

**GUIDELINES FOR CONVERSION OF
LOAN TERMS**

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1. Introduction

1.1 Purpose

The purpose of the Guidelines for Conversion of Loan Terms (the Conversion Guidelines) is to set out the procedures for requesting, accepting and effecting Conversions as specified in Loan Agreements (each a Loan Agreement) between the International Bank for Reconstruction and Development (the Bank) and a Borrower. The Conversion Guidelines are referred to in the Loan Agreement and in the General Conditions Applicable to Loan and Guarantee Agreements for Fixed-Spread Loans dated September 1, 1999 (as amended), in the General Conditions for Loans dated July 1, 2005 (as amended) and the General Conditions for Loans dated March 12, 2012 (collectively, the General Conditions).

1.2 Applicability

The Conversion Guidelines apply to all Conversions requested by the Borrower. The Bank may modify the Conversion Guidelines from time to time. Any such modifications will apply only to Conversions requested after the date of such modifications and will not affect any Conversions effected, or requested but not yet effected, prior to the date of any such modification. The latest version of the Conversion Guidelines is available on the Bank's website at <http://treasury.worldbank.org/>. Changes in the Conversion Guidelines will be posted on the Bank's website.

1.3 Definitions

The several terms defined in the Loan Agreement and the General Conditions have the meanings specified therein for the purpose of these Conversion Guidelines, and the following additional terms have the following meanings:

- (a) "Automatic Rate Fixing" has the meaning set forth in paragraph 11.1.1 below.
- (b) "Automatic Conversion into Local Currency" has the meaning set forth in paragraph 12 below.
- (c) "Business Day" means any day on which the Bank is open for business in Washington, D.C.
- (d) "Conditional Request" has the meaning set forth in paragraph 4.6.1 below.
- (e) "Execution Date" means, in respect of a Conversion, the date on which the Bank has undertaken all actions necessary to effect the Conversion, as reasonably determined by the Bank.
- (f) "Execution Period" means a period of fifteen (15) Business Days commencing from the date of receipt by the Bank of the Request.
- (g) "Interest Payment Date" means each date specified in the Loan Agreement occurring on or after the date of the Loan Agreement on which interest is payable.

(h) “Interest Rate Cap” means the establishment of an upper limit on either the Variable Rate or the Reference Rate applicable to all or any portion of the Loan as requested by the Borrower pursuant to paragraph 2.2.1 below.

(i) “Interest Rate Collar” means the establishment of an upper and a lower limit on either the Variable Rate or the Reference Rate applicable to all or any portion of the Loan as requested by the Borrower pursuant to paragraph 2.2.1 below.

(j) “Local Currency Conversion” means a Currency Conversion of all or any portion of the withdrawn amount of the Loan to the domestic currency that is the legal tender in the jurisdiction of the Borrower or to an Approved Currency other than US Dollar, Euro, Yen or Sterling.

(k) “Market Transaction” means an Interest Hedge Transaction or a Currency Hedge Transaction undertaken, or an interest rate cap or interest rate collar purchased by the Bank, in the financial markets.

(l) “Reference Rate” means: (i) LIBOR in respect of US Dollar, Yen or Sterling; (ii) EURIBOR in respect of Euro; and (iii) in respect of other currencies, such reference rate as is specified in the Loan Agreement or as the Bank may otherwise determine.

(m) “Request” means a request for a Conversion made pursuant to the provisions of the Loan Agreement and in accordance with provisions of these Conversion Guidelines and includes, where the context so permits or requires, a withdrawal or a cancellation of a Request.

(n) “Screen Rate” means a market rate displayed by established information vendors such as Bloomberg or Reuters.

(o) “Zero Cost Collar” has the meaning set forth in paragraph 15.2.2 below.

2. Request for Conversion

2.1 General

2.1.1 The Borrower may at any time submit a Request to the Bank, except as provided in paragraph 2.1.3 below. The Bank will only accept a Request made substantially in the appropriate form specified in Annex A to these Conversion Guidelines. In the form of Request, the Borrower will be asked to make the following representations:

(a) it has made its own independent decision to request such Conversion;

(b) it is not relying on any communication or confirmation from the Bank as a recommendation to request such Conversion;

(c) unless expressly agreed by the Bank and the Borrower by separate agreement, the Bank is not acting as a fiduciary for, or an advisor to, the Borrower in respect of such Conversion;

(d) it understands and accepts the terms, conditions and risks of such Conversion and it expressly assumes the financial risks of such Conversion;

(e) it is undertaking the Conversion in order to facilitate prudent debt management; and

(f) the representative signing the Request is authorized to do so.

2.1.2 Requests will be made in writing and delivered to the Bank by hand, courier, mail (registered or certified), electronic mail or facsimile. Deliveries made by electronic mail or facsimile transmission must also be confirmed by mail. However, the Bank may take action under these Conversion Guidelines on the basis of a Request received by electronic mail or facsimile.

2.1.3 The Bank will not, under normal circumstances, consider a Request for a Currency Conversion of a disbursed amount other than an Automatic Conversion into Local Currency, until three months after the date on which the Loan Agreement was signed.

2.1.4 If the Bank accepts a request for a Conversion to a Fixed Rate of a Loan that accrues interest at a rate based on a Variable Spread, the Conversion shall be effected by first fixing the Variable Spread applicable to the Loan at the level of the then current Fixed Spread¹ for the Loan Currency. The Variable Spread Fixing Charge will be added to such Fixed Spread and the Conversion requested by the Borrower shall then be effected.

2.1.5 A Borrower may, independently of a request for a Conversion provided for above, request an Interest Rate Conversion to “fix” the Variable Spread into the Fixed Spread for the Loan Currency for all of the Loan that accrues interest at a rate based on a Variable Spread and the Bank shall add to such Fixed Spread the Variable Spread Fixing Charge. A request to fix the Variable Spread for a Loan shall be made on the appropriate form specified in Annex A. A Variable Spread that is “fixed” into a Fixed Spread may not subsequently revert to a Variable Spread. Such fixings shall only be executed for the full maturity of the Loan.

2.2 Conversions

2.2.1 The Borrower may request a conversion of all or any portion of the principal amount of the Loan only as and to the extent so provided in the Loan Agreement. If so provided in the Loan Agreement, the Borrower may request:

(a) a Currency Conversion to an Approved Currency of all or any portion of the principal amount of the Loan whether unwithdrawn² or withdrawn and outstanding;

(b) an Interest Rate Conversion of all or any portion of the principal amount of the Loan withdrawn and outstanding; and

¹ As provided in the relevant General Conditions, the applicable Fixed Spread will be that in effect on the Conversion Date. However, for regular loans the contractual spread component (and maturity premium, if applicable) will remain unchanged.

² Local Currency Conversions are not available for unwithdrawn amounts.

(c) an Interest Rate Cap or an Interest Rate Collar applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding.

2.2.2 Minimum amounts

Unless the Bank otherwise agrees, the minimum principal amount of the Loan in respect of which the Borrower may request a Conversion in a single Request is US\$ 3,000,000 equivalent or 10% of the total amount of the Loan, whichever is higher. This minimum threshold does not apply to Requests for Currency Conversions of unwithdrawn amounts of the Loan, Requests for Automatic Conversion into Local Currency or Requests for Automatic Rate Fixings as described in paragraph 11.1.1 below.

2.2.3 Maximum Amounts

Unless the Bank otherwise agrees, the maximum principal amount of the Loan in respect of which the Borrower may request a Conversion in a single Request is: (a) US\$500,000,000 equivalent for a Currency Conversion if both the Loan Currency and the Approved Currency for the conversion are US Dollars, Euro, Yen or Sterling; (b) US\$1,000,000,000 equivalent for an Interest Rate Conversion or an Interest Rate Cap or Interest Rate Collar if the Loan Currency is US Dollars, Euro, Yen or Sterling; and (c) such amount as reasonably determined by the Bank in the case of any other Conversion.

2.3 Communication of Request

Each Request will be furnished to the Bank at the physical address, email address or facsimile number specified in paragraph 2.5 below and will be deemed received by the Bank:

(a) on the date it is delivered to the Bank at the physical address specified in paragraph 2.5 below if sent by courier, by hand, or by certified or registered mail; and

(b) on the date received in legible form by the Bank at the email address or facsimile number specified in paragraph 2.5 below if sent by email or facsimile.

2.4 Authorized Representative and Address of Borrower for Purposes of Making Requests

The representative of the Borrower designated in the Loan Agreement as being authorized to agree to any modification or amplification of the Loan Agreement on behalf of the Borrower is authorized to make Requests. The Borrower's address for the purposes of these Guidelines is the address specified in the Loan Agreement. The representative of the Borrower may by written notice to the Bank authorize additional persons to make Requests. Before or at the time a Request is made, written authorization in respect of any such additional person signing the Request, and the specimen signature of such authorized person, must be supplied to the Bank, together with his/her title and address, including telephone and fax number.

2.5 Bank Address to which Request is to be Sent

The Request will be addressed to:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: Loan Services Group

Telephone: 1 (202) 458 8330
Facsimile: 1 (202) 522 1654
Electronic Mail: LoanClientServices@worldbank.org

2.6 Content of Request

2.6.1 Each Request will provide the following information (see also Annex A to the Conversion Guidelines setting forth the forms of Request):

- (a) the Loan, identified by project name, loan number and loan tranche number (if applicable);
- (b) the portion of the Loan to be converted;
- (c) the type of Conversion requested, i.e., an Interest Rate Conversion, a Currency Conversion, or an Interest Rate Cap or Interest Rate Collar;
- (d) the proposed Conversion Date;
- (e) the proposed Conversion Period;
- (f) the rationale for the Conversion requested by the Borrower;
- (g) special instructions, if any; and
- (h) authorization and specimen signature of authorized representative signing the Request if not previously provided.

2.6.2 Each Request for an Interest Rate Conversion will also provide the following additional information:

- (a) whether the Conversion is from a Variable Rate to a Fixed Rate or vice versa, or from a Variable Rate with a Variable Spread to a Variable Rate with a Fixed Spread³, or from a

³ Conversions from a fixed spread to a variable spread are not offered. A variable spread that is converted into a fixed spread may not subsequently revert to a variable spread and partial maturity spread fixings are therefore not offered. Loans with a Variable Spread that convert into a Local Currency while retaining the Variable Spread may not subsequently convert from a Variable Spread into a Fixed Spread.

Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread or vice versa;

(b) if the Borrower is making a Conditional Request (see paragraph 4.6 below), the maximum Fixed Rate, or the maximum Fixed Reference Rate, or the maximum spread over the Reference Rate, or the maximum amount of the spread to the Reference Rate to be paid by the Bank under the Interest Hedge Transaction, in each case which the Borrower is willing to pay following the Conversion.

2.6.3 Each Request for a Currency Conversion will also provide the following additional information:⁴

(a) the Approved Currency into which the Borrower wishes to convert all or any portion of the principal amount of the Loan;

(b) in the case of a Conversion of only part of a still disbursing Loan, the portions of the withdrawn and unwithdrawn amounts of the Loan to which the Conversion will apply;

(c) whether the applicable interest rate will be: (i) in the case of a Loan with a Fixed Spread, at a Variable Rate or a Fixed Rate; or (ii) in the case of a Loan with a Variable Spread, at a Variable Rate with a Reference Rate and the Variable Spread, or at a Variable Rate with a Fixed Reference Rate and the Variable Spread, or at a Variable Rate with Reference Rate and a Fixed Spread⁵, or at a Fixed Rate⁶;

(d) if the Borrower is making a Conditional Request, the limit on the Fixed Rate, or on the Fixed Reference Rate, or on the spread to the Reference Rate to be paid by the Bank under the Currency Hedge Transaction, in each case which the Borrower is willing to pay following the Conversion (in these cases, the Bank will use a market exchange rate in effecting the Conversion);

(e) if the Borrower is making a Local Currency Conversion Request, whether such Conversion will be on deliverable or non-deliverable terms (as provided in paragraph 13 below); and

(f) if the Borrower is making a request for a Local Currency Conversion on non-deliverable terms, the name and source of the Settlement Rate (as defined below) and any other relevant information.

2.6.4 Each Request for an Interest Rate Cap will also include the following additional information:

(a) the upper limit applicable to the Variable Rate or to the Reference Rate (in the case of a Loan that has, and will retain, a Variable Spread); and

⁴ See also paragraphs 4.3.2 and 8 for additional information which the Borrower may include at the time of a Request for a Currency Conversion of an unwithdrawn amount of the Loan, regarding withdrawal categories and special account(s).

