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As at Nov. 18, 2021 unless otherwise stated.
I. OVERVIEW OF AIIB
II. INVESTMENT OPERATIONS
III. ENVIRONMENTAL, SOCIAL AND GOVERNANCE
IV. KEY FINANCIAL POLICIES
V. AIIB SUSTAINABLE DEVELOPMENT BONDS

APPENDIXES AND USEFUL LINKS
ABOUT AIIB
Asian Infrastructure Investment Bank

Who we are

Multilateral Development Bank (MDB) established by international treaty and headquartered in Beijing, founded to bring countries together to address Asia's infrastructure funding gap. Our core principles are financial sustainability and sound banking, strong multilateral governance and oversight, and high project standards.

Our Vision and Mission

Our Vision is a prosperous Asia based on sustainable economic development and regional cooperation. Our Mission is Financing Infrastructure for Tomorrow. By investing in sustainable infrastructure, AIIB unlocks new capital, new technologies and new ways in which to address climate change and to connect Asia, and the world.

We will achieve this working in partnership. By being agile and adaptable, the Bank will meet client needs and operate to the highest standards.

Credit strength

Strong support from a diversified global shareholder base. USD100 billion capital stock with 20% assigned to paid-in capital. Conservative risk management and financial policies. Experienced management team.

AAA/Aaa/AAA credit rating with a stable outlook.

0% risk weight and HQLA1.

AIIB’s foundation is built on the lessons and experience of other MDBs and the private sector. Its core values are:

**Lean**, with a small efficient management team and highly skilled staff.

**Clean**, an ethical organization with zero tolerance for corruption.

**Green**, an institution built on respect for the environment.
**OVERVIEW OF SHAREHOLDING STRUCTURE**

104 approved members

The Bank will help to mobilize much needed additional resources from inside and outside Asia and will complement the existing multilateral development banks.

Articles of Agreement

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*Prospective founding member: These are prospective members who were the original signatories to the AIIB Articles of Agreement in June 2015. Those who sought membership after that date are simply called prospective members. All prospective members have been approved by the Board of Governors but have not yet met the full requirements of membership.

---

### Members Regional

<table>
<thead>
<tr>
<th>Afghanistan</th>
<th>Australia</th>
<th>Azerbaijan</th>
<th>Bahrain</th>
<th>Bangladesh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei Darussalam</td>
<td>Cambodia</td>
<td>China</td>
<td>Cook Islands</td>
<td>Cyprus</td>
</tr>
<tr>
<td>Fiji</td>
<td>Georgia</td>
<td>Hong Kong, China</td>
<td>India</td>
<td>Indonesia</td>
</tr>
<tr>
<td>Iran</td>
<td>Israel</td>
<td>Jordan</td>
<td>Kazakhstan</td>
<td>Korea</td>
</tr>
<tr>
<td>Kyrgyz Republic</td>
<td>Lao PDR</td>
<td>Malaysia</td>
<td>Maldives</td>
<td>Mongolia</td>
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<tr>
<td>Myanmar</td>
<td>Nepal</td>
<td>New Zealand</td>
<td>Oman</td>
<td>Pakistan</td>
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<tr>
<td>Philippines</td>
<td>Qatar</td>
<td>Russia</td>
<td>Samoa</td>
<td>Saudi Arabia</td>
</tr>
<tr>
<td>Singapore</td>
<td>Sri Lanka</td>
<td>Tajikistan</td>
<td>Thailand</td>
<td>Timor-Leste</td>
</tr>
<tr>
<td>Tonga</td>
<td>Turkey</td>
<td>UAE</td>
<td>Uzbekistan</td>
<td>Vanuatu</td>
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<tr>
<td>Vietnam</td>
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</tr>
</tbody>
</table>

### Members Nonregional

<table>
<thead>
<tr>
<th>Algeria</th>
<th>Argentina</th>
<th>Austria</th>
<th>Belarus</th>
<th>Belgium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benin</td>
<td>Brazil</td>
<td>Canada</td>
<td>Chile</td>
<td>Côte d’Ivoire</td>
</tr>
<tr>
<td>Denmark</td>
<td>Ecuador</td>
<td>Egypt</td>
<td>Ethiopia</td>
<td>Finland</td>
</tr>
<tr>
<td>France</td>
<td>Germany</td>
<td>Ghana</td>
<td>Greece</td>
<td>Guinea</td>
</tr>
<tr>
<td>Hungary</td>
<td>Iceland</td>
<td>Ireland</td>
<td>Italy</td>
<td>Libya</td>
</tr>
<tr>
<td>Morocco</td>
<td>Namibia</td>
<td>Nepal</td>
<td>Netherlands</td>
<td>New Zealand</td>
</tr>
<tr>
<td>Oman</td>
<td>Pakistan</td>
<td>Peru</td>
<td>Senegal</td>
<td>Singapore</td>
</tr>
<tr>
<td>Slovak Republic</td>
<td>Slovenia</td>
<td>South Africa*</td>
<td>Togo</td>
<td>Tunisia</td>
</tr>
<tr>
<td>Turkey</td>
<td>United Arab Emirates</td>
<td>Uzbekistan</td>
<td>Vanuatu</td>
<td>Venezuela</td>
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<tr>
<td>Vietnam</td>
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</tr>
</tbody>
</table>

