



CONVERSION GUIDELINES ON SOVEREIGN-BACKED LOANS
November. 25, 2024

1. INTRODUCTION

1.1. Purpose

1.1.1. These Conversion Guidelines on Sovereign-Backed Loans (“Guidelines”) set out the process for requesting, accepting and effecting Interest Rate and Currency Conversions of the financial terms of the Loan Agreements of the Asian Infrastructure Investment Bank (“AIIB” or the “Bank”). These Guidelines constitute the “Conversion Guidelines” as defined and referred to in the relevant [General Conditions for Sovereign-Backed Loans](#) (“GC”) of AIIB and the Loan Agreements, as applicable.

1.1.2. These Guidelines are intended to be read together with AIIB’s GC and [Operational Policy on Financing](#), as amended (“OPF”). Nothing in these Guidelines may be interpreted or applied so as to contravene the OG or the OPF.

1.2. **Definitions.** Unless otherwise defined herein, capitalized terms shall have the meanings set forth in the GC.

1.3. **References.** References in these Guidelines to Sections refer to the Sections in these Guidelines, unless otherwise specified.

2. DEFINITIONS

2.1.1. “Approved Currency(ies)”, means the following currencies: Euro, US Dollars, or other currencies the Bank may announce from time to time, as per the Bank’s Pricing Policy for Sovereign-Backed Products.

2.1.2. “Business Day” means any day on which AIIB is open for business in Beijing.

2.1.3. “Converted Currency”, means the new Currency requested as part of a Currency Conversion by the Borrower and accepted by the Bank of any of the Approved Currencies.

2.1.4. “Conversion Execution Date” means, for a Loan Conversion, the date on which the Bank has undertaken all actions necessary to effect the Loan Conversion, as reasonably determined by the Bank.

2.1.5. “Conditional Request” has the meaning set forth in Sections 5.5.(h) and 7.4.

2.1.6. “Conversion Spread” means the spread set based on the Derivative Transaction entered into by the Bank to effect the conversion on Withdrawn Balances;

2.1.7. “Currency Conversion”, has the meaning set forth in Section 4.1.2.

2.1.8. “Currency Conversion Date” means, for a Currency Conversion, such date as the Bank shall determine on which the Currency Conversion enters into effect, as further specified in Section 5.6 of this Conversion Guidelines.

2.1.9. “Currency Conversion Period” means, for Currency Conversion, the period from

and including the Currency Conversion Date to:

- (a) the Final Maturity of the Loan or the last day of the Currency Conversion Period in which the Currency Rate Conversion terminates by its terms; or
 - (b) in the case of early termination of the Currency Conversion, the day on which the Bank terminates said Currency Conversion.
- 2.1.10. "Currency Conversion Rate" means the exchange rate applicable to the Withdrawn Loan Balance or Unwithdrawn Balance of the Loan to which a Currency Conversion applies, as determined by the Bank in accordance with the Conversion Guidelines and notified to the Recipient pursuant to Article IV, Currency Conversions.
- 2.1.11. "Derivative Transaction" for a Loan Conversion means one or more interest rate or cross currency swap transactions entered into by AIIB with a Counterparty as of the Conversion Execution Date and in accordance with these Guidelines.
- 2.1.12. "Execution Period" means a period of fifteen (15) Business Days commencing from the date of acceptance by AIIB of the Request or such other period as agreed upon between AIIB and the Recipient.
- 2.1.13. "General Conditions" or "GC" means the General Conditions for Sovereign-Backed Financings, as revised from time to time by AIIB and further specified in the Loan Agreements.
- 2.1.14. "Interest Rate Conversion" has the meaning set forth in Section 4.1.1.
- 2.1.15. "Interest Rate Conversion Date" has the meaning set forth in Section 5.6.
- 2.1.16. "Loan Conversion" or "Conversions" means the Interest Rate Conversion and/or the Currency Conversion.
- 2.1.17. "Partial Amount Conversion" has the meaning set forth in Section 7.2.
- 2.1.18. "Partial Maturity Interest Rate Conversion" has the meaning set forth in Section 7.3.
- 2.1.19. "Partial Maturity Currency Conversion" has the meaning set forth in Section 7.3.
- 2.1.20. "Request" means a request for a Loan Conversion made pursuant to the provisions of the Loan Agreement and in accordance with the provisions of these Guidelines and includes, where the context so permits or requires, a withdrawal or a cancellation of a Request.
- 2.1.21. "Screen Rate" means a market rate AIIB obtains from established information vendors such as Bloomberg or Reuters.
- 2.1.22. "Unwinding Amount" means an amount of gain or loss as applicable, realized by AIIB as a result of liquidating, modifying or offsetting any Derivative Transaction associated with a Loan Conversion being terminated, or if no such transactions are undertaken, an amount determined by AIIB on the basis of the Screen Rate, and/or reallocating AIIB's corresponding funding in order to effect such early termination.