⁵ This will require first fixing the Variable Spread and will attract a Variable Spread Fixing Charge.

⁶ See footnote 5 above.

(b) if the Closing Date for the Loan has not yet occurred and payment of such premium out of the proceeds of the Loan is permissible under the Loan Agreement, whether, subject to paragraph 14.3(i) below, such premium is to be paid by the Borrower out of such proceeds or out of its own resources.

2.6.5 Each Request for the establishment of an Interest Rate Collar will also include the following additional information:

(a) the upper limit and the lower limit applicable to the Variable Rate or to the Reference Rate (in the case of a Loan that has, and will retain, a Variable Spread);

(b) if the Borrower requests a Zero Cost Collar, the upper limit applicable to the Variable Rate or to the Reference Rate (in the case of a Loan that has, and will retain, a Variable Spread); and

(c) if the Closing Date for the Loan has not yet occurred and payment of such premium out of the proceeds of the Loan is permissible under the Loan Agreement, whether, subject to paragraph 14.3(i) below, such premium is to be paid by the Borrower out of such proceeds or out of its own resources.

2.7 Conversion Date

2.7.1 The Conversion Date (which is the start of the Conversion Period) will, subject to paragraph 2.7.2 below, be either:

(a) the Execution Date; or

(b) the date specified in the Loan Agreement; or

(c) the date otherwise specified by the Borrower in the Request and accepted by the Bank.

2.7.2 If a Request for a Currency Conversion of a withdrawn portion of the Loan, an Interest Rate Conversion or an Interest Rate Cap or an Interest Rate Collar, is received by the Bank within:

(a) one calendar month but more than 15 Business Days prior to an Interest Payment Date, the Conversion will take effect on such Interest Payment Date; or

(b) 15 Business Days prior to an Interest Payment Date, the Conversion will take effect on the next following Interest Payment Date or on such other date as may be agreed by the Borrower and the Bank.

3. **Execution Period**

3.1 General

3.1.1 The Bank will exercise reasonable efforts to execute within the Execution Period any Request which is in form and substance satisfactory to the Bank. However, the Bank will not be liable if, in the exercise of such reasonable efforts, it fails to do so. The Bank's ability to execute a Local Currency Conversion will be subject to the Bank's ability to enter into a Market Transaction for such Conversion. The Execution Period may therefore be extended for such Conversions.

3.1.2 Since interest and exchange rates may fluctuate throughout the Execution Period, and the range of rates will only be known after the end of the Execution Period, the Bank cannot ensure where the resulting financial terms it obtains in effecting the Conversion will fall within this range. However, in effecting a Conversion, the Bank will exercise the same standard of care as it uses with respect to transactions it enters into for its own account.

3.1.3 If, during the Execution Period, any national or international calamity or development, crisis of a political or economic nature or change in the financial markets in which a Conversion may be executed, has occurred, the effect of which, in the judgment of the Bank, would materially and adversely affect its ability to execute such Conversion, the Bank will notify the Borrower of such circumstances, and the Bank and the Borrower together will determine what actions, if any, should be taken with respect to such Conversion.

3.1.4 The Borrower and the Bank each consents to the recording of telephone conversations concerning Conversions.

3.2 Acknowledgement of Receipt

The Bank will, within two Business Days after receipt of any Request by the Loan Services Group, notify the Borrower of its receipt of the Request at the address specified by the Borrower pursuant to paragraph 2.4 above or, in the absence of such specification, the address for notices specified in the Loan Agreement. If the Borrower does not receive such acknowledgement from the Bank within three Business Days of dispatch of the Request, the Borrower should contact the Bank. Acknowledgement of receipt does not constitute acceptance of the Request.

3.3 Review of Request

Upon receipt of a Request, the Bank will review it to determine whether the information presented in the Request is accurate and acceptable to the Bank and whether it has been duly authorized by the Borrower.

3.4 Acceptance of Request

If the Bank finds the Request acceptable following the review referred to in paragraph 3.3 above, it will proceed to effect the Conversion without a separate notification to the Borrower of its acceptance.

3.5 Non-Complying Requests; Re-submission

If the Bank determines that a Request does not comply with the requirements specified in the Loan Agreement and the Conversion Guidelines, it will, within the Execution Period, notify the Borrower of its reasons for not accepting the Request. In that case, the Bank will take no further action to effect the Conversion. The Borrower may re-submit its Request taking into account the Bank's comments. Such Request will be treated as a new Request for the purposes of calculating the Execution Period.

3.6 Communications during Execution Period

If any follow-up discussions are necessary during the Execution Period for a Conversion, the Borrower and the Bank may communicate by telephone using the numbers referred to in paragraphs 2.4 and 2.5 above. So long as no change in the terms of the Request are proposed, the Bank may rely on the identity of anyone communicating with the Bank by telephone and purporting to be an authorized representative of the Borrower. If any changes in the terms of the Request are proposed by telephone, the Bank will treat the Request as a non-complying Request and will so notify the Borrower. The Bank will not take any action in respect of such Request until the Borrower furnishes a modified Request. Such modified Request will be treated as a new Request for purposes of calculating the Execution Period.

3.7 Withdrawal of Request

At any time during the Execution Period, the Borrower may notify the Bank that it seeks to withdraw a Request. If the notice of withdrawal is received by the Bank after it has undertaken the related Market Transaction, or applied the Screen Rate(s) (i.e., market rates displayed by established information vendors such as Telerate and Reuters), the request for withdrawal will not be accepted.

4. **Execution**

4.1 Basis upon which Conversion is effected

Save as provided below, all types of Conversions will be effected on the basis of Screen Rates or Market Transactions.

4.2 Market Transactions

4.2.1 Any Market Transaction undertaken by the Bank in effecting a Conversion will reflect the financial terms for the amount of the Loan to be converted.

4.2.2 ***Interest Rate Conversion:*** In the case of an Interest Rate Conversion of a portion of the Loan, the terms of the Interest Hedge Transaction to effect such Conversion will reflect:

- (a) the relevant Conversion Period;
- (b) the interest rate prevailing in the Loan Currency on the Execution Date in respect of such portion of the Loan; and
- (c) the repayment provisions relating to such portion.

4.2.3 **Currency Conversion:** In the case of a Currency Conversion of a portion of the Loan, the terms of the Currency Hedge Transaction entered into by the Bank to effect such Conversion will reflect:

- (a) the relevant Conversion Period;
- (b) the spot or forward exchange rate between the existing Loan Currency and the Approved Currency into which the portion of the Loan is to be converted, for value on the Conversion Date;
- (c) the interest rates prevailing in the existing Loan Currency and the Approved Currency on the Execution Date;
- (d) the repayment provisions relating to such portion; and
- (e) for Local Currency Conversions, an adjustment based on the contractual lending spread (net of waivers) and maturity premium (if any) of the underlying loan.

4.2.4 **Amount of Market Transactions:** If the Bank undertakes a Market Transaction in respect of a Conversion, the Bank may effect a transaction in the financial markets in respect of amounts that are smaller or larger than the amount of the Loan requested to be converted by the Borrower unless, in the opinion of the Bank, doing so would have a negative effect on the terms to be obtained by the Borrower for such Conversion. In the event the amount of the Market Transaction undertaken does not equal the amount of the Loan to be converted, the interest and exchange rates or the Interest Rate Cap or Interest Rate Collar premium obtained under such Market Transactions will be applied to the entire portion of the Loan to be converted.

4.2.5 **Adjustments to Market Transactions:** In the case of Interest Rate Conversions, the Bank will enter into an Interest Hedge Transaction based on the existing interest rate applicable to the portion of the Loan being converted. However, market conditions may dictate that the Bank enter into an Interest Hedge Transaction based on the current interest rates then prevailing in the market and the Bank shall adjust the new rate of interest payable by the Borrower on the affected portion of the Loan to reflect the difference between the interest rate applicable to that portion of the Loan prior to the Interest Rate Conversion and the interest rates then prevailing in the market.

Example of Interest Rate Adjustment in a Fixed to Variable Rate Conversion

Loan Amount	\$100 million
Fixed rate under Loan	8%
Current market fixed rate	10%

Borrower requests Conversion to Variable Rate. The Bank can effect the Conversion in two ways, which are financially equivalent:

- (1) One way is for the Bank to enter into a Market Transaction with a counterparty at current rates:

Market counterparty pays fixed @ 10%
Market counterparty receives LIBOR

The Borrower's Variable Rate would then be $\text{LIBOR} + [(8-10) * 360/365] \% ^7$
i.e., LIBOR less 1.97%.

(2) The other way is for the Bank to enter into an off-market transaction with a counterparty at current rates:

Market counterparty pays fixed @ 8%
Market counterparty receives $\text{LIBOR} + [(8-10) * 360/365] \% ^5$
i.e., LIBOR less 1.97%

In either case, the Borrower's new Variable Rate is LIBOR less 1.97%.

Example of Interest Rate Adjustment in a Variable to Fixed Rate Conversion

Loan	\$100 million
Floating interest rate under Loan	LIBOR + 50 basis points
Current market fixed rate	7%

Borrower requests Conversion to Fixed Rate. The Bank can effect the Conversion in two ways, which are financially equivalent:

(1) One way is for the Bank to enter into a Market Transaction with a counterparty at current rates:

Market counterparty pays floating @ LIBOR
Market counterparty receives fixed @ 7%

Borrower's Fixed Rate would then be $7\% + [0.50 * 365/360] \% ^5$
i.e., 7.51%

(2) The other way is for the Bank to enter into an off-market transaction with a counterparty at current rates:

Market counterparty pays variable rate @ LIBOR + 50 basis points
Market counterparty receives fixed @ $7\% + [0.50 * 365/360] \% ^5$
i.e., 7.51%

In either case, the Borrower's new Fixed Rate is 7.51%.

4.2.6 **One or More Market Transactions:** The Bank may effect any Conversion in one or more Market Transactions. In such event, the Bank will determine the consolidated rate or premium to be applied to the total amount of the Loan to be converted on the basis of the weighted average of the rates or premia obtained in all Market Transactions undertaken to effect such Conversion. The Execution Date will be determined as being the date on which all actions have been taken by the Bank to effect the Conversion of the entire amount.

⁷ Adjustment reflects appropriate market conventions on the fixed and variable legs of the swap, namely a day count convention of 30/360 or Actual/360 on the fixed side, and a day count convention of Actual/360 on the variable side.

4.3. Currency Conversions of Unwithdrawn Amounts

4.3.1 The principal amount of a Currency Conversion of an unwithdrawn portion of the Loan to an Approved Currency is determined on the basis of a Screen Rate, as described in Section 4.03 (a) of the General Conditions.

4.3.2. The Variable Rate payable on the principal amount of a Currency Conversion of an unwithdrawn amount, once withdrawn, is equal to the Reference Rate in respect of the Approved Currency, plus the Fixed Spread or the Variable Spread for the Approved Currency. The Fixed Spread is determined by taking the Fixed Spread applicable prior to the Conversion, and making a basis swap adjustment (if applicable) on the Execution Date for the Conversion.⁸ The Variable Spread will otherwise remain the same as the one applicable prior to the Conversion.

4.4 Partial Amount Conversions

4.4.1 Subject to the terms of the Loan Agreement, the Borrower may request a Conversion of the terms of all or any portion of the principal amount of the Loan. If the Borrower wishes to request that the Conversion apply to only part of the Loan (a Partial Amount), the Request will specify the portion of the Loan to be converted. In the absence of any such request from the Borrower, the Partial Amount Conversion will be applied pro rata across all remaining maturities of the Loan.

4.4.2 If the Borrower requests that a Currency Conversion apply to only part of the unwithdrawn amount of the Loan, the Partial Amount Conversion will be applied pro rata across all amounts remaining unwithdrawn and allocated to the withdrawal categories specified in the Loan Agreement (as applicable). If the Borrower wishes that the Conversion be applied to withdrawal categories in a different manner, it will so specify either in the Request or separately. Following any such Conversion, a reallocation will be handled following standard Bank procedures for reallocating amounts among the categories.

