infrastructure	1,042,833	-	1,042,833	-	-	-
Multi-sector	1,691,157	-	1,691,157	1,590,894	-	1,590,894
Others	82,880	80,492	163,372	82,282	80,024	162,306
<b>Subtotal</b>	<b>33,733,767</b>	<b>1,539,481</b>	<b>35,273,248</b>	<b>31,047,342</b>	<b>1,530,986</b>	<b>32,578,328</b>

Sector	March 31, 2024			Dec. 31, 2023		
	Stage 1	Stage 2	Total	Stage 1	Stage 2	Total
<b>ECL allowance</b>						
CRF-Economic						
Resilience/PBF	24,049	-	24,049	22,727	-	22,727
CRF-Finance/Liquidity	2,069	21,170	23,239	2,376	23,142	25,518
CRF-Public Health	1,532	-	1,532	1,486	-	1,486
Education Infrastructure	12	-	12	11	-	11
Energy	2,481	35,487	37,968	2,342	36,436	38,778
Transport	720	25,893	26,613	598	26,146	26,744
Urban	1,405	48,989	50,394	1,216	49,448	50,664
Water	904	-	904	828	-	828
Health Infrastructure	1	-	1	-	-	-
Multi-sector	1,465	-	1,465	1,205	-	1,205
Others	17	18,343	18,360	15	18,751	18,766
<b>Subtotal</b>	<b>34,655</b>	<b>149,882</b>	<b>184,537</b>	<b>32,804</b>	<b>153,923</b>	<b>186,727</b>

(1) Crisis Recovery Facility (CRF) is to support AIIB's members and clients in alleviating and mitigating economic, financial and public health pressures arising from COVID-19.

(2) PBF refers to policy-based financing.

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**D Financial Risk Management**

**D3 Credit and other investment risks (Continued)**

***Credit quality analysis (Continued)***

(i) Concentration of credit risk in investment operations portfolio (Continued)

Sector	March 31, 2024				Dec. 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>Nonsovereign-backed loans</b>								
CRF-Finance/								
Liquidity	375,617	264,714	-	640,331	379,354	270,070	-	649,424
CRF-Public Health	99,762	-	-	99,762	99,927	-	-	99,927
Digital Infrastructure and Technology	137,760	-	-	137,760	137,837	-	67,255	205,092
Energy	746,845	309,691	-	1,056,536	642,654	226,446	-	869,100
Multi-sector	283,037	-	-	283,037	296,198	-	-	296,198
Transport	453,858	-	-	453,858	392,793	-	-	392,793
Urban	304,888	-	-	304,888	309,450	-	-	309,450
<b>Subtotal</b>	<b>2,401,767</b>	<b>574,405</b>	<b>-</b>	<b>2,976,172</b>	<b>2,258,213</b>	<b>496,516</b>	<b>67,255</b>	<b>2,821,984</b>
<b>Total</b>	<b>36,135,534</b>	<b>2,113,886</b>	<b>-</b>	<b>38,249,420</b>	<b>33,305,555</b>	<b>2,027,502</b>	<b>67,255</b>	<b>35,400,312</b>

Sector	March 31, 2024				Dec. 31, 2023			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<b>ECL allowance</b>								
CRF-Finance/								
Liquidity	2,396	9,920	-	12,316	2,494	11,103	-	13,597
CRF-Public Health	83	-	-	83	73	-	-	73
Digital Infrastructure and Technology	183	-	-	183	187	-	62,751	62,938
Energy	1,522	19,062	-	20,584	2,129	14,077	-	16,206
Multi-sector	799	-	-	799	850	-	-	850
Transport	3,018	-	-	3,018	836	-	-	836
Urban	787	-	-	787	860	-	-	860
<b>Subtotal</b>	<b>8,788</b>	<b>28,982</b>	<b>-</b>	<b>37,770</b>	<b>7,429</b>	<b>25,180</b>	<b>62,751</b>	<b>95,360</b>
<b>Total</b>	<b>43,443</b>	<b>178,864</b>	<b>-</b>	<b>222,307</b>	<b>40,233</b>	<b>179,103</b>	<b>62,751</b>	<b>282,087</b>

**D Financial Risk Management**

**D3 Credit and other investment risks (Continued)**

***Credit quality analysis (Continued)***

(ii) Reconciliation of gross carrying amount of loans and exposure of loan commitments, issued guarantee commitments, bond investments, and ECL

