

ASIAN INFRASTRUCTURE INVESTMENT BANK

October 2018



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INVESTMENT BANK



What we do now (or fail to do) will determine the future world we and our children will live in.

The goals for a greener, cleaner tomorrow have been set. But the clock is ticking. We must act today if these are to be fully realized.

By investing now, we can activate sustainable projects that, over time, will impact the lives of millions and create a better tomorrow.

ABOUT AIIB

Asian Infrastructure Investment Bank

Who we are

Multilateral Development Bank(MDB) founded to bring countries together to address Asia's daunting **infrastructure funding gap estimated at USD 26 trillion through 2030¹**.

Our mission

To improve economic and social development in Asia and beyond through a focus on **sustainable infrastructure**, cross-border connectivity and private capital mobilization.

Credit strength

Strong support from diversified global shareholder base. **USD 100 billion capital stock** with 20% assigned to paid-in capital. Prudent risk management and financial policies. AAA/Aaa/AAA rating with stable outlook.

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.

¹Source: "Meeting Asia's Infrastructure Needs", ADB 2017

OVERVIEW OF SHAREHOLDING STRUCTURE

87 approved members

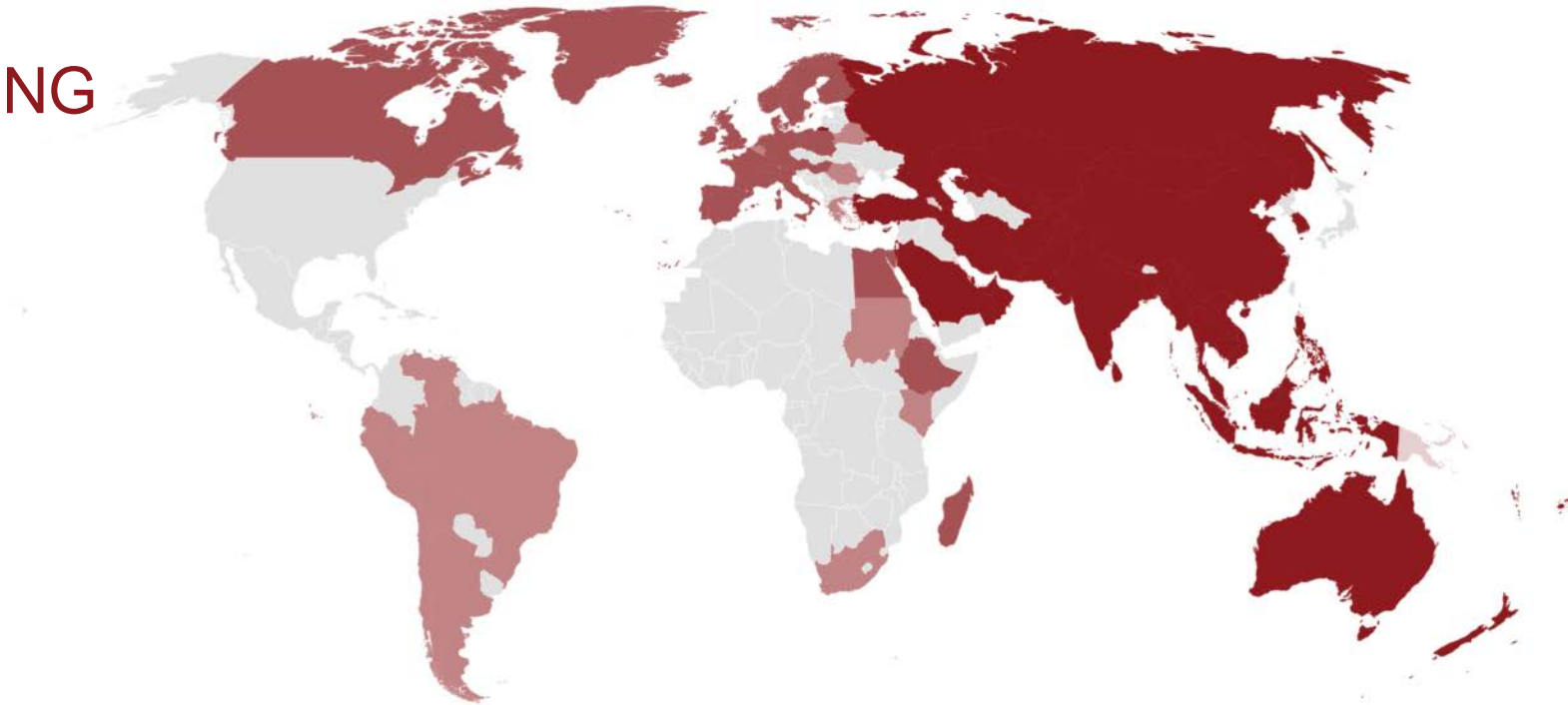
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The bank...will help to mobilize much needed additional resources from inside and outside Asia... and will complement the existing multilateral development banks.

Articles of Agreement

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* Prospective founding member: These are prospective members who were 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.



