

SOVEREIGN-BACKED FINANCING

July 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, JPY, 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. 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.

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.

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USD VSL Lending Rate (as of July 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 | 0.41% | 0.41% | 0.41% | 0.41% | 0.41% | 0.41% |
| 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 | 0.91% | 1.01% | 1.11% | 1.21% | 1.31% | 1.41% |
| VSL Lending Rate | SOFR + 0.91% | SOFR + 1.01% | SOFR + 1.11% | SOFR + 1.21% | SOFR + 1.31% | SOFR + 1.41% |

EUR VSL Lending Rate (as of July 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 | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| 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 | 0.50% | 0.60% | 0.70% | 0.80% | 0.90% | 1.00% |
| VSL Lending Rate | 6-Month Ref. Rate + 0.50% | 6-Month Ref. Rate + 0.60% | 6-Month Ref. Rate + 0.70% | 6-Month Ref. Rate + 0.80% | 6-Month Ref. Rate + 0.90% | 6-Month Ref. Rate + 1.00% |

RMB VSL Lending Rate (as of July 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% |

JPY VSL Lending Rate (as of July 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 | JPY TONA | | | | | |
| Borrowing Cost Margin | -0.15% | -0.15% | -0.15% | -0.15% | -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% |
| Variable Spread | 0.35% | 0.45% | 0.55% | 0.65% | 0.75% | 0.85% |
| VSL Lending Rate | TONA + 0.35% | TONA + 0.45% | TONA + 0.55% | TONA + 0.65% | TONA + 0.75% | TONA + 0.85% |

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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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