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### Prospective Regional

<table>
<thead>
<tr>
<th>Armenia</th>
<th>Kuwait*</th>
<th>Lebanon</th>
<th>Papua New Guinea</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

### Prospective Nonregional

<table>
<thead>
<tr>
<th>Bolivia</th>
<th>Croatia</th>
<th>Djibouti</th>
<th>Kenya</th>
<th>Libya</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morocco</td>
<td>Nigeria</td>
<td>Peru</td>
<td>Senegal</td>
<td>South Africa*</td>
</tr>
<tr>
<td>Togo</td>
<td>Tunisia</td>
<td>Venezuela</td>
<td></td>
<td></td>
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<td></td>
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</tbody>
</table>

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<table>
<thead>
<tr>
<th>Norway</th>
<th>Portugal</th>
<th>Romania</th>
<th>Rwanda</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serbia</td>
<td>Spain</td>
<td>Sweden</td>
<td>Switzerland</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Uruguay</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PUBLIC

STRONG SHAREHOLDER SUPPORT

Diversified international shareholder base and excellent capital standing

- AIIB’s authorized capital stock is **USD100 billion**, with USD20 billion as paid-in capital made in five annual installments. The absolute amount of paid-in capital ranks among the highest of MDBs. Currently 98% of AIIB’s allocated capital has been subscribed.

- USD19.02 billion received as at Nov. 18, 2021.

- In view of its regional focus, AIIB’s regional members will hold the majority of capital stock—a minimum of 75%.

- In line with other MDBs, AIIB expects to benefit from preferred creditor treatment such as its members, it will not be required to participate in any rescheduling of national debt. Member liabilities to AIIB, such as sovereign loans or sovereign guarantees on private sector projects, rank on par with their obligations to the IMF and other MDBs.

<table>
<thead>
<tr>
<th>Ratings Status of AIIB Shareholders</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AAA:</td>
<td>13%</td>
</tr>
<tr>
<td>AA- or better:</td>
<td>28%</td>
</tr>
<tr>
<td>A- or better:</td>
<td>65%</td>
</tr>
<tr>
<td>BBB- or better:</td>
<td>90%</td>
</tr>
</tbody>
</table>

Ratings Status of AIIB Shareholders

Regional vs Nonregional Shareholding Split

<table>
<thead>
<tr>
<th>Regional Members</th>
<th>Current Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>30.8%</td>
</tr>
<tr>
<td>India</td>
<td>8.6%</td>
</tr>
<tr>
<td>Russia</td>
<td>6.8%</td>
</tr>
<tr>
<td>Korea</td>
<td>3.9%</td>
</tr>
<tr>
<td>Australia</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nonregional Members</th>
<th>Current Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>4.6%</td>
</tr>
<tr>
<td>France</td>
<td>3.5%</td>
</tr>
<tr>
<td>UK</td>
<td>3.2%</td>
</tr>
<tr>
<td>Italy</td>
<td>2.7%</td>
</tr>
<tr>
<td>Spain</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

Other 41 Members: Current Shareholding 22.4% Total: 46 Members 76.3%

Other 36 Members: Current Shareholding 7.9% Total: 41 Members 23.7%

Notes:

1. Eight members will pay their paid-in capital amount over 10 annual installments.
2. Unless amended by the Board of Governors.
3. Based on ratings from S&P, Moody’s and Fitch, if three ratings are available, the median is applied; if only two ratings are available, the lower rating is applied. Ratings are then weighted by shareholding.
EXCEPTIONALLY SOUND BALANCE SHEET
Highly liquid, minimal leverage (as at Sep. 30, 2021)

### Assets

<table>
<thead>
<tr>
<th>Portfolio</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Operations</td>
<td>USD12.130 billion</td>
</tr>
<tr>
<td>Treasury Liquidity Portfolio</td>
<td>USD27.113 billion</td>
</tr>
<tr>
<td>Others</td>
<td>USD0.943 billion</td>
</tr>
</tbody>
</table>

**TOTAL = USD40.186 billion**

### Liabilities and Equity

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>USD20.186 billion</td>
</tr>
<tr>
<td>Borrowings</td>
<td>USD19.158 billion</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>USD0.842 billion</td>
</tr>
</tbody>
</table>

