Bank Directive

Financial Terms and Conditions of Bank Financing

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Content
Elaborates on the terms and conditions of IBRD and IDA financial products.

Applicable to
IBRD,IDA

Issuer
Vice President, OPSVP

Sponsor
Vice President, DFIVP; Vice President and Treasurer, TREVP

SECTION I – PURPOSE AND APPLICATION

1. The purpose of this Directive is to set out the key financial terms and conditions of (i) IBRD loans and IBRD Guarantees, (ii) IDA Financing, (iii) IBRD Enclave IPF, and (iv) other financial products, including hedging products. This Directive is to be read concurrently with the applicable General Conditions for IBRD or IDA Financing.

2. This Directive applies to the Bank.

SECTION II – DEFINITIONS

As used in this Directive, the capitalized terms and acronyms have the meanings set out in the Bank Policy, "Financial Terms and Conditions of Bank Financing."

SECTION III – SCOPE

The key financial terms for IBRD loans, IDA Credits, IDA Grants, IBRD and IDA Guarantees and other financial products, are generally set out in the Bank Policy, "Financial Terms and Conditions of Bank Financing." Additional details of these terms are set out below.

1. Eligibility for Bank Financing

a. Eligibility for an IBRD loan, IBRD Guarantee and other financial products is determined primarily by the member country's per capita income and creditworthiness. Exceptionally, other factors (such as size, for certain small island economies) may determine a country's eligibility for IBRD financing. Eligibility for, and the specific terms of, IDA Financing are determined primarily by the member country's GNI per capita, creditworthiness for IBRD borrowing, and risk of debt distress. In addition, certain Small Island Economies are afforded eligibility for IDA Financing under the Small Island Economies Exception.

b. Annex 1 to this Directive lists countries ranked by GNI. Annex 2 to this Directive lists the member countries eligible for Bank financing, their per capita GNI, the type of financing for which they are eligible, the applicable maturity premiums, and the repayment terms applicable to loans to or for the benefit of each member country.

2. IBRD Loan Financial Terms

a. IFL Pricing

i. *Variable Spread*. The average funding cost element of the variable spread is recalculated by Management quarterly every January 1, April 1, July 1 and October 1, and the new rate is effective for all rate reset dates falling on or after each recalculation date, as the case may be.

ii. *Fixed Spread.* The IBRD's projected funding cost, market risk premium, and basis swap adjustment may be revised by Management from time to time. Such pricing changes are applied prospectively to new loans. Current IFL pricing can be found at http://treasury.worldbank.org.

iii. *Repayment Terms*. In the event that the Board's approval of the loan is significantly advanced or delayed from the date expected at negotiations, the grace period provided may no longer be in accordance with these terms. In that case, the first and final principal repayment dates may be changed prior to the loan approval date to comply with these terms.

iv. *Interest Rate Day-Count Convention*. The day count convention follows common market practice in the currency.

b. IBRD Loan Conversions; Transaction Fees

i. Conversions of IBRD loans are governed by the applicable IBRD General Conditions and the Conversion Guidelines**.** The Conversion Guidelines are available at [http://treasury.worldbank.org.](http://treasury.worldbank.org) Specific details applicable to particular types of conversions are also specified in the individual Loan Agreement, as applicable.

ii. Conversions of IBRD loans and early terminations of such conversions may be subject to transaction fees, which are determined by Management from time to time. The fees for IBRD loan conversions are set forth in Annex 3 of this Directive.

c. Prepayment of IBRD Loans

i. The Borrower may prepay the principal amount of its loan in one or more installments, in accordance with the provisions of the Loan Agreement. In the case of IFLs and Fixed-Spread Loans (FSLs), the Borrower may specify which instalments are to be prepaid. If the Borrower does not so specify, the prepayment is applied as follows: (a) if the Loan Agreement provides for the separate amortization of disbursed amounts, the prepayment is applied in the inverse order of such disbursed amounts, with the disbursed amount that was withdrawn last being prepaid first and with the latest maturity of such disbursed amount being prepaid first; and (b) in all other cases, the prepayment is applied in the inverse order of instalments of principal of the loan, with the latest instalment being repaid first.

ii. If the Borrower decides to prepay all or part of an IBRD loan, a prepayment premium, in an amount determined by Management based on the provisions in the applicable IBRD General Conditions, is charged. For IFLs, FSLs, and VSLs, the premium is based on: (A) IBRD's redeployment cost of the prepaid loan amount and (B) the cost of unwinding any outstanding interest or currency conversions plus (C) any transaction fees applicable to amounts that were previously converted. In the case of Variable Lending Rate 1989 (VLR89) Currency Pool Loan (CPLs), Single Currency Pool (SCP) loans, Variable Lending Rate 1982 (VLR82) Currency Pool Loans, and Fixed-Rate Single Currency Pool Loans, the method for determining the prepayment premium is based on the provisions in their respective Loan Agreements. Annex 4 of this Directive sets out the manner in which the prepayment premium for prepayment of IBRD loans is calculated.

iii. If the Bank determines that an extraordinary situation has arisen under which it is unable to provide the loan's currency for purposes of funding the loan, it may provide the Borrower with a substitute currency in accordance with the provisions of the applicable IBRD General Conditions. In such case, no prepayment premium is charged on the loan if it is prepaid while a substitute currency is outstanding unless an interest rate conversion was executed.

d. Changes to Approved IBRD Repayment Terms. Under the following exceptional circumstances, Management may, upon the Borrower's request, change existing repayment terms for an IBRD loan:

i. the principal amount of the loan disbursed and outstanding is less than the scheduled maturity payment; or

ii. extraordinary country, project or program circumstances have occurred.

3. IDA Financial Terms

a. Acceleration of Concessional Credit Repayments to IDA. IDA has included an accelerated repayment clause in the Financing Agreements of regular and blend credits approved since 1987. This clause allows IDA to double the principal repayments of the credit (i.e., shorten the maturity) if the Recipient's GNI per capita exceeds a threshold and the Recipient is IBRD creditworthy. Implementation is subject to approval by IDA's Board, after considering the Recipient's economic development. The Recipient has a choice to either (a) shorten the credit's maturity ('principal option'); (b) pay an interest rate that results in the same net present value as the principal option ('interest option'); or (c) establish a customized repayment schedule that results in the same net present value as the principal option ('customized option'). The GNI per capita threshold was originally set as exceeding the historic cut-off for 5 consecutive years (the 'old clause'), but in 1996 it was lowered for new credits approved to exceed the operational cut-off for 3 consecutive years (the 'new clause'). This feature is not available for Non-concessional IDA Credits.

b. Voluntary Prepayment of IDA Concessional Credits. In December 2010, IDA's Board approved a policy framework that allows IDA to offer IDA Graduates a discount to voluntarily prepay their outstanding IDA Credits beyond their contractual obligations. The policy framework is available to any IDA Graduate that (i) elects to voluntarily prepay all outstanding credits in full, or (ii) provides a partial prepayment applied to the latest maturities of its IDA portfolio, as determined by IDA. As an incentive to a graduate that voluntarily prepays its outstanding IDA Credits beyond its contractual obligations, IDA offers a discount.

