Pricing Policy for Sovereign-Backed Products
(Revised December 2019)

1. Pricing terms for sovereign-backed loans to borrowers which meet the Asian Infrastructure Investment Bank’s (AIIB) selection criteria are uniform across borrowers.

2. Maturities and repayment schedules for sovereign-backed loans shall, to the extent possible, be adapted to the project profile, and shall have a maximum final maturity of 35 years and a maximum average maturity of 20 years.

3. AIIB shall apply a reference rate and charge a spread to that reference rate that is either fixed (Fixed Spread Loan product) or variable (Variable Spread Loan product).

4. The Fixed Spread Loan product shall be offered in US dollars (USD). The Variable Spread Loan product shall be offered in USD or other hard currencies.¹

5. The fixed spread shall consist of the following elements:
   5.1 A contractual lending spread.
   5.2 AIIB’s projected funding spread to the reference rate over the life of the loan.
   5.3 A market risk premium.

6. The variable spread shall consist of the following elements:
   6.1 A contractual lending spread.
   6.2 A borrowing cost margin, including cross-currency basis swap adjustment if the loan is in a non-USD hard currency.

7. For longer maturities, AIIB shall also charge a maturity premium. In addition, the Bank may charge a commitment fee and a front-end fee and in the case of prepayment, where appropriate, a prepayment fee.

8. Guarantee fees shall be set by the President based on the guarantee’s specific coverage and risk in line with the margins charged on comparable loans of equivalent risk.

9. The President will review and report to the Board annually on the adequacy of the pricing levels and will recommend for approval by the Board any adjustments to these pricing levels deemed necessary or desirable.

¹ 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