**TOTAL = USD40.186 billion**

**Notes:**
1. Loan investments at amortized cost, bond investments at amortized cost (investment operations), investment in associate, investments at fair value through profit or loss (investment operations). **Total amount of approved financings is USD29.683 billion as at Nov. 18, 2021.**
2. Cash and cash equivalents, term deposits and certificates of deposit, bond investments at amortized cost (treasury liquidity), and investments at fair value through profit or loss (treasury liquidity).
3. Paid-in capital receivables, funds deposited for cofinancing arrangements, derivative assets, intangible assets, property, plant and equipment, and other assets.
4. Paid-in capital plus retained earnings minus reserve for accretion of paid-in capital receivables minus reserve for unrealized loss on fair-valued borrowings arising from changes in own credit risk.
5. Derivative liabilities, prepaid paid-in capital, and other liabilities.
I. OVERVIEW OF AIIB

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IV. KEY FINANCIAL POLICIES

V. AIIB SUSTAINABLE DEVELOPMENT BONDS

APPENDIXES AND USEFUL LINKS
FINANCING INFRASTRUCTURE FOR TOMORROW—THEMATIC PRIORITIES

A firm commitment to sustainability in all of its dimensions—economic, financial, social and environmental

Green Infrastructure
Promoting green infrastructure and supporting members to meet their local and national environmental and development goals, especially their commitments under the Paris Agreement and the United Nations’ Sustainable Development Goals.

Connectivity and Regional Cooperation
Facilitating better transport, digital, energy and water connectivity within Asia and between Asia and the rest of the world. It will also support projects that facilitate trade, cross-border investment, tourism, financial and digital integration across Asian economies and beyond.

Technology-enabled Infrastructure
Based on the enhanced recognition of the important role technology plays, AIIB will support projects where the application of technology delivers better value, quality, productivity, efficiency, resilience, sustainability, inclusion, transparency and better governance along the project cycle.

Private Capital Mobilization
To support projects that directly or indirectly mobilize private financing into sectors within AIIB’s mandate. Includes developing infrastructure as an asset class in Asia.

<table>
<thead>
<tr>
<th>Theme</th>
<th>Target by 2030 (50% of actual financing approvals)</th>
<th>Target by 2025 (50% of actual financing approvals)</th>
<th>Target by 2030 (25% to 30% of actual financing approvals)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private sector projects</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Climate financing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cross-border connectivity</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
INVESTMENT OPERATIONS

Total Investment Operations Approved—USD29.683 billion

Approved Projects by Value—Sector

- Energy: 17.1%
- Transport: 17.7%
- Public Health: 8.9%
- Water: 7.8%
- ICT: 1.6%
- Urban: 5.7%
- Finance: 13.2%
- Economic Resilience/PBF: 19.3%
- Others: 0.7%
- Rural Infrastructure and Agriculture Development: 0.3%

US$ BILLION

- India: $2.90
- Indonesia: $2.71
- Turkey: $2.64
- Bangladesh: $2.48
- Multicountry Projects: $2.16
- China: $1.51
- Pakistan: $1.26
- Philippines: $1.13
- Uzbekistan: $0.90
- Egypt: $0.80
- Russia: $0.70
- Kazakhstan: $0.68
- Azerbaijan: $0.46
- Oman: $0.46
- Sri Lanka: $0.36
- Georgia: $0.22
- Jordan: $0.20
- Nepal: $0.15
- Vietnam: $0.14
- Singapore: $0.13
- Mongolia: $0.12
- Rwanda: $0.10
- Tajikistan: $0.09
- Laos PDR: $0.07
- Maldives: $0.07
- Fiji: $0.06
- Ecuador: $0.05
- Republic: $0.05
- Cook Islands: $0.02
- Myanmar: $0.02
COVID-19 CRISIS RECOVERY FACILITY—UP TO USD13 BILLION

Scope—what can the facility be used for?

AIIB has created a Crisis Recovery Facility to support AIIB’s members and clients in alleviating and mitigating economic, financial and public health pressures arising from COVID-19.

**Financing of immediate health sector needs**

- Support emergency public health responses, including:
  - The development of health system capacity and the provision of essential medical equipment and supplies to combat COVID-19.
  - Long-term sustainable development of the health sector.

**Economic resilience**

- Provide financing to supplement government productive expenditures to support the social and economic response and recovery.
  - This includes investments in infrastructure but also social and economic protection to prevent long-term damage to the productive capacity of the economy.
  - Investment to protect and restore productive capital, including human capital.

**Financings to address liquidity constraints**

- Support clients to overcome liquidity constraints and maintain critical long-term investments which may have to be curtailed, delayed or suspended.
- Focus on clients in infrastructure and other productive sectors.
AIIB is investing USD500 million to develop and construct an 82 km rail-based rapid transit system in India, thus improving the efficiency, safety, social inclusiveness, and environmental sustainability of transport in the Delhi–Meerut corridor of the National Capital Region (NCR).

The Project will connect Sarai Kale Khan in Delhi to Modipuram in Meerut via Ghaziabad, the densely populated sections of the NCR. With a design speed of 180 km per hour (km/h) and an average speed of 100 km/h, the system is expected to significantly reduce vehicle travel time from 3-4 hours to 1 hour and cut about 258,035 tons of CO₂ emissions annually compared with existing road-based transport.

