



Sovereign-Backed Loan and Guarantee Pricing Decision (Revised December 2019)

Sovereign-backed loans signed on Dec. 13, 2019 or thereafter shall apply the sovereign lending spread shown below.

1. Sovereign-Backed Loan Pricing

1.1. AIIB shall charge a fixed spread or a variable spread to reference rate for Fixed Spread Loans (FSL) or Variable Spread Loans (VSL), respectively.

1.2. The fees and spread applicable to Sovereign-backed Loan are set out in Table 1:

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

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	fixed spread (Table 2) or variable spread (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.¹ 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 of 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%
Market Risk Premium	0.10%	0.10%	0.10%	0.10%	0.15%	0.15%
Projected Funding Spread to LIBOR	0.05%	0.15%	0.15%	0.20%	0.25%	0.25%

¹ For USD, the applicable reference rate is currently LIBOR.

Lending Spread	0.65%	0.85%	0.95%	1.10%	1.30%	1.40%
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1.4. The Lending Spread of VSL consists of the following components: the contractual lending spread, the maturity premium and the borrowing cost margin (including cross-currency basis swap adjustment, 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 of 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 Cross-Currency Basis Swap Adjustment	To be calculated for each hard currency					
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 cross-currency basis swap adjustment of 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
Standby Fee	0.25%	Undisbursed amount of financing benefiting from AIBB guarantee	Recurring

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>

Guarantee Fee	0.50% + Maturity Premium	Financial exposure under the guarantee (present value of the guaranteed payments at earliest call dates)	Recurring
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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%