The discount that IDA may offer depends on three factors: (a) an estimate of the discount rate; (b) the amount the Recipient elects to prepay; and (c) how the Recipient elects to treat the discount. The Recipient has an option to redirect the prepayment discount as a contribution to IDA. A discount is not available for prepayments of individual IDA Credits specified by Recipients.

c. Prepayment of IDA Non-Concessional Credits. If the Recipient decides to prepay all or part of an IDA Non-concessional Credit, a prepayment premium, in an amount determined by Management based on the provisions in the applicable IDA General Conditions, is charged. The premium is based on: (A) IDA's redeployment cost of the prepaid amount and (B) the cost of unwinding any outstanding interest or currency conversions plus (C) any transaction fees applicable to amounts that were previously converted. The prepayment premium for prepayment of IDA Non-concessional Credits is calculated in the same manner as it is calculated for IFLs as set out in Annex 4 of this Directive.

d. IDA Non-Concessional Credits Conversions; Transaction Fees

i. Conversions of IDA Non-concessional Credits are governed by the applicable IDA General Conditions and the Conversion Guidelines. The Conversion Guidelines are available at http://treasury.worldbank.org. Specific details applicable to particular types of conversions are also specified in the individual Financing Agreement, as applicable.

ii. Conversions of IDA Non-concessional Credits and early termination of such conversions may be subject to transaction fees, which are determined by Management from time to time and are expected to be in line with the transaction fees applicable to IBRD. The fees for IDA Non-concessional Credit conversions are set forth in Table 1 in Annex 3 of this Directive.

4. **Additional Fees for Private Sector Projects Involving IBRD Loans, IDA Credits, IDA Grants, and IBRD and IDA Guarantees.** To cover the additional cost of preparing IBRD and IDA support for private sector projects, the Bank charges additional up-front fees, consisting of initiation fees and processing fees usually payable by the private sector implementing entity, project sponsors or developers, or other relevant private sector participants. Initiation and processing fees are not usually payable by the Borrower or Government. The currently applicable up-front fee levels are determined by Management and are available at http://treasury.worldbank.org. The initiation and processing fees are non-refundable.

   a. The initiation fee is charged to offset the Bank's internal preparation and development costs for private sector projects.

   b. The processing fee is charged to reimburse the Bank for direct or indirect costs of external support (including external advisors) and other out-of-pocket expenses incurred by the Bank.[1]

5. **Invoicing of Up-front Fees.** Management determines appropriate timing of the invoicing of up-front fees, and Management may, taking into account the project circumstances and development and preparation costs, reduce, increase, adjust the timing of, or decide not to charge, upfront fees.

6. **SBL Surcharge.** The SBL Surcharge is computed based on the aggregate of exposures arising from loans, guarantees, other relevant IBRD financial products, and exposures supported by any exposure management arrangements such as exposure exchange agreements and private placement bonds. The modality by which the SBL Surcharge is levied is jointly agreed by IBRD and the member country.

7. **IBRD Hedging Products.** Detailed information on the use of hedging products is set out in the IBRD Guidelines for Using Hedging Products, which are available at http://treasury.worldbank.org.

8. **Transaction Fees for IBRD Conversions and Hedging Products.** These are determined by Management from time to time, to cover the Bank's incremental operational costs, and, where

[1] Costs and expenses may also be recovered through the processing fee for other forms of support from IBRD and IDA that are explicitly designed to facilitate the private sector project.

applicable, incremental risks. The transaction fees for conversions and hedging products are set forth in Annex 3 of this Directive.

9. **Bank and Borrower or Recipient Responsibilities.** As described in the Bank Policy, "Financial Terms and Conditions of Bank Financing", the Borrower of an IBRD loan has a number of choices of financial terms for the loan. The Recipient of an IDA Financing may in some cases also have a choice from among different financial terms. The Bank is responsible for ensuring that the Borrower/Recipient is aware of available financing options at the appropriate time. The Bank provides information but does not recommend specific loan terms or advise the Borrower/Recipient in the selection. The Borrower/Recipient is solely responsible for choosing the financial terms of the loan.

10. **Management's Prerogative to Adjust Financial Terms.** As stated in Section IV of the Bank Policy, "Financial Terms and Conditions of Bank Financing", Management adjusts the IBRD/IDA financing terms set out in Annex 2 of this Directive, in the following circumstances:

    i. On July 1 of each year, to reflect changes arising from the annual assessment carried out in accordance with the Policy; and

    ii. At any point in time: (a) to reflect remedies under the Non-concessional Borrowing Policy; (b) to reflect any changes in IBRD or IDA eligibility; and (c) for countries exposed to severe natural disasters leading to significant damage and losses of over a third of their GDP in the aftermath of a crisis, based on an updated debt sustainability analysis.

SECTION IV – WAIVER

A Waiver of any provision of this Directive may be granted only in accordance with the provisions of Bank Policy "Operational Policy Waivers" and the Bank Procedure "Operational Policy Waivers and Waivers of Operational Requirements".

SECTION V – EFFECTIVE DATE

This Directive is effective as of the date on its cover.

SECTION VI – ISSUER

The Issuer of this Directive is the Vice President - Operations Policy and Country Services.

SECTION VII – SPONSOR

The Sponsors of this Directive are the Vice President and Treasurer and the Vice President, Development Finance. The Sponsor – Vice President and Treasurer – is responsible for the day-to-day management of this Directive as it relates to IBRD, and the Sponsor – Vice President, Development Finance – is responsible for the day-to-day management of this Directive as it relates to IDA.

SECTION VIII – RELATED DOCUMENTS

1. Bank Policy, "Financial Terms and Conditions of Bank Financing"
2. Guidelines for Conversion of Loan and Financing Terms
3. Guidelines for Using Hedging Products

Questions regarding this Directive should be addressed to the Sponsor.

ANNEX 1

Countries Ranked by Per Capita Income

The financing terms below are effective for all IBRD loans and IDA Financings that are approved by the Board on or after July 1, 2018.