4.5 Partial Maturity Conversions

While the Bank assumes that in many cases the Borrower will want a Conversion for the full maturity of the amount of the Loan to which the Conversion will apply, there may be cases when either: (i) the Bank is not able to execute a Market Transaction for the full maturity of the Loan; or (ii) a Borrower would prefer a Conversion for a shorter period (a Partial Maturity). The consequences of such a Partial Maturity Conversion are described below.

4.5.1 ***Partial Maturity Interest Rate Conversion:*** If the Bank is not able to execute a Market Transaction for the full maturity of the Loan or if, at the Borrower's specific request, the Bank effects a Partial Maturity Conversion consisting of an Interest Rate Conversion (excluding a Conversion from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread), Interest Rate Cap or Interest Rate Collar, upon the expiry of the Conversion Period, the interest rate payable on the amount of the Loan to which such Conversion applies will revert to

⁸ A basis swap adjustment reflects the difference between IBRD fixed spread loan pricing in USD and other major currencies.

the interest rate that would have been applicable to such amount in the absence of such Conversion.⁹

4.5.2 ***Partial Maturity Currency Conversion:*** If the Bank is not able to execute a Market Transaction for the full maturity of the Loan or if, at the Borrower's specific request, the Bank effects a Partial Maturity Currency Conversion, the Borrower should be aware that the principal amount of the Loan in the original Loan Currency that it will owe following the end of the Conversion Period will not be known until the end of the Conversion Period, and will depend 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. Any such Partial Maturity Conversion will be dealt with by the Bank on a case by case basis. A Borrower requesting a Partial Maturity Currency Conversion acknowledges that it is aware of this exchange rate risk and of the fact that in many cases it might be able to obtain a Currency Conversion for the full maturity of the Loan amount to which the Conversion applies.

(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 Conversion applies will be the interest rate applicable following such Conversion. Upon the expiry of the Conversion Period, the interest rate payable on the amount to which the Conversion applied will revert to the interest rate that would have been applicable to such amount in the absence of such Conversion.

(b) ***Currency***: During the Conversion Period of a Partial Maturity Currency Conversion, amounts payable by the Borrower, whether in respect of principal or of interest, will be denominated in the Approved Currency of such Conversion. Upon the expiry of the Conversion Period, the currency of denomination will revert to the Loan Currency in which such amount of the Loan would have been denominated in the absence of such Conversion.

(c) ***Principal Amounts***: Exchange rates are likely to fluctuate between the beginning and end of the Conversion Period. Thus, following the end of the Conversion Period, the remaining principal amount of the Loan may be greater or less than the amount that was originally scheduled to be remaining. The adjustment in the remaining principal amount is necessary because the Bank will structure the Currency Hedge Transaction for the full principal amount of the Loan to which the Conversion applies in order to determine the amount of interest payable on the entire principal amount of the Loan in the Approved Currency. Upon termination of the Partial Maturity Currency Conversion, the remaining principal amount falling due after the Conversion Period will be determined by the Bank by multiplying such remaining principal amount denominated in the Approved Currency by the applicable exchange rate for converting amounts from the Approved Currency into the Loan Currency for value on the last day of the Conversion Period. Since it is important for the Borrower to be aware of the effects of a Partial Maturity Currency Conversion on the principal amount remaining at the end of such Partial Maturity Currency Conversion, Annex B provides examples of how such Currency Conversions would operate.

(d) ***No Further Currency Conversions during Conversion Period for Partial Maturity Currency Conversions***: Unless otherwise agreed with the Bank, the Borrower may not request a further Currency Conversion of any amount which is then subject to a Partial Maturity Currency Conversion.

⁹ Where the Partial Maturity Conversion is effected on a loan with a Variable Spread by first fixing the Variable Spread, the interest rate to which the loan will revert at the expiry of the Conversion Period will therefore have the Fixed Spread applied to the loan immediately prior to the Partial Maturity Conversion.

4.5.3 **Roll-overs:** The risks outlined in paragraph 4.5.2(c) with respect to the principal amount remaining at the end of the Partial Maturity Currency Conversion may be mitigated if the Borrower enters into a further “roll-over” conversion until the maturity of the Loan. The exchange rate risk is mitigated if the same exchange rates are used at the end of the prior swap and the entry into of the roll-over swap. Borrowers should note however that the interest rate risk remains. Annex B provides examples of how a roll-over of a Partial Maturity Currency Conversion would operate. The Borrower will be informed three (3) months prior to the maturity of the Conversion that the Conversion Period is coming to an end. Borrowers, if market conditions exist at that time, will be given the choice to roll-over the Conversion. The Borrower will notify the Bank no less than two (2) months prior to the end of a Partial Maturity Currency Conversion of any election for a “roll-over” conversion.

If the Borrower elects to roll over the maturing Partial Maturity Currency Conversion, then the principal amount remaining due after the Conversion Period denominated in the Loan Currency, as determined in accordance with 4.5.2 (c), will be converted back into the Approved Currency. The principal amount converted will be determined by the Bank by multiplying such remaining principal amount denominated in the Loan Currency by the applicable exchange rate for converting amounts from the Loan Currency into the Approved Currency for value on the date of the roll-over. In effect, the principal amount in the Approved Currency for the rolled-over Conversion will be the same as the principal amount of the previously maturing Partial Maturity Currency Conversion.

4.6 Conditional Requests

4.6.1 The Borrower may submit a Request with certain conditions relating to the terms of the Conversion requested (Conditional Request) as follows:

(a) if the Borrower requests an Interest Rate Conversion (excluding a Conversion from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Reference Rate and a Fixed Spread) or a Currency Conversion, it may specify the maximum: (i) Fixed Rate, or (ii) Fixed Reference Rate, or (iii) spread over the Reference Rate, or (iv) amount of the spread to the Reference Rate to be paid by the Bank under the Interest or Currency Hedge Transaction¹⁰, in each case that it is willing to pay following such Conversion.

(b) if the Borrower requests a Currency Conversion, it may, in addition to the conditions provided in 4.6.1(a) above, specify a limit order for the exchange rate.

4.6.2. The minimum amount of a Loan which may be covered by a Conditional Request is \$3,000,000 equivalent.

4.6.3. Given the volatility of interest and exchange rates, the Bank can give no assurance that it will be able to actually obtain the rate(s) specified in the Conditional Request, even if such rate were to prevail at any given point during the Execution Period.

¹⁰ Applicable to loans with a Variable Spread.

4.6.4 If, during the Execution Period, the Bank is unable to execute the Conversion on the conditional terms set by the Borrower, the Conditional Request will expire and the Bank will promptly notify the Borrower thereof.

4.7 Conversion Options and Hedging Products

Where the Bank accepts a request from a Borrower for a stand-alone hedging transaction, as provided in the Bank's Guidelines for Using Hedging Products (Hedging Guidelines), in respect of a Loan from the Bank (an IBRD Hedge) that contains Conversion options, the Bank will not subsequently accept a Request for a Conversion in respect of any amount of the Loan comprised in such IBRD Hedge so long as the IBRD Hedge remains outstanding.

4.8 Conversions of Loans with a Variable Spread

4.8.1 Currency Conversions from a Variable Rate based on a Reference Rate and a Variable Spread in one major currency into a Reference Rate and a Variable Spread in another major currency will not affect the amount of the applicable Variable Spread in the original Loan Currency and no Market Transaction will be executed by the Bank. If the Currency Conversion will include a Fixed Reference Rate in the new major currency, the Conversion will be effected on the basis of Screen Rates or Market Transactions.

Example of Currency Conversion from one major currency with a Variable Spread into another major currency with a Variable Spread:

Loan Amount \$100 million
Variable Rate under Loan LIBOR + 38 basis points (Variable Spread)
Borrower requests Conversion into EUR with a Variable Spread. The Bank will effect the Conversion with no change to the amount of the Variable Spread applicable in USD prior to the conversion. The terms of the loan after the conversion, and assuming an exchange rate of 0.75 Euros per US Dollar will be:

New Loan Amount EUR75 million
New Variable Rate under Loan EURIBOR + 38 basis points (Variable Spread) + Transaction Fee

The Borrower's Variable Rate would then be EURIBOR + 38 basis points (Variable Spread) + Transaction Fee

4.8.2 Local Currency Conversions from a Variable Rate based on a Reference Rate and a Variable Spread into a Variable Rate based on either a Fixed Reference Rate or a Reference Rate and a Variable Spread in the Approved Currency will be executed on the basis of Screen Rates or Market Transactions. The Variable Spread in the Approved Currency will include a portion, which will be adjusted to reflect semi-annual movements in the foreign exchange rates during the relevant period as reasonably determined by the Bank.

Examples of Local Currency Conversion from a major currency with a Variable Spread into an Approved Currency with a Variable Spread:

Loan Amount:	\$100 million
Variable rate under Loan :	LIBOR + Variable Spread ¹¹
Variable Spread comprises:	
Contractual Spread :	50 basis points
Maturity Premium:	10 basis points
Funding Cost:	-22 basis points

Reference Rate with a Variable Spread in Approved Currency

Borrower requests Conversion into Mexican Peso (MXN) with a Reference Rate and a Variable Spread. The Bank will effect the Conversion by executing a Market Transaction from LIBOR plus an adjustment based on the level of the contractual lending spread (net of waivers) and maturity premium (if any) into the variable Reference Rate in MXN (TIIE).

The Market Transaction will include an adjustment of 30 basis points plus a Transaction Fee as follows:

Market counterparty pays USD LIBOR + 30 basis points + Transaction Fee
Market counterparty receives MXN TIIE – 15 basis points

The terms of the loan after the conversion, assuming an exchange rate of 14 MXN per US Dollar will be:

New Loan Amount:	MXN1.4 billion
New Variable Rate under Loan:	TIIE – 15 basis points + 8 basis points

The Borrower's Variable Rate would then be TIIE – 7 basis points. This spread will be adjusted to reflect semi-annual foreign exchange movements as well as changes in the Bank's funding cost.

Fixed Reference Rate with a Variable Spread in Approved Currency

Borrower requests Conversion into Mexican Peso (MXN) with a Fixed Reference Rate. The Bank will effect the Conversion by executing a Market Transaction from LIBOR plus an adjustment based on the level of the contractual lending spread (net of any waivers) and maturity premium (if any) into a Fixed Reference Rate in MXN.

The Market Transaction will include a hedging adjustment of 30 basis points as follows:

Market counterparty pays USD LIBOR + 30 basis points + Transaction Fee
Market counterparty receives MXN fixed rate of 7%

The terms of the loan after the conversion will be:

New Loan Amount:	MXN1.4 billion
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¹¹ Variable Spread in major currencies comprises the Bank's funding cost against the reference rate, a contractual spread and a maturity premium (if applicable).

New Variable Rate under Loan: 7% + 8 basis points

The Borrower's Variable Rate would then be 7% + 8 basis points. This spread will be adjusted to reflect semi-annual foreign exchange movements as well as changes in the Bank's funding cost.

4.9 Conversions from a Variable Spread to a Fixed Spread

Interest Rate Conversions from a Variable Spread to a Fixed Spread will be executed by applying the Bank's projected funding cost and market risk premium components of the Fixed Spread for the remaining average maturity of the Loan, for the Loan Currency in effect on the Execution Date. The original contractual lending spread and maturity premium (if applicable) of the Loan will be applied to determine the new Fixed Spread.

5. **Notification following Execution Period**

5.1 The Bank will notify the Borrower promptly following the end of the Execution Period of the terms of the Conversion, or of the fact that the Conversion has not been effected. All such notices will be sent by the Bank to the Borrower at the address for notices specified in the Loan Agreement and, if different, any address specified by the Borrower pursuant to paragraph 2.4 above. If the Bank has been unable to effect the Conversion requested during the Execution Period, the Bank and the Borrower together will determine what actions, if any, should be taken.

5.2 Conversion Notice

Within ten Business Days following the Execution Date of any Conversion, the Bank will send to the Borrower a conversion notice setting out the terms obtained in the Conversion, including:

- (a) the Execution Date of the Conversion;
- (b) if applicable, the revised amortization provisions applicable to the Loan;
- (c) the new interest rate payable under an Interest Rate Conversion or a Currency Conversion (whether a Variable Rate or a Fixed Rate), including in the case of a Currency Conversion of an unwithdrawn amount that will accrue interest at a Variable Rate based on a Reference Rate and a Fixed Spread, the Fixed Spread payable as part of the new Variable Rate that will be applicable to such amount once it is withdrawn;
- (d) if applicable, the exchange rate used in effecting a Currency Conversion;
- (e) the Conversion Date determined in accordance with paragraph 2.7 above; and
- (f) the amount of any transaction fees and, if applicable, the amount of any premium payable by the Borrower in connection with the establishment of an Interest Rate Cap or Interest Rate Collar, and the due date for payment of such fees and premia.