An analysis of the changes in the gross carrying amount of loans and exposure of loan commitments, with the related changes in ECL allowances is as follows:

**Sovereign-backed loans and issued guarantee commitments**

	Stage 1	Stage 2	Total
<b>Gross carrying amount of loans and exposure of loan/ guarantee commitments as at Jan. 1, 2024</b>	31,047,342	1,530,986	32,578,328
New loans, commitments and guarantees originated	2,810,695	-	2,810,695
Repayments	(88,578)	(3,122)	(91,700)
Movement in net transaction costs, fees, and related income through EIR method	94,280	11,617	105,897
Cancelled commitment	(15,653)	-	(15,653)
Foreign exchange movements	(114,319)	-	(114,319)
Transfer to stage 1	-	-	-
Transfer to stage 2	-	-	-
<b>As at March 31, 2024</b>	<b>33,733,767</b>	<b>1,539,481</b>	<b>35,273,248</b>

	Stage 1	Stage 2	Total
<b>ECL allowance as at Jan. 1, 2024</b>	32,804	153,923	186,727
Additions	370	-	370
Change in risk parameters <sup>(1)</sup>	1,486	(4,041)	(2,555)
Change from lifetime (stage 2) to 12-month (stage 1) ECL	(5)	-	(5)
Change from 12-month (stage 1) to lifetime (stage 2) ECL	-	-	-
Reversal of ECL allowance	-	-	-
<b>As at March 31, 2024</b>	<b>34,655</b>	<b>149,882</b>	<b>184,537</b>

<sup>(1)</sup> The change in the loss allowance is due to change in the Probability of Default, Loss Given Default and Exposure at Default used to calculate the expected credit loss for the loans.

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**D Financial Risk Management**

**D3 Credit and other investment risks (Continued)**

**Credit quality analysis (Continued)**

Nonsovereign-backed loans	Stage 1	Stage 2	Stage 3	Total
<b>Gross carrying amount of loans and exposure of loan commitments as at Jan. 1, 2024</b>	2,258,213	496,516	67,255	2,821,984
New loans and commitments originated	311,324	-	-	311,324
Repayments	(10,897)	(9,807)	-	(20,704)
Movement in net transaction costs, fees, and related income through EIR method	(3,234)	(599)	(170)	(4,003)
Derecognition and cancelled commitment	(41,742)	-	(67,085)	(108,827)
Foreign exchange movements	(13,038)	(10,564)	-	(23,602)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	(98,859)	98,859	-	-
<b>As at March 31, 2024</b>	<b>2,401,767</b>	<b>574,405</b>	<b>-</b>	<b>2,976,172</b>
	Stage 1	Stage 2	Stage 3	Total
<b>ECL allowance as at Jan. 1, 2024</b>	7,429	25,180	62,751	95,360
Additions	676	-	-	676
Change in risk parameters <sup>(1)</sup>	1,378	(2,324)	-	(946)
Change from lifetime (stage 2) to 12-month (stage 1) ECL	-	-	-	-
Change from 12-month (stage 1) to lifetime (stage 2) ECL	(695)	6,126	-	5,431
Reversal of ECL allowance	-	-	(62,751)	(62,751)
<b>As at March 31, 2024</b>	<b>8,788</b>	<b>28,982</b>	<b>-</b>	<b>37,770</b>
<b>Total gross carrying amount of loans and exposure of loan commitments as at March 31, 2024</b>	<b>36,135,534</b>	<b>2,113,886</b>	<b>-</b>	<b>38,249,420</b>
<b>Total ECL allowance as at March 31, 2024</b>	<b>43,443</b>	<b>178,864</b>	<b>-</b>	<b>222,307</b>

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D Financial Risk Management

D3 Credit and other investment risks (Continued)