A. IBRD Only [1]			
Category iv (over $6,795)			
St. Kitts and Nevis	16,030	Mauritius	10,140
Trinidad and Tobago	15,350	Romania	9,970
Uruguay	15,250	Malaysia	9,650
Seychelles	14,180	Russian Federation [6]	9,230
Antigua and Barbuda	14,170	China	8,690
Chile	13,610	Mexico	8,610
Panama	13,100	Brazil	8,600
Argentina	13,040	Lebanon [7]	8,310
Poland	12,710	Kazakhstan	7,890
Palau	12,530	Bulgaria	7,760
Croatia	12,430	Montenegro	7,350
Costa Rica	11,040	Equatorial Guinea	7,060
Turkey	10,930	Botswana	6,820
Nauru [7]	10,220		
Category iii (over $1,145 - $6,795)			
Turkmenistan	6,650	Azerbaijan	4,080
Dominican Republic	6,630	Guatemala	4,060
Gabon	6,610	Armenia	4,000
Libya	6,540	Jordan [7]	3,980
Suriname	6,020	Algeria	3,960
Peru	5,970	Paraguay	3,920
Thailand	5,960	Sri Lanka [5]	3,840
Ecuador	5,890	Georgia	3,790
Colombia	5,830	Philippines	3,660
South Africa	5,430	El Salvador	3,560
Iran, Islamic Republic of	5,400	Indonesia	3,540
Belarus	5,280	Tunisia	3,500
Serbia	5,180	Angola	3,330
Fiji	4,970	Bolivia [5]	3,130

Bosnia and Herzegovina	4,940	Egypt, Arab Republic of	3,010
Macedonia, FYR of	4,880	Swaziland	2,960
Iraq [7]	4,770	Morocco	2,860
Jamaica	4,750	Ukraine [6]	2,390
Namibia	4,600	Vietnam [5]	2,170
Belize	4,390	India	1,820
Albania	4,320	Venezuela, RB de	NA
B. Blend [2]			
Category iv (over $6,795)			
Grenada [4]	9,650	Dominica [4]	6,990
St. Lucia [4]	8,780	St. Vincent and the Grenadines [4]	6,990
Category iii (over $1,145 - $6,795)			
Mongolia	3,290	Timor-Leste [8]	1,790
Cabo Verde [4]	2,990	Pakistan	1,580
Papua New Guinea	2,410	Kenya	1,440
Moldova	2,180	Cameroon	1,360
Nigeria	2,080	Congo, Republic of	1,360
Uzbekistan	1,980		
Category i ($995 or less)			
Zimbabwe [3]	910		
C. IDA [2]			
Category iv (over $6,795)			
Maldives [4]	9,570		
Category iii (over $1,145 - $6,795)			
Tuvalu [4]	4,970	Honduras	2,250
Marshall Islands [4]	4,800	Nicaragua	2,130
Guyana [8]	4,460	Solomon Islands [4]	1,920
Samoa [4]	4,100	Djibouti [8]	1,880
Tonga [4]	4,010	Sao Tome and Principe [4]	1,770
Kosovo, Republic of	3,890	Cote d'Ivoire	1,540
Micronesia, Fed. Sts. Of [4]	3,590	Ghana	1,490
Vanuatu [4]	2,920	Bangladesh	1,470
Kiribati [4]	2,780	Zambia	1,300

Bhutan [8]	2,720	Lesotho	1,280
Sudan [3]	2,380	Cambodia	1,230
Lao PDR	2,270	Myanmar	NA
Category ii (over $995 - $1,145)			
Kyrgyz Republic	1,130	Mauritania	1,100
Category i ($995 or less)			
Tajikistan	990	Sierra Leone	510
Senegal	950	Congo, Dem. Rep.	450
Tanzania	910	Gambia, The	450
Guinea	820	Mozambique	420
Benin	800	Madagascar	400
Nepal	790	Central African Republic	390
Mali	770	Liberia	380
Comoros [9]	760	Niger	360
Haiti	760	Malawi	320
Ethiopia	740	Burundi	290
Rwanda	720	Afghanistan	NA
Guinea-Bissau	660	Eritrea [3]	NA
Chad	630	Somalia [3]	NA
Burkina Faso	610	South Sudan	NA
Togo	610	Syrian Arab Republic [3, 7]	NA
Uganda	600	Yemen, Republic of	NA

Key
NA = Estimates are available in ranges only

Changes during previous fiscal year

1. Bolivia, Sri Lanka and Vietnam changed from a Blend to IBRD borrower status, effective July 1, 2017.
2. Kenya changed from IDA-only to Blend borrower status, effective July 1, 2017.
3. Bhutan, Djibouti, Guyana and Timor-Leste are classified as small state economies, effective July 1, 2017.

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1. World Bank Atlas methodology; 2017 per capita GNI (Gross National Income, formerly GNP) figures are in U.S. dollars.
2. Countries are eligible for IDA on the basis of (a) relative poverty and (b) lack of creditworthiness. The operational cutoff for IDA eligibility for FY19 is a 2017 GNI per capita of US$1,145, using Atlas methodology. To receive IDA resources, countries must also meet tests of performance. An exception has been made for some Small Island Economies. In exceptional circumstances, IDA extends eligibility temporarily to countries that are above the operational cutoff.
3. Loans/credits in nonaccrual status as of July 1, 2018. General information on IBRD and IDA countries with loan/credits in nonaccrual status is available from the IBRD Credit Risk (CROCR) and Development Finance Corporate IDA and IBRD (DFCII) Departments, respectively.
4. The country is classified as an IDA-only Country under the Small Island Economies Exception and receives financing on IDA Small Economy Terms.

5. During IDA18 Bolivia, Sri Lanka and Vietnam receive exceptional transitional support from IDA.
6. These calculations are based on numbers and data from official statistics of Ukraine and the Russian Federation; by relying on those numbers and data, the Bank does not intend to make any judgment on the legal or other status of the territories concerned or to prejudice the final determination of the parties' claims.
7. From FY17, refugees are included in the population estimates of host country.
8. The country represents a Small State Economy, with a population of 1.5 million people or less. IDA Financing is on Small Economy Terms, effective July 1, 2017.
9. IDA-only Country that is also a Small Island Economy, therefore receives IDA Financing on Small Economy Terms.

ANNEX 2

IBRD/IDA and Blend Countries: Per Capita Income, Lending Eligibility, Maturity Premiums, and Repayment Terms

The financing terms below are effective for all IBRD loans and IDA Financings that are approved by the Board on or after July 1, 2018.