3. SCOPE

3.1. **Applicability.** These Guidelines govern all Loan Conversions requested by the Recipient and apply to Interest Rate or Currency Conversions requested after the date of these Guidelines and do not affect any Loan Conversions effected, or requested but not yet effected, prior to the date hereof.

3.2. General Provisions

3.2.1. Subject to Section 4.2 and in accordance with other provisions hereof, the Recipient may at any time on or after the Effective Date of the Loan Agreement request an Interest Rate Conversion for all or part of the Withdrawn Loan

Balance and / or a Currency Conversion for all or part of the Withdrawn or Unwithdrawn Loan Balance. AIIB effects all Loan Conversions in accordance with the GC, the OPF, and these Guidelines, and such additional terms and conditions as may be agreed between AIIB and the Recipient. AIIB reserves the right, in its absolute discretion, to reject any Request.

- 3.2.2. If a Recipient wishes to have the option to request a Loan Conversion, but the Loan Agreement does not allow for the same, said Loan Agreement shall be amended by mutual agreement by the Recipient and AIIB to allow for such Loan Conversions.
- 3.2.3. The Recipient may exercise its right to terminate the Loan Conversion at any time during the Conversion Period by notice thereof to the Bank. In the event of such early termination, the Bank proceeds such early termination of the Loan Conversion subject to the provision of Section 3.2.5.
- 3.2.4. AIIB has the right to terminate a Loan Conversion prior to its maturity in accordance with Article IV of the GC.
- 3.2.5. In case of an early termination of a Loan Conversion, AIIB retains the right to liquidate the respective Derivative Transaction(s), offset a new Derivative Transaction(s), and/or reallocating AIIB's corresponding funding in order to effect such early termination. For the avoidance of doubt, in each case, the applicable mark-to-market amount reflects the gain or loss of the relevant conversion and represents the Unwinding Amount of such early termination, the payment of which is described in Section 8.3 of these Guidelines.

3.3. **Maximum and Minimum Amounts and Maximum Number of Conversions**

- 3.3.1. Unless AIIB agrees otherwise, the minimum principal amount of the Loan in respect of which the Recipient may request a Loan Conversion in a single Request is Five Million Dollars (USD5,000,000) or its equivalent. This minimum threshold does not apply to Requests for Loan Conversions with respect to the final Disbursed Amount under the Loan.
- 3.3.2. Unless AIIB agrees the maximum principal amount of the Loan in respect of which the Recipient may request a Loan Conversion in a single Request is: a) Five Hundred Million Dollars (USD500,000,000) for Interest Rate Conversion; and b) Three Hundred Million Dollars (USD300,000,000) for Currency Conversion or its equivalent of Withdrawn amounts. For avoidance of doubt the maximum principal amount for a Currency Conversion does not apply to Unwithdrawn amounts.
- 3.3.3. Unless AIIB agrees otherwise, a Recipient may request for a maximum of four (4) not concomitant Loan Conversions under the Loan. For the avoidance of doubt, if a Partial Maturity Conversion was effected and subsequently matured, the Recipient may submit a Request for an additional Loan Conversion, as long as the total number of Loan Conversions in effect remains within the limit of four (4) for each type of Loan Conversion. Unless otherwise agreed with the Bank, AIIB doesn't permit a further Currency Conversion of any amount for the same Conversion Period which is subject to a Partial Maturity Currency Conversion.
- 3.3.4. Unless AIIB agrees otherwise, if a Loan is subject to a Loan Conversion, the minimum principal amount of the Loan in respect of which the Recipient may request a prepayment is Five Million US Dollars (USD5,000,000) or its equivalent.

4. CONVERSIONS

4.1. Types of Conversions. AIIB offers Loan Conversions of all or part of the Withdrawn and Unwithdrawn Loan Balance, as follows:

4.1.1. Interest Rate Conversion¹:

- (a) from a Variable Rate comprising a Reference Rate and the Fixed Spread to a Conversion Interest Rate comprising a Fixed Reference Rate and the Fixed Spread, or from a Fixed Reference Rate back to a variable Reference Rate;
- (b) from a Variable Rate comprising a Reference Rate and the Variable Spread to a Conversion Interest Rate comprising a Fixed Reference Rate and the Variable Spread, or from a Fixed Reference Rate back to a variable Reference Rate.

4.1.2. Currency Conversion:

- (a) Currency Conversion from the Loan Currency to an Approved Currency of an amount of the Unwithdrawn Loan Balance, provided that the Bank offers this type of Conversion only with respect to the Loans based on a Variable Spread;
- (b) Currency Conversion from the Loan Currency to an Approved Currency of an amount of the Withdrawn Loan Balance, provided that the Bank offers this type of Conversion only with respect to the Loans based on a Variable Spread.