*Credit quality analysis (Continued)*

<b>Sovereign-backed loans and issued guarantee commitments</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total</b>
<b>Gross carrying amount of loans and exposure of loan/ guarantee commitments as at Jan. 1, 2023</b>	26,875,054	1,555,893	28,430,947
New loans, commitments and guarantees originated	4,977,828	-	4,977,828
Repayments	(348,992)	(27,782)	(376,774)
Movement in net transaction costs, fees, and related income through EIR method	103,011	2,875	105,886
Cancelled commitment	(691,755)	-	(691,755)
Foreign exchange movements	132,196	-	132,196
Transfer to stage 1	-	-	-
Transfer to stage 2	-	-	-
<b>As at Dec. 31, 2023</b>	<b>31,047,342</b>	<b>1,530,986</b>	<b>32,578,328</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Total</b>
<b>ECL allowance as at Jan. 1, 2023</b>	42,109	134,320	176,429
Additions	5,582	-	5,582
Change in risk parameters	(14,815)	19,603	4,788
Change from lifetime (stage 2) to 12-month (stage 1) ECL	-	-	-
Change from 12-month (stage 1) to lifetime (stage 2) ECL	-	-	-
Reversal of ECL allowance	(72)	-	(72)
<b>As at Dec. 31, 2023</b>	<b>32,804</b>	<b>153,923</b>	<b>186,727</b>

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**D Financial Risk Management**

**D3 Credit and other investment risks (Continued)**

*Credit quality analysis (Continued)*

**Nonsovereign-backed loans**

<b>Gross carrying amount of loans and exposure of loan commitments as at Jan. 1, 2023</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
	1,839,122	629,988	74,068	2,543,178
New loans and commitments originated	751,030	-	-	751,030
Repayments	(377,611)	(27,335)	(6,000)	(410,946)
Movement in net transaction costs, fees, and related income through EIR method	5,985	1,680	(813)	6,852
Derecognition and cancelled commitment	(1,798)	-	-	(1,798)
Foreign exchange movements	(7,702)	(58,630)	-	(66,332)
Transfer to stage 1	105,165	(105,165)	-	-
Transfer to stage 2	(55,978)	55,978	-	-
<b>As at Dec. 31, 2023</b>	<b>2,258,213</b>	<b>496,516</b>	<b>67,255</b>	<b>2,821,984</b>

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>ECL allowance as at Jan. 1, 2023</b>	6,206	44,892	66,909	118,007
Additions	1,758	-	-	1,758
Change in risk parameters <sup>(1)</sup>	(976)	(15,497)	(4,158)	(20,631)
Change from lifetime (stage 2) to 12-month (stage 1) ECL	740	(4,810)	-	(4,070)
Change from 12-month (stage 1) to lifetime (stage 2) ECL	(299)	595	-	296
<b>As at Dec. 31, 2023</b>	<b>7,429</b>	<b>25,180</b>	<b>62,751</b>	<b>95,360</b>

<b>Total gross carrying amount of loans and exposure of loan commitments as at Dec. 31, 2023</b>	<b>33,305,555</b>	<b>2,027,502</b>	<b>67,255</b>	<b>35,400,312</b>
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<b>Total ECL allowance as at Dec. 31, 2023</b>	<b>40,233</b>	<b>179,103</b>	<b>62,751</b>	<b>282,087</b>
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**D Financial Risk Management**

**D3 Credit and other investment risks (Continued)**

***Credit quality analysis (Continued)***

**Bond investments**

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Bond investments as at</b>				
<b>Jan. 1, 2024</b>	8,266,858	-	14,490	8,281,348
New bond investments	1,639,485	-	-	1,639,485
Accrual and amortization	48,226	-	112	48,338
Foreign exchange movements	(272)	-	-	(272)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Derecognition	(196,288)	-	-	(196,288)
<b>As at March 31, 2024</b>	<b>9,758,009</b>	<b>-</b>	<b>14,602</b>	<b>9,772,611</b>

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>ECL allowance as at</b>				
<b>Jan. 1, 2024</b>	1,224	-	13,759	14,983
Additions	103	-	-	103
Change in risk parameters	(37)	-	(24)	(61)
Change from lifetime (stage 2) to 12-month (stage 1) ECL	-	-	-	-
Change from 12-month (stage 1) to lifetime (stage 2) ECL	-	-	-	-
Change from 12-month (stage 1) to lifetime (stage 3) ECL	-	-	-	-
Reversal of ECL allowance	(8)	-	-	(8)
<b>As at March 31, 2024</b>	<b>1,282</b>	<b>-</b>	<b>13,735</b>	<b>15,017</b>

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**D Financial Risk Management**