- For questions on per capita income estimates, please contact the Director, DECDG
- For questions on IDA eligibility and IDA terms, and IBRD maturity premiums, the Director, DFCII
- For questions on creditworthiness and IBRD terms, the Director, CROCR
- For questions on customized IBRD repayment terms, the Director, FABDR

The following 2017 per capita income guidelines apply for operational purposes:

i. US$995 or less for granting civil works preference to eligible domestic contractors in evaluating civil works bids procured under international competitive bidding (see "World Bank Procurement Regulations for IPF Borrowers").
ii. US$1,145 or less as the operational cutoff for IDA eligibility.
[US$1,875 as the historical ceiling for IDA eligibility.]
iii. Over US$1,145 for IBRD terms;
iv. Over US$6,795 for initiating the IBRD graduation process.

Maturity premium pricing groups are as follows:

a. Group A: Blend Countries, Small State Economies, FCS Countries and recent IDA Graduates (for a period of six consecutive years beginning from July 1 of the calendar year of IDA graduation; and for the following IDA17 and IDA18 graduates for six consecutive years beginning from July 1, 2018: Angola, Armenia, Bosnia and Herzegovina, Georgia, India, Bolivia, Sri Lanka and Vietnam).
b. Group B: Countries not in Group A with a GNI per capita below or equal to GDI (Graduation Discussion Income).
c. Group C: Countries not in Group A or D with a GNI per capita above GDI (Graduation Discussion Income).
d. Group D: Countries not in Group A and classified as High-Income Member Countries (HICs).

The applicable maturity premiums for pricing groups A, B, C and D are set forth in Tables 2, 3, 4 and 5 below, respectively

TABLE 1.

Country	GNI per Capita [1] (US$)	Income Category	Lending Eligibility	LDC[4]	IBRD Terms[13]		IDA Repayment Terms[18,19]		
					Average maturity limit / Final maturity limit (years)	Maturity premium pricing group	Grace Period (years)[5]	Years to maturity[6]	Grant (%) [12]
Afghanistan	NA	i	IDA[2,3]	LDC	-	-	6	38	100%
Albania	4,320	iii	IBRD		20 / 35	B	-	-	-
Algeria	3,960	iii	IBRD		20 / 35	B	-	-	-
Angola	3,330	iii	IBRD	LDC	20 / 35	A	-	-	-
Antigua and Barbuda	14,170	iv	IBRD		20 / 35	A	-	-	-
Argentina	13,040	iv	IBRD		20 / 35	C	-	-	-
Armenia	4,000	iii	IBRD		20 / 35	A	-	-	-
Azerbaijan	4,080	iii	IBRD		20 / 35	B	-	-	-

Country	GNI per Capita [1] (US$)	Income Category	Lending Eligibility	LDC[4]	IBRD Terms[13]		IDA Repayment Terms[18,19]		
					Average maturity limit / Final maturity limit (years)	Maturity premium pricing group	Grace Period (years) [5]	Years to maturity [6]	Grant (%) [12]
Bangladesh [9]	1,470	iii	IDA[2,3]	LDC	-	-	5	30	0%
Belarus	5,280	iii	IBRD		20 / 35	B	-	-	-
Belize	4,390	iii	IBRD		20 / 35	A	-	-	-
Benin	800	i	IDA[2,3]	LDC	-	-	6	38	50%
Bhutan [9, 11]	2,720	iii	IDA[2,3]	LDC	-	-	10	40	0%
Bolivia [15]	3,130	iii	IBRD		20 / 35	A	IBRD terms		-
Bosnia and Herzegovina	4,940	iii	IBRD		20 / 35	A	-	-	-
Botswana	6,820	iv	IBRD		20 / 35	B	-	-	-
Brazil	8,600	iv	IBRD		20 / 35	C	-	-	-
Bulgaria	7,760	iv	IBRD		20 / 35	C	-	-	-
Burkina Faso	610	i	IDA[2,3]	LDC	-	-	6	38	50%
Burundi	290	i	IDA[2,3]	LDC	-	-	6	38	100%
Cabo Verde [8]	2,990	iii	Blend[2]		20 / 35	A	10	40	0%
Cambodia [10]	1,230	iii	IDA[2,3]	LDC	-	-	6	38	0%
Cameroon	1,360	iii	Blend[2]		20 / 35	A	5	30	0%
Central African Republic	390	i	IDA[2,3]	LDC	-	-	6	38	100%
Chad	630	i	IDA[2,3]	LDC	-	-	6	38	100%
Chile	13,610	iv	IBRD		20 / 35	D	-	-	-
China	8,690	iv	IBRD		20 / 35	C	-	-	-
Colombia	5,830	iii	IBRD		20 / 35	B	-	-	-
Comoros [20]	760	i	IDA[2,3]	LDC	-	-	10	40	50%
Congo, Democratic Republic	450	i	IDA[2,3]	LDC	-	-	6	38	50%
Congo, Republic of	1,360	iii	Blend[2]		20 / 35	A	5	30	0%
Costa Rica	11,040	iv	IBRD		20 / 35	C	-	-	-
Cote d'Ivoire [9]	1,540	iii	IDA[2,3]		-	-	5	30	0%
Croatia	12,430	iv	IBRD		20 / 35	C	-	-	-
Djibouti [9, 11]	1,880	iii	IDA[2,3]	LDC	-	-	10	40	0%
Dominica [8]	6,990	iv	Blend[2]		20 / 35	A	10	40	0%
Dominican Republic	6,630	iii	IBRD		20 / 35	B	-	-	-
Ecuador	5,890	iii	IBRD		20 / 35	B	-	-	-
Egypt, Arab Republic of	3,010	iii	IBRD		20 / 35	B	-	-	-
El Salvador	3,560	iii	IBRD		20 / 35	B	-	-	-
Equatorial Guinea	7,060	iv	IBRD		20 / 35	A	-	-	-