4.2. Effecting Loan Conversions

4.2.1. References Rates:

- (a) Where the original Loan has a Variable Reference Rate: AIIB effects an Interest Rate Conversion by converting the Reference Rate of the Loan applicable immediately prior to the Interest Rate Conversion to a Fixed Reference Rate equal to the interest rate that reflects the fixed rate of interest payable by AIIB under the Derivative Transaction (adjusted by the applicable market convention or spread, if required²), or the relevant Screen Rate.
- (b) Where the original Loan has a Fixed Reference Rate: AIIB effects an Interest Rate Conversion by converting the Fixed Reference Rate of the Loan applicable immediately prior to the Interest Rate Conversion to a Floating Reference Rate equal to the interest rate that reflects the floating rate of interest payable by AIIB under the Derivative Transaction (adjusted by the applicable market convention or spread, if required³), or the relevant Screen Rate.

4.2.2. **Spread Treatment.** For the avoidance of doubt, the Fixed Spread or Variable Spread applicable to the Loan prior to an Interest Rate Conversion does not change upon the Interest Rate Conversion or upon its expiry or other termination. Only the Reference Rate changes upon the Interest Rate Conversion and again upon its expiry or other termination.⁴

¹ Interest Rate Conversion are only applicable to the Withdrawn Balances of the Loan.

² Loans accrue interest on a floating rate semi-annually on A/360 basis or as standard for a currency. Swaps may accrue fixed rate interest on 30/360 and trade semi-annual or annual fixed rate vs 3-month floating rate reset as standard.

³ The 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

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4.2.3. AIIB effects a Currency Conversion of Unwithdrawn Loan Balance and of Withdrawn Loan Balance:

a) Unwithdrawn Loan Balance:

- (i) With the exception to Loans subject to Special Commitment, the Bank determines the principal amount of a Currency Conversion to an Approved Currency on the basis of a Screen Rate. For the avoidance of doubt, the Banks does not convert the Unwithdrawn Loan Balance under Special Commitments, except if such Special Commitment is already in the same currency as the Converted Currency, to which the Loan is being converted to.
- (ii) For a Currency Conversion of the Unwithdrawn Loan Balance the Bank shall apply to such amount the Interest rate correspondent to the newly Converted Currency.
- (iii) For a Currency Conversion of the Unwithdrawn Amount of the Loan, the Bank converts the amount specified in the Loan Agreement, including the Retroactive Financing, into the Converted Currency but only to the extent that the amount available for the Retroactive Finance remains unwithdrawn on the Conversion Date.
- (iv) For a Currency Conversion of only part of the unwithdrawn amount of the Loan, the Bank may keep the amount of the Loan available for Retroactive Financing in the existing Loan Currency if such amount does not exceed the unconverted unwithdrawn amount of the Loan.

b) Withdrawn Loan Balance:

- (i) For the Currency Conversion of a part or the full amount of the Withdrawn Loan Balance, the Bank converts the Loan Currency to the Converted Currency on the basis of a Derivative Transaction, and the applicable Interest Rate to the Converted Currency plus a conversion spread, if any, applies.

4.2.5 The Recipient may simultaneously request the Bank for: 1) a Currency Conversion and 2) an Interest Rate Conversion over the Withdrawn Loan Balance. The Bank may simultaneously effect such conversions on the basis of a Derivative Transaction, and the applicable Interest Rate with a fixed or variable Reference Rate to the Converted Currency applies, plus a conversion spread, if any.

4.3. **Basis of Effecting Conversions**

4.3.1. **Basis of Loan Conversions.** AIIB effects Loan Conversions on the basis of Derivative Transactions or application of Screen Rates. For the avoidance of doubt, AIIB may reject any Conversion Request if it is unable to effect it on reasonably acceptable terms to the Bank for the purpose of managing its exposure in connection with any such proposed conversion, including its inability to find Derivative Transactions.

4.3.2. **Derivative Transactions.** Any Derivative Transaction undertaken by AIIB to effect a Loan Conversion reflects the financial terms applicable to the amount of the Loan to be converted, including Interest Rate Conversion Period, interest rate (except for the applicable floor⁵ in respect of the interest rate being converted), Currency Conversion Period, exchange rate, and the repayment provisions. For the avoidance of doubt, the Interest Rate Conversion (excluding

⁵ The Recipient shall pay AIIB interest on the Withdrawn Loan Balance at the Variable Rate, provided that if such Variable rate is less than zero, it shall equal to zero (see General Conditions).

the applicable fees) is subject to a zero floor.

4.3.3. **Amount of Derivative Transactions; Multiple Derivative Transactions.** If AIIB is unable to find a suitable Derivative Transaction matching the amount of the Loan requested to be converted by the Recipient, AIIB effects: (i) a Derivative Transaction in respect of amounts that are smaller or larger than the amount of the Loan requested to be converted by the Recipient; or (ii) several Derivative Transactions. In such event, AIIB determines the consolidated rate applicable to the total amount of the Loan subject to the Loan Conversion, on the basis of the weighted average of the rates obtained in all Derivative Transactions undertaken to effect such conversion.