The faster, more reliable, and better-quality integrated transport services will benefit numerous passengers. Improved mobility will also facilitate the expansion of economic activities from urban centers to broader NCR, providing new job opportunities and benefitting residential and commercial establishments along the corridor.
AIIB is helping Oman improve the balance between power supply and demand as well as reduce its dependence on gas and other fossil fuels for electricity generation through an investment of USD 60 million in a 500 MW solar PV power plant.

AIIB’s involvement has encouraged wider support from regional investors and institutions for the project, which will make the largest utility-scale independent solar power plant in Oman. Once fully constructed and operational, it will generate 1,598 GWh of electricity and avoid about 790,000 tons of CO₂ emissions annually. In line with the government’s National Energy Strategy 2040, which aims to generate 10 percent of the country’s energy from renewable sources by 2025 and 30 percent by 2030, the project contributes to diversifying its economy and its electricity generation towards a more balanced and environmentally sustainable future.
AIIB approved USD150 million for the Bank’s first satellite-based infrastructure development program that will allow citizens of Indonesia to communicate across the archipelago.

The financing will be used to develop, launch and operate a telecommunications satellite that will provide connectivity to around 45 million people in some of the most remote parts of Indonesia.

The project is carried out under an innovative public-private partnership (PPP) that brings together the Indonesian government and the private sector with help from AIIB. Upon completion of the project, digital inclusion will be brought to students in nearly 94,000 schools through online education, connectivity for around 3,700 health centers will be improved, and 3,900 local governments will be linked with their headquarters in Jakarta. Those links will bring knowledge, trade opportunities, improved health care and government services—transforming lives for the better.
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APPENDIXES AND USEFUL LINKS
AIIB’S COMMITMENT TO SUSTAINABLE GROWTH

Firm commitment to sustainability by requiring that all investments be:

- Financially and economically sustainable
- Socially sustainable and inclusive
- Environmentally sustainable

AIIB Invests in i4t, the Infrastructure for Tomorrow:

- Addresses ecological impacts like water and air quality, biodiversity, pollution and climate change.
- Projects with sound ROI, that raise economic growth and increase productivity.
- Gives inclusive access, particularly to citizens excluded from access to infrastructure services.
AIIB’S COMMITMENT TO SUSTAINABLE GROWTH

AIIB’s Environmental and Social Framework (ESF) is at the core of the Bank.

Elements of the ESF

• Vision
• Environment and Social Policy (ESP)
• Environmental and Social Standards (ESS)
• Environmental and Social Exclusion List (ESEL)

Objectives of the ESF

• Provide a robust structure for managing the operational and reputational risks of the Bank and its shareholders in relation to a project’s environmental and social risks and impacts.
• Ensure the environmental and social soundness and sustainability of projects.
• Support the integration of the environmental and social aspects of projects into the decision-making process of all parties.
• Provide a mechanism for addressing environmental and social risks and impacts in project identification, preparation and implementation.
• Enable clients to identify and manage the environmental and social risks and impacts of projects, including those of climate change.
• Provide a framework for public consultation and disclosure of environmental and social information in relation to projects.
AIIB’S COMMITMENT TO SUSTAINABLE GROWTH

AIIB’s existing investments in energy, transport, sustainable cities, digital infrastructure and water sectors directly support four SDGs:

- SDG 6: Clean water and sanitation.
- SDG 7: Affordable and clean energy.
- SDG 11: Sustainable cities and communities.

AIIB’s investments either directly or indirectly contribute to other SDGs. For example,

- AIIB’s support for its clients in the COVID-19 pandemic and future investment in social infrastructure over the Corporate Strategy period would contribute to SDG 3: Good health and well-being and SDG 4: Quality education.
- AIIB’s commitment to climate finance can be mapped against SDG 13: Climate action.
- AIIB’s commitment to increase its connectivity and regional cooperation operations is expected to be reflected in SDG 8: Decent work and economic growth, and SDG 17: Partnerships for the goals.
- AIIB’s efforts to increasingly incorporating gender considerations into projects can contribute to SDG 5: Gender equality.
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APPENDIXES AND USEFUL LINKS
OVERVIEW OF CAPITAL AND RISK MANAGEMENT

Economic capital is the fundamental measure of risk appetite

**Key financial and risk management policies**

- Prudent risk management policies with economic capital being the fundamental measure of risk appetite utilization.
- Manage risks, such that AIIB is financially sustainable on a standalone basis, preventing the need to require recourse to its callable capital.
- All risks are managed to defend, preserve and protect AIIB’s triple-A ratings.
- AIIB’s Risk Appetite Statement requires that AIIB risk appetite is allocated below its capacity, determined by the Bank’s available capital (i.e., received paid-in capital, reserves and retained earnings).
- Total amount outstanding of loans, equity investments, guarantees and other types of financings shall not exceed the total amount of the Bank’s unimpaired subscribed capital, reserves and retained earnings.
- Market risk is managed within internally set Value-at-Risk (VaR) and duration limits.

