Amendment to Articles 1 and 8 of Appendix III (Minimum interest rates) to replace the term LIBOR

Agreed by ASU Participants on 1 February 2022

1. MINIMUM FLOATING INTEREST RATE

a) The minimum floating interest rate shall be, as appropriate for the currency, the EURIBOR, the Bank Bill Swap Rate, *i.e.* BBSY, the Canadian Dealer Offered Rate (CDOR) or the relevant risk free rate (RFR) for the currency, including term RFRs, as specified by the currency's benchmark administrator (the 'floating benchmark rate'). For certainty, for US dollars, the floating benchmark rate shall be the Secured Overnight Financing Rate (SOFR). Where the floating benchmark rate is an overnight rate, it shall be compounded daily during each interest period using generally accepted market conventions. Where the floating benchmark rate is a term rate, the maturity shall correspond to the frequency of interest payment of the officially supported export credit. A margin benchmark calculated in accordance with Article 8 of this Appendix, shall be added to the floating benchmark rate.

b) The floating interest rate setup mechanism shall vary according to the repayment profile chosen, as follows:

1) When the repayment of principal and the payment of interest are combined in equal instalments, the floating benchmark rate effective two business days prior to the loan drawdown date, shall be used to calculate the entire payment schedule, as if it were a fixed rate, and the principal payment schedule shall then be fixed. Interest payments shall be based on the floating benchmark rate, compounded daily, for overnight rates, or, for term rates, based on the floating benchmark rate with the maturity corresponding to the frequency of interest payment of the official supported export credit, effective two business days prior to each interest period, over the outstanding principal balance.

2) When the repayment of principal is made in equal instalments, interest payments shall be based on the floating benchmark rate, compounded daily, for overnight rates, or, for term rates, based on the floating benchmark rate with the maturity corresponding to the frequency of interest payment of the official supported export credit, effective two business days prior to each interest period, over the outstanding principal balance.

c) Where official financing support is provided for floating rate loans, buyers/borrowers may have the option to switch from a floating rate to a fixed rate provided that the following conditions are fulfilled:

1) The option is restricted to switching to the swap rate only[1];

2) The option to switch shall only be exercised upon request, only once, and shall be reported accordingly with a reference to the reporting form initially sent to the Secretariat pursuant to Article 24 of this Understanding.

8. MARGIN BENCHMARK

a) A SOFR margin benchmark shall be calculated monthly in accordance with paragraph b), using data notified to the Secretariat in accordance with paragraph c), and shall take effect on the 15th day of each month. Once calculated, the margin benchmark shall be notified by the Secretariat to the Participants and shall be made publicly available.

b) The SOFR margin benchmark shall be a rate equivalent to the average of the lowest 50% of the margins over: (i) SOFR (either the daily compounded SOFR calculated on a 3-month frequency or a 3-month term SOFR, as appropriate) charged for floating rate transactions and (ii) SOFR (either the daily compounded SOFR calculated on a 3-month frequency or a 3-month term SOFR, as appropriate) as interpolated by swapping the

[1] It being understood that when swapping from a LIBOR based floating rate loan to a SOFR based swap rate loan, the credit adjusted spread, as found on the SOFR Libor Basis curve, based on the weighted average life and currency of the loan, shall be added to the swap rate. (For USD on Bloomberg the SOFR Libor Basis curve is found on page IRSB46)

fixed rate issuance to a floating rate equivalent charged for fixed rate transactions or capital market issuances. In either case, the margins included in the monthly benchmark reports submitted by relevant Participants shall be those from the three full calendar months preceding the effective date set out in paragraph a) above. Transactions / issuances that are used in the calculation of the margin benchmark shall meet the following conditions:

1) 100% unconditional guarantee transactions denominated in US dollars; and

2) Official support provided in respect of aircraft valued at or above USD 35 million (or its equivalent in any other eligible currency).

c) Participants shall report a margin at the time it becomes known and that margin will remain on the Participant's margin benchmark report for three full calendar months. In the case of individual transactions with multiple pricing events, there shall be no attempt to match subsequent pricing events to ex post notifications.

d) Participants shall notify transactions as of the date on which the long-term margin is realised. For bank mandated deals (including PEFCO), the date on which the margin is realised would be the earliest of the following: (i) issuance of a final commitment by the Participant, (ii) setting of the margin post-commitment, (iii) loan drawdown, and (iv) setting of the long-term margin post drawdown. In the case of several drawdowns occurring under the same bank mandate at the same margin, notification shall only be made in respect of the first aircraft. For loans funded by way of capital market issuance, the date on which the margin is realised shall be the date on which the long term rate is set which is typically the bond issuance date. In the case of several drawdowns occurring under the same bond and at the same margin, notification shall only be made in respect of the first aircraft.

e) The SOFR margin benchmark shall be applicable to a floating rate transaction and shall be set no earlier than the date of the final commitment and held for the duration of the final commitment.

f) For a fixed rate transaction, the margin benchmark applicable to the transaction shall be determined by swapping the SOFR margin benchmark into an equivalent spread over the applicable fixed rate, as determined in Article 2 of this Appendix, and be set no earlier than the final commitment date and held for the duration of the final commitment.

g) For the period from February 15, 2022 to July 14, 2022, the margin benchmark shall be set at 30 basis points plus a credit adjusted spread of 26 basis points[2] (the 'transitional margin benchmark'), for a total of 56 basis points, unless a SOFR margin benchmark can be calculated in accordance with paragraph b) prior to July 14, 2022.

h) The Participants shall monitor the margin benchmark and shall review the margin benchmark mechanism upon the request of any Participant.

APPENDIX V: LIST OF Definitions

Swap Rate: a fixed rate equal to the rate to swap floating rate debt to fixed rate debt (Offer side), posted as the relevant currency's Overnight Index Swap (OIS) curve, on any independent market index provider, such as Bloomberg, Reuters, or its equivalent, at 11:00 am New York time, two business days prior to the loan drawdown date.

[2] Based on the Historical Credit Adjustment published by Bloomberg on March 5, 2021 for USD 3 months YUS0003M Index at 0.26161