**D3 Credit and other investment risks (Continued)**

***Credit quality analysis (Continued)***

<b>Bond investments</b>	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>Bond investments as at</b>				
<b>Jan. 1, 2023</b>	4,564,046	-	14,061	4,578,107
New bond investments	3,695,031	-	-	3,695,031
Accrual and amortization	79,327	-	429	79,756
Foreign exchange movements	(1,345)	-	-	(1,345)
Transfer to stage 1	-	-	-	-
Transfer to stage 2	-	-	-	-
Transfer to stage 3	-	-	-	-
Derecognition	(70,201)	-	-	(70,201)
<b>As at Dec. 31, 2023</b>	<b>8,266,858</b>	<b>-</b>	<b>14,490</b>	<b>8,281,348</b>
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
<b>ECL allowance as at</b>				
<b>Jan. 1, 2023</b>	1,122	-	11,807	12,929
Additions	513	-	-	513
Change in risk parameters	161	-	1,952	2,113
Change from lifetime (stage 2) to 12-month (stage 1) ECL	-	-	-	-
Change from 12-month (stage 1) to lifetime (stage 2) ECL	-	-	-	-
Change from 12-month (stage 1) to lifetime (stage 3) ECL	-	-	-	-
Reversal of ECL allowance	(572)	-	-	(572)
<b>As at Dec. 31, 2023</b>	<b>1,224</b>	<b>-</b>	<b>13,759</b>	<b>14,983</b>

## **E Fair Value Disclosures**

The majority of the Bank's assets and liabilities in the Statement of Financial Position are financial assets and financial liabilities. Fair value measurement of nonfinancial assets and nonfinancial liabilities does not have a material impact on the Bank's financial position and operations, taken as a whole.

The Bank does not have any financial assets or financial liabilities subject to nonrecurring fair value measurements for the three months ended March 31, 2024 (for the three months ended March 31, 2023: none).

The fair value of the Bank's financial assets and financial liabilities are determined as follows:

- If traded in active markets, fair values of financial assets and financial liabilities with standard terms and conditions are determined with reference to quoted market bid prices and ask prices, respectively.
- If not traded in active markets, fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models or discounted cash flow analysis using prices from observable current market transactions for similar instruments or using unobservable inputs relevant to the Bank's assessment.

### **Fair value hierarchy**

The Bank classifies financial assets and financial liabilities into the following three levels based on the extent to which inputs to valuation techniques used to measure fair value of the financial assets and financial liabilities are observable:

- Level 1: Fair value measurements are those derived from quoted prices (unadjusted) in an active market for identical assets or liabilities;
- Level 2: Fair value measurements are those derived from inputs other than quoted included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3: Fair value measurements are based on models, and unobservable inputs are significant to the entire measurement.

**E Fair Value Disclosures**

**Financial assets and financial liabilities not measured at fair value on the Statement of Financial Position**

The table below summarizes the carrying amounts and fair values of those financial instruments not measured in the Statement of Financial Position at their fair value:

	March 31, 2024		Dec. 31, 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
- Loan investments, at amortized cost	23,245,706	23,577,146	21,969,382	22,362,852
- Bond investments, at amortized cost	9,757,594	9,584,057	8,266,365	8,017,915
- Paid-in capital receivables	243,435	241,475	262,637	260,503
<b>Financial liabilities</b>				
- Borrowings	3,052,844	3,055,259	2,194,104	2,194,534

As at March 31, 2024, other than those disclosed above, the Bank's balances of financial instruments 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 has been calculated using Level 3 inputs by discounting the cash flows at a current interest rate applicable to each loan and paid-in capital receivable.

The significant input used in the fair value of loan are risk-free rate, credit default swap spreads, expected recovery rate and foreign exchange rates. Management makes certain assumptions about the unobservable inputs to the model. These are regularly assessed for reasonableness and impact on the fair value of loans. An increase in the level of forecast cash flows in subsequent periods would lead to an increase in the fair value and an increase in the discount rate used to discount to forecast cash flow would lead to a decrease in the fair value of loans.

Fair value of bond investments held at amortized cost are generally based upon quoted market prices, if available. If the market prices are not readily available, fair values are estimated using either values obtained from independent parties offering pricing services or adjusted quoted market prices of comparable investments or using the discounted cash flow methodology.

Fair value of borrowings held at amortized cost are generally based upon quoted market prices, if available. If the market prices are not readily available, fair values are determined using discounted cash flow models.

