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As at April 21, 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

103 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

*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

Afghanistan  China
Australia  Cook Islands
Azerbaijan  Cyprus
Bahrain  Fiji
Bangladesh  Georgia
Brunel Darussalam  Hong Kong, China
Cambodia  India
China  Indonesia
Cook Islands  Iran

Israel  Korea
Jordan  Kyrgyz Republic
Kazakhstan  Lao PDR
Korea  Malaysia
Kyrgyz Republic  Maldives
Lao PDR  Mongolia
Malaysia  Myanmar
Maldives  Nepal
Myanmar  New Zealand
Nepal  Oman
New Zealand  Pakistan
Oman  Philippines
Pakistan  Qatar
Philippines  Russia
Qatar  Samoa
Russia  Saudi Arabia
Samoa  Singapore
Saudi Arabia  Sri Lanka
Singapore  Tajikistan
Sri Lanka  Thailand
Tajikistan  Timor-Leste
Thailand  Tonga
Timor-Leste  Turkey
Tonga  UAE
Turkey  Uzbekistan
UAE  Vanuatu
Uzbekistan  Vietnam
Vanuatu  Vietnam

Members Nonregional

Algeria  Armenia
Argentina  Australia
Austria  Azerbaijan
Belarus  Bahrain
Belgium  Bangladesh
Benin  Brunei Darussalam
Brazil  Bulgaria
Canada  Cambodia
Côte d’Ivoire  Cameroon*
Denmark  Central African Republic
Ecuador  Chad
Egypt  Chile
Ethiopia  China
France  Cook Islands
Germany  Cyprus
Ghana  Czech Republic
Greece  Denmark
Guinea  Djibouti
Guinea  Egypt
Guyana  Eritrea
Haiti  Estonia
Honduras  Estonia
Hungary  Switzerland
Iceland  United States
Ireland  United Kingdom
Italy  Uruguay
Jamaica  Vietnam
Japan  Yemen
Jordan  Zambia
Kazakhstan  Zimbabwe
Kenya  Zimbabwe
Korea  Zimbabwe
Kyrgyz Republic  Zimbabwe
Lao PDR  Zimbabwe
Malaysia  Zimbabwe
Mauritius  Zimbabwe
Mauritius  Zimbabwe
Mongolia  Zimbabwe
Morocco  Zimbabwe
Namibia  Zimbabwe
Netherlands  Zimbabwe
Nepal  Zimbabwe
New Zealand  Zimbabwe
New Zealand  Zimbabwe
Nicaragua  Zimbabwe
Nigeria  Zimbabwe
Pakistan  Zimbabwe
Papua New Guinea  Zimbabwe
Papua New Guinea  Zimbabwe
Peru  Zimbabwe
Philippines  Zimbabwe
Poland  Zimbabwe
Portugal  Zimbabwe
Puerto Rico  Zimbabwe
Qatar  Zimbabwe
Rwanda  Zimbabwe
Senegal  Zimbabwe
Singapore  Zimbabwe
Slovakia  Zimbabwe
Smith  Zimbabwe
Sri Lanka  Zimbabwe
Swaziland  Zimbabwe
Syria  Zimbabwe
Taiwan  Zimbabwe
Thailand  Zimbabwe
Timor-Leste  Zimbabwe
Togo  Zimbabwe
Tonga  Zimbabwe
Trinidad and Tobago  Zimbabwe
Tunisia  Zimbabwe
Turkey  Zimbabwe
Uganda  Zimbabwe
Ukraine  Zimbabwe
Uruguay  Zimbabwe
Venezuela  Zimbabwe
Vietnam  Zimbabwe

Prospective Regional

Armenia  Austria
Kuwait*  Bangladesh
Lebanon  Brunei Darussalam
Papua New Guinea  Cambodia