---

**Economic Capital**
The overarching principal driving risk allocation

**Financing Credit Risk**
**Equity Investment Risk**
**Market Risk including Asset & Liability Risk**
**Counterparty Credit Risk**
**Operational Risk**

**Total Capital Utilization**

<table>
<thead>
<tr>
<th>Available Capital</th>
<th>USD19.9 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Current Capital Usage</td>
<td>23.2%</td>
</tr>
</tbody>
</table>

Notes: 1. Source: AIIB Articles of Agreement, Article 12.1.
2. Economic Capital is defined as the capital required to withstand losses over one year to a 99.99 percentile level of confidence.
3. The following financial risks are managed outside the economic capital framework: liquidity risk and model risk.
   No economic capital is allocated for other nonfinancial risks (compliance risk, integrity risk, and environmental and social risk).
4. Based on current usage of USD4,617 million of economic capital, as at Sep. 30, 2021.
OVERVIEW OF LIQUIDITY MANAGEMENT

Prudent Liquidity Risk Management

Liquidity Portfolio

- Managed to ensure availability of liquidity via conservative and stress-tested models.
- Eligible investments:
  - Money market funds (AAA rating)
  - Sovereign, Supranational, Agency (SSA)—senior debt (minimum A rating)
  - Corporate—senior debt (minimum AAA rating)
  - Other Financials (minimum A minus rating)
- External managers used for portfolio diversification.

Liquidity Risk

- Liquidity portfolio should cover at least 40% of net cash requirements for the upcoming 36 months and 100% of stressed net cash requirements for any upcoming 12-month period.
- Liquidity expected to remain well in excess of policy requirements.

Note: 1. Data as at Sep. 30, 2021.
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APPENDIXES AND USEFUL LINKS
### STRONG CREDIT FUNDAMENTALS

**AIIB assigned the highest rating by three agencies**

<table>
<thead>
<tr>
<th>Ratings</th>
<th>Long Term</th>
<th>Short Term</th>
<th>Outlook</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Poor's</td>
<td>AAA</td>
<td>A-1+</td>
<td>Stable</td>
<td>“The stable outlook reflects S&amp;P Global Ratings expectation that, over the next two years, Asian Infrastructure Investment Bank (AIIB) will continue to deliver on its mandate. We expect the institution to grow loan commitments and disbursements and diversify its portfolio. In addition, we expect a strong adherence to what we consider sound governance and risk policies, and shareholders to remain supportive and grant the institution preferred creditor treatment (PCT).” Dec. 17, 2020</td>
</tr>
<tr>
<td>Moody's</td>
<td>Aaa</td>
<td>P-1</td>
<td>Stable</td>
<td>“AIIB's growth phase to 2030 will test its credit fundamentals and potentially also the effectiveness of its governance framework. At this juncture Moody's expects that AIIB's leverage ratios will remain low relative to peers, even as loan growth accelerates in accordance with the Bank's development plan. Moody's also expects liquidity to remain ample, supported by continuing progress in broadening AIIB's access to international funding markets. AIIB's risk and operational frameworks will further support sound asset quality and liquidity metrics as operations grow. In addition, AIIB's large and broad-based membership continues to demonstrate very high willingness and ability to provide support in case of need.” Apr. 22, 2021</td>
</tr>
<tr>
<td>Fitch Ratings</td>
<td>AAA</td>
<td>F1+</td>
<td>Stable</td>
<td>“AIIB's 'AAA' IDR continues to reflect the strength of its Standalone Credit Profile (SCP). Given the bank's relatively early years of development, Fitch bases its projections on a seven-year forecast period (2021-2028). Based on this, the bank's 'excellent' capitalization and 'low' risk profile translate into a 'aa+' assessment of solvency. Liquidity is assessed at 'aaa'. AIIB's 'medium' risk business environment leads to a one-notch uplift over the lower of solvency and liquidity, to 'aaa' for the bank's SCP assessment. Our assessment of the bank's solvency, liquidity and business environment are unchanged from last year. Shareholders' support, assessed at 'a+', does not provide any rating uplift.” Jun. 30, 2021</td>
</tr>
</tbody>
</table>

**Summary Rating Rationale**

- ✓ Strong capital commitment from diversified sovereign shareholder base.
- ✓ Set to have an important mandate of filling the infrastructure financing gap in Asia.
- ✓ Strong governance and risk management framework.
- ✓ Excellent capitalization with very high projected liquidity position.
- ✓ Very high strength of member support.
- ✓ Preferred creditor status.
- ✓ 0% risk weight.