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**E Fair Value Disclosures**

**Financial assets and financial liabilities measured at fair value on the Statement of Financial Position (Continued)**

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, 2024**

	Level 1	Level 2	Level 3	Total
<b>Financial assets and financial liabilities</b>				
Investments at fair value through profit or loss				
- External Managers Program	4,026,149	270,934	-	4,297,083
- Investment in funds, trust and others	-	-	1,028,341	1,028,341
- Bond investments	8,416,996	169,583	-	8,586,579
- Certificates of deposit and commercial papers	-	3,062,629	-	3,062,629
- Investment operations fixed-income portfolio	237,298	-	-	237,298
Money Market Funds	-	2,128,706	-	2,128,706
Derivative assets	-	550,249	-	550,249
<b>Total financial assets</b>	<b>12,680,443</b>	<b>6,182,101</b>	<b>1,028,341</b>	<b>19,890,885</b>
Borrowings	-	(33,923,418)	-	(33,923,418)
Derivative liabilities	-	(1,666,162)	-	(1,666,162)
<b>Total financial liabilities</b>	<b>-</b>	<b>(35,589,580)</b>	<b>-</b>	<b>(35,589,580)</b>

**As at Dec. 31, 2023**

	Level 1	Level 2	Level 3	Total
<b>Financial assets and financial liabilities</b>				
Investments at fair value through profit or loss				
- External Managers Program	3,793,772	473,531	-	4,267,303
- Investment in funds, trust and others	-	-	921,617	921,617
- Bond investments	7,751,602	337,352	-	8,088,954
- Certificates of deposit and commercial papers	-	3,056,432	-	3,056,432
- Investment operations fixed-income portfolio	242,553	-	-	242,553
Money Market Funds	-	1,150,086	-	1,150,086
Derivative assets	-	616,242	-	616,242
<b>Total financial assets</b>	<b>11,787,927</b>	<b>5,633,643</b>	<b>921,617</b>	<b>18,343,187</b>
Borrowings	-	(28,334,027)	-	(28,334,027)
Derivative liabilities	-	(1,582,026)	-	(1,582,026)
<b>Total financial liabilities</b>	<b>-</b>	<b>(29,916,053)</b>	<b>-</b>	<b>(29,916,053)</b>

**E Fair Value Disclosures**

**Financial assets and financial liabilities measured at fair value on the Statement of Financial Position (Continued)**

The MMFs' shares are not traded in any market. The fair value of the MMFs is derived from that of the net assets value, therefore MMFs are classified as Level 2 instruments.

Certificates of deposit, External Managers Program, bond investments and commercial papers have been valued either using the discounted cash flow method based on observable market input, or obtained from market price. Derivative instruments and borrowings have been valued using discounted cash flow methodology based on observable market inputs. Quoted prices (unadjusted) in active markets are typical Level 1 inputs, while inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly or indirectly, are typically Level 2 inputs.

In some situations, the inputs used to measure fair value might fall in different level of the fair value hierarchy. The level in the fair value hierarchy within which the fair value measurement falls shall be determined based on the lowest level input that is significant to the fair value measurement in its entirety. When unobservable inputs are significant to the fair value measurement, those financial instruments are to be categorized as level 3.

The table below provides a reconciliation of the fair values of the Bank's Level 3 financial assets for the three months ended March 31, 2024 and the year ended Dec. 31, 2023.

**Investment in funds, trust and others:**

	<b>For the three months ended March 31, 2024</b>	<b>For the year ended Dec. 31, 2023</b>
As at beginning of period/year	921,617	608,912
Additions	87,610	318,318
Return of capital contributions	(8,271)	(33,857)
Fair value gain, net	27,385	28,244
<b>Total investment in funds, trust and others</b>	<b>1,028,341</b>	<b>921,617</b>

The fair value gains or losses are attributable to the change in unrealized gains or losses relating to those financial assets held at the end of the reporting period. For the three months ended March 31, 2024, the realized gain arising from the Bank's Level 3 financial assets amounted to USD6.93 million (for the three months ended March 31, 2023: USD1.36 million).

The fair value of the investment in funds, trust and others is mainly based on an adjusted net assets method. To assess the fair value of the underlying assets of the funds, trust and others, discounted cash flow valuation technique is mainly adopted. The unobservable inputs mainly include weighted average cost of capital, liquidity discount and projected cash flows.

There has been no transfer among Level 1, Level 2 and Level 3 during the three months ended March 31, 2024 (for the year ended Dec. 31, 2023: none).