4.3.4. **Screen Rates for Loan Conversions.** AIIB may select and apply a Screen Rate to effect a Loan Conversion if, in the opinion of AIIB, either:

- (a) the amount of a Loan Conversion is not large enough to warrant entering to a Derivative Transaction; or
- (b) it is more efficient to combine a number of Requests for Loan Conversions and undertake one consolidated Derivative Transaction on the basis of the combined amounts and repayment schedules of all Interest Rate Conversions or Currency Conversions so requested. In that case, AIIB may determine the new rate payable following each such conversion on the basis of the relevant Screen Rate. In effecting Loan Conversions, AIIB uses the Screen Rates reflecting the Loan Conversion Period, the Currency amount and the repayment provisions of the amount of the Loan to which the Loan Conversion applies and adjusts them by the applicable spreads and market convention.⁶

5. REQUEST FOR CONVERSION

5.1. General Provisions

5.1.1. The Recipient may make a Request for Conversion to AIIB by submitting information that substantially complies with the requirements of the Interest Rate Conversion Request Form (Annex 1) or compliant to the requirements of the Currency Conversion Request Form (Annex 2). By submitting the Request, the Recipient makes the following representations:

- (a) it has made its own independent decision to request such Loan Conversion;
- (b) it is not relying on any communication or confirmation from AIIB as a recommendation to request such Loan Conversion;
- (c) unless there is a separate written agreement between AIIB and the Recipient to that effect, AIIB is not acting as a fiduciary for, or an advisor to, the Recipient in respect of such Loan Conversion;
- (d) it understands and accepts the terms, conditions and risks of such Loan Conversion and it expressly assumes the financial risks of such Loan Conversion;
- (e) it is undertaking the Loan Conversion in order to facilitate prudent debt management and not for speculative purposes;
- (f) the representative signing the Request is authorized to do so; and
- (g) The request for Loan Conversion is received to AIIB no less than 45 days prior to the anticipated Conversion Date.

⁶ Screen Rates display rates using standard market conversions (e.g., 30/360, different interest periods) and may need to be adjusted to match loan convention (e.g., for interest period or day count convention).

- 5.1.2. The Recipient may deliver the Interest Rate Conversion Request Form or the Currency Conversion Request Form, signed by its authorized representative, to AIIB by hand, courier, mail (registered or certified) or electronic mail (“email”). AIIB may take action on the basis of a Request received by email.
- 5.2. **Communication of Request.** The Recipient shall deliver each Request to AIIB at the physical address or email address specified in Section 5.4. The date of receipt by AIIB of a Request is:
- (a) the date it is delivered to AIIB at the physical address specified in Section 5.4 if sent by hand, courier, or by registered or certified mail; or
 - (b) the date received in legible form by AIIB at the email address specified in Section 5.4, if sent by email.
- 5.3. **Authorized Representative and Address of Recipient for Purposes of Making Requests.** The authorized representative of the Recipient for the purpose of making Requests is the official designated in the Loan Agreement as being authorized to agree to any modification or amplification of the Loan Agreement on behalf of the Recipient. The Recipient’s address for the purpose of these Guidelines is the address specified in the Loan Agreement. If the authorized representative of the Recipient delegates the authority to make Requests to additional persons, before or at the time the Recipient makes a Request, the Recipient shall deliver to AIIB evidence of such delegation and the specimen signature of such authorized person, together with their title and contact details, including their postal address, telephone and fax numbers and email address.
- 5.4. **AIIB Address to which the Request Is to be Sent**
- Asian Infrastructure Investment Bank
AIIB Headquarters, Tower A, Asia Financial Center,
No. 1 Tianchen East Road, Chaoyang District
Beijing 100101 China
- Attention: Office of the Controller, Loan Administration
E-mail: loanadmin@aiib.org
- 5.5. **Content of Request.** Each Request should include the following information (refer to the Annex 1 or Annex 2 to these Guidelines for the Loan Conversion Request Form):
- (a) Details about the Loan, including its loan number, project name, loan signing date, loan closing date, loan final maturity date, next interest payment date and loan currency;
 - (b) the portion of the Loan to be converted;
 - (c) the proposed Interest Rate Conversion Date or Currency Conversion Date;
 - (d) the proposed Interest Rate Conversion Period or Currency Conversion Period;
 - (e) the rationale for the Loan Conversion requested by the Recipient (see Section 5.1.1);
 - (f) special instructions, if any;
 - (g) authorization and specimen signature of the authorized representative signing the Request, if not previously provided;
 - (h) If the Recipient wishes to specify certain conditions relating to the terms

of the Loan Conversion requested, it submits a Request (“Conditional Request”) which specifies the maximum Fixed Reference Rate it is willing to pay following in case of an Interest Rate Conversion, or the maximum conversion spread it is willing to pay following Derivative Transaction for the withdrawn amount in case of a Currency Conversion and

- (i) any other instructions in the “Special Instructions” field of the Request.