Prospective Nonregional

Bolivia  Belgium
Chile  Benin
Colombia  Bosnia and Herzegovina
Costa Rica  Botswana
Cuba  Burkina Faso
Dominican Republic  Burundi
Dominican Republic  Cabo Verde
Ecuador  Cameroon
El Salvador  Central African Republic
Estonia  Chad
Finland  Central African Republic
France  Chad
Germany  Cameroon
Ghana  Central African Republic
Guatemala  Central African Republic
Guatemala  Chad
Guyana  Chad
Honduras  Chad
Hungary  Chad
Iceland  Chad
Ireland  Chad
Israel  Chad
Italy  Chad
Japan  Chad
Kazakhstan  Chad
Kenya  Chad
Kyrgyz Republic  Chad
Lao PDR  Chad
Malaysia  Chad
Moldova  Chad
Mongolia  Chad
Morocco  Chad
Nepal  Chad
New Zealand  Chad
Norway  Chad
Pakistan  Chad
Peru  Chad
Poland  Chad
Portugal  Chad
Qatar  Chad
Romania  Chad
Russia  Chad
Slovakia  Chad
South Africa  Chad
Spain  Chad
Sweden  Chad
Switzerland  Chad
United States  Chad
Uruguay  Chad
Venezuela  Chad
Vietnam  Chad

*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.
• AllIB’s authorized capital stock is **USD100 billion**, with USD20 billion as paid-in capital made in five annual installments.¹ The absolute amount of paid-in capital ranks among the highest of MDBs. Currently 98% of AllIB’s allocated capital has been subscribed.

• USD18.96 billion received as at Apr. 21, 2021.

• In view of its regional focus, AllIB’s regional members will hold the majority of capital stock—a minimum of 75%. ²

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

**Ratings Status of AllIB Shareholders³**

<table>
<thead>
<tr>
<th>AAA:</th>
<th>13%</th>
</tr>
</thead>
<tbody>
<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>

**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>
<tr>
<td>Other 40 Members</td>
<td>22.4%</td>
</tr>
<tr>
<td>Total: 45 Members</td>
<td>76.3%</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>
<tr>
<td>Other 32 Members</td>
<td>7.9%</td>
</tr>
<tr>
<td>Total: 37 Members</td>
<td>23.7%</td>
</tr>
</tbody>
</table>

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 Dec. 31, 2020)

### Assets

<table>
<thead>
<tr>
<th>Investment Operations Portfolio¹</th>
<th>USD8.934 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury Liquidity Portfolio²</td>
<td>USD22.400 billion</td>
</tr>
<tr>
<td>Others³</td>
<td>USD0.747 billion</td>
</tr>
</tbody>
</table>

**TOTAL = USD32.082 billion**

### Liabilities and Equity

<table>
<thead>
<tr>
<th>Equity⁴</th>
<th>USD20.144 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings</td>
<td>USD11.595 billion</td>
</tr>
<tr>
<td>Other Liabilities⁵</td>
<td>USD0.343 billion</td>
</tr>
</tbody>
</table>

**TOTAL = USD32.082 billion**

Notes:

1. Loan investments at amortized cost, bond investments at amortized cost, investment in associate, investments in Trust, and LP Funds and others. Total amount of approved financings is USD24.046 billion as at Apr. 21, 2021.
2. Cash and cash equivalents, term deposits and certificates of deposit, and investments at fair value through profit or loss (other than investments in Trust, and LP funds and others).
3. Paid-in capital receivables, funds deposited for cofinancing arrangements, derivative assets, intangible assets, property, plant, 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.
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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>Private sector projects</th>
<th>Climate financing</th>
<th>Cross-border connectivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Target by 2030</td>
<td>Target by 2025</td>
<td>Target by 2030</td>
</tr>
<tr>
<td>(50% of actual financing approvals)</td>
<td>(50% of actual financing approvals)</td>
<td>(25% to 30% of actual financing approvals)</td>
</tr>
</tbody>
</table>
## INVESTMENT OPERATIONS

**Total Investment Operations Approved—USD24.046 billion**

### Approved Projects by Value—Sector

<table>
<thead>
<tr>
<th>Sector</th>
<th>Value (USD billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>18.9%</td>
</tr>
<tr>
<td>Transport</td>
<td>18.1%</td>
</tr>
<tr>
<td>Agriculture and Rural Infrastructure</td>
<td>0.3%</td>
</tr>
<tr>
<td>Public Health</td>
<td>7.5%</td>
</tr>
<tr>
<td>Public Health/ PBF</td>
<td>17.8%</td>
</tr>
<tr>
<td>Economic Resilience/ PBF</td>
<td>7.4%</td>
</tr>
<tr>
<td>Economic Resilience/PBF</td>
<td>7.4%</td>
</tr>
<tr>
<td>ICT</td>
<td>1.7%</td>
</tr>
<tr>
<td>Urban</td>
<td>5.0%</td>
</tr>
<tr>
<td>Finance</td>
<td>13.3%</td>
</tr>
<tr>
<td>Others</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