Credit ratings do not constitute investment or financial advice, and credit ratings are not recommendations to purchase, hold or sell particular securities. Credit ratings do not comment on the suitability of an investment for any particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.
SUSTAINABLE DEVELOPMENT BONDS

Invest in our commitment to sustainability

- AIIB Sustainable Development Bond Framework presents a summary of the policies, strategies, processes, and mechanisms that govern AIIB’s commitment to sustainable financing activities. The Framework applies to all debt issued by AIIB.

- The Framework outlines how AIIB is adhering to the principles set out in its Environmental and Social Framework that guides project selection, and how it is helping its members to meet their commitments under the Paris Agreement and the UN Sustainable Development Goals.

- The Framework includes the following four core components: (i) Use of Proceeds, (ii) Process for Project Evaluation and Selection, (iii) Management of Proceeds and (iv) Reporting.

- AIIB is rated by three ESG rating agencies; ISS ESG, Sustainalytics, and Vigeo Eiris. These ratings are solicited by investors and are based on industry-specific environmental, social and governance (ESG) criteria.
IMPACT REPORT 2020
Investing Today, Transforming Tomorrow

- AIIB has launched its inaugural Sustainable Development Bonds Impact Report that offers investors a view of the sustainable nature and impact of AIIB’s development work.

- Under its Sustainable Development Bond Framework, AIIB has committed to annual impact reporting on the Bank’s overall portfolio and project-level results reflecting environmental and social benefits generated by its financing.

- AIIB’s inaugural Impact Report presents data on AIIB’s portfolio volume, alignment with thematic priorities and portfolio performance during the Bank’s first five years of operations from 2016 to 2020. It also focuses on 12 project stories selected from key infrastructure sectors that show how AIIB is making positive environmental and social impacts, including through investments in improving energy efficiency, enhancing urban sustainability, achieving climate resilience and catalyzing private capital.

- As a young and growing institution, AIIB will continue to improve its approach to impact reporting, including the way to collect and maintain data, monitor results, and aggregate impacts.
FUNDING STRATEGY

AIIB as a prime, frequent issuer in international markets

- Two main pillars of capital market funding:
  - Public transactions - global benchmark format as well as smaller public offerings, and
  - Reverse enquiry issues
- Develop a broad range of unsecured funding instruments and sources of liquidity.
- Diversify in terms of currency and investor type.
- Deliver comprehensive and continuous investor marketing.
- Utilize money market funding for bridge financing.
- 2021 borrowing authority is USD10 billion.
- AIIB liabilities are assigned 0% risk weight and HQLA1 designation by BIS, Canada, China, Japan, Singapore, South Africa, Switzerland, UK and EU (CRR Article 117).
- AIIB securities are eligible collateral for central bank operations, including; the Federal Reserve System, the Bank of England (Level B), the European Central Bank, the Reserve Bank of Australia (AUD only) and the Reserve Bank of New Zealand (NZD only).
I. OVERVIEW OF AIIB

II. INVESTMENT OPERATIONS

III. ENVIRONMENTAL, SOCIAL AND GOVERNANCE

IV. KEY FINANCIAL POLICIES

V. AIIB SUSTAINABLE DEVELOPMENT BONDS

APPENDIXES AND USEFUL LINKS
Priced USD3 billion with a spread of m/s+6bps equivalent to UST+14bps. This transaction represents AIIB’s fourth USD global benchmark and first of 2021, reinforcing its commitment to investors to further establish a liquid USD curve.

Over USD4 billion in orders from over 75 investors across the globe.

Pricing cements AIIB’s positioning among its MDB peers.

Well-diversified book by investor type and geography.

Very high-quality order book, evidenced by the significant proportion of allocations going to central banks and official institutions (49%).

Prior to issuance, AIIB met with investors who made up 85% of the allocated book in USD terms.

**Issuer**

- **Issuer Rating:** Aaa/AAA/AAA (stable/ stable/stable)
- **Format:** Global (SEC-registered)
- **Amount:** USD3 billion
- **Maturity date:** January 27, 2026
- **Coupon:** 0.50%
- **Reoffer Yield:** 0.587% (S/A)
- **Reoffer price:** 99.572%
- **Re-offer spread vs. m/s:** m/s+6bps
- **Re-offer spread vs. Bmk:** 14.0bps v CT5

**Distribution By Region**

- Americas: 28%
- Asia: 33%
- EMEA: 39%

**Distribution By Investor Type**

- CB/OI: 49%
- Bank: 35%
- AM/Pens/Ins: 13%
- Other: 3%

---

AIIB USD3 Billion 5-year Global Sustainable Development Bond
AIIB Inaugural GBP800 Million 5-year Sustainable Development Bond

### Highlights
- Priced GBP800 million with a spread of UKT+33bps (UKT 2% 09/07/2025).
- Over GBP2 billion in orders from over 74 investors across the globe.
- Price tightened by 2bps with no New Issue Concession (NIC).
- Prior to issuance, AIIB met with investors who made up 80% of the allocated book in GBP terms.
- The excellent investor reception was a testament to AIIB’s significant investor work in recent years and excellent strategic market approach. This transaction was a successful start for future diversification requirements and opportunities.