5.6. **Loan Conversion Date.** The Interest Rate Conversion Date or the Currency Conversion Date shall be one of the following:

- (a) The next Payment Date, as specified in the Loan Agreement, following the Conversion Execution Date; or
- (b) if the Request is received by AIIB within fifteen (15) Business Days prior to a Payment Date, the next following Payment Date; or
- (c) Such other later Payment Date as agreed upon by the Recipient and AIIB.

6. EXECUTION PERIOD

6.1. General

- 6.1.1. AIIB shall exercise reasonable efforts to execute any Request for a Loan Conversion, which should be in the form and substance satisfactory to AIIB, within the Execution Period. However, AIIB shall not be liable if, in the exercise of such reasonable efforts, it fails to do so. In such case, if AIIB and the Recipient agree in writing, the Execution Period shall be extended for any Loan Conversion.
- 6.1.2. Since interest rates fluctuate throughout the Execution Period, and the range of rates becomes known only after the end of the Execution Period, AIIB does not guarantee any specific results in obtaining financial terms of a Loan Conversion. However, in effecting a Loan Conversion, AIIB shall exercise the same standard of care as it uses with respect to transactions it enters into for its own account.
- 6.1.3. If, during the Execution Period, an event occurs that, in the judgment of AIIB, materially and adversely affects AIIB’s ability to execute such Loan, AIIB shall notify the Recipient of such circumstances, and AIIB, in consultation with the Recipient, shall determine the appropriate arrangements.
- 6.1.4. The Recipient and AIIB each consent to the recording of telephone conversations, video calls, teleconferences, and physical meetings, among others concerning Loan Conversions.

6.2. Processing of Requests

- 6.2.1. **Acknowledgement of Receipt.** Promptly after receipt of any Request by the Office of the Controller, Loan Administration, AIIB shall notify the Recipient of its receipt of the Request at the address or email specified by the Recipient pursuant to Section 5.3 or, in the absence of such specification, the address for notices specified in the Loan Agreement. Acknowledgement of receipt does not constitute acceptance of the Request.
- 6.2.2. **Review of Request.** Upon receipt of a Request, AIIB shall review it to determine whether the information presented in the Request is accurate and acceptable to AIIB and whether it is duly authorized by the Recipient.

- 6.2.3. **Acceptance of Request.** If AIIB determines the Request to be acceptable following its review, it shall proceed to effect the Loan Conversion without a separate notification to the Recipient of its acceptance.
- 6.2.4. **Non-Complying Requests; Re-submission.** If AIIB determines that a Request does not comply with the requirements specified in the Loan Agreement and these Guidelines, it shall notify the Recipient of its reasons for not accepting the Request. In that case, AIIB shall take no further action to effect the Loan Conversion. If the Recipient re-submits its Request taking into account the comments from AIIB, AIIB shall treat such Request as a new Request for the purposes of calculating the Execution Period.
- 6.3. **Communications during Execution Period.** If any follow-up discussions are necessary during the Execution Period for a Conversion, the Recipient and AIIB shall communicate by telephone or email using the contact information provided by the parties pursuant to Sections 5.3 and 5.4. So long as the terms of the Request do not change, AIIB shall rely on the identity of anyone communicating with AIIB by telephone and purporting to be an authorized representative of the Recipient. If the Recipient proposes any changes to the terms of the Request by telephone or email, AIIB shall treat the Request as a non-complying Request and shall notify the Recipient. AIIB shall not take any action in respect of such non-complying Request until the Recipient furnishes an amended Request. AIIB shall treat such amended Request as a new Request for purposes of calculating the Execution Period.
- 6.4. **Withdrawal of Request.** At any time during the Execution Period, if the Recipient wishes to withdraw a Request, it shall notify AIIB by email from the authorized representative or their designated representatives to be followed by a signed withdrawal notice. If AIIB receives the notice of withdrawal after it has undertaken the related Derivative Transaction or has applied the Screen Rate(s), AIIB shall not accept such request for withdrawal.
- 6.5. **Prepayment Notice.** Upon receiving a notice of prepayment from the Recipient, AIIB shall proceed with the early termination of the Loan Conversion or the reallocation of AIIB's corresponding funding. AIIB shall treat all prepayment notices as irrevocable instructions to proceed with the early termination of the Loan Conversion.
- 7. EXECUTION**
- 7.1. **General.** AIIB effects the Loan Conversion following the process set forth in Section 4.
- 7.2. **Partial Amount Conversions.** Subject to the terms of the Loan Agreement and unless otherwise provided in these Guidelines, if the Recipient wishes to request that the Loan Conversion apply to only part of the Withdrawn Loan Balance (a "Partial Amount Conversion"), the Recipient shall specify in the Request the portion of the Loan to be converted, expressed as a percentage or an amount. In the absence of any specification by the Recipient, AIIB shall apply the Partial Amount Conversion pro rata across all remaining maturities of the Loan.
- 7.3. **Partial Maturity Conversions**