Country	GNI per Capita [1] (US$)	Income Category	Lending Eligibility	LDC[4]	IBRD Terms[13]		IDA Repayment Terms[18,19]		
					Average maturity limit / Final maturity limit (years)	Maturity premium pricing group	Grace Period (years)[5]	Years to maturity[6]	Grant (%) [12]
Eritrea [7]	NA	i	IDA[2,3]	LDC	-	-	6	38	-
Ethiopia [14]	740	i	IDA[2,3]	LDC	-	-	6	38	100%
Fiji	4,970	iii	IBRD		20 / 35	A	-	-	-
Gabon	6,610	iii	IBRD		20 / 35	B	-	-	-
Gambia, The	450	i	IDA[2,3]	LDC	-	-	6	38	100%
Georgia	3,790	iii	IBRD		20 / 35	A	-	-	-
Ghana [9]	1,490	iii	IDA[2,3]		-	-	5	30	0%
Grenada [8]	9,650	iv	Blend[2]		20 / 35	A	10	40	0%
Guatemala	4,060	iii	IBRD		20 / 35	B	-	-	-
Guinea	820	i	IDA[2,3]	LDC	-	-	6	38	50%
Guinea-Bissau	660	i	IDA[2,3]	LDC	-	-	6	38	50%
Guyana [9, 11]	4,460	iii	IDA[2,3]		-	-	10	40	0%
Haiti	760	i	IDA[2,3]	LDC	-	-	6	38	100%
Honduras [9]	2,250	iii	IDA[2,3]		-	-	5	30	0%
India	1,820	iii	IBRD		20 / 35	A	-	-	-
Indonesia	3,540	iii	IBRD		20 / 35	B	-	-	-
Iran, Islamic Republic of	5,400	iii	IBRD		20 / 35	B	-	-	-
Iraq [17]	4,770	iii	IBRD		20 / 35	A	-	-	-
Jamaica	4,750	iii	IBRD		20 / 35	B	-	-	-
Jordan [17]	3,980	iii	IBRD		20 / 35	B	-	-	-
Kazakhstan	7,890	iv	IBRD		20 / 35	C	-	-	-
Kenya	1,440	iii	Blend[2]		20 / 35	A	5	30	0%
Kiribati [8]	2,780	iii	IDA[2,3]	LDC	-	-	10	40	100%
Kosovo, Republic of [9]	3,890	iii	IDA[2,3]		-	-	5	30	0%
Kyrgyz Republic	1,130	ii	IDA[2,3]		-	-	6	38	50%
Lao PDR [9]	2,270	iii	IDA[2,3]	LDC	-	-	5	30	0%
Lebanon [17]	8,310	iv	IBRD		20 / 35	A	-	-	-
Lesotho [9]	1,280	iii	IDA[2,3]	LDC	-	-	5	30	0%
Liberia	380	i	IDA[2,3]	LDC	-	-	6	38	50%
Libya	6,540	iii	IBRD		20 / 35	A	-	-	-
Macedonia, FYR of	4,880	iii	IBRD		20 / 35	B	-	-	-
Madagascar	400	i	IDA[2,3]	LDC	-	-	6	38	50%
Malawi	320	i	IDA[2,3]	LDC	-	-	6	38	50%
Malaysia	9,650	iv	IBRD		20 / 35	C	-	-	-
Maldives [8, 14]	9,570	iv	IDA[2,3]		-	-	10	40	50%
Mali	770	i	IDA[2,3]	LDC	-	-	6	38	50%
Marshall Islands [8]	4,800	iii	IDA[2,3]		-	-	10	40	100%

Country	GNI per Capita [1] (US$)	Income Category	Lending Eligibility	LDC[4]	IBRD Terms[13]		IDA Repayment Terms[18,19]		
					Average maturity limit / Final maturity limit (years)	Maturity premium pricing group	Grace Period (years)[5]	Years to maturity[6]	Grant (%) [12]
Mauritania	1,100	ii	IDA[2,3]	LDC	-	-	6	38	100%
Mauritius	10,140	iv	IBRD		20 / 35	A	-	-	-
Mexico	8,610	iv	IBRD		20 / 35	C	-	-	-
Micronesia, Fed. Sts. Of [8]	3,590	iii	IDA[2,3]		-	-	10	40	100%
Moldova	2,180	iii	Blend[2]		20 / 35	A	5	30	0%
Mongolia	3,290	iii	Blend[2]		20 / 35	A	5	30	0%
Montenegro	7,350	iv	IBRD		20 / 35	A	-	-	-
Morocco	2,860	iii	IBRD		20 / 35	B	-	-	-
Mozambique [14]	420	i	IDA[2,3]	LDC	-	-	6	38	100%
Myanmar [9]	NA	iii	IDA[2,3]	LDC	-	-	5	30	0%
Namibia	4,600	iii	IBRD		20 / 35	B	-	-	-
Nauru [17, 19]	10,220	iv	IBRD		20 / 35	A	-	-	-
Nepal	790	i	IDA[2,3]	LDC	-	-	6	38	0%
Nicaragua [9]	2,130	iii	IDA[2,3]		-	-	5	30	0%
Niger	360	i	IDA[2,3]	LDC	-	-	6	38	50%
Nigeria	2,080	iii	Blend[2]		20 / 35	A	5	30	0%
Pakistan	1,580	iii	Blend[2]		20 / 35	A	5	30	0%
Palau [19]	12,530	iv	IBRD		20 / 35	A	-	-	-
Panama	13,100	iv	IBRD		20 / 35	C	-	-	-
Papua New Guinea	2,410	iii	Blend[2]		20 / 35	A	5	30	0%
Paraguay	3,920	iii	IBRD		20 / 35	B	-	-	-
Peru	5,970	iii	IBRD		20 / 35	B	-	-	-
Philippines	3,660	iii	IBRD		20 / 35	B	-	-	-
Poland	12,710	iv	IBRD		20 / 35	D	-	-	-
Romania	9,970	iv	IBRD		20 / 35	C	-	-	-
Russian Federation [16]	9,230	iv	IBRD		20 / 35	C	-	-	-
Rwanda	720	i	IDA[2,3]	LDC	-	-	6	38	0%
Samoa [8]	4,100	iii	IDA[2,3]		-	-	10	40	100%
Sao Tome and Principe [8]	1,770	iii	IDA[2,3]	LDC	-	-	10	40	100%
Senegal	950	i	IDA[2,3]	LDC	-	-	6	38	0%
Serbia	5,180	iii	IBRD		20 / 35	B	-	-	-
Seychelles	14,180	iv	IBRD		20 / 35	A	-	-	-
Sierra Leone	510	i	IDA[2,3]	LDC	-	-	6	38	50%
Solomon Islands [8]	1,920	iii	IDA[2,3]	LDC	-	-	10	40	50%
Somalia [7]	NA	i	IDA[2,3]	LDC	-	-	6	38	-
South Africa	5,430	iii	IBRD		20 / 35	B	-	-	-

Country	GNI per Capita [1] (US$)	Income Category	Lending Eligibility	LDC[4]	IBRD Terms[13]		IDA Repayment Terms[18,19]		
					Average maturity limit / Final maturity limit (years)	Maturity premium pricing group	Grace Period (years)[5]	Years to maturity[6]	Grant (%) [12]
South Sudan	NA	i	IDA[2,3]	LDC	-	-	6	38	100%
Sri Lanka [15]	3,840	iii	IBRD		20 / 35	A	IBRD terms		-
St. Kitts and Nevis	16,030	iv	IBRD		20 / 35	A	-	-	-
St. Lucia [8]	8,780	iv	Blend[2]		20 / 35	A	10	40	0%
St. Vincent and the Grenadines [8]	6,990	iv	Blend[2]		20 / 35	A	10	40	0%
Sudan [7]	2,380	iii	IDA[2,3]	LDC	-	-	6	38	-
Suriname	6,020	iii	IBRD		20 / 35	A	-	-	-
Swaziland	2,960	iii	IBRD		20 / 35	A	-	-	-
Syrian Arab Republic [7, 17]	NA	i	IDA[2,3]		-	-	6	38	-
Tajikistan	990	i	IDA[2,3]		-	-	6	38	100%
Tanzania	910	i	IDA[2,3]	LDC	-	-	6	38	0%
Thailand	5,960	iii	IBRD		20 / 35	B	-	-	-
Timor-Leste [11]	1,790	iii	Blend[2]	LDC	20 / 35	A	10	40	0%
Togo	610	i	IDA[2,3]	LDC	-	-	6	38	50%
Tonga [8]	4,010	iii	IDA[2,3]		-	-	10	40	100%
Trinidad and Tobago	15,350	iv	IBRD		20 / 35	A	-	-	-
Tunisia	3,500	iii	IBRD		20 / 35	B	-	-	-
Turkey	10,930	iv	IBRD		20 / 35	C	-	-	-
Turkmenistan	6,650	iii	IBRD		20 / 35	B	-	-	-
Tuvalu [8]	4,970	iii	IDA[2,3]	LDC	-	-	10	40	100%
Uganda	600	i	IDA[2,3]	LDC	-	-	6	38	0%
Ukraine [16]	2,390	iii	IBRD		20 / 35	B	-	-	-
Uruguay	15,250	iv	IBRD		20 / 35	D	-	-	-
Uzbekistan	1,980	iii	Blend[2]		20 / 35	A	5	30	0%
Vanuatu [8]	2,920	iii	IDA[2,3]	LDC	-	-	10	40	50%
Venezuela, RB de	NA	iii	IBRD		20 / 35	B	-	-	-
Vietnam [15]	2,170	iii	IBRD		20 / 35	A	IBRD terms		-
Yemen, Republic of	NA	i	IDA[2,3]	LDC	-	-	6	38	100%
Zambia [9]	1,300	iii	IDA[2,3]	LDC	-	-	5	30	0%
Zimbabwe [7]	910	i	Blend[2]		20 / 35	A	5	30	-

Key
NA = Estimates are available in ranges only

1. World Bank Atlas methodology; 2017 per capita GNI (Gross National Income, formerly GNP) figures are in U.S. dollars.
2. Countries are eligible for IDA on the basis of (a) relative poverty and (b) lack of creditworthiness. The operational cutoff for IDA eligibility for FY19 is a 2017 GNI per capita of US$1,145, using Atlas methodology. To receive IDA resources, countries must also meet tests of performance. An exception has been made for some Small Island Economies (see footnote 8). In exceptional circumstances, IDA also extends eligibility temporarily to countries that are above the operational cutoff, including countries classified as Blends and countries referred to as Gap countries (see footnote 9).
3. IDA-only countries except for limited IBRD Enclave support.
4. Countries that are classified as least developed countries (LDCs) by the United Nations.
5. IDA regular term credits approved on or after July 1, 2017 have a 6-year grace period. IDA blend term credits continue to have a 5-year grace period, and IDA Small Economy Term credits for IDA-only Small Island Economies, Small State Economies, and small islands that are granted exceptional access to IDA resources continue to have a 10-year grace period.
6. Effective from July 1, 2017, the maturity for IDA regular term credits is 38 years with principal repayable at 3.125 percent per annum for years 7-38, with a service charge of 0.75 percent in SDR terms. The maturity for IDA Small Economy Term credits for IDA-only Small Island Economies, Small State Economies, and small islands that are granted exceptional access to IDA resources continue to be 40 years with principal repayable at 2 percent per annum for years 11-20 and 4 percent per annum for years 21-40. Effective July 1, 2017, blend term credits have a maturity of 30 years, a grace period of 5 years, a 0.75 percent service charge and 1.25 percent interest charge, both in SDR terms, and with principal repayable at 3.3 percent per annum for years 6-25 and 6.8 percent per annum for years 26-30. IDA concessional credits include an acceleration clause, providing for the possibility of doubling of principal payments from creditworthy borrowers where per capita income remains above eligibility thresholds.
7. Loans/credits in nonaccrual status as of July 1, 2018. Grant eligibility is determined when the country reengages with IDA/IBRD. General information on IBRD and IDA countries with loan/credits in nonaccrual status is available from the IBRD Credit Risk (CROCR) and Development Finance Corporate IDA and IBRD (DFCII) Departments, respectively.
8. Countries classified as IDA-only Countries under the Small Island Economies Exception. For credits approved on or after July 1, 2011, the financing terms for the small island blend countries are changed from blend terms to Small Economy Terms.
9. The IDA-eligible country's GNI per capita has been above the operational cutoff for IDA eligibility for more than two consecutive years. Unless the borrower is classified as a Small State Economy, it receives IDA Financing on blend terms.
10. The country's GNI per capita has been above the IDA operational cutoff for either one or two years, and the country continues to access IDA resources on regular terms.
11. Small State Economy, with a population of 1.5 million people or less. IDA Financing is on Small Economy Terms, effective July 1, 2017. If IBRD financing is provided, Small State Economies receive an exemption from the increase in IBRD's maturity premium in accordance with Section III 1.a. ii. F of the Bank Policy, "Financial Terms and Conditions of Bank Financing."
12. Grant eligibility varies by fiscal year and is based on the IDA grant framework in accordance with the IDA16 Agreement entitled "Additions to IDA Resources: Sixteenth Replenishment – IDA16: Delivering Development Results" (February 15, 2011). In addition, in IDA18, Gap (footnote 9) and Blend countries that meet the criteria to be considered as a "refugee host country", are eligible for grants through the Refugee Sub-Window.
13. Current financing terms by country are available on the World Bank Treasury website (http://www.worldbank.org/en/about/unit/treasury/financial-products/ibrd/ibrd-lending-rates-and-fees#2). The maturity premium levels effective on July 1, 2018 do not apply to loans that meet both the following conditions: (i) the Invitation to Negotiate is issued on or before June 30, 2018; and (ii) the Board approves the loan on or before September 30, 2018. For those loans, the maturity premium is the one in force on June 30, 2018. The maturity premium levels effective on July 1, 2018 do not apply to Bank guarantees approved by the Board on or before September 30, 2018. For those Bank guarantees, the applicable maturity premium is the one in force on June 30, 2018. Certain SBL-related surcharges will apply to certain borrowers as described in Section VI and Annex 2 of the Bank Policy "Financial Terms and Conditions of Bank Financing."
14. IDA financing terms are subject to change as per the upcoming NCBP final decision.
15. During IDA18, Bolivia, Sri Lanka and Vietnam receive exceptional transitional support from IDA. The financing terms for transitional support are the same as for current IBRD flexible loans; offered only in single currency denominations: USD, EUR, GBP and JPY. Transitional support credits are exempt from the accelerated repayment clause. The maturity premium applicable to the exceptional transitional support is set forth in Table 2 below, which corresponds to the maturity premiums for IBRD Borrowers belonging to pricing group A.
16. These calculations are based on numbers and data from official statistics of Ukraine and the Russian Federation;