### Distribution By Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>54%</td>
</tr>
<tr>
<td>Asia</td>
<td>25%</td>
</tr>
<tr>
<td>EMEA (ex. UK)</td>
<td>13%</td>
</tr>
<tr>
<td>Americas</td>
<td>9%</td>
</tr>
</tbody>
</table>

### Distribution By Investor Type

<table>
<thead>
<tr>
<th>Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>CB/OI</td>
<td>50%</td>
</tr>
<tr>
<td>Banks/ PBs</td>
<td>29%</td>
</tr>
<tr>
<td>Fund Managers/ Insurance/Pension</td>
<td>21%</td>
</tr>
<tr>
<td>UK</td>
<td>54%</td>
</tr>
<tr>
<td>Asia</td>
<td>25%</td>
</tr>
<tr>
<td>EMEA (ex. UK)</td>
<td>13%</td>
</tr>
<tr>
<td>Americas</td>
<td>9%</td>
</tr>
</tbody>
</table>

### Issuer Details

| Format:        | GMTN                                   |
| Amount:        | GBP800 million                         |
| Maturity date: | December 15, 2025                      |
| Coupon:        | 0.20%                                  |
| Reoffer Yield  | 0.242% annual                         |
| Re-offer price | 99.803%                                |
| Re-offer spread vs. Bmk | UKT+33bps (UKT 2% 09/07/2025) |
AIIB RMB3 Billion 3-Year Sustainable Development Bond (Panda Bond) (COVID-19 Label)

**Highlights**

- Priced RMB3 billion with a spread of CDB-23bp equivalent to CGB+7bp.
- Over RMB8.3 billion in orders from 32 investors, final allocation to 16 investors, 35% onshore and 65% offshore.
- Represents the tightest spread to CDBs ever achieved in the Panda market and the first issuer to price at a negative spread.
- Good participation from offshore investors.
- Sustainable Development Bond with the NAFMII COVID-19 label.
- Prior to issuance, AIIB marketed to more than 100 investors, including 87.6% of the allocated book.

**Distribution By Region**

- Onshore: 35%
- Offshore: 65%

**Distribution By Investor Type**

- Bank Treasury: 89%
- Central Bank: 10%
- Asset Manager: 1%
- Bank: 89%
- Treasury: 10%
- Central Bank: 1%
- Onshore: 35%
- Offshore: 65%

**Issuer**

- **Issuer Rating:** Aaa/AAA/AAA (stable/ stable/ stable)
- **Format:** Panda Bond
- **Market:** China Inter-bank Bond Market
- **Amount:** RMB3 billion
- **Maturity date:** June 15, 2023
- **Coupon:** 2.40%
- **Issue price:** 100%
- **Issue spread vs. 3y CDB:** -23 bps
- **Issue spread vs. 3y CGB:** +7 bps
AIIB ENERGY SECTOR STRATEGY

Sustainable Energy for Asia

- AIIB’s Energy Sector Strategy sets the framework, principles, and operational modalities that guide AIIB’s energy sector engagement. In line with this Strategy, the Bank aims to support its clients to:
  i. develop and improve their energy infrastructure;
  ii. increase energy access;
  iii. facilitate their transition to a less carbon-intensive energy mix; and
  iv. meet their goals and commitments under global initiatives such as Nationally Determined Contributions to implement the Paris Agreement, Sustainable Energy for All, and UN Sustainable Development Goals.

- AIIB will support and accelerate its members’ respective transitions toward a low-carbon energy mix through investments in renewable energy, energy efficiency and reduction of carbon emissions from fossil fuels.

Energy Strategy Guiding Principles

4. Manage Local and Regional Pollution.
5. Catalyze Private Capital.
6. Promote Regional Cooperation and Connectivity.
# FINANCIAL OVERVIEW

**Key Financial Figures—as at Sep. 30, 2021**

## Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>2,859,737</td>
<td>2,702,461</td>
</tr>
<tr>
<td>Term deposits</td>
<td>11,948,746</td>
<td>13,208,020</td>
</tr>
<tr>
<td>Investments at fair value through profit or loss</td>
<td>10,913,543</td>
<td>6,652,155</td>
</tr>
<tr>
<td>Loan investments, at amortized cost</td>
<td>10,963,737</td>
<td>8,275,932</td>
</tr>
<tr>
<td>Bond investments, at amortized cost</td>
<td>2,524,049</td>
<td>469,027</td>
</tr>
<tr>
<td>Investment in associate</td>
<td>33,456</td>
<td>26,559</td>
</tr>
<tr>
<td>Paid-in capital receivables</td>
<td>332,006</td>
<td>436,074</td>
</tr>
<tr>
<td>Derivative assets</td>
<td>234,310</td>
<td>271,870</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>4,035</td>
<td>4,875</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>4,227</td>
<td>2,773</td>
</tr>
<tr>
<td>Funds deposited for cofinancing arrangements</td>
<td>-</td>
<td>3,891</td>
</tr>
<tr>
<td>Other assets</td>
<td>368,492</td>
<td>27,943</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>40,186,338</strong></td>
<td><strong>32,081,580</strong></td>
</tr>
</tbody>
</table>