### USD BILLION

- India: $2.40
- Indonesia: $2.39
- Bangladesh: $2.14
- Turkey: $1.97
- Multicountry: $1.26
- Pakistan: $1.14
- Philippines: $0.93
- China: $0.80
- Uzbekistan: $0.60
- Kazakhstan: $0.60
- Egypt: $0.48
- Azerbaijan: $0.46
- Oman: $0.26
- Sri Lanka: $0.20
- Georgia: $0.14
- Nepal: $0.10
- Cambodia: $0.07
- Mongolia: $0.07
- Vietnam: $0.05
- Tajikistan: $0.05
- Lao PDR: $0.05
- Maldives: $0.05
- Singapore: $0.05
- Kyrgyz Republic: $0.02
- Ecuador: $0.02
- Fiji: $0.02
- 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.

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.

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.

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.
We're helping Bangladesh build Infrastructure for Tomorrow through a USD404-million loan to improve cross-border connectivity between Bangladesh and India via a safe and efficient road between Sylhet and Tamabil.

The project is expected to have positive social impact in terms of substantial travel time and associated cost savings. The road can lead to improved connectivity to health, education, employment and other social services and opportunities.
AIIB is helping Kazakhstan generate clean electricity by mobilizing private capital and investing in a 100-megawatt wind power plant that will become central Asia’s largest.

We’re investing USD34.3 million out of the total project cost of USD139.9 million (the rest being funded by sponsors and other financial institutions) to enable the client, Zhanatas Wind-Power Station LLP, develop a wind farm infrastructure for tomorrow. The project promotes the use of renewable energy, generates approximately 319 GWh per annum (0.3% of total electricity generation in Kazakhstan) and avoids about 260,623 tons of carbon dioxide equivalent per year.
AIIB mobilized USD239.2 million nonsovereign-backed financing—including B Loan—to improve telecommunications connectivity in Oman.

The financing provided to Oman Broadband will be used for its rollout of a fiber optic broadband cable network to around 406,003 homes and premises by the end of 2021.

Upon its completion, 80% of Muscat will be fiber-ready for connection with the gigabit-capable optical networks. The project will improve Oman’s infrastructure in the information and communication technology sector, thereby increasing the attractiveness of Oman as a destination for manufacturing business and strategic logistics services. This will contribute to the diversification of the economy away from its current dependence on export of hydrocarbon products.
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APPENDIXES AND USEFUL LINKS
AIIB’S COMMITMENT TO SUSTAINABLE GROWTH
Financing Infrastructure for Tomorrow

Firm commitment to sustainability by requiring that all AIIB investments be:

- **Financially and economically sustainable** in terms of financial returns and economic impact which generates positive economic returns and does not exacerbate a country’s debt sustainability. This is assured through economic and financial analyses made for all investments of the Bank.

- **Socially sustainable and inclusive** in terms of addressing direct and indirect impacts, especially on displaced persons, vulnerable groups and community health and safety. Social sustainability promotes inclusive access to project benefits for all citizens—irrespective of age, gender, location, ethnicity and other socioeconomic characteristics and particularly to groups which are often marginalized, vulnerable or excluded from access to services.

- **Environmentally sustainable** in terms of addressing direct and indirect impacts on the physical and biological environment such as water and air quality, biodiversity, local pollution, climate change and land and water use. Environmental and social sustainability is assured through the Bank’s ESF which reflects good international practices.
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

2019 AIIB Investments Mapped Across the SDGs

AIIB approved 28 projects in 2019. These projects continued to show strong alignment with the Sustainable Development Goals (SDGs). The SDGs are inherently interlinked and a project may contribute to many SDGs. We used the same approach as our 2018 mapping activity to show alignment mainly with four infrastructure-related SDGs (6, 7, 9, and 11).

NOTE: This year, we also highlighted AIIB’s climate finance that contributes to SDG 13, Climate Action, as indicated by the green row. Climate finance amounted to USD1.7 billion or 39% of total financing approved in 2019, representing an increase from USD2.5 billion or 38% of total financing approved over the previous three years (2016-2018). A total of 16 out of 28 projects approved in 2019 had mitigation finance (MF) and/or adaptation finance (AF) components.
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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.

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.
4. No economic capital is allocated for other nonfinancial risks (compliance risk, integrity risk, and environmental and social risk).
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.

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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>“The credit profile of the Asian Infrastructure Investment Bank (AIIB, Aaa stable) reflects our view that the bank is evolving in a manner consistent with the highest-rated multilateral development banks (MDBs), as it incorporates changes to operational capabilities, governance and market access. Investment operations have accelerated as the bank has built up its staff, developed its internal processes and systems and focuses more on sector-specific strategies. In 2019, AIIB formally commenced its borrowing program, establishing access to international capital market funding well ahead of any imminent need, given the bank’s ample liquidity. Shareholder support will also remain strong as the bank’s membership and, consequently, its capital base, expand beyond the levels at its founding in 2015.” Oct. 12, 2020</td>
</tr>
<tr>
<td>Fitch Ratings</td>
<td>AAA</td>
<td>F1+</td>
<td>Stable</td>
<td>“AIIB’s ‘AAA’ IDR continues to reflect its intrinsic credit strengths. Given the relatively early years of development at AIIB, Fitch bases its projections on an eight-year forecast period (2020-2028). Based on this, the bank’s ‘excellent’ capitalisation 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 intrinsic assessment. Our assessment of the bank’s solvency, liquidity and business environment are unchanged from last year. Shareholders’ support, assessed at ‘a+’ (unchanged from last year), does not provide a rating uplift.” Jul. 2, 2020</td>
</tr>
</tbody>
</table>

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.
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).
- Eligible securities issued by AIIB are included in Bank of England’s Level B Collateral Set.
- 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.
SUSTAINABLE DEVELOPMENT BONDS

Invest in our commitment to sustainability

• AIIB’s Environmental and Social Framework (ESF) is the cornerstone of the Bank’s commitment to supporting environmentally and socially sustainable infrastructure projects for both sovereign and nonsovereign clients.

• The vision section of the ESF describes the Bank’s aspirations in integrating environmental and social sustainability into its mission. It is part of AIIB’s mission to help its members address their commitments to the United Nations’ Sustainable Development Goals (SDGs) and to achieve their nationally determined contributions under the Paris Agreement, as demonstrated by its investment in projects related to climate mitigation, climate adaptation and other environmental objectives.

• All debt issued to date has Use of Proceeds language highlighting AIIB’s sustainable mission and referring to its environmental and social criteria.

• AIIB project summaries contain environmental and social information on each project. These are available on the AIIB website under Approved Projects and Proposed Projects.

• 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.

C+ (Prime), Nov. 2018
Average Performer, Nov. 2018
Robust, Oct. 2020
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.
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

- UK: 54%
- Asia: 25%
- EMEA (ex. UK): 13%
- Americas: 9%

Distribution By Investor Type

- CB/OI: 50%
- Banks/ PBs: 29%
- Fund Managers/ Insurance/ Pension: 21%

Issuer

- 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

- Offshore: 65%
- Onshore: 35%

Distribution By Investor Type

- Bank Treasury: 89%
- Central Bank: 10%
- Asset Manager: 1%

Issuer

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Format:</td>
<td>Panda Bond</td>
</tr>
<tr>
<td>Market:</td>
<td>China Inter-bank Bond Market</td>
</tr>
<tr>
<td>Amount:</td>
<td>RMB3 billion</td>
</tr>
<tr>
<td>Maturity date:</td>
<td>June 15, 2023</td>
</tr>
<tr>
<td>Coupon:</td>
<td>2.40%</td>
</tr>
<tr>
<td>Issue price:</td>
<td>100%</td>
</tr>
<tr>
<td>Issue spread vs. 3y CDB</td>
<td>-23 bps</td>
</tr>
<tr>
<td>Issue spread vs. 3y CGB</td>
<td>+7 bps</td>
</tr>
</tbody>
</table>
## FINANCIAL OVERVIEW