5.3 As soon as practicable following the Execution Date of a Conversion, the Bank shall notify the Borrower, to the extent applicable where any amount of the Loan is undisbursed, of the revised withdrawal schedule and/or the amount and denomination of the Loan which may be used for retroactive financing.

6. Payments during Conversion Period

6.1 Commencement of Conversion Period

The Conversion Period will always commence on the Conversion Date and terminate on an Interest Payment Date. As interest accrues in arrears, any interest payable up to a Conversion Date will be payable at the rate applicable immediately prior to the Conversion. Any principal payable either:

(i) on a Conversion Date (where a Conversion Date coincides with an Interest Payment Date); or

(ii) on an Interest Payment Date falling within a period of one month from the date of submission of a Conversion Request;

will not form part of the amount converted and will, in the case of a Currency Conversion, be payable in the currency in which the principal was payable immediately prior to such Conversion.

6.2 Currency Conversions

The Conversion Period of a Currency Conversion is extended (solely for the purpose of making payments of principal and interest¹²) by one day to include the Interest Payment Date and, if applicable, the Principal Payment Date immediately following the final Interest Period of the Conversion Period. Thus, on such Principal/Interest Payment Date, payment of principal and interest will be made in the Approved Currency (i.e., the currency into which the amount of the Loan was converted during the Conversion Period), and interest will be paid at the interest rate basis applicable during the Conversion Period.

7. Special Commitments

7.1 Unwithdrawn amounts of the Loan subject to Special Commitments may not be converted under a Currency Conversion except in the following circumstances:

¹² The Conversion Period runs up to the final day of an Interest Period. An Interest Period runs from one Interest Payment Date up to, but does not include the next Interest Payment Date. In order to ensure that the Borrower makes the final payments at the end of a Conversion Period in the converted currency, it is therefore necessary to extend the Conversion Period by this extra day but only for this purpose. Without this provision, the Conversion Period would terminate one day prior to the final Interest/Principal Payment Date, the Loan Currency would revert out of the converted currency into the original Loan Currency and the Borrower would be required to pay amounts due on this date in the original Loan Currency.

(a) the currency of the special commitment is the same as the Approved Currency into which that amount of the Loan is requested to be converted; or

(b) the amount of the special commitment is significant in the opinion of the Bank.

7.2 If the Bank determines that an amount subject to a Special Commitment may be included as part of a Currency Conversion, the Execution Period will not apply to such Conversion due to the involvement of the third party bank whose agreement to redenominate the currency of the Special Commitment may have to be obtained. In such a case, the Bank will consult with the Borrower and seek the Borrower's instructions on how to proceed.

8. Designated Accounts

If, as a result of a Currency Conversion of an unwithdrawn amount of the Loan, the Borrower wishes to open one or more Designated Accounts in the new Approved Currency, it may so specify either in the Request or separately. The matter will be handled separately from the Conversion, following normal procedures for amending the Loan Agreement. In the absence of such specification, the Borrower will continue to operate the existing Designated Account(s) in its currency of denomination.

9. Retroactive Financing

The following guideline is provided to facilitate the administration, following a Conversion, of limits specified in the Loan Agreement on retroactive financing.

9.1 If the Borrower requests a Currency Conversion of the full unwithdrawn amount of the Loan to an Approved Currency, the amount specified in the Loan Agreement as being available for retroactive financing will be converted into the Approved Currency, but only to the extent that the amount available for retroactive financing has not already been withdrawn.

9.2 If the Borrower requests a Currency Conversion of only part of the unwithdrawn amount of the Loan to an Approved Currency, the amount of the Loan available for retroactive financing will remain in the existing Loan Currency, but only to the extent that such amount does not exceed the unwithdrawn amount of the Loan that remains unconverted. If such amount exceeds the unwithdrawn amount of the Loan in the existing Loan Currency, the amount available for retroactive financing will be expressed in the new Approved Currency (using a Screen Rate) to the extent it exceeds such amount.

10. Development Policy Loans

If the Borrower requests a Currency Conversion of an unwithdrawn amount of a development policy loan which has been made in two or more tranches, the amount specified in the Loan Agreement as being the limit on withdrawals until the policy conditionality for the

release of the next tranche has been fulfilled, will be converted into the Approved Currency at the exchange rate used for the Conversion. This will be handled separately from the Conversion, following normal procedures for amending the Loan Agreement.

11. Automatic Rate Fixing

11.1 Request for Automatic Rate Fixing¹³

11.1.1 The Borrower may at any time request an Interest Rate Conversion from the initial Variable Rate to a Fixed Rate or to a Variable Rate based on a Fixed Reference Rate and a Variable Spread in respect of all future withdrawals of the Loan (Automatic Rate Fixing). The Borrower may include a Request for Automatic Rate Fixing in the Loan Agreement or may submit a separate Request for Automatic Rate Fixing at any time. A Request for Automatic Rate Fixing may specify that the Conversion should be effected as amounts are withdrawn by the Borrower either:

- (a) at specified intervals which coincide with Interest Periods under the Loan; or
- (b) each time withdrawals reach a single specified threshold of not less than \$3 million or 10 % of the Loan, whichever is higher.

11.1.2 Any such Request may be withdrawn by the Borrower at any time, subject to paragraph 3.7 above and paragraph 11.6 below.

11.2 Automatic Rate Fixing at the End of Each Interest Period

If a Request is made by the Borrower for an Automatic Rate Fixing at the end of each Interest Period, all amounts of the Loan withdrawn during an Interest Period will be converted with effect from the first day of the next Interest Period.

11.3 Automatic Rate Fixing at the End of Multiple Interest Periods

If the Borrower requests an Automatic Rate Fixing at the end of multiple Interest Periods (i.e., after every 2 or 3 Interest Periods), all amounts of the Loan withdrawn during such multiple Interest Periods will be converted with effect from the first day of the Interest Period next following the end of such multiple Interest Periods.

11.4 Automatic Rate Fixing by Reference to a Cumulative Amount of Withdrawals

¹³ Automatic Rate Fixing are only offered for loans governed by the General Conditions. ARFs are not currently offered for legacy Variable Spread Loans.

If the Borrower requests an Automatic Rate Fixing every time a specified cumulative amount of the Loan has been withdrawn, such Conversion will be executed promptly upon reaching the threshold amount and will take effect from the Conversion Date. The amount so converted shall be: (i) limited to the threshold specified in the Loan Agreement (where applicable); or (ii) for the full amount withdrawn but not yet converted notwithstanding that such amount may exceed the threshold specified, except that the final Automatic Rate Fixing will be for the balance of the Loan withdrawn but not yet converted, irrespective of the amount involved.

11.5 Subsequent Request

If, after requesting an Automatic Rate Fixing in respect of any amounts of the Loan, the Borrower submits a Request for an Interest Rate Conversion to a Variable Rate or a Currency Conversion, such request, if accepted by the Bank, will supersede the terms established for the Automatic Rate Fixing, and if the Request for an Automatic Rate Fixing was made in the Loan Agreement, will be superseded without the need for an amendment.

11.6 Withdrawal of Request for Automatic Rate Fixing

A Borrower may withdraw a Request for Automatic Rate Fixing and subject to paragraph 3.7 above such withdrawal shall be deemed to be effective upon its acceptance by the Bank. Consequently, any portions of the Loan on which the interest rate has not yet been fixed pursuant to the withdrawn Request for Automatic Rate Fixing shall continue to accrue interest at the Variable Rate specified in the Loan Agreement.

12. Automatic Conversion into Local Currency

12.1 Request for an Automatic Conversion into Local Currency¹⁴

The Borrower may include a request in the provisions of the Loan Agreement for a Local Currency Conversion in respect of all future withdrawals of the Loan (Automatic Conversion into Local Currency). Such conversion will be effected by the Bank at the time of disbursement of amounts of the Loan from the Loan Account. The arrangements for each Automatic Conversion into Local Currency will be determined on a case by case basis and will be reflected in a supplemental letter to the Loan Agreement.

12.2 Adjustment to Interest Periods

Notwithstanding any provision to the contrary in the Loan Agreement, if an amount subject to an Automatic Conversion into Local Currency is withdrawn from the Loan Account within a period of one calendar month prior to an Interest Payment Date, the Bank may, in consultation with the Borrower, determine that the initial Interest Period for that withdrawn amount shall be from and including the date of the withdrawal to and excluding the originally scheduled second Interest Payment Date following the date of such withdrawal.

¹⁴ Automatic Conversions into Local Currency are only offered for loans governed by the General Conditions. ACLCs are not currently offered for legacy Variable Spread Loans.

13. Local Currency Conversions on “Non-Deliverable” Terms

13.1 The Bank may offer, on a case-by-case basis, Local Currency Conversions on non-deliverable terms where repayments to the Bank are denominated in local currency and settled in USD, or in other major currencies (an ‘NDS Currency Conversion’). The availability of these terms will be dependent on the Bank’s ability to enter into a Market Transaction for such Conversion.

13.2 Each NDS Currency Conversion shall be executed pursuant to the submission of a Request by the Borrower in accordance with these Guidelines and on the following terms:

(a) the NDS Currency Conversion shall be from Dollars or other major currencies into an Approved Currency other than US Dollar, Euro, Yen or Sterling on non-deliverable terms as specified in the Request;

(b) the Borrower shall pay a transaction fee for an NDS Currency Conversion as provided for in paragraph 14 below;

(c) all payments of principal and interest shall be on non-deliverable terms and made in Dollars, or in other major currencies, on terms substantially as provided in paragraph 13.3 below;

(d) a bill for the principal and interest payable in respect of an NDS Currency Conversion will be generated by the Bank two (2) Business Days after the Valuation Date (as defined below). Furthermore, in accordance with the section of the General Conditions applicable to each Loan Agreement providing for the delivery of notices and requests, notices relating to the payment of interest and principal in respect of an NDS Currency Conversion may be given to the Borrower through an electronic messaging system and will be deemed to be effective on the date that electronic message is received by the Borrower.

13.3 On each date on which interest and principal are payable under the terms of the Loan Agreement (together a “Settlement Date”), all payments due under the NDS Currency Conversion (the “Settlement Amount”) on such Settlement Date shall be determined in accordance with the terms of the related Currency Hedge Transaction and paid by the Borrower in USD or other major currency acceptable to the Bank (the “Settlement Currency”), substantially in accordance with the following formula:

$$\frac{\text{Interest Amount} + \text{Amortization Amount}}{\text{Settlement Rate}}$$

Where:

“Interest Amount” is the interest amount due on the Loan in the Approved Currency on a Settlement Date following the NDS Currency Conversions and will be determined as the product of:

(i) the Principal Amount;

(ii) the applicable interest rate; and

(ii) the applicable day count fraction

“Amortization Amount” is that portion of the Principal Amount that is due on the Payment Date.

“Principal Amount” is that portion of the principal amount of the Loan withdrawn and outstanding converted into the Approved Currency;

“Settlement Rate” is the currency exchange rate for the Settlement Currency and the Approved Currency as determined on the Valuation Date with respect to a Settlement Date in accordance with the terms of the related Currency Hedge Transaction;

“Valuation Date” is the date that is specified in the related Currency Hedge Transaction, which is typically 5 New York and local business days prior to each Settlement Date.

13.4 Notwithstanding any provision to the contrary in the Loan Agreement or these Conversion Guidelines, interest shall accrue and be payable in the Settlement Currency on the Principal Amount comprised in any Settlement Amount due but not paid by the Borrower on an applicable Settlement Date as follows:

(i) for the first 30 days such portion of the Settlement Amount remains unpaid after the Settlement Date, at the Variable Rate that would have been applicable to the Loan in the original Loan Currency on the Settlement Date prior to any Conversion plus any transaction fees; and

(ii) from the 31st day such portion of the Settlement Amount remains unpaid until payment in full, at either: (a) the Default Interest Rate (if any) applicable to the Loan in the original Loan Currency plus any transaction fees; or (b) if Default Interest is not applicable to the Loan, at the Variable Rate that would have been applicable to the Loan in the original Loan Currency on the Settlement Date plus any transaction fees; in either case in accordance with the terms of the Loan Agreement and as if the relevant NDS Currency Conversion not been effected.

14. Transaction Fees

14.1 Transactions in Respect of which a Fee is Payable

Except as otherwise provided in paragraph 14.4 below, the Borrower will pay to the Bank a transaction fee in respect of:

(i) any Conversion¹⁵; and

¹⁵ Although there are always two aspects to a Currency Conversion (i.e. a change of currency and, of necessity, a change in the interest rate calculation), only one fee will be payable for a Currency Conversion.

- (ii) the early termination of any Conversion.

14.2 Amount of Fee Payable

The fees charged by the Bank in respect of Conversions and early terminations of Conversions are displayed on the Bank's website at <http://treasury.worldbank.org/> Transaction fees charged by the Bank may be revised from time to time, and the revised fees will apply to Conversions effected after such revision.

14.3 Payment of Transaction Fees

Transaction fees will be payable as follows:

- (i) in the case of Interest Rate Caps and Interest Rate Collars, transaction fees will be payable in the Loan Currency, and in the case of a Currency Conversion of unwithdrawn amounts, in the applicable Loan Currency immediately prior to the Currency Conversion, not later than 60 days after the Execution Date or the early termination date, as applicable;

- (ii) in the case of Interest Rate Conversions, transaction fees will be payable in the Loan Currency, will be expressed as basis points which will accrue from the Conversion Date and be added to the interest rate payable on each Interest Payment Date with effect from the Interest Payment Date following such Conversion Date;

- (iii) in the case of Currency Conversions of withdrawn amounts, transaction fees will be payable in the Approved Currency, expressed as basis points which will accrue from the Conversion Date and will be added to the interest rate payable on each Interest Payment Date.

14.4 Exceptions

14.4.1 Free Rate Fixing for loans with a Fixed Spread

To allow the Borrower to fix the interest rate on the outstanding Loan amount for up to its full maturity, no transaction fee will be payable by the Borrower in respect of an Interest Rate Conversion from the initial Variable Rate plus a Fixed Spread to a Fixed Rate. This guideline will apply for up to the total principal amount of the Loan outstanding and for a period up to the final maturity of the Loan. If the Borrower requests an Interest Rate Conversion of the outstanding amount for its full maturity, but the maximum feasible Conversion at that time is for a shorter period or a smaller amount, then the Borrower may request a second Interest Rate Conversion that would also be free of charge, provided that the second request is for the remaining maturity and amount of the Loan.

If the Borrower requests an Interest Rate Conversion Period that is shorter than the maximum period that the Bank determines is feasible at that time to execute the relevant Interest Hedge Transaction, then such Interest Rate Conversion will be free of charge, but the Borrower will be charged a transaction fee for any subsequent Interest Rate Conversion for the remaining balance of the amount of the Loan so converted.

If the Borrower requests an Interest Rate Conversion for the full maturity of the Loan of an amount less than the full amount of the Loan outstanding as of the Conversion Date, then such Interest Rate Conversion will be free of charge and any additional Interest Rate Conversion for the full maturity of the Loan for any amount of the Loan not subject to such Interest Rate Conversion will also be free of charge.

In addition, if the maximum feasible maturity for an Interest Rate Conversion of a partial amount of the Loan is for less than the full maturity, no transaction fee will be payable in respect of the second Conversion of such partial amount (or lesser amount then outstanding) for the remaining maturity.

Example for a Loan with a Fixed Spread:

For a USD Loan with a Fixed Spread with \$50 million outstanding and a remaining maturity of 20 years, the Bank determines that the maximum feasible Conversion at that time in USD is for 15 years and the Borrower makes one of the following Requests:

(1) **Interest Rate Conversion for full amount and full maturity.** No transaction fee for first Interest Rate Conversion of loans with a Fixed Spread for \$50 million with a Conversion Period of 15 years; no transaction fee for subsequent, second Interest Rate Conversion provided the second Conversion is for the then outstanding amount and remaining 5 years.

(2) **Interest Rate Conversion for the full amount (\$50 million) and partial maturity (10 years).** No transaction fee for first Interest Rate Conversion of loans with a Fixed Spread of \$50 million for 10 years; transaction fee payable for subsequent Interest Rate Conversions for up to the remaining 10 years.

(3) **Interest Rate Conversion for partial amount (\$30 million) and for partial maturity (15 years).** No transaction fee for first Interest Rate Conversion of loans with a Fixed Spread for \$30 million for 15 years; no transaction fee for subsequent, second Interest Rate Conversion on the amount of the \$30 million outstanding on the Conversion Date for the second Conversion provided the second Conversion is for the full outstanding amount of that portion of the Loan and the remaining 5 years; no transaction fee payable for any Interest Rate Conversion for the full maturity on the \$20 million (or lesser amount then outstanding) that was not requested to be converted in the original Interest Rate Conversion.

14.5 Transaction Fees and Unwinding Amounts on Refunds, Prepayment and Acceleration of Repayment Terms

14.5.1 If a Conversion has been effected on any amount of a Loan that is to be refunded, prepaid or accelerated (as provided in the applicable Loan Agreement), and the Conversion Period has not been terminated: (i) the Borrower shall pay a transaction fee for the early termination of the Conversion; and (ii) the Borrower or the Bank, as the case may be, shall pay an Unwinding Amount, if any.

14.5.2 Transaction fees provided for above, and any Unwinding Amount payable by the Borrower shall be paid not later than sixty days after the date of the relevant refund, prepayment or payment.

14.5.3 If, upon a refund, prepayment or an acceleration of repayment terms, the aggregate of all transaction fees and Unwinding Amounts represents an amount payable by the Bank to the Borrower, such amount will be subtracted from the amount to be refunded, prepaid or paid by the Borrower.

14.6 Early Termination of Interest Rate Caps and Interest Rate Collars

14.6.1 If, as a result of an early termination of an Interest Rate Collar, an Unwinding Amount is payable by the Borrower to the Bank, the Borrower will pay such amount, together with a transaction fee in respect of such early termination, not later than sixty days after the effective date of such early termination.

14.6.2 If, as a result of an early termination of an Interest Rate Cap or an Interest Rate Collar, an Unwinding Amount is payable by the Bank to the Borrower, the Bank will pay such amount by deducting it against any amounts payable by the Borrower to the Bank under the Loan Agreement as such amounts become due.

14.6.3 If the Borrower wishes to effect a Currency Conversion of an amount subject to an Interest Rate Cap or Interest Rate Collar, no transaction fee will be payable by the Borrower for the early termination of the Interest Rate Cap or Interest Rate Collar. However, a transaction fee would be payable in respect of the Currency Conversion.

14.7 Amendment of Loan Agreements for Variable Spread Loans to Facilitate Conversions

A loan that was initially contracted by a Borrower as a Variable Spread Loan (VSL) or as an IBRD Flexible Loan (IFL) with a Variable Spread may be amended by agreement between the Borrower and the Bank in order allow for the request and execution of Conversions.

14.8 Transformation of Fixed Rate Single Currency Loans to Fixed-Spread Loans

14.8.1 A loan that was initially contracted by a Borrower as a Fixed Rate Single Currency Loan (FSCL) may be transformed by agreement between the Borrower and the Bank into a Fixed-Spread Loan (Transformed Loan)

14.8.2 A transaction fee shall be payable in respect of such Transformed Loan. The transaction fee payable under this sub-section is displayed on the Bank's website at <http://treasury.worldbank.org/>. This fee may be revised from time to time by the Bank, and the revised fee will apply from the effective date of such revision to the Transformed Loan.

14.8.3 The transaction fee payable under this sub-section will be payable in the Loan Currency or Approved Currency as the case may be and will be expressed as basis points which will be added to the interest rate payable on each Interest Payment Date with effect from the date on which the transformation of the FSCL into a Fixed-Spread Loan becomes effective.

14.8.4 Unless the Bank agrees otherwise, a Borrower may not submit a Request for a Conversion in respect of a Transformed Loan within the period of fifteen (15) Business Days commencing from the date on which the agreement transforming the relevant FSCL into a Fixed-Spread Loan becomes effective.

15. Premia on Interest Rate Caps and Interest Rate Collars

15.1 Premium on Interest Rate Caps

The premium payable by the Borrower in connection with an Interest Rate Cap is determined in accordance with the provisions of Section 4.04(c)(i) of the General Conditions.

15.2 Premium on Interest Rate Collars

15.2.1 In order to reduce the premium payable by the Borrower in respect of an Interest Rate Cap, the Borrower may choose an Interest Rate Collar instead of the Interest Rate Cap. Through an Interest Rate Collar, the Borrower, in addition to establishing an upper limit (a cap) on its Variable Rate or Reference Rate for which it pays a premium, also establishes a lower limit (a floor) on the same Variable Rate or Reference Rate for which it receives a premium. The premium the Borrower pays is netted against the premium it receives.

15.2.2 The Borrower may request the establishment of an Interest Rate Collar by specifying a cap and a floor. The premium payable by the Bank to the Borrower in respect of the floor may not exceed the premium to be paid by the Borrower in respect of the cap (thus, the Borrower will never receive a net premium payment). If, as a result of interest rate fluctuations during the Execution Period, the premium on the floor were to exceed the premium on the cap, then the Bank may lower the floor to reduce the premium, so that it will not exceed the premium on the cap. The Borrower may also request that the Bank determine the floor so that the premium in respect of such floor will be equal to the premium in respect of the cap, thereby establishing an Interest Rate Collar at no premium cost (Zero Cost Collar).

15.3 Payment of Premium

15.3.1 Payment out of the Loan Proceeds

The Loan Agreement may provide that premia payable in respect of Interest Rate Caps and Interest Rate Collars will be paid out of the proceeds of the Loan, up to a specified amount. In such case, the Bank will deduct any amounts in respect of premia from the Loan Account on the Execution Date of such Conversion, provided that the unwithdrawn amount available for that purpose is sufficient to cover the cost of the premium in full. If the amount allocated for said purpose only partially covers the amount of the premium payable, the Borrower will be required to pay the balance of the premium out of its own resources not later than 60 days after the Execution Date. Notwithstanding the foregoing and the provisions of paragraph 14.3(i) above, in the case of Interest Rate Caps and Interest Rate Collars on Loans denominated in whole or in part in the Borrower's local currency, the Borrower will, unless otherwise agreed with the Bank, pay the premium out of its own resources in such currency as may be determined by the Bank

15.3.2 Payment out of Borrower's own Resources

If the Borrower elects or is required to pay any premium in respect of an Interest Rate Cap or Interest Rate Collar out of its own resources, such premium will be payable not later than 60 days after the Execution Date for such Conversion. Premia in respect of Interest Rate Caps and Interest Rate Collars will be paid in the applicable Loan Currency.

15.4 Calculation of Premium

The premium payable by the Borrower will be calculated on the entire amount of the Loan to be converted using the rate obtained in any purchase by the Bank of a cap or collar in the financial markets.

16. Rounding Convention Used in Conversions

The Bank will round all currency amounts to the nearest hundredth of the currency unit on USD, EUR, CHF and GBP and to the nearest whole currency unit on JPY (e.g. 1.01 USD and 1 Yen). For other currencies, the rounding will be determined on a case-by-case basis.

The Bank will round interest rates to two decimal places.

The Bank will round foreign exchange rates to six decimal places.

In each case, the Bank will round upwards if the number ends in a figure of five or above, and downwards if the number ends in a figure below five.

ANNEX A

Form of Request

(Please see succeeding forms)

Annex A-1: Automatic Rate Fixing:

Annex A-2: Interest Rate Conversion:

Annex A-3: Interest Rate Cap or Collar:

Annex A-4: Currency Conversion of Outstanding Loan Amounts:

Annex A-5: Currency Conversion of Unwithdrawn Amounts:

Annex A-6: Fixing the Variable Spread:

Annex A-1: Automatic Rate Fixing:

Request for Conversion of IBRD Loan Automatic Rate Fixing

Borrower's Explanatory Statement for the Conversion Request:

The borrower's conversion selection, as requested, and the reasons for this selection, are as follows:

--

We represent that:

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

Information on the Existing Loan to be Converted:

Loan Number	<input type="text"/>
Loan/Project Name	<input type="text"/>
Loan Signing Date	<input type="text"/>
Loan Closing Date	<input type="text"/>
Loan Final Maturity Date	<input type="text"/>
Next Payment Date	<input type="text"/>
Loan Currency	<input type="text"/>

Information on the Requested Conversion:

(All sub-loans listed below must have identical conversion requests. Separate request forms must be submitted for other tranches having different financial terms and conversion requirements.)

Automatically fix the rates on the following tranches:

Choose one

For loans with a variable spread, automatically fix the Reference Rate only, with the following options:

- Either:*
Automatically fix the Reference Rate of newly disbursed amounts which have accumulated within a:
- semester
 - year
 - other multiple of semester: *Please describe:*

Or:
Automatically fix the Reference Rate of newly disbursed loan amounts each time the accumulated disbursed amount reaches a threshold of amount

For loans with a variable spread* or for loans with a fixed spread, automatically fix the interest rate with the following options:

- Either:*
Automatically fix the interest rate of newly disbursed amounts which have accumulated within a:
- semester
 - year
 - other multiple of semester: *Please describe:*

Or:
Automatically fix the interest rate of newly disbursed loan amounts each time the accumulated disbursed amount reaches a threshold of amount

* For loans with a variable spread, the variable spread over the reference rate is changed to a fixed spread prevailing at the time of the request, prior to the automatic rate fixing. Refer to section 2.1.5 of the Guidelines for Conversion of Loan Terms

(Refer to section 11 of the [Guidelines for Conversion of Loan Terms](#))

Special Instructions:

Authorizations:

Specimen signatures of the authorized representatives of the Borrower below must be on file at IBRD before processing of this request may begin.

Name of Borrower:

By Authorized Representative

Name:	<input type="text"/>	Telephone:	<input type="text"/>
Title:	<input type="text"/>	Facsimile:	<input type="text"/>
Date:	<input type="text"/>	Email:	<input type="text"/>
Signature:	<input type="text"/>		

Contact Information for Transaction Confirmation:

Name:	<input type="text"/>	Telephone:	<input type="text"/>
Title:	<input type="text"/>	Facsimile:	<input type="text"/>
Address1:	<input type="text"/>	Email:	<input type="text"/>
Address2:	<input type="text"/>		

This completed form and any related correspondence should be addressed to:

Attn: Loan Client Services Section
Loan Client and Financial Services Division
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433, USA

Telephone: + 1 (202) 458 8330
Facsimile: + 1 (202) 522 1654

Annex A-2: Interest Rate Conversion:

Interest Rate Conversion

Borrower's Explanatory Statement for the Conversion Request:

The borrower's conversion selection, as requested, and the reasons for this selection, are as follows:

We represent that:

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

Information on the Existing Loan to be Converted:

Loan Number	<input type="text"/>
Loan/Project Name	<input type="text"/>
Loan Signing Date	<input type="text"/>
Loan Closing Date	<input type="text"/>
Loan Final Maturity Date	<input type="text"/>
Next Payment Date	<input type="text"/>
Loan Currency	<input type="text"/>

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
- Convert these particular tranches of the loan:
(All tranches listed below must have identical conversion requests. Separate request forms must be submitted for other tranches having different financial terms and conversion requirements.)

(tranche numbers)

Choose one:

- Convert the full outstanding amount of each tranche above
- Convert percent of the outstanding amount of each tranche above

Conversion Date:

Proposed date that the conversion will take effect

(For guidance in selecting this date, please refer to Section 2.7 of the Guidelines for Conversion of Loan Terms)

Choose one:

Next applicable interest payment date

Other

Final maturity of the conversion:

Choose one:

Convert to the final maturity date of the loan or tranches, if market permits

Convert only up to and including this date:

final maturity date of conversion (must correspond with a loan payment date)

Rate of Interest to be Paid Following Conversion:

For loans with a fixed spread:

Choose one:

Fixed rate of interest

Variable rate of interest

For loans with a variable spread:

Choose one:

Fixed rate of interest

Fixed Reference Rate + variable spread

Variable Reference Rate + variable spread

Optional: Conditional Requests -- limited to transactions greater than USD 3 million equivalent :

Execute transactions related to this conversion request only if:

The fixed interest rate or Fixed Reference Rate to be paid excluding any applicable waiver and including applicable transaction fee is less than or equal to %

For a conversion from a Fixed Rate or from a Fixed Reference Rate, the spread over Reference Rate (or, in the case of loans with a variable spread, the component of the spread to the Reference Rate to be paid by the Bank under the Interest Hedge Transaction) to be paid in a floating rate excluding any applicable waiver and including any applicable transaction fee is less than or equal to basis points.

Special Instructions:

Authorizations:

Specimen signatures of the authorized representatives of the Borrower below must be on file at IBRD before processing of this request may begin.

Name of Borrower:

By Authorized Representative

Name:	<input type="text"/>	Telephone:	<input type="text"/>
Title:	<input type="text"/>	Facsimile:	<input type="text"/>
Date:	<input type="text"/>	Email:	<input type="text"/>
Signature:	<input type="text"/>		

Contact Information for Transaction Confirmation:

Name:	<input type="text"/>	Telephone:	<input type="text"/>
Title:	<input type="text"/>	Facsimile:	<input type="text"/>
Address 1	<input type="text"/>	Email:	<input type="text"/>
Address 2	<input type="text"/>		

This completed form and any related correspondence should be addressed to:

Attn: Loan Client Services Section	
Loan Client and Financial Services Division	Telephone: + 1 (202) 458 8330
International Bank for Reconstruction and Development	Facsimile: + 1 (202) 522 1654
1818 H Street, N.W.	
Washington, D.C. 20433, USA	

Annex A-3: Interest Rate Cap or Collar:

Request for Conversion of IBRD Loan Interest Rate Cap or Collar

Borrower's Explanatory Statement for the Conversion Request:

The borrower's conversion selection, as requested, and the reasons for this selection, are as follows:

We represent that:

- (a) we have made our own independent decision to request this conversion;
- (b) we are not relying on any communication or confirmation from IBRD as a recommendation to request such conversion;
- (c) unless expressly agreed with IBRD by separate agreement, IBRD is not acting as a fiduciary for, or an advisor to, us in respect of such conversion;
- (d) we are capable of evaluating and understanding, and understand and accept the terms, conditions and risks of such conversion, and we are also capable of assuming, and assume, the financial risks of such conversion;
- (e) we are undertaking the conversion in order to facilitate prudent debt management as further specified above; 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 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
- Convert these particular tranches of the loan:
(All tranches listed below must have identical conversion requests. Separate request forms must be submitted for other tranches having different financial terms and conversion requirements.)

(tranche numbers)

Choose one:

- Convert the full outstanding amount of each tranche above
- Convert percent of the outstanding amount of each sub-loan and/or tranche above

Choose one:

- Cap or collar the interest rate
- Cap or collar the Reference Rate (for loans with a variable spread only)

Conversion Date:

Proposed date that the conversion will take effect

(For assistance in completing this date, please refer to Section 2.7 of the [Guidelines for Conversion of Loan Terms](#))

Choose one:

Next applicable interest payment date

Other

Final maturity of the conversion:

Choose one:

Convert to the final maturity date of the loan and/or tranche, if market permits

Convert up to and including this date:

final maturity date of conversion (must correspond with a loan payment date)

Cap or Collar Terms:

Choose one:

Interest rate cap such that the lending rate (for loans with a fixed spread) or Reference Rate (for loans with a variable spread), excluding any applicable waiver, will not exceed %.

Interest rate collar such that the lending rate (for loans with a fixed spread) or Reference Rate (for loans with a variable spread), excluding any applicable waiver, will not exceed % and will not decline below %.

Zero-cost interest collar such that the lending rate (for loans with a fixed spread) or Reference Rate (for loans with a variable spread), excluding any applicable waiver, will not exceed % and will not decline below a floor rate to be determined.

Please see paragraph 15.2.2 of the [Guidelines for Conversion of Loan Terms](#).

Optional: Conditional Requests -- limited to transactions greater than USD 3 million equivalent :

Execute transactions related to this conversion request only if:

For cap or collar:

The premium to be paid on the cap or collar is less than or equal to .

For zero-cost collar:

The floor on the zero-cost collar is at a strike rate (excluding any applicable waiver) less than or equal to %

Choose one:

Payment of cap or collar premium, if any, to be financed from:

proceeds of the loan (if sufficient unwithdrawn balance in Loan Account, and provided for in withdrawal schedule to Loan Agreement)

borrower's own funds

Special Instructions:

Authorizations:

Specimen signatures of the authorized representatives of the Borrower below must be on file at IBRD before processing of this request may begin.

Name of Borrower:

By Authorized Representative

Name:	<input type="text"/>	Telephone:	<input type="text"/>
Title:	<input type="text"/>	Facsimile:	<input type="text"/>
Date:	<input type="text"/>	Email:	<input type="text"/>
Signature:	<input type="text"/>		

Contact Information for Transaction Confirmation:

Name:	<input type="text"/>	Telephone:	<input type="text"/>
Title:	<input type="text"/>	Facsimile:	<input type="text"/>
Address 1	<input type="text"/>	Email:	<input type="text"/>
Address 2	<input type="text"/>		

This completed form and any related correspondence should be addressed to:

Attn: Loan Client Services Section
Loan Client and Financial Services Division
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433, USA

Telephone: + 1 (202) 458 8330
Facsimile: + 1 (202) 522 1654

Annex A-4: Currency Conversion of Outstanding Loan Amounts:

Request for Conversion of IBRD Loan Currency Conversion of Outstanding Loan Amounts

Borrower's Explanatory Statement for the Conversion Request:

The borrower's conversion selection, as requested, and the reasons for this selection, are as follows:

We represent that:

- (a) we have made our own independent decision to request this conversion;
- (b) we are not relying on any communication or confirmation from IBRD as a recommendation to request such conversion;
- (c) unless expressly agreed with IBRD by separate agreement, IBRD is not acting as a fiduciary for, or an advisor to, us in respect of such conversion;
- (d) we are capable of evaluating and understanding, and understand and accept the terms, conditions and risks of such conversion, and we are also capable of assuming, and assume, the financial risks of such conversion;
- (e) we are undertaking the conversion in order to facilitate prudent debt management as further specified above; 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 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
- Convert these particular tranches of the loan:
(All tranches listed below must have identical conversion requests. Separate request forms must be submitted for other tranches having different financial terms and conversion requirements.)

(tranche numbers)

Choose one:

- Convert the full outstanding amount of each tranche above
- Convert percent of the outstanding amount of each tranche above

Conversion Date:

Proposed date that the conversion will take effect

(For guidance in selecting this date, please refer to Section 2.7 of the Guidelines for Conversion of Loan Terms)

Choose one:

Next applicable interest payment date

Other

Final maturity of the conversion:

Choose one:

Convert to the final maturity date of the loan or tranches, if market permits

Convert only up to and including this date: final maturity date of conversion *

(must coincide with a loan payment date)**

* Please see paragraph 4.5.2 of the Guidelines for Conversion of Loan Terms.

**We are aware that this request will not be executed following the standard timetable for execution.

For Local Currency Conversions only

Local Currency Conversions on non-deliverable terms (Attach details of name and source of preferred settlement rate)

Currency and Interest Rate to Be Paid Following Conversion:

Change the currency from to

For loans with a fixed spread or a Fixed Rate:

Choose one:

Fixed rate of interest

Variable rate of interest

For loans with a variable spread:

Choose one:

Fixed rate of interest

Fixed Reference Rate + variable spread

Variable Reference Rate + variable spread

Optional: Conditional Requests -- limited to transactions greater than USD 3 million equivalent :

Execute transactions related to this conversion request only if: (choose all that apply)

The fixed interest rate or Fixed Reference Rate to be paid excluding any applicable waiver and including any applicable transaction fee is less than or equal to %

For a conversion from a Fixed Rate or from a Fixed Reference Rate, the spread over Reference Rate (or, in the case of loans with a variable spread, the component of the spread to the Reference Rate to be paid by the Bank under the Currency or Interest Hedge Transaction) to be paid in a floating rate excluding any applicable waiver and including any applicable transaction fee is less than or equal to basis points.

Special Instructions:

Authorizations:

Specimen signatures of the authorized representatives of the Borrower below must be on file at IBRD before processing of this request may begin.

Name of Borrower:

By Authorized Representative

Name:	<input type="text"/>	Telephone:	<input type="text"/>
Title:	<input type="text"/>	Facsimile:	<input type="text"/>
Date:	<input type="text"/>	Email:	<input type="text"/>
Signature:	<input type="text"/>		

Contact Information for Transaction Confirmation:

Name:	<input type="text"/>	Telephone:	<input type="text"/>
Title:	<input type="text"/>	Facsimile:	<input type="text"/>
Address1:	<input type="text"/>	Email:	<input type="text"/>
Address2:	<input type="text"/>		

This completed form and any related correspondence should be addressed to:

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International Bank for Reconstruction and Development
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Washington, D.C. 20433, USA

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Facsimile: + 1 (202) 522 1654

Annex A-5: Currency Conversion of Unwithdrawn Amounts:

Request for Conversion of IBRD Loan Currency Conversion of Unwithdrawn Amount

Borrower's Explanatory Statement for the Conversion Request:

The borrower's conversion selection, as requested, and the reasons for this selection, are as follows:

We represent that:

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

Loan Number	
Loan/Project Name	
Loan Signing Date	
Loan Closing Date	
Loan Final Maturity Date	
Next Payment Date	
Loan Currency	

Currency to be Paid Following Conversion:

(Separate request forms must be submitted for each tranche)

Please specify if only specific categories under the Withdrawal Schedule of Loan Agreement are to be converted:

Refer to Section 4.4 of the [Guidelines for Conversion of Loan Terms](#).

Choose one:

- Convert the full unwithdrawn amount, or
- Convert percent of the unwithdrawn amount.

Change the currency to

For information on the Effective Date of conversion, please see Section 2.7 of the [Guidelines for Conversion of Loan Terms](#).

Please list any Special Commitments denominated in the new currency which you wish to form part of the conversion.

Please see Section 7 of the [Guidelines for Conversion of Loan Terms](#).

Please specify if a Designated Account in the new Approved Currency is to be opened:

Please see Section 8 of the [Guidelines for Conversion of Loan Terms](#).

Special Instructions:

Authorizations:

Specimen signatures of the authorized representatives of the Borrower below must be on file at IBRD before processing of this request may begin.

Name of Borrower:

By Authorized Representative

Name:	<input type="text"/>	Telephone:	<input type="text"/>
Title:	<input type="text"/>	Facsimile:	<input type="text"/>
Date:	<input type="text"/>	Email:	<input type="text"/>
Signature:	<input type="text"/>		

Contact Information for Transaction Confirmation:

Name:	<input type="text"/>	Telephone:	<input type="text"/>
Title:	<input type="text"/>	Facsimile:	<input type="text"/>
Address1:	<input type="text"/>	Email:	<input type="text"/>
Address2:	<input type="text"/>		

This completed form and any related correspondence should be addressed to:

Attn: Loan Client Services Section
Loan Client and Financial Services Division
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433, USA

Telephone: + 1 (202) 458 8330
Facsimile: + 1 (202) 522 1654

Annex A-6: Fixing the Variable Spread:

Request for Conversion of IBRD Loan Fixing of Variable Spread Over the Reference Rate

We hereby request a fixing of the Variable Spread over the Reference Rate to a Fixed Spread over the Reference Rate for the entire loan amount, for the full maturity of the loan.

(Use this form for request conversion to fix the Variable Spread over the Reference Rate to a Fixed Spread over the Reference Rate, without a corresponding currency or interest rate conversion. Refer to Section 2.1.5 of the [Guidelines for Conversion of Loan Terms](#).)

Borrower's Explanatory Statement for the Request:

The borrower's reasons for this request are as follows:

--

We represent that:

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

Information on the Existing Loan whose Variable Spread is to be fixed:

Loan Number	<input type="text"/>
Loan/Project Name	<input type="text"/>
Loan Signing Date	<input type="text"/>
Loan Closing Date	<input type="text"/>
Loan Final Maturity Date	<input type="text"/>
Next Payment Date	<input type="text"/>
Loan Currency	<input type="text"/>

Information on the Requested Fixing:

Effective Date of Fixing:

Proposed date that the fixing will take effect

(For assistance in completing this date, please refer to Section 2.7 of the [Guidelines for Conversion of Loan Terms](#).)

Special Instructions:

--

Authorizations:

Specimen signatures of the authorized representatives of the Borrower below must be on file at IBRD before processing of this request may begin.

Name of Borrower:

By Authorized Representative

Name:	<input type="text"/>	Telephone:	<input type="text"/>
Title:	<input type="text"/>	Facsimile:	<input type="text"/>
Date:	<input type="text"/>	Email:	<input type="text"/>
Signature:	<input type="text"/>		

Contact Information for Transaction Confirmation:

Name:	<input type="text"/>	Telephone:	<input type="text"/>
Title:	<input type="text"/>	Facsimile:	<input type="text"/>
Address1:	<input type="text"/>	Email:	<input type="text"/>
Address2:	<input type="text"/>		

This completed form and any related correspondence should be addressed to:

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Loan Client and Financial Services Division
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433, USA

Telephone: + 1 (202) 458 8330
Facsimile: + 1 (202) 522 1654

ANNEX B

Examples of Partial Maturity Currency Conversion

The following examples outline the mechanics associated with a Partial Maturity Currency Conversion. The attached table lists the cashflows for the illustrative example described below.

Assumption: Borrower has a USD 100 million disbursed Loan that has a grace period of 5 years, a final maturity of 15 years and 10 equal annual principal repayments of USD 10 million each.

Step 1: Request

Borrower requests a Currency Conversion of the USD Loan soon after withdrawal to a Euro Loan for the first 10 years only.

Step 2 : Currency Hedge Transaction with Market Counterparty

The Bank executes a 10-year, amortizing, fixed USD to fixed Euro Currency Hedge Transaction with a market counterparty. Assume the Euro/USD exchange rate at the time of the swap is 0.90.

Currency Hedge Transaction details:

There will be no initial principal exchange on the Currency Hedge Transaction.

There will be principal exchanges of USD 10 million against EUR 9 million from years 6 through 10 (taking into account the grace period), in line with the amortization schedule on the underlying loan.

There will be a final exchange of principal at the end of the 10th year upon maturity of the Currency Hedge Transaction -- USD 50 million against EUR 45 million, corresponding to the unamortized principal balance at the time.

Step 3: Loan Conversion

Borrower's outstanding loan amount is converted from USD 100 million to EUR 90 million at the 0.9 EUR/USD exchange rate; annual principal repayments of EUR 9 million from years 6 through 10 will leave an outstanding principal balance of EUR 45 million at the end of the 10th year.

Step 4: Final exchange of principal between Bank and Market Counterparty, upon maturity of Currency Hedge Transaction at the end of Year 10

Bank has to pay EUR 45 million to counterparty against receipt of USD 50 million. Since there will be no corresponding exchange of principal between the

Bank and the Borrower (there will instead be a redenomination of the Loan Currency from EUR back to USD), the Bank will have to generate the EUR 45 million it needs to pay the counterparty by purchasing the EUR with USD. Assume the Bank is able to effect this transaction from USD to EUR at the then-prevailing exchange rate of 1.5 EUR/USD (i.e., the USD has appreciated from EUR 0.90 to EUR 1.50 over the past 10 years).

Step 5: Redenomination of Borrower's Loan at the end of Year 10

Borrower's outstanding loan amount is converted from EUR 45 million to USD 30 million at the 1.5 EUR/USD exchange rate; annual principal repayments of USD 6 million from years 11 through 15 will bring the outstanding loan balance to zero at the end of the 15th year.

EXAMPLE 1: PRINCIPAL CASHFLOWS ON ORIGINAL LOAN, CURRENCY HEDGE TRANSACTION AND CONVERTED LOAN IN CASE OF PARTIAL MATURITY CURRENCY CONVERSION

Exchange Rate on Currency Hedge Transaction/Currency Conversion at Year-1: 0.9 EUR/USD

Assumed Exchange Rate at the end of Year-10
at which loan amount will revert to USD:

1.5 EUR/USD
0.67 USD/EUR

Example 1: Partial Maturity Conversion - assuming EUR depreciation

Years	Borrower's Total Debt Service Payment Obligations under the Original Loan			Borrower's Total Debt Service Payment Obligations after EUR Currency Conversion				
				(a)	(b)	(c)	(d)	(e)
	Outstanding Principal Amount	Principal Amortization Schedule	Applicable Loan Interest Rate	Outstanding Principal Amount	Principal Amortization Schedule	Applicable Loan Interest Rate	Interest Payments [(a)+(b)]*c	Total Debt Service Payments [(b)+(d)]
	USD million	USD million	6-m USD LIBOR	EUR million	EUR million		million	million
0	100.0							
1	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
2	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
3	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
4	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
5	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
6	90.0	10.0	LIBOR + 5 bp	EUR 81.0	EUR 9.0	6.75%	EUR 6.1	EUR 15.1
7	80.0	10.0	LIBOR + 5 bp	EUR 72.0	EUR 9.0	6.75%	EUR 5.5	EUR 14.5
8	70.0	10.0	LIBOR + 5 bp	EUR 63.0	EUR 9.0	6.75%	EUR 4.9	EUR 13.9
9	60.0	10.0	LIBOR + 5 bp	EUR 54.0	EUR 9.0	6.75%	EUR 4.3	EUR 13.3
10	50.0	10.0	LIBOR + 5 bp	EUR 45.0	EUR 9.0	6.75%	EUR 3.6	EUR 12.6

After loan reverts back to USD:

Years	Borrower's Total Debt Service Payment Obligations under the Original Loan			Borrower's Total Debt Service Payment Obligations after Loan Reverts Back to USD		
	Outstanding Principal Amount	Principal Amortization Schedule	Applicable Loan Interest Rate	Outstanding Principal Amount	Principal Amortization Schedule	Applicable Loan Interest Rate ¹
	USD million	USD million	6-m USD LIBOR	USD million	USD million	6-m USD LIBOR
<i>End of Yr 10</i>	50.0			30.0		
11	40.0	10.0	LIBOR + 5 bp	24.0	6.0	LIBOR + 5 bp
12	30.0	10.0	LIBOR + 5 bp	18.0	6.0	LIBOR + 5 bp
13	20.0	10.0	LIBOR + 5 bp	12.0	6.0	LIBOR + 5 bp
14	10.0	10.0	LIBOR + 5 bp	6.0	6.0	LIBOR + 5 bp
15	0.0	10.0	LIBOR + 5 bp	0.0	6.0	LIBOR + 5 bp

¹The interest rate applicable to the loan reverts back to the original floating interest rate of the original loan currency at the maturity of the initial currency conversion.

* As soon as a Partial Maturity Currency Conversion is effected, the principal repayment amounts remaining at the end of the Conversion Period (i.e., USD 10 million in years 11-15) are subject to adjustment as described in paragraph 4.5.2 (c) above. In the case of this example, principal repayments for years 11-15 are adjusted to USD 6 million each.

The previous example showed the effects of a depreciation of the Euro vis-à-vis the US Dollar (from 0.9 Euro to the US Dollar to 1.5 Euro to the US Dollar).

The next example shows the effects of an appreciation of the Euro vis-à-vis the US Dollar (from 0.9 Euro to the US Dollar to 0.6 Euro to the US Dollar).

EXAMPLE 2: PRINCIPAL CASHFLOWS ON ORIGINAL LOAN, HEDGE SWAP AND CONVERTED LOAN IN CASE OF PARTIAL MATURITY CURRENCY CONVERSION
(Table shows interest flows)

Exchange Rate on Currency Hedge Transaction/Currency Conversion at Year-1:

0.9 EUR/USD

Assumed Exchange Rate at the end of Year-10
At which loan amount will revert to USD:

0.6 EUR/USD
1.67USD/EUR

Example 2: Partial Maturity Conversion - assuming EUR appreciation

Years	Borrower's Total Debt Service Payment Obligations under the Original Loan			Borrower's Total Debt Service Payment Obligations after EUR Currency Conversion				
				(a)	(b)	(c)	(d)	(e)
	Outstanding Principal Amount	Principal Amortization Schedule	Applicable Loan Interest Rate	Outstanding Principal Amount	Principal Amortization Schedule	Applicable Loan Interest Rate	Interest Payments [(a)+(b)]*c	Total Debt Service Payments [(b)+(d)]
	USD million	USD million	6-m USD LIBOR	EUR million	EUR million		million	million
0	100.0							
1	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
2	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
3	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
4	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
5	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
6	90.0	10.0	LIBOR + 5 bp	EUR 81.0	EUR 9.0	6.75%	EUR 6.1	EUR 15.1
7	80.0	10.0	LIBOR + 5 bp	EUR 72.0	EUR 9.0	6.75%	EUR 5.5	EUR 14.5
8	70.0	10.0	LIBOR + 5 bp	EUR 63.0	EUR 9.0	6.75%	EUR 4.9	EUR 13.9
9	60.0	10.0	LIBOR + 5 bp	EUR 54.0	EUR 9.0	6.75%	EUR 4.3	EUR 13.3
10	50.0	10.0	LIBOR + 5 bp	EUR 45.0	EUR 9.0	6.75%	EUR 3.6	EUR 12.6

After loan reverts back to USD:

Years	Borrower's Total Debt Service Payment Obligations under the Original Loan			Borrower's Total Debt Service Payment Obligations after Loan Reverts Back to USD		
	Outstanding Principal Amount	Principal Amortization Schedule	Applicable Loan Interest Rate	Outstanding Principal Amount	Principal Amortization Schedule	Applicable Loan Interest Rate ¹
	USD million	USD million	6-m USD LIBOR	USD million	USD million	6-m USD LIBOR
<i>End of Yr 10</i>	50.0			75.0		
11	40.0	10.0	LIBOR + 5 bp	60.0	15.0	LIBOR + 5 bp
12	30.0	10.0	LIBOR + 5 bp	45.0	15.0	LIBOR + 5 bp
13	20.0	10.0	LIBOR + 5 bp	30.0	15.0	LIBOR + 5 bp
14	10.0	10.0	LIBOR + 5 bp	15.0	15.0	LIBOR + 5 bp
15	0.0	10.0	LIBOR + 5 bp	0.0	15.0	LIBOR + 5 bp

¹The interest rate applicable to the loan reverts back to the original floating interest rate of the original loan currency at the maturity of the initial currency conversion.

* As soon as a Partial Maturity Currency Conversion is effected, the principal repayment amounts remaining at the end of the Conversion Period (i.e., USD 10 million in years 11-15) are subject to adjustment as described in paragraph 4.5.2 (c) above. In the case of this example, the Borrower's principal repayments for years 11-15 will be adjusted to USD 15 million annually.

Example 3: PARTIAL MATURITY CONVERSION IS ROLLED OVER, APPROVED CURRENCY HAS DEPRECIATED.

Assumption: Borrower has a USD 100 million disbursed Loan that has a grace period of 5 years, a final maturity of 15 years and 10 equal annual principal repayments of USD 10 million each. The Partial Maturity Currency Conversion, as set forth in Example 1, is rolled over.

Step 1: Request

Borrower requests a Currency Conversion of the USD Loan soon after withdrawal to a Euro Loan for the first 10 years only.

Step 2 : Currency Hedge Transaction with Market Counterparty

The Bank executes a 10-year, amortizing, fixed USD to fixed Euro Currency Hedge Transaction with a market counterparty. Assume the Euro/USD exchange rate at the time of the swap is EUR 0.90.

Currency Hedge Transaction details:

There will be no initial principal exchange on the Currency Hedge Transaction.

There will be principal exchanges of USD 10 million against EUR 9 million from years 6 through 10 (taking into account the grace period), in line with the amortization schedule on the underlying loan.

There will be a final exchange of principal at the end of the 10th year upon maturity of the Currency Hedge Transaction -- USD 50 million against EUR 45 million, corresponding to the unamortized principal balance at the time.

Step 3: Loan Conversion

Borrower's outstanding loan amount is converted from USD 100 million to EUR 90 million at the 0.9 EUR/USD exchange rate; annual principal repayments of EUR 9 million from years 6 through 10 will leave an outstanding principal balance of EUR 45 million at the end of the 10th year.

Step 4: Final exchange of principal between Bank and Market Counterparty, upon maturity of Currency Hedge Transaction at the end of Year 10

Bank has to pay EUR 45 million to counterparty against receipt of USD 50 million. Since there will be no corresponding exchange of principal between the Bank and the Borrower (there will instead be a redenomination of the Loan Currency from EUR back to USD), the Bank will have to generate the EUR 45 million it needs to pay the counterparty by purchasing the EUR with USD. Assume the Bank is able to effect this transaction from USD to EUR at the then-

prevailing exchange rate of 1.5 EUR/USD (i.e., the USD has appreciated from EUR 0.90 to EUR 1.50 over the past 10 years).

Step 5: Request for a second currency conversion

Borrower requests a rollover of the Partial Maturity Currency Conversion of the Loan into EUR.

Step 6 : Currency Hedge Transaction with Market Counterparty

The Bank executes a 5-year, amortizing, fixed USD to fixed Euro Currency Hedge Transaction with a market counterparty. Assume the Euro/USD exchange rate at the time of the second conversion is EUR 1.50.

Currency Hedge Transaction details:

At the end of the 10-year initial Conversion Period, the currency swap is executed immediately with a structure providing the same annual amounts of principal payment in EUR (i.e., EUR 9 million) as those of the initial swap.

There will be no initial principal exchange on the Currency Hedge Transaction.

There will be principal exchanges of USD 6 million against EUR 9 million from years 11 through 15, in line with the amortization schedule on the underlying loan.

Due to the depreciation of the EUR to 1.50 EUR/USD, this conversion results in a higher interest rate of 8.25% p.a. As a result, the borrower's debt service for the remaining maturity of 5 years is converted to annual principal payments of EUR 9 million with the lending rate of 8.25% p.a. in EUR. It is important to note that the exchange rate and interest rate in EUR on the second currency conversion will only be known at the time the second conversion is effected; it will not be known at the time of the initial conversion into EUR.

Example 3: Partial Maturity Conversion With Rollover - assuming EUR depreciation

Years	Borrower's Total Debt Service Payment Obligations under the Original Loan			Borrower's Total Debt Service Payment Obligations after EUR Currency Conversion				
				(a)	(b)	(c)	(d)	(e)
	Outstanding Principal Amount	Principal Amortization Schedule	Applicable Loan Interest Rate	Outstanding Principal Amount	Principal Amortization Schedule	Applicable Loan Interest Rate ¹	Interest Payments [(a)+(b)]*c	Total Debt Service Payments [(b)+(d)]
	USD million	USD million	6-m USD LIBOR	EUR million	EUR million		million	million
0	100.0							
1	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
2	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
3	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
4	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
5	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
6	90.0	10.0	LIBOR + 5 bp	EUR 81.0	EUR 9.0	6.75%	EUR 6.1	EUR 15.1
7	80.0	10.0	LIBOR + 5 bp	EUR 72.0	EUR 9.0	6.75%	EUR 5.5	EUR 14.5
8	70.0	10.0	LIBOR + 5 bp	EUR 63.0	EUR 9.0	6.75%	EUR 4.9	EUR 13.9
9	60.0	10.0	LIBOR + 5 bp	EUR 54.0	EUR 9.0	6.75%	EUR 4.3	EUR 13.3
10	50.0	10.0	LIBOR + 5 bp	EUR 45.0	EUR 9.0	6.75%	EUR 3.6	EUR 12.6
11	40.0	10.0	LIBOR + 5 bp	EUR 36.0	EUR 9.0	8.25%	EUR 3.7	EUR 12.7
12	30.0	10.0	LIBOR + 5 bp	EUR 27.0	EUR 9.0	8.25%	EUR 3.0	EUR 12.0
13	20.0	10.0	LIBOR + 5 bp	EUR 18.0	EUR 9.0	8.25%	EUR 2.2	EUR 11.2
14	10.0	10.0	LIBOR + 5 bp	EUR 9.0	EUR 9.0	8.25%	EUR 1.5	EUR 10.5
15	0.0	10.0	LIBOR + 5 bp	EUR 0.0	EUR 9.0	8.25%	EUR 0.7	EUR 9.7

¹The applicable fixed interest rate in EUR increased from 6.75% to 8.25% after rollover of the currency conversion at the end of year 10.

Example 4: PARTIAL MATURITY CONVERSION IS ROLLED OVER, APPROVED CURRENCY HAS APPRECIATED.

Assumption: Borrower has a USD 100 million disbursed Loan that has a grace period of 5 years, a final maturity of 15 years and 10 equal annual principal repayments of USD 10 million each. The Partial Maturity Currency Conversion, as set forth in Example 1, is rolled over.

Step 1: Request

Borrower requests a Currency Conversion of the USD Loan soon after withdrawal to a Euro Loan for the first 10 years only.

Step 2 : Currency Hedge Transaction with Market Counterparty

The Bank executes a 10-year, amortizing, fixed USD to fixed Euro Currency Hedge Transaction with a market counterparty. Assume the Euro/USD exchange rate at the time of the swap is EUR 0.90.

Currency Hedge Transaction details:

There will be no initial principal exchange on the Currency Hedge Transaction.

There will be principal exchanges of USD 10 million against EUR 9 million from years 6 through 10 (taking into account the grace period), in line with the amortization schedule on the underlying loan.

There will be a final exchange of principal at the end of the 10th year upon maturity of the Currency Hedge Transaction -- USD 50 million against EUR 45 million, corresponding to the unamortized principal balance at the time.

Step 3: Loan Conversion

Borrower's outstanding loan amount is converted from USD 100 million to EUR 90 million at the 0.9 EUR/USD exchange rate; annual principal repayments of EUR 9 million from years 6 through 10 will leave an outstanding principal balance of EUR 45 million at the end of the 10th year.

Step 4: Final exchange of principal between Bank and Market Counterparty, upon maturity of Currency Hedge Transaction at the end of Year 10

Bank has to pay EUR 45 million to counterparty against receipt of USD 50 million. Since there will be no corresponding exchange of principal between the Bank and the Borrower (there will instead be a redenomination of the Loan Currency from EUR back to USD), the Bank will have to generate the EUR 45 million it needs to pay the counterparty by purchasing the EUR with USD. Assume the Bank is able to effect this transaction from USD to EUR at the then-

prevailing exchange rate of 0.6 EUR/USD (i.e., the USD has depreciated from EUR 0.90 to EUR 0.6 over the past 10 years).

Step 5: Request for a second currency conversion

Borrower requests a rollover of the Partial Maturity Currency Conversion of the Loan into EUR.

Step 6 : Currency Hedge Transaction with Market Counterparty

The Bank executes a 5-year, amortizing, fixed USD to fixed Euro Currency Hedge Transaction with a market counterparty. Assume the Euro/USD exchange rate at the time of the second conversion is EUR 0.60.

Currency Hedge Transaction details:

At the end of the 10-year initial Conversion Period, the currency swap is executed immediately with a structure providing the same annual amounts of principal payment in EUR (i.e., EUR 9 million) as those of the initial swap.

There will be no initial principal exchange on the Currency Hedge Transaction.

There will be principal exchanges of USD 15 million against EUR 9 million from years 11 through 15, in line with the amortization schedule on the underlying loan.

Due to the appreciation of the EUR to 0.60 EUR/USD, this conversion results in a lower interest rate of 5.25% p.a. As a result, the borrower's debt service for the remaining maturity of 5 years is converted to annual principal payments of EUR 9 million with the lending rate of 5.25% p.a. in EUR. It is important to note that the exchange rate and interest rate in EUR on the second currency conversion will only be known at the time the second conversion is effected; it will not be known at the time of the initial conversion into EUR.

Example 4: Partial Maturity Conversion With Rollover - assuming EUR appreciation

Years	Borrower's Total Debt Service Payment Obligations under the Original Loan			Borrower's Total Debt Service Payment Obligations after EUR Currency Conversion				
				(a)	(b)	(c)	(d)	(e)
	Outstanding Principal Amount	Principal Amortization Schedule	Applicable Loan Interest Rate	Outstanding Principal Amount	Principal Amortization Schedule	Applicable Loan Interest Rate ¹	Interest Payments [(a)+(b)]*c	Total Debt Service Payments [(b)+(d)]
USD million	USD million	6-m USD LIBOR	EUR million	EUR million		million	million	
0	100.0							
1	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
2	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
3	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
4	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
5	100.0		LIBOR + 5 bp	EUR 90.0		6.75%	EUR 6.1	EUR 6.1
6	90.0	10.0	LIBOR + 5 bp	EUR 81.0	EUR 9.0	6.75%	EUR 6.1	EUR 15.1
7	80.0	10.0	LIBOR + 5 bp	EUