Local Currency Financing

September 2019
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As at May 1, 2019 unless otherwise stated.
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II. LOCAL CURRENCY
III. KEY FINANCIAL POLICIES
IV. INVESTMENT OPERATIONS
V. ENVIRONMENTAL, SOCIAL & GOVERNANCE
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, estimated at USD26 trillion through 2030.¹ Our core principles are openness, transparency, independence and accountability.

Our mission

To improve economic and social development in Asia, through a focus on sustainable infrastructure, cross-border connectivity and private capital mobilization. Projects are supported via sovereign and non-sovereign loans, equity participations and guarantees.

Credit strength

Strong support from 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 stable outlook. 0% risk weighting from the BIS and EU through CRR Article 117.

The bank's foundation is built on the lessons and experience of existing Multilateral Development Banks (MDB) and the private sector. Its modus operandi is to be:

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.

¹Source: “Meeting Asia’s Infrastructure Needs”, ADB 2017
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 original signatories to the Articles of Agreement in June 2015. Countries or territories 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.
HIGH-QUALITY SHAREHOLDER BACKING

Diversified International Shareholder Base

Regional vs Non-Regional Shareholding Split¹

<table>
<thead>
<tr>
<th>Regional Members</th>
<th>Current Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>30.9%</td>
</tr>
<tr>
<td>India</td>
<td>8.7%</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>Indonesia</td>
<td>3.5%</td>
</tr>
<tr>
<td>Turkey</td>
<td>2.7%</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>2.6%</td>
</tr>
<tr>
<td>Iran</td>
<td>1.6%</td>
</tr>
<tr>
<td>Thailand</td>
<td>1.5%</td>
</tr>
<tr>
<td><strong>Other 34 Members</strong></td>
<td><strong>10.6%</strong></td>
</tr>
<tr>
<td><strong>Total: 44 Members</strong></td>
<td><strong>76.6%</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Regional Members</th>
<th>Current Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>4.7%</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>Netherlands</td>
<td>1.1%</td>
</tr>
<tr>
<td>Canada</td>
<td>1.0%</td>
</tr>
<tr>
<td>Poland</td>
<td>0.9%</td>
</tr>
<tr>
<td>Switzerland</td>
<td>0.7%</td>
</tr>
<tr>
<td>Egypt</td>
<td>0.7%</td>
</tr>
<tr>
<td><strong>Other 18 Members</strong></td>
<td><strong>3.1%</strong></td>
</tr>
<tr>
<td><strong>Total: 28 Members</strong></td>
<td><strong>23.4%</strong></td>
</tr>
</tbody>
</table>

Ratings Status of AIIB Shareholders²

- AAA: 13%
- AA- or better: 28%
- A- or better: 65%
- BBB- or better: 90%

Preferred Creditor Treatment – In line with other MDBs, AIIB 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 the AIIB, such as sovereign loans or sovereign guarantees on private sector projects, rank on par with their obligations to the IMF and other MDBs.

Note: 1. Data as of April 19, 2019;
2. Based on ratings from S&P, Moody’s and Fitch using the Basel 2/3 methodology – if three ratings available take median, if only two ratings available take lower rating. Ratings are then weighted by shareholding. Data as of April 19, 2019.
**EXCEPTIONALLY SOUND BALANCE SHEET**

Highly liquid, minimal leverage (as at June 30, 2019)

### Assets

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>USD1.685 billion</td>
</tr>
<tr>
<td>Investments</td>
<td>USD17.629 billion</td>
</tr>
<tr>
<td>Other</td>
<td>USD3.058 billion</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>USD22.372 billion</td>
</tr>
</tbody>
</table>

### Liabilities & Equity

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>USD19.744 billion</td>
</tr>
<tr>
<td>Borrowings</td>
<td>USD2.550 billion</td>
</tr>
<tr>
<td>Other Liabilities</td>
<td>USD0.078 billion</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>USD22.372 billion</td>
</tr>
</tbody>
</table>

Notes:
1. Loan investments, at amortized cost; total amount of approved financings is USD8.53 billion (excluding B loans) as at July 23, 2019.
2. Cash and cash equivalents, term deposits, and investments at fair value.
3. Paid-in capital receivables, funds deposited for cofinancing arrangements, intangible, and other assets.
AIIB PHASES OF DEVELOPMENT
Development trajectory through to 2027

Start-Up Phase, 2016 – 2020
• Hiring expeditiously and building institutional capacity.
• Loan commitments will rise rapidly.
• Primarily sovereign lending.
• Borrowing mainly to establish the bank’s name in the market and create a transparent pricing reference curve.
• Majority of paid-in capital will be fully realized\(^1\).
• Building partnerships through cofinancing.

Note: 1. Eight members will pay their paid-in capital amount over 10 annual installments.

Growth Phase, 2021 – 2027
• As loans disburse, the balance sheet will grow rapidly.
• Borrowing will expand to meet liquidity needs and is expected to grow from several USD billion per year in the first few years to in excess of USD10 billion per year in the mid 2020s.
## STRONG CREDIT FUNDAMENTALS
AIIB assigned 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>“AIIB continues making progress on delivering on its mandate by building up its operational capacity and increasing loan commitments to the region. The stand-alone credit profile for AIIB is ‘aaa’, reflecting our assessment of its ”very strong” enterprise risk profile and “extremely strong” financial risk profile. The stable outlook reflects our expectation that, over the next 12-24 months, AIIB will continue achieving key targets as part of its start-up phase and will adhere to sound governance and risk management principles supported by an extremely strong financial profile” <em>February 15, 2019</em></td>
</tr>
<tr>
<td>Moody’s</td>
<td>Aaa</td>
<td>P-1</td>
<td>Stable</td>
<td>“Moody’s continues to expect AIIB to maintain strong capitalization despite near-term challenges to the credit quality of some of its current investments. At the same time, shareholder support will remain steadfast as its membership and, consequently, its capital base expands beyond the levels at its founding in 2015. Overall, the rating incorporates the rating agency's assessment of AIIB's current and future creditworthiness as it continues to ramp up its operations over the next 5-10 years.” <em>March 28, 2019</em></td>
</tr>
<tr>
<td>Fitch Ratings</td>
<td>AAA</td>
<td>F1+</td>
<td>Stable</td>
<td>“AIIB's 'AAA' IDR reflects its intrinsic credit strength. Based on Fitch's 10-year projections, 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 intrinsic assessment.” <em>July 11, 2019</em></td>
</tr>
</tbody>
</table>

*Summary Rating Rationale*

- Strong capital commitment from diversified sovereign shareholder base
- Set to have a significant impact on Asia’s large infrastructure needs
- Strong governance and risk management framework
- Strong financial profile with very high projected liquidity position
- Very high strength of member support
- Preferred creditor status
- BIS 0% RW / HQLA level 1 status

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.
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AIIB LOCAL CURRENCY FINANCING

For Clients Local Currency Financing represents:

- Reduction in earnings’ volatility due to FX movements
- Decrease of debt burden in case of LCY depreciation
- Better credit rating of a borrower / project
- Possibility of borrowing in longer tenor

For AIIB Local Currency Financing represents:

- Flexibility to offer client’s currency of choice
- Stronger credit for loan book
- Lower possibility of defaults
- Access to loan markets that operate in LCY only

No currency risk for client – better asset for AIIB
<table>
<thead>
<tr>
<th>Country</th>
<th>Rate Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>• Fixed Rate</td>
</tr>
<tr>
<td>Indonesia</td>
<td>• Fixed Rate</td>
</tr>
<tr>
<td>Russia</td>
<td>• Fixed Rate</td>
</tr>
<tr>
<td></td>
<td>• Floating Rate</td>
</tr>
<tr>
<td>Thailand</td>
<td>• Fixed Rate</td>
</tr>
<tr>
<td>Turkey</td>
<td>• Fixed Rate</td>
</tr>
<tr>
<td></td>
<td>• Floating Rate</td>
</tr>
</tbody>
</table>
Phase I

**BACK-TO-BACK CROSS CURRENCY SWAPS** – efficient funding source for local currency financing. Local currency will be sourced through executing hedges as disbursements take place. Target Delivery Date: 2019

Phase II

**POOL FUNDING** – creates an equivalent to a local treasury in markets where AIIB can achieve positive carry by managing a funded pool. In order to achieve attractive levels, a blended mix of swaps and off-shore bonds will fund the pool. Target Delivery Date: 2020

Phase III

**ON-SHORE ISSUANCE** – serves a dual purpose: to raise funding in the local markets to provide local currency to clients; to help development of local capital markets in member countries. Target Delivery Date: 2020/2021 or later depending on capacity and AIIB’s Corporate priorities
TWO MAIN SOURCES FOR BACK-TO-BACK LOCAL CURRENCY FUNDING

**Swaps**
- USD pool
- Local Currency Loans

**Bonds**
- Capital Market Investors
- Local Currency Loans

**Pros:**
- Timing of the disbursement and funding is matched
- Loans profiles can be matched precisely
- Fast execution

**Cons:**
- Needs reliable counterparts and legal framework
- Size may be limited
- Prepayments can be accommodated

**Pros:**
- Additional development impact
- Local currency source where swaps market is not developed
- Potentially larger funding pool than swaps

**Cons:**
- Investor demand in offshore markets is not reliable
- Prepayments or amortizations are difficult or impossible to accommodate

Currency risk is transferred to swap counterparty / bond investor
LOCAL CURRENCY FINANCING FOR NON-SOVEREIGN CLIENTS

General terms

• Lending is based on sound banking practice
• The terms and conditions are set on a commercial basis.
• Available currencies (2019): IDR, INR, RUB, THB, TRY

Pricing is based on cost pass-through principle

**AIIB’s actual cost of borrowing in local currency:**
1) Cost based on local market-based benchmark (government bond yield or a relevant reference rate)
2) Issuance or execution costs (underwriting fees, execution costs)
3) Recurrent costs (listing, custody, payment fees)
**Plus**
**Corporate client’s or project’s credit spread**, based on individual risks of the project or a corporate loan
LOCAL CURRENCY FINANCING: DELIVERABLE VS SYNTHETIC

Deliverable local currency loans:
Clients receive local currency on a disbursement date and repay AIIB principal and interest in local currency on loan service dates.

Synthetic (or non-deliverable) local currency loans:
Clients receive USD equivalent of a local currency loan amount on a disbursement date and repay USD equivalent of a local currency principal and interest on loan service dates. The FX rate is based on prevailing FX spot rate at the time of payments.

- Back-to-back funding through cross currency swaps or bonds
- Onshore or offshore source
- Pricing is based on a relevant local market reference rate
- Currency risk is passed on to a swap counterparty or bond investors
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OVERVIEW OF CAPITAL & RISK MANAGEMENT

Economic Capital is the fundamental measure of risk appetite

Economic Capital\(^1\)
The overarching principal driving risk allocation\(^2\)

- Financing Credit Risk
- Equity Investment Risk
- Market Risk incl. Asset & Liability Risk
- Counterparty Credit Risk
- Operational Risk

Financial and Risk Management Policy
Risk Appetite Statement and Risk Appetite Framework Directive
Capital Adequacy and Stress Testing Policy
Credit Risk Rules
Market and Liquidity Risk Directive
Counterparty Credit Risk Directive
Operational Risk Directive

Other Non-Financial Risks
(Compliance Risk, Integrity Risk, and E&S Risk)
No economic capital allocation

Stress testing of the Ecap Model for extreme events, within 99.99% confidence intervals

Total Capital Utilization\(^3\)
Available Capital: USD16.7 billion\(^4\)

<table>
<thead>
<tr>
<th>Allocation of Risk</th>
<th>Policy Limit</th>
<th>Current Usage(^3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Risk</td>
<td>2%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Treasury Risk</td>
<td>18%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Treasur Risk</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Risk</td>
<td>18%</td>
<td>2.0%</td>
</tr>
<tr>
<td>Treasury Deposits</td>
<td>0.3%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Credit Risk</td>
<td>80%</td>
<td>7.1%</td>
</tr>
<tr>
<td>Equity Investments</td>
<td>2.0%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Nonsovereign Loans</td>
<td>0.6%</td>
<td></td>
</tr>
<tr>
<td>Sovereign Loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Current Capital Usage</td>
<td></td>
<td>10.1%</td>
</tr>
</tbody>
</table>

AIIB’s Financial and Risk Management Policy states that AIIB risk appetite is set at no greater than the bank’s available capital (i.e., received paid-in capital and retained earnings).

Note 1: Economic Capital is defined as the capital the bank should hold to protect its net asset value falling below zero after a worst-case fair value loss over one year.
Note 2: The following financial risks are managed outside the economic capital model: Liquidity risk and Model Risk.
Note 3: Based on current usage of c. USD1,690 million of capital.
Note 4: As at June 30, 2019.
OVERVIEW OF KEY FINANCIAL POLICIES

Conservative and sound ALM, Market Risk and Credit Risk policies

The AIIB has put in place strong policies on governance, finance, procurement as well as environmental and social frameworks.

**Asset Liability Management**

- Swap counterparts must be institutions rated A or better.
- Credit exposure is mitigated via 2-way CSA agreements.
- Debt funding is swapped into a USD liability. The majority is expected to be held on a floating rate basis.
- Conservatively managed Liquidity portfolio should cover at least 40% of net cash requirements for the upcoming 36 months and 100% of net cash requirements for any upcoming 12-month period under extreme stress conditions.

**Market Risk**

- **Currency risk**: Currency risk matching for assets financed by debt. Unhedged currency exposure for equity funded and local currency assets can be permitted.
- **Interest rate risk**: Managed within internally set Value-at-Risk (VaR) and duration limits.

**Financing Credit Risk**

- Country exposure limit of 50% of total exposures.
- Gearing ratio limit set at 1:1.
- Third party sourced and calibrated credit scoring tools for Project risk ratings.
- Nonsovereign financing terms in line with market practices.

All risks are managed to defend, preserve and protect AIIB’s triple-A ratings.
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AIIB’S THEMATIC PRIORITIES

We approach lending, developing our business lines and selecting our projects based on three thematic priorities

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

**Cross-border Connectivity**
Prioritizing cross-border infrastructure, ranging from roads and rail to ports, airports, energy pipelines and telecoms.

**Private Capital Mobilization**
Devising innovative solutions that mobilize private capital, in partnership with other MDBs, governments, private financiers and other partners. AIIB’s presence on cofinancings helps spread risk across the MDB and private sector communities, and can help to crowd in private sector capital.
INVESTMENT OPERATIONS
Investment Operations approved – USD8.53 billion
PROJECT BREAKDOWN

Projects Approved – USD8.53 billion

- AIIB’s Sustainable Energy for Asia Strategy sets out a clear framework for investing in energy projects that will increase access to clean, safe and reliable electricity for millions of people in Asia. To implement the strategy, the bank will support its members to do their part as expressed in the Paris Agreement to “hold the increase in the global average temperature to well below 2 degrees Celsius above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5 degrees Celsius.”

- AIIB’s sector or regional strategies do not favor one type of project or member/region over any other. AIIB’s conservative investment approval process, which requires that all projects are financially viable and incorporate AIIB’s commitment to sound environmental and social risk management, are key considerations for project approval.

- Over the coming three years, AIIB expects investments in the Energy and Transport sectors to represent between 60 and 70% of its total exposure. While currently active in 19 members, by 2020 AIIB expects to have active projects in 24 members.

- The loan book and equity investments expected to reach USD45 billion and USD2.5 billion by 2027 respectively.

Approved Projects by Value - Member / Region

- India 27%
- Indonesia 11.0%
- Turkey 10.5%
- Argentina 7% (with a 2% share in the energy sector)
- Multicountry 7%
- Egypt 6%
- Singapore 1%
- Malaysia 1%
- Nepal 1%
- Tajikistan 1%
- Georgia 1%
- Singapore 1%
- Laos 0.5%
- Myanmar 0.2%
- Lao PDR 0.5%

Approved Projects by Value - Sector

- Energy 34%
- Transport 22%
- Finance 15%
- Urban 9%
- ICT 3%
- Others 1%
- Water and Waste 16%

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### AREAS OF OPERATIONS

**Range of instruments offered**

<table>
<thead>
<tr>
<th>Sovereign loans</th>
<th>Non-sovereign backed financing</th>
<th>Equity Investments</th>
<th>Guarantees</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Sovereign-backed loans will have an average maturity of up to 20 years and a final maturity limit of up to 35 years.</td>
<td>• The bank is taking a progressive approach to building its book of non-sovereign backed financing. This approach is based on sound banking practice.</td>
<td>• The bank will only consider making equity investments under terms it considers fair, where clear potential exit strategies are present, and where an acceptable internal rate of return is projected.</td>
<td>• The bank aims to offer guarantees.</td>
</tr>
<tr>
<td>• Cofinanced sovereign lending will be encouraged.</td>
<td>• Borrowers could range from sub-sovereign public entities to private enterprises.</td>
<td>• Limit on Equity investments up to 10% of available capital.</td>
<td>• Projects involving guarantees will be appraised, processed, and monitored the same way as loans.</td>
</tr>
<tr>
<td>• Appraisal of sovereign loans will take into account a full assessment of the project’s benefits, risks and borrower implementation capacity.</td>
<td>• The terms and conditions will be set on a commercial basis and reflect the expected risk to the bank and market conditions.</td>
<td>• The bank expects to play the role of a minority investor and shall not seek a controlling interest in the target entity or enterprise.</td>
<td>• For capital headroom and exposure management purposes, guarantees will be treated as if they were on the balance sheet (i.e. treated the same way as loans).</td>
</tr>
<tr>
<td></td>
<td>• Loan amounts can be up to 35% project.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
PROJECT APPROVAL PROCESS

AIIB follows a clear and well-defined approval process to ensure sustainable, high quality projects

Strategic programming
Projects meeting the preliminary screening criteria (including ESP considerations) will be discussed and approved by the Executive Committee.

Concept preparation
Project due diligence to affirm project viability. Draft agreement is drawn up and reviewed by internal Investment Committee.

Approval
Projects are submitted to the Board of Directors for approval.

Accountability Framework:
From 2019 onwards, the Board of Directors has delegated certain investment approvals directly to the President.

Implementation
Implementation is the responsibility of the client. AIIB takes steps to ensure compliance with policies, implementation of risk mitigation measures and achievement of project objectives.

- For sovereign-backed financing, Board of Directors’ approved financial policies require approvals to be based on use of loan proceeds for intended purpose.
- For nonsovereign-backed financing, Board of Directors’ approved financial policies require credit decisions to be based on sound assessments of the borrower’s capacity to service a loan. Before Approval, the team conducts detailed due diligence, and prepares documentation.
- Environmental and social assessments are carried out to ensure that all projects comply with the bank’s ESP policy.

On maturity of all loans, a Project Completion Report is required, evaluating the project, its financing and performance impact compared to initial objectives. The conclusions are fed back into the project analysis and review process, to continuously improve the bank’s decision-making framework. This ensures rigorous accountability for implementation and ultimate success.
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IV. INVESTMENT OPERATIONS
V. ENVIRONMENTAL, SOCIAL & GOVERNANCE
AIIB’S COMMITMENT TO SUSTAINABLE GROWTH

Environmental and Social Policy (ESP) at the core of the organization

The bank recognizes that environmental and social sustainability is a fundamental aspect of achieving outcomes consistent with its mandate.

The bank:

• Screens and categorizes each proposed project based on its potential environmental and social risks and impacts.
• Requires environmental and social assessments.
• Identifies actions to avoid, minimize, mitigate and/or offset impacts.
• Includes provisions for disclosure of information and public consultation.

Every project has a Grievance Redress Mechanism accessible to the general public.

• Mandatory requirements that apply to Clients and Operations are set out in 3 Environmental and Social Standards:
  i. Environmental and Social Assessment and Management.
  ii. Involuntary Resettlement.
  iii. Indigenous Peoples.

Every project is subject to AIIB’s Environmental and Social Policy, Environmental and Social Standards, and Environmental and Social Exclusion List

• Ensure the environmental and social soundness and sustainability of each project.
• Support integration of environmental and social aspects of projects into the decision-making process by all parties.
• Provides for public consultation and disclosure.
• Projects have Environment and Social Management Plans to support effective implementation of management and monitoring measures.
• Regular monitoring and reporting required by the Client on implementation of the environmental and social measures agreed with the bank.
• The bank also conducts periodic site visits and comprehensive field-based reviews to ensure compliance with the ESP and applicable ESSs.
In 2018, AIIB has been rated for the first time by rating agencies based on industry-specific social, environmental and governance (ESG) criteria. The bank was assigned a “C+ (Prime)” rating by ISS-oekom and a score of 66 out of 100 points by Sustainalytics.

“The Asian Infrastructure Investment Bank (AIIB) has established an Environmental and Social Policy and Framework (ESF), which serves to manage and minimize risks associated with the activities it finances. It includes comprehensive standards on resource efficiency, climate change and labour rights and the protection of vulnerable populations, as well as reasonable standards on pollution prevention, ecosystems and biodiversity, resettlements, community health and safety, and security personnel.”

“As regards transparency and accountability, AIIB forms part of the more progressive development banks, publicly disclosing individual project financed on its website (including project overviews, financing information and project documents).”

ISS-Oekom Corporate Rating, April 2019 (available here)

The Asian Infrastructure Investment Bank (AIIB) “is considered an average performer on ESG issues compared to its industry peers.”

“AIIB’s success relies on its ability to recruit and motivate a highly skilled workforce able to identify, invest in and monitor commercially sound projects with positive economic impacts.”

“The company’s ESG-related issues are overseen by the board or the executive team, suggesting that these are integrated in core business strategy.”

Sustainalytics ESG Report, November 2018
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