- 7.3.1. If AIIB is unable to execute a Derivative Transaction for the full maturity of the Loan, it will not effect the Loan Conversion. The Request is then deemed to have been cancelled and AIIB shall notify the Recipient accordingly. The Recipient may resubmit a Request after consultation with AIIB. If the Recipient requests a Loan Conversion for a shorter period (a "Partial Maturity Conversion") the provisions of Section 7.3 shall apply.
- 7.3.2. If AIIB effects a Partial Maturity Interest Rate Conversion, the interest rate payable on the amount of the Loan to which such Interest Rate Conversion applies is the interest rate applicable following such Interest Rate Conversion. Upon the expiry of the Interest Rate Conversion Period, the interest rate payable on the amount of the Loan to which such Interest Rate Conversion applies reverts to the interest rate that would have been applicable to such amount prior to such Interest Rate Conversion.
- 7.3.3. If AIIB effects a Partial Maturity Currency Conversion, the principal amount of the Loan in the original Loan Currency subject to repayment following the end of the Conversion Period is not known until the end of the Conversion Period, and depends on the difference between the exchange rates in effect at the beginning of the Conversion Period and at the end of such Conversion Period for the original Loan Currency and the Approved Currency. The Bank processes any such Partial Maturity Currency Conversion on a case-by-case basis. Any Recipient requesting such Partial Maturity Currency Conversion acknowledges that it is aware of this exchange rate risk and of the fact that a Currency Conversion for the full maturity of the Loan amount is available in most cases.
- (a) Interest Rate: During the Conversion Period of a Partial Maturity Currency Conversion, the interest rate payable on the amount of the Loan to which such Currency Conversion applies is the interest rate applicable following such Currency Conversion. Upon expiry of the Conversion Period, the interest rate reverts to the interest rate that would have been applicable to such amount in the absence of such Currency Conversion (subject to Section 7.3.2 above).
 - (b) Currency: During the Conversion Period of a Partial Maturity Currency Conversion, amounts payable by the Recipient, whether in respect of the principal or of the interest, is denominated in the Converted Currency. Upon the expiry of the Conversion Period, the currency of denomination reverts to the Loan Currency applicable prior to the Conversion.
 - (c) Principal Amounts: Due to exchange rates fluctuations between the beginning and end of the Conversion Period the remaining principal amount of the Loan in the original Loan Currency is equal to, greater or lesser than the amount that was originally scheduled to be remaining in the Loan Currency. Upon termination of the Partial Maturity Currency Conversion, the Bank determines the remaining principal amount falling due after the Conversion Period by multiplying such remaining principal amount denominates in the Converted Currency by the applicable exchange rate for converting amounts from the Converted Currency into the Loan Currency prevailing prior to the last day of the Conversion Period as determined by the Bank in accordance with the Derivative Transaction relating to the Conversion.

- (d) No further Currency Conversions during Conversion Period for Partial Maturity Currency Conversions: Unless otherwise agreed with AIIB, the Bank does not permit a further Currency Conversion of any amount for the same Conversion Period which is then subject to a Partial Maturity Currency Conversion.

7.4. Execution of Conditional Requests

- 7.4.1. Given the volatility of interest and exchange rates, AIIB provides no assurance that it is able to actually obtain the rate(s) specified in the Conditional Request, even if such rate prevails at any given point during the Execution Period.
- 7.4.2. If, during the Execution Period, AIIB is unable to execute the Loan Conversion on the conditional terms set by the Recipient, the Conditional Request expires and AIIB shall promptly notify the Recipient thereof.

7.5. Notification following Execution Period

- 7.5.1. AIIB shall notify the Recipient promptly following the end of the Execution Period of the terms of the Loan Conversion (as described in Section 7.5.2), or of the fact that the Loan Conversion was not effected. AIIB shall send all such notices to the Recipient at the address for notices specified in the Loan Agreement or, if different, any address specified by the Recipient pursuant to Section 5.3. If AIIB is unable to effect the Loan Conversion requested during the Execution Period, AIIB shall consult with the Recipient on whether the Recipient wishes to submit a new Request.⁷
- 7.5.2. Within ten (10) Business Days following the Conversion Execution Date of any Loan Conversion, AIIB sends to the Recipient a Loan Conversion notice setting out the terms obtained in the Loan Conversion, including the details of the Interest Rate Conversion (including the Interest Rate Conversion Date) or the Currency Conversion (including the Currency Conversion Date), as applicable.

- 7.6. **Billing.** AIIB provides billing notices relating to the payment of interest and related transaction fees and costs in respect of a Loan Conversion to the Recipient.

- 7.7. **Rounding Convention used in Loan Conversions.** AIIB rounds all currency amounts to the nearest hundredth of the currency unit. AIIB rounds interest rates to two decimal places. In each case, AIIB rounds upwards if the number ends in a figure of five or above, and downwards if the number ends in a figure below five.

