

SOVEREIGN-BACKED FINANCING

January 2024 update



Background

AIIB's 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. **Infrastructure projects** have long tenor, high volume, and unpredictable cashflows. AIIB provides **financings** in the form of **loans and guarantees to the sovereign-backed and sovereign-guaranteed** borrowers. The **loans** can be provided in USD, Euro, RMB or other hard currencies with the pricing based on a reference rate (including non-USD funding cost, if the loan is in a hard currency other than USD) plus a variable Lending Spread; plus a front-end fee and a commitment fee. The Lending Spread depends on the average repayment profile of a loan. Other currencies may be offered if AIIB is able to hedge non-USD currency lending. For more details, please refer to the [Operational Policy on Financing](#) and [General Conditions for Sovereign-Backed Loans](#) on AIIB's website.

SOVEREIGN-BACKED LOANS

Common Terms	Description
Currency	USD, Euro, RMB and other hard currencies in which AIIB is able to fund itself efficiently in the market
Maturity	Final maturity limit is 35 years, average maturity limit is 20 years
Repayment Schedule	Linked to commitments or disbursements
Amortization Profile	Level, bullet, annuity or customized
Grace Period	A period from the loan signing date to the first principal payment date wherein no principal repayment is made
Interest Payment Date	On the 1 st and 15 th of every sixth month
Front-End Fee	0.25%, charged one time on the committed loan amount
Commitment Fee	0.25%, accrues from the date falling 60 days after the loan signing date, charged on the undisbursed amount of the loan, payable semi-annually
Cancellations	AIIB or the Borrower may cancel any amount of the unwithdrawn loan balance
Prepayments	A loan may be prepaid in full or in part with at least 45 days notice. AIIB may charge a prepayment premium to cover the cost of redeploying prepaid funds.
Lending Rate	Daily reference rate (USD SOFR) compounded over a six-month period; Six-month reference rate (Euribor) or three-month reference rate (RMB SHIBOR) plus Lending Spread, subject to a floor of zero percent.
Lending Spread	Variable Spread for USD or other currencies (Euro, RMB), per loan. The Fixed Spread Product has been suspended as of April 15, 2021 (see below).

FIXED SPREAD LOAN

In a Fixed Spread Loan (FSL), the Borrower is insulated from changes in AIIB's funding cost. The Fixed Spread remains constant during the loan tenor. The Fixed Spread consists of AIIB's cost of refinancing risk which is broken down into (1) projected funding spread and risk premium, depending on average loan life; (2) contractual lending spread, which is the same for all loans and (3) maturity premium, which depends on the average loan life. Effective April 15, 2021, the Fixed Spread terms under sovereign-backed and sovereign-guaranteed loans are suspended until further notice. The suspension does not apply to operations that meet both of the following conditions: (i) the Invitation to Negotiate was issued on or before April 15, 2021; and (ii) the loan was approved on or before Sept. 30, 2021.

FSL Lending Rate (as of June 2021)

Average Maturity	Up to 8 years	Greater than 8 through 10 years	Greater than 10 through 12 years	Greater than 12 through 15 years	Greater than 15 through 18 years	Greater than 18 through 20 years
Reference Rate	6-Month LIBOR					
Projected Funding Spread	0.20%	0.25%	0.25%	0.30%	0.35%	0.35%
Market Risk Premium	0.10%	0.10%	0.10%	0.10%	0.15%	0.15%
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%
Fixed Spread	0.80%	0.95%	1.05%	1.20%	1.40%	1.50%
FSL Lending Rate	6-Month LIBOR + 0.80%	6-Month LIBOR + 0.95%	6-Month LIBOR + 1.05%	6-Month LIBOR + 1.20%	6-Month LIBOR + 1.40%	6-Month LIBOR + 1.50%

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VARIABLE SPREAD LOAN

The pricing principle of a Variable Spread Loan (VSL) is to pass changes in AIIB's funding cost to the Borrower wherein the benefits and risks of changes in AIIB's cost of borrowing are borne by the Borrower. The variable spread changes over the lifetime of the loan. AIIB's VSL lending rate is derived from the reference rate plus a variable spread prevailing on the interest rate reset date and applicable for the following interest period. The variable spread has three components: borrowing cost margin (which may include cross-currency basis swap adjustment, if the loan is in a hard currency other than USD), contractual lending spread and maturity premium. AIIB publishes a recalculated Borrowing Cost Margin applicable from every January 1 and July 1 for a period of six months.