### Key Financial Figures—as at Dec. 31, 2020

#### Balance Sheet

<table>
<thead>
<tr>
<th>Assets</th>
<th>Dec. 31, 2020 (audited)</th>
<th>Dec. 31, 2019 (audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>2,702,461</td>
<td>3,113,763</td>
</tr>
<tr>
<td>Term deposits and certificates of deposit</td>
<td>13,208,020</td>
<td>11,864,578</td>
</tr>
<tr>
<td>Investments at fair value through profit or loss</td>
<td>6,652,155</td>
<td>4,096,263</td>
</tr>
<tr>
<td>Loan investments, at amortized cost</td>
<td>8,275,932</td>
<td>2,272,950</td>
</tr>
<tr>
<td>Bond investments, at amortized cost</td>
<td>469,027</td>
<td>479,767</td>
</tr>
<tr>
<td>Investment in associate</td>
<td>26,559</td>
<td>-</td>
</tr>
<tr>
<td>Paid-in capital receivables</td>
<td>436,074</td>
<td>748,267</td>
</tr>
<tr>
<td>Derivative assets</td>
<td>271,870</td>
<td>49,987</td>
</tr>
<tr>
<td>Funds deposited for cofinancing arrangements</td>
<td>3,891</td>
<td>787</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>4,875</td>
<td>789</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>2,773</td>
<td>1,934</td>
</tr>
<tr>
<td>Other assets</td>
<td>27,943</td>
<td>2,559</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>32,081,580</strong></td>
<td><strong>22,631,644</strong></td>
</tr>
</tbody>
</table>

#### Liabilities

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Dec. 31, 2020 (audited)</th>
<th>Dec. 31, 2019 (audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowings</td>
<td>11,595,193</td>
<td>2,557,324</td>
</tr>
<tr>
<td>Derivative liabilities</td>
<td>37,690</td>
<td>-</td>
</tr>
<tr>
<td>Prepaid paid-in-capital</td>
<td>1,440</td>
<td>600</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>303,500</td>
<td>87,549</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>11,937,823</strong></td>
<td><strong>2,645,473</strong></td>
</tr>
</tbody>
</table>

#### Income Statement

<table>
<thead>
<tr>
<th>In thousands of US Dollars</th>
<th>For the year ended Dec. 31, 2020 (audited)</th>
<th>For the year ended Dec. 31, 2019 (audited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>343,148</td>
<td>435,550</td>
</tr>
<tr>
<td>Interest expense</td>
<td>-92,186</td>
<td>-35,156</td>
</tr>
<tr>
<td><strong>Net Interest Income</strong></td>
<td><strong>250,962</strong></td>
<td><strong>400,394</strong></td>
</tr>
<tr>
<td>Net fee and commission income</td>
<td>14,775</td>
<td>11,911</td>
</tr>
<tr>
<td>Net gain on financial instruments measured at fair value through profit or loss</td>
<td>139,478</td>
<td>78,642</td>
</tr>
<tr>
<td>Net loss on financial instruments measured at amortized cost</td>
<td>-17,738</td>
<td>-</td>
</tr>
<tr>
<td>Share of loss on investment in associate</td>
<td>-441</td>
<td>-</td>
</tr>
<tr>
<td>Impairment provision</td>
<td>-93,438</td>
<td>-21,677</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>-162,789</td>
<td>-125,695</td>
</tr>
<tr>
<td>Net foreign exchange gain/(loss)</td>
<td>36,890</td>
<td>-315</td>
</tr>
<tr>
<td><strong>Operating Profit for the year</strong></td>
<td><strong>167,699</strong></td>
<td><strong>343,260</strong></td>
</tr>
<tr>
<td>Accretion of paid-in capital receivables</td>
<td>7,556</td>
<td>57,617</td>
</tr>
<tr>
<td>Net Profit for the year</td>
<td><strong>175,255</strong></td>
<td><strong>400,877</strong></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>-23,703</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Comprehensive Income</strong></td>
<td><strong>151,552</strong></td>
<td><strong>400,877</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 Majority 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 2019 Annual Report

- AIIB’s Corporate Strategy

- AIIB Sustainable Development Bond Framework