8. TRANSACTION FEES, UNWINDING AMOUNTS AND OTHER COSTS

- 8.1. **Transactions in respect of which a Transaction Fee Is Payable.** The Recipient shall pay to AIIB transaction fees in respect of:
 - (a) any Interest Rate Conversion or Currency Conversion; and
 - (b) the early termination of any Interest Rate Conversion or Currency Conversion.

8.2. Amount of Transaction Fee Payable

- 8.2.1. AIIB determines the transaction fees in respect of the Loan Conversions and

⁷ Recipient may submit an amended request when conditions requested in the Request could not be met in practice during the execution period (maximum rate, tenor, etc.).

early terminations of such Conversions. If AIIB revises the transaction fees, the revised transaction fees shall apply to the Loan Conversions and the early terminations requested after such revision.

8.2.2. Transaction Fees for AIIB's Loan Conversions

8.2.2.1 Interest Rates Conversions⁸

Transaction fees for Interest Rate Conversions ¹	For fixed and variable spread loans	
Currency of the Loan	USD	Non-USD
Interest Rate Conversion fee	0.03%	0.06%
Early Termination fee ²	0.01%	

Notes:

1 Expressed as a percentage per annum on the outstanding loan amount subject to an interest rate conversion, unless otherwise indicated.

2 Fees expressed as a percentage per annum will be converted to a lumpsum.

8.2.2.2 Currency Conversions

Transaction fees for Currency Conversions of the outstanding amount of the Loan ¹	0.05%
Early Termination Fee ²	0.01%

Notes:

1 Expressed as a percentage per annum on the outstanding loan amount subject to a currency conversion, unless otherwise indicated.

2 Fees expressed as a percentage per annum will be converted to a lumpsum.

8.3. Payment of Loan Conversion Related Fees and Costs

8.3.1. **Transaction Fees.** The transaction fees for a Loan Conversion are paid in the Loan Currency and are expressed by AIIB as basis points which accrue from the Interest Rate Conversion Date or the Currency Conversion Date and are added to the rate payable on each Payment Date with effect from the Payment Date following such Interest Rate Conversion Date during the Interest Rate Conversion Period or such Currency Conversion Date during the Currency Conversion Period, and as determined by AIIB.

8.3.2. **Costs of Early Termination.** Upon any early termination of an existing Loan Conversion during the life of the Loan as provided in the GC, the following provisions shall apply:

- (a) (i) The Recipient pays a transaction fee for the early termination of the Loan Conversion; (ii) the Recipient pays a prepayment premium, if any, pursuant to the General Conditions; and (iii) the Recipient, as applicable, receives from or pays to AIIB any Unwinding Amount incurred by AIIB in order to effect such early termination.
- (b) The Recipient pays the transaction fees, the prepayment premium and any Unwinding Amount on the date as advised by AIIB, in accordance with the GC.
- (c) If, upon a prepayment or an acceleration of repayment terms, the

⁸ Note: For loans for which the Reference Rate plus spread is lower than zero during the current interest rate period, transaction fees will be calculated by AIIB on a case-by-case basis.

aggregate amount of (i) all transaction fees, (ii) Unwinding Amount and (iii) the prepayment premium, if any, represents an amount payable by AIIB to the Recipient, AIIB subtracts such amount from the total amount due from the Recipient.

9. OTHER PROVISIONS

If any provision of these Guidelines is inconsistent with a provision of the relevant Loan Agreement (and with the relevant GC incorporated by reference) with respect to a particular Loan Conversion, the provision of the relevant Loan Agreement governs.

10. INFORMATION DISCLOSURE BY AIIB

AIIB's [Policy on Public Information](#) (2018) governs the disclosure of information relating to these Guidelines.

11. FINAL DECISION

The President shall make all final decisions regarding the application of these Guidelines.

Annex 1

INTEREST RATE CONVERSION REQUEST FORM

Request is based on the General Conditions applicable to the loan agreement and the Conversion Guidelines. Capitalized terms have the meaning given to them in the Loan Agreement (including the applicable General Conditions) or the Conversion Guidelines, as applicable.

The Recipient's Interest Rate Conversion selection, as requested, and the reasons for this selection, are as follows:

--

**Request for Conversion of AIIB Sovereign-Backed Loan
Interest Rate Conversion**

We represent that:

- (a) we have made our own independent decision to request this Interest Rate Conversion;
- (b) we are not relying on any communication or confirmation from AIIB as a recommendation to request such Interest Rate Conversion;
- (c) unless expressly agreed with AIIB by separate agreement, AIIB is not acting as a fiduciary for, or an advisor to, us in respect of such Interest Rate Conversion;
- (d) we are capable of evaluating and understanding, and Interest Rate Conversion and accept the terms, conditions and risks of such Interest Rate Conversion, and we are also capable of assuming, and assume, the financial risks of such conversion;
- (e) we are undertaking the Interest Rate Conversion in order to facilitate the prudent debt management as specified above and not for speculative purposes; and
- (f) our representative signing this Request is authorized to do so.