## Liabilities

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Sep. 30, 2021 (unaudited)</th>
<th>Dec. 31, 2020 (audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings</td>
<td>19,158,335</td>
<td>11,595,193</td>
</tr>
<tr>
<td>Derivative liabilities</td>
<td>270,454</td>
<td>37,690</td>
</tr>
<tr>
<td>Prepaid paid-in capital</td>
<td>1,200</td>
<td>1,440</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>570,768</td>
<td>303,500</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>20,000,757</strong></td>
<td><strong>11,937,823</strong></td>
</tr>
</tbody>
</table>

## Income Statement

<table>
<thead>
<tr>
<th>Income Statement</th>
<th>For the nine months ended Sep. 30, 2021 (unaudited)</th>
<th>For the nine months ended Sep. 30, 2020 (unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>179,966</td>
<td>276,801</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(141,389)</td>
<td>(56,347)</td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>38,577</td>
<td>220,454</td>
</tr>
<tr>
<td>Net fee and commission income</td>
<td>17,201</td>
<td>9,186</td>
</tr>
<tr>
<td>Net gain on financial instruments measured at fair value through profit or loss</td>
<td>193,271</td>
<td>107,292</td>
</tr>
<tr>
<td>Net loss on financial instruments measured at amortized cost</td>
<td>(643)</td>
<td>(4,221)</td>
</tr>
<tr>
<td>Share of loss on investment in associate</td>
<td>(603)</td>
<td>(358)</td>
</tr>
<tr>
<td>Impairment provision</td>
<td>(17,796)</td>
<td>(108,798)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(115,963)</td>
<td>(114,828)</td>
</tr>
<tr>
<td>Net foreign exchange loss</td>
<td>(42,614)</td>
<td>17,793</td>
</tr>
<tr>
<td><strong>Operating Profit for the period</strong></td>
<td><strong>71,430</strong></td>
<td><strong>126,520</strong></td>
</tr>
<tr>
<td>Accretion of paid-in capital receivables</td>
<td>3,880</td>
<td>5,955</td>
</tr>
<tr>
<td><strong>Net Profit for the period</strong></td>
<td><strong>75,310</strong></td>
<td><strong>132,475</strong></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>(37,659)</td>
<td>3,093</td>
</tr>
<tr>
<td><strong>Total Comprehensive Income</strong></td>
<td><strong>37,651</strong></td>
<td><strong>135,568</strong></td>
</tr>
</tbody>
</table>
**GLOBAL BEST PRACTICE IN MDB GOVERNANCE**

**Transparency, Independence and Accountability**

| Board of Governors | • Each AIIB member appoints a Governor.  
|                    | • All powers of AIIB are vested in the Board of Governors.  
|                    | • Members’ voting power is the sum of basic votes, share votes and founding member votes.  
|                    | • Basic votes: Each member has the same number of basic votes calculated to sum to 12% of members’ total share votes.  
|                    | • Share votes: Each member has one vote for each share of capital stock held.  
|                    | • Founding member votes: Each founding member is allocated 600 votes.  

| Board of Directors | • Composed of 12 Directors, 9 elected by regional members and 3 elected by nonregional members.  
|                   | • Supervises the management and the operation of the Bank.  
|                   | • Two-year terms and may be re-elected.  

| President | • Elected by the Board of Governors.  
|           | • National of a regional member.  
|           | • May serve up to two 5-year terms.  

| Vice Presidents | • Appointed by the Board of Directors upon recommendation of the President.  

**Major decisions require a Super Majority¹ vote of the Board of Governors**

• Election, suspension or removal of the President.  
• Increase in AIIB’s authorized capital stock.  
• Changes to the regional capital stock ownership percentage.  
• Increase a member’s capital subscription upon its request.  
• Increase AIIB’s gearing ratio above 1:1.  
• Allocation of net income to purposes other than retained earnings.  
• Revise the composition of the Board of Directors.  
• Amend the Articles of Agreement.  

---

Note: 1. A Super Majority vote of the Board of Governors shall require an affirmative vote of two-thirds of the total number of Governors, representing no less than three-fourths of the total voting power of the members.
USEFUL LINKS

• AIIB’s Articles of Agreement

• AIIB’s Environmental and Social Framework

• AIIB’s Financial Statements

• AIIB’s Treasury and Investor Marketing materials
  https://www.aiib.org/treasury

• AIIB’s 2020 Annual Report

• AIIB’s Corporate Strategy

• AIIB’s Sustainable Development Bond Framework

• AIIB’s Sustainable Development Bonds Impact Report 2020