Members Regional

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

Members Non-Regional

- Austria
- Canada
- Denmark
- Egypt
- Ethiopia
- Finland
- France
- Germany
- Hungary
- Iceland
- Ireland
- Italy
- Luxembourg
- Madagascar
- Malta
- Netherlands
- Norway
- Poland
- Portugal
- Spain
- Sudan
- Sweden
- Switzerland
- United Kingdom

Prospective Regional

- Armenia
- Cook Islands
- Kuwait*
- Lebanon
- Papua New Guinea
- Tonga

Prospective Non-Regional






- Argentina
- Belarus
- Belgium
- Bolivia
- Brazil*
- Chile
- Ecuador
- Greece
- Kenya
- Peru
- Romania
- South Africa*
- Venezuela

TOP FIVE SHAREHOLDERS

A strong voice for regional members.

USD100 billion authorized capital: 20% paid-in shares; 80% callable shares

According to the Articles of Agreement, regional members must hold (75) per cent of the total subscribed capital stock of the bank.

		Capital contributions <i>(% of Bank total)</i>	Share of votes held <i>(% of total)</i>
	China	30.96%	26.58%
	India	8.69%	7.63%
	Russia	6.79%	6.01%
	Germany	4.66%	4.19%
	Korea	3.88%	3.53%

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.

BUILDING EXPERTISE IN OUR BUSINESS LINES

The **Sustainable Energy for Asia Strategy** sets out a clear framework for the bank to invest in energy projects that will increase access to clean, safe and reliable electricity for millions of people in Asia.

The **Transport Sector Strategy** outlines AIIB's objective to finance sustainable and integrated transport systems. Consistent with the Sustainable Development Goals, the bank will ensure its projects are economically, environmentally and socially sustainable.

In development: AIIB's long-term vision for its **Cities Strategy** is to support cities in Asia to be economically, environmentally and socially sustainable, by being green resilient, efficient, accessible and thriving (GREAT).



STRONG CREDIT FUNDAMENTALS

AIIB assigned highest rating by three agencies

Ratings	Long Term	Short Term	Outlook	Commentary	Summary Rating Rationale
Standard & Poor's	AAA	A-1+	Stable	<p>"AIIB's very strong capital endowment, combined with increasing membership and timely capital payments, underpins our assessment of its very strong business profile.</p> <p>The stable outlook reflects our expectation that, over the next 12-24 months, AIIB will continue making progress building out the institution as part of its start-up phase and will adhere to sound governance and risk management principles supported by an extremely strong financial profile." <i>July 13, 2018</i></p>	<ul style="list-style-type: none"> ✓ Strong capital commitment from diversified sovereign shareholder base ✓ Set to have a significant impact on Asia's large infrastructure needs
Moody's	Aaa	P-1	Stable	<p>"The AIIB..credit profile is underpinned by robust capital adequacy, a strong governance framework and solid shareholder support, notwithstanding the absence of a lengthy track record of operations.</p> <p>Over the past year, the bank has made further progress in strengthening its governance framework and risk management architecture, supporting our view of robust financial performance past its initial growth phase." <i>August 21, 2018</i></p>	<ul style="list-style-type: none"> ✓ Strong governance and risk management framework ✓ Strong financial profile with very high projected liquidity position
Fitch Ratings	AAA	F1+	Stable	<p>"AIIB's "AAA" rating is based on its intrinsic credit quality. Under Fitch's long term projections for key solvency, risk and liquidity indicators, AIIB's "excellent" capitalisation and "low" risk profile result in a solvency assessment of "aa+".</p> <p>The bank's "medium risk" business environment reflects its "medium"risk business profile and "medium risk" operating environment, which translate into a one-notch uplift to "aaa" for the intrinsic rating." <i>July 11, 2018</i></p>	<ul style="list-style-type: none"> ✓ 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.

LEVERAGING THE EXPERIENCES OF EXISTING MDBS

AIIB will draw lessons from the past experiences of multilateral development banks to enhance its operating efficiency, product offerings and reduce costs.



GLOBAL BEST PRACTICE IN MDB GOVERNANCE

Transparency, independence and accountability

<p>Board of Governors</p>	<ul style="list-style-type: none"> • Each AIIB member appoints a Governor • All powers of the 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: 600 votes allocated to each Founding Member
<p>Board of Directors</p>	<ul style="list-style-type: none"> • Composed of 12 Directors, 9 elected by regional members and 3 elected by non-Regional members • Supervise the management and the operation of the Bank • Two-year terms and may be re-elected
<p>President</p>	<ul style="list-style-type: none"> • Elected by the Board of Governors • National of a regional member country • May serve up to two 5-year terms
<p>Vice Presidents</p>	<ul style="list-style-type: none"> • Appointed by the Board of Directors upon the recommendation of the President

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

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

ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM

- Applies to both public and private sector projects
- Provides for **screening and categorization** of projects
- Analyzes potential risks and impacts
- Identifies actions to avoid, minimize, mitigate and/or offset impacts
- Includes provisions for monitoring
- Includes provisions for disclosure of information and public consultation

Supports integration of environmental and social management measures into design, implementation and evaluation of projects.



THANK YOU
LET'S CREATE TOMORROW