Information on the Existing Loan to be Converted:	
Loan Number	
Loan/Project Name	
Loan Signing Date	
Loan Closing Date	
Loan Final Maturity Date	
Next Interest Payment Date	
Loan Currency	

Information on the Requested Conversion:

Loan amount to be converted:

Choose one:

- Convert the full outstanding loan balance
- Convert ____ percent of the outstanding loan balance

Interest Rate Conversion Date:

Proposed date that the Interest Rate Conversion will take effect:

- Next applicable payment date
- Other:

Final maturity of the Conversion:

Choose one:

- Convert to the final maturity date of the loan, if market permits
- Convert only up to and including this date:
_____ final maturity date of Interest Rate Conversion (must correspond with a loan payment date)

Optional: Conditional Requests

- Execute transactions related to this Interest Rate Conversion request only if a Fixed Reference Rate to be paid (excluding any applicable interest buydown and including any applicable transaction fee) is less than or equal to _____%
- Execute Transactions related to this Interest Rate Conversion request only if the spread over Floating Reference Rate to be paid (excluding any applicable interest buydown and including any applicable transaction fee) is less than or equal to _____%

Special Instructions:

Specimen signatures of the authorized representatives of the Recipient must be on file at AIIB before processing of this request may begin. By signing this Request, the Recipient acknowledges and agrees that the Interest Rate Conversion shall be effected in accordance with the provisions of the Loan Agreement (including applicable General Conditions) for the above mentioned Loan and AIIB's Conversion Guidelines

Name of Recipient:

By Authorized Representative

Name:

Telephone:

Title:	Facsimile:
Date:	Email:
Signature:	
Contact Information for Transaction Confirmation:	
Name:	Telephone:
Title:	Facsimile:
Address 1	Email:
Address 2	
This completed form and any related correspondence should be addressed to:	
Attn:	
E-mail:	

Authorizations:

Annex 2

CURRENCY CONVERSION REQUEST FORM

Request is based on the General Conditions applicable to the loan agreement and the Conversion Guidelines. Capitalized terms have the meaning given to them in the Loan Agreement (including the applicable General Conditions) or the Conversion Guidelines, as applicable.

The Recipient's Currency Conversion selection, as requested, and the reasons for this selection, are as follows:

--

**Request for Conversion of AIIB Sovereign-Backed Loan
Currency Conversion**

We represent that:

- (g) we have made our own independent decision to request this Currency Conversion;
- (h) we are not relying on any communication or confirmation from AIIB as a recommendation to request such Currency Conversion;
- (i) unless expressly agreed with AIIB by separate agreement, AIIB is not acting as a fiduciary for, or an advisor to, us in respect of such Currency Conversion;
- (j) we are capable of evaluating and understanding, and Currency Conversion and accept the terms, conditions and risks of such Currency Conversion, and we are also capable of assuming, and assume, the financial risks of such conversion;
- (k) we are undertaking the Currency Conversion in order to facilitate the prudent debt management as specified above and not for speculative purposes; and
- (l) our representative signing this Request is authorized to do so.

Information on the Existing Loan to be Converted:	
Loan Number	
Loan/Project Name	
Loan Signing Date	
Loan Closing Date	
Loan Final Maturity Date	
Next Interest Payment Date	
Loan Currency	

Information on the Requested Conversion:

Loan amount to be converted:

Choose one:

- Convert the full amount of the loan
- Convert the full outstanding loan balance
- Convert _____ percent of the outstanding loan balance
- Convert _____ percent of the Unwithdrawn Balance

Approved Currency to be converted:

Choose one:

- EUR
- USD
- Other Currency: _____

Currency Conversion Date:

Proposed date that the Currency Conversion will take effect:

- Next applicable payment date
- Other: _____

Final maturity of the Conversion:

Choose one:

- Convert to the final maturity date of the loan, if market permits
- Convert only up to and including this date:
_____ final maturity date of Currency Conversion (must correspond with a loan payment date)

Optional: Conditional Requests

- Execute transactions related to this Currency Conversion request only if a FX Rate to be paid (excluding any applicable interest buydown and including any applicable transaction fee) is less than or equal to _____

Special Instructions:

Specimen signatures of the authorized representatives of the Recipient must be on file at AIIB before processing of this request may begin. By signing this Request, the Recipient acknowledges and agrees that the Currency Conversion shall be effected in accordance with the provisions of the Loan Agreement (including applicable General Conditions) for the above mentioned Loan and AIIB's Conversion Guidelines

Name of Recipient:

By Authorized Representative

Name:

Telephone:

Title:	Facsimile:
Date:	Email:
Signature:	
Contact Information for Transaction Confirmation:	
Name:	Telephone:
Title:	Facsimile:
Address 1	Email:
Address 2	
This completed form and any related correspondence should be addressed to:	
Attn:	
E-mail:	

Authorizations: