



Sovereign-Backed Loan and Guarantee Pricing Decision (Revised June 2021)

Sovereign-backed loans signed on [Jun. 23, 2021] or thereafter shall apply the sovereign lending spread shown below.

1. Sovereign-Backed Loan Pricing

- 1.1. AIIB shall charge an interest rate composed of a reference rate plus a fixed spread ("Fixed Spread Loans" or "FSL")¹ or a variable spread ("Variable Spread Loans" or "VSL").
- 1.2. The fees and spread applicable to Sovereign-backed Loans are set out in Table 1:

Table 1: Fees and Lending Spread Applicable to Sovereign-Backed Loans

Fee/Spread	Rate	Charged on	One-time/ recurring
Front-end Fee	0.25%	Loan principal	One-time
Commitment Fee	0.25%	Undisbursed loan balances	Recurring
Lending Spread	FSL (see Table 2) or VSL (see Table 3)	Disbursed and outstanding loan balances	Recurring

- 1.3. The Lending Spread for FSL consists of the following components: the contractual lending spread, the maturity premium, the market risk premium and the projected funding spread to applicable reference rate. The individual components of the Lending Spread as well as the overall Lending Spread applicable to different maturity categories are set out in Table 2.

Table 2: Lending Spread for FSL

Average Maturity	Up to 8 years	8 to 10 years	10 to 12 years	12 to 15 years	15 to 18 years	18 to 20 years
Contractual Lending Spread	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Maturity Premium	0%	0.10%	0.20%	0.30%	0.40%	0.50%

¹ Fixed Spread Loan product has been suspended as of April 15, 2021, provided that such suspension shall not affect loans that comply with the following conditions: (i) the invitation to Negotiate is issued on or before April 15, 2021; and (ii) the loan is approved on or before September 30, 2021.

Market Risk Premium	0.10%	0.10%	0.10%	0.10%	0.15%	0.15%
Projected Funding Spread to LIBOR	0.20%	0.25%	0.25%	0.30%	0.35%	0.35%
Lending Spread	0.80%	0.95%	1.05%	1.20%	1.40%	1.50%

- 1.4. The Lending Spread for VSL consists of the following components: the contractual lending spread, the maturity premium and the borrowing cost margin (expressed as spread over the reference rate of the underlying loan including non-USD funding cost, if the loan is in hard currency² other than USD). The individual components of the Lending Spread as well as the overall Lending Spread applicable to different maturity categories are set out in Table 3.

Table 3: Lending Spread for VSL

Average Maturity	Up to 8 years	8 to 10 years	10 to 12 years	12 to 15 years	15 to 18 years	18 to 20 years
Contractual Lending Spread	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Maturity Premium	0%	0.10%	0.20%	0.30%	0.40%	0.50%
Borrowing Cost Margin, including non-USD-funding cost	To be calculated for each hard currency and reference rate					
Lending Spread (without Borrowing Cost Margin)	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%

- 1.5. The borrowing cost margin including non-USD funding-cost for VSL will be updated semi-annually.

2. Sovereign-Backed Guarantee Pricing

- 2.1. The fees and charge for Sovereign-backed Guarantees are set out in Table 4:

Table 4: Fees and Charges Applicable to Sovereign-Backed Guarantees

	Rate	Charged on	One-time /recurring
Front-end Fee	0.25%	Guarantee amount	One-time
Processing Charge	Up to 0.50%	Guarantee amount	One-time

² Currencies of the Group of Ten (G10) or those included in the SDR basket, i.e. USD, EUR, GBP, JPY, CAD, CHF, SEK, and RMB. Members of the G10 include Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, United Kingdom and United States. <https://www.imf.org/en/About/Factsheets/A-Guide-to-Committees-Groups-and-Clubs#G10>

Standby Fee	0.25%	Undisbursed amount of financing benefiting from AIB guarantee	Recurring
Guarantee Fee	0.50% + Maturity Premium	Financial exposure under the guarantee (present value of the guaranteed payments at earliest call dates)	Recurring

2.2. The Guarantee Fee includes an annual maturity premium as set out in Table 5:

Table 5: Maturity Premium for Sovereign-Backed Guarantees

Average Maturity	Up to 8 years	8 to 10 years	10 to 12 years	12 to 15 years	15 to 18 years	18 to 20 years
Maturity Premium	0%	0.10%	0.20%	0.30%	0.40%	0.50%