USD VSL Lending Rate (as of January 1, 2024)

Average Maturity	Up to 8 years	Greater than 8 through 10 years	Greater than 10 through 12 years	Greater than 12 through 15 years	Greater than 15 through 18 years	Greater than 18 through 20 years
Reference Rate	USD SOFR					
Borrowing Cost Margin	0.38%	0.38%	0.38%	0.38%	0.38%	0.38%
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%
Variable Spread	0.88%	0.98%	1.08%	1.18%	1.28%	1.38%
VSL Lending Rate	SOFR + 0.88%	SOFR + 0.98%	SOFR + 1.08%	SOFR + 1.18%	SOFR + 1.28%	SOFR + 1.38%

EUR VSL Lending Rate (as of January 1, 2024)

Average Maturity	Up to 8 years	Greater than 8 through 10 years	Greater than 10 through 12 years	Greater than 12 through 15 years	Greater than 15 through 18 years	Greater than 18 through 20 years
Reference Rate	6-Month EURIBOR					
Borrowing Cost Margin	-0.11%	-0.11%	-0.11%	-0.11%	-0.11%	-0.11%
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%
Variable Spread	0.39%	0.49%	0.59%	0.69%	0.79%	0.89%
VSL Lending Rate	6-Month Ref. Rate + 0.39%	6-Month Ref. Rate + 0.49%	6-Month Ref. Rate + 0.59%	6-Month Ref. Rate + 0.69%	6-Month Ref. Rate + 0.79%	6-Month Ref. Rate + 0.89%

RMB VSL Lending Rate (as of January 1, 2024)

Average Maturity	Up to 8 years	Greater than 8 through 10 years	Greater than 10 through 12 years	Greater than 12 through 15 years	Greater than 15 through 18 years	Greater than 18 through 20 years
Reference Rate	3-Month RMB SHIBOR					
Borrowing Cost Margin	-0.07%	-0.07%	-0.07%	-0.07%	-0.07%	-0.07%
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%
Variable Spread	0.43%	0.53%	0.63%	0.73%	0.83%	0.93%
VSL Lending Rate	3-Month Ref. Rate + 0.43%	3-Month Ref. Rate + 0.53%	3-Month Ref. Rate + 0.63%	3-Month Ref. Rate + 0.73%	3-Month Ref. Rate + 0.83%	3-Month Ref. Rate + 0.93%

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FIXED-SPREAD LOAN

Lending Spread Component	Behavior
Contractual Lending Spread	Fixed
Maturity Premium	Fixed
Market Risk Premium	Fixed
Projected Funding Spread to Reference Rate	Fixed

VARIABLE-SPREAD LOAN

Lending Spread Component	Behavior
Contractual Lending Spread	Fixed
Maturity Premium	Fixed
Actual Funding Cost Margin	Variable

SOVEREIGN-BACKED GUARANTEES

Terms	Description
Currency	USD. Other currencies may be offered.
Front-End Fee	0.25%, charged one time on the guarantee amount
Processing Charge	Up to 0.50%, a one-time front-end fee is charged on the guarantee amount
Standby Fee	0.25%, charged on the undisbursed amount of financing benefits from the guarantee
Guarantee Fee	Charged on financial exposure under the guarantee, includes maturity premium

Guarantee fees and charges (as of June 2021)

Average Maturity	Up to 8 years	Greater than 8 through 10 years	Greater than 10 through 12 years	Greater than 12 through 15 years	Greater than 15 through 18 years	Greater than 18 through 20 years
Maturity Premium	0%	0.10%	0.20%	0.30%	0.40%	0.50%
Guarantee Fee (includes maturity premium)	0.50%	0.60%	0.70%	0.80%	0.90%	1.00%

WHO WE ARE

The Asian Infrastructure Investment Bank (AIIB) is a multilateral development bank with a mission **to improve social and economic outcomes** in Asia. Headquartered in Beijing, we began operations in January 2016 and have now grown to over 109 approved members worldwide. By investing in **sustainable infrastructure** and other productive sectors in Asia and beyond, we will better connect people, services and markets that over time will impact the lives of billions and build a better future.

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