by relying on those numbers and data, the Bank does not intend to make any judgment on the legal or other status of the territories concerned or to prejudice the final determination of the parties' claims.

17. From FY17, refugees are included in the population estimates of host country.
18. The financing terms for countries eligible under the Scale-Up Facility (SUF) are identical to the IBRD Flexible Loan terms; the currencies available are USD, EUR, GBP, and JPY. The maturity premium applicable to the SUF is set forth in Table 2 below, which corresponds to the maturity premiums for IBRD Borrowers belonging to pricing group A. Current IBRD Flexible Loan terms are available on the World Bank Treasury website (http://www.worldbank.org/en/about/unit/treasury/financial-products/ibrd/ibrd-lending-rates-and-fees#2).
19. IBRD Lending subject to Bank Policy, "Lending Operations: Choice of Borrower and Contractual Agreements".
20. IDA-only Country that is also a Small Island Economy, therefore receives IDA Financing on Small Economy Terms.

Changes during previous fiscal year

1. Bolivia, Sri Lanka and Vietnam changed from a Blend to IBRD borrower status, effective July 1, 2017.
2. Kenya changed from IDA-only to Blend borrower status, effective July 1, 2017.
3. Bhutan, Djibouti, Guyana and Timor-Leste are classified as Small State Economies, effective July 1, 2017.
4. The grant eligibility of Tonga changed from 50% to 100% grants as of May 3, 2018 given that (i) the damages and losses from Tropical Cyclone Gita were in excess of 1/3 of Tonga's GDP, and (ii) Tonga's risk of debt distress rating in the latest DSA shifted from moderate to high (DSA as of December 2017).

TABLE 2.

Group A: Blend Countries, Small State Economies, FCS Countries and relevant recent IDA Graduates	
Average Maturity	**Maturity Premium (bps)**
Up to 8 year average	0
8+ to 10 year average	10
10+ to 12 year average	20
12+ to 15 year average	30
15+ to 18 year average	40
18+ to 20 year average	50

TABLE 3.

Group B: Countries not in Group A with a GNI per capita below or equal to GDI	
Average Maturity	**Maturity Premium (bps)**
Up to 8 year average	0
8+ to 10 year average	10
10+ to 12 year average	25
12+ to 15 year average	40
15+ to 18 year average	55
18+ to 20 year average	70

TABLE 4.

Group C: Countries not in Group A or D with a GNI per capita above GDI	
Average Maturity	**Maturity Premium (bps)**
Up to 8 year average	0
8+ to 10 year average	10
10+ to 12 year average	30
12+ to 15 year average	50
15+ to 18 year average	70
18+ to 20 year average	90

TABLE 5.

Group D: Countries not in Group A and classified as High-Income Member Countries (HICs)	
Average Maturity	**Maturity Premium (bps)**
Up to 8 year average	5
8+ to 10 year average	15
10+ to 12 year average	40
12+ to 15 year average	65
15+ to 18 year average	90
18+ to 20 year average	115

ANNEX 3

Table 1: Transaction Fees on Conversions

Expressed as a percentage per annum on the outstanding loan amount unless otherwise indicated

Transaction Type	For Fixed and Variable Spread Loans	
Interest Rate Conversion	**USD[1]**	**EUR[1], JPY[1]**
Rate fixings of disbursed amounts	0.05%	0.10%
Interest Rate Caps/Collars of disbursed amounts	On a case-by-case basis	
Currency Conversion		
Of undisbursed loan amounts [2]	0.125%	
Of disbursed loan amounts	0.06%	0.11%
Automatic currency conversion to local currency		
Changing from variable spread to fixed spread	0.03%	

[1] Currency of the loan prior to the Conversion.
[2] Expressed as a percentage of the principal amount involved, and payable as a lump sum.

Transaction Fees for Early Termination: For early termination of a Conversion (a currency, or interest rate conversion, or an interest rate cap/collar) a transaction fee of 0.02% per annum applies. Transaction fees expressed as a percentage per annum are converted to a lump sum.

Table 2: Transaction Fees on Hedging Products

Transaction Type	Transaction Fee	
Hedges on Liabilities to IBRD		
Currency Swaps	0.02%	
Interest Rate Swaps	0.01%	
Interest Rate Caps/Collars	0.125% one time	
Commodity Swaps	0.375% one time	
Hedges on Liabilities to Others		
	Major Currencies	**Local Currencies**
Currency Swaps	0.10%	0.02%
Interest Rate Swaps	0.03%	0.01%
Hedges on commodities and indices	Case-by-case	Case-by-case

Table 3: Transaction Fees on Natural Disaster Risk Management Products

Transaction Type	Transaction Fee
Natural Disaster Risk Management Products	case-by-case

ANNEX 4

IBRD Loan Prepayment Premium

IBRD Flexible Loans (IFLs), Fixed Spread Loans (FSLs) and Variable Spread Loans (VSLs)

1. IBRD may charge a prepayment premium to cover the cost to IBRD of redeploying prepaid funds. The calculation of the redeployment cost for all or any portion of a loan that has not been converted is carried out in accordance with para.1 (a) below and, for all or any portion of a loan that has been converted, in accordance with para.1 (b) below.

   a. For prepayments of unconverted portions of a loan, loans with conversions of unwithdrawn amounts and no additional conversions, and loans with a conversion to fix the spread and no additional conversions, the prepayment premium is calculated as follows:

      i. The amount of the prepayment premium is based on the difference between: (i) the fixed or variable spread net of waivers[1], if any, payable, on the prepaid loan and (ii) the fixed or variable spread net of waivers[1], respectively, in effect for the relevant loan currency with an average repayment maturity equivalent to the remaining average repayment maturity of the prepaid cash flows of the loan at the date of prepayment.

      ii. The prepayment premium is equal to the present value of the prepaid cash flows multiplied by the difference in the spread computed in sub-paragraph (i), with an assumed floor value of zero.

      iii. The present value computed in (ii) is the premium the Borrower is charged by the Bank.

   b. Prepayment of converted portions of loans

   If all or any portion of a loan has been converted, the prepayment premium is calculated based on the following components:

      i. The prepayment premium as outlined in paragraph (a) above;

      ii. An "Unwinding Amount"[2] in connection with the early termination of any conversion. The "Unwinding Amount" is the cost or gain to the Bank in relation to the termination of

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[1] The redeployment cost of unconverted portions of loans with fixed spread accounts for differences in the contractual spread, projected funding cost, market risk premium, basis swap adjustment and maturity premium, if applicable. The calculation of the redeployment premium uses the fixed spread in effect at loan prepayment based on average remaining maturity of the prepaying loan, assuming redeployment into a loan with the same maturity/country classification/risk characteristics as the prepaid loan at the time of prepayment. The redeployment cost of unconverted portions of loans with variable spread accounts for differences in the contractual spread and maturity premium, if applicable.

[2] "Unwinding Amount" has the meaning given to it in the applicable IBRD General Conditions.

any swap effected for the relevant conversion.[3] Any such cost results in an additional amount payable by the Borrower to the Bank, and any such gain is subtracted from the amount to be prepaid by the Borrower or is paid to the Borrower in the absence of any redeployment cost;[4,5]

iii. A transaction fee, which is applied to the amount of the principal that is being prepaid on a per annum basis, and discounted to the date of prepayment[6] (see TRE website for transaction fee information: http://treasury.worldbank.org).

2. In the case of IFLs or FSLs, partial prepaid amounts are applied as directed by the Borrower. In the case of VSLs, partial prepaid amounts are applied first to the latest maturities due on the loan.

Pre-Pool Loans, Currency Pool Loans (CPLs), and Single Currency Pool Loans (SCPs)

3. Assessment of the prepayment premium waiver on Currency Pool Loans (CPLs), Single Currency Pool Loans (SCPs), and pre-pool loans is based on the following procedure:

   a. The latest available carrying values and estimated values for loans in various categories, as reported annually in IBRD's audited financial statements, are the basis for assessing whether to grant a waiver of the contractual prepayment premium.[7]

   b. The prepayment premium on the loan is waived in its entirety if the estimated value of all loans in a particular category is less than or equal to the carrying value. However, the premium is applied if the estimated value is greater than the carrying value – with the added proviso that it is the smaller of the computed contractual premium on the loan and the premium over the carrying value as determined by the estimated value. If interest rates rise, the "off-marketness" of the lending rates are narrowed, and the contractual prepayment premium on these loans may be higher than the premium of the estimated value over the carrying value. In that case, the Borrower pays the latter as the premium, thus receiving a partial prepayment premium waiver.

   c. For financial intermediary loans with flexible amortization schedules, IBRD waives the premium if the financial intermediaries make the prepayments after receiving the prepayments from the sub-Borrowers.

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3 The Bank may have effected the relevant conversion by entering into a hedge transaction with a market counterparty or, by applying a screen rate (in the circumstances described in the Conversion Guidelines). In both cases an Unwinding Amount may be payable either by the Bank or the borrower as the Bank would have taken a position in order to effect the conversion that would have to be reversed or undone because of a loan prepayment.

4 The Bank effects a market transaction or use a screen rate calculation on the prepayment date or shortly thereafter, and it generally takes two business days to settle a swap.

5 "Unwinding Amount" is calculated based on the assumption that the Bank swapped 100% of the converted portion of the prepaid loan.

6 The transaction fee is not applicable for prepayments of portions of loans whose currency was converted prior to withdrawal, provided no subsequent conversions of withdrawn amounts took place.

7 "Carrying" value and "estimated" value are terms used in IBRD's financial statements. The "carrying" value of an IBRD loan is synonymous with the book value of the loan and is expressed in USD equivalent terms. It is usually defined as the historical value of currencies in USD equivalents outstanding on the loan, plus the translation adjustment on the loan. IBRD loans do not have a secondary market. "Estimated" values of IBRD loans published in IBRD's financial statements are used as a proxy for the market-to-market value of IBRD loans.

4. Prepayment premium schedules for pre-pool loans, CPLs, and SCPs are included in the Loan Agreements for those loans. Premia are calculated in accordance with these schedules as illustrated below.

Variable-Rate CPL and Variable-Rate SCPs[8]

5. For a variable rate CPL or SCP, for each of the maturities being prepaid, the premium rate is calculated by multiplying the current interest rate on the loan with the appropriate factor from the "Premiums on Prepayment" schedule in the Loan Agreement. The premium rate so computed is then applied to the appropriate maturity to arrive at the prepayment premium for that maturity. Premia computed for all maturities being prepaid are added together to arrive at the prepayment premium for the loan.

6. As an illustration, assume a Category III country prepays any variable-rate pool loan with four remaining maturities. Each maturity is US$1 million and the total prepayment is US$4 million. Assume further that the current interest rate on the loan is 6.5 percent and the factor from the "Premiums on Prepayment" schedule in the Loan Agreement is 0.18. The premium rate for the maturities being prepaid is (065*.18), which is .0117, or 1.17 percent. Multiplying US$4 million by the premium rate of 1.17 percent, produces the total premium of US$46,800 for the loan.

Converted Variable-Rate CPL and Variable-Rate SCPs

7. For CPLs and SCPs with an interest rate of LIBOR plus 1% or a swap rate-based fixed rate, the prepayment premium payable is an amount reasonably determined by Management to represent any cost to it of redeploying the amount to be prepaid at the London interbank offered rate for six month deposits in United States Dollars from the date of its prepayment to its maturity date.

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[8] From May 2006 to June 30, 2009, the Bank offered borrowers of variable-rate CPLs and SCPs the option to convert the interest rate to either a LIBOR-based rate or a swap rate-based fixed rate. The prepayment policy for these converted loans is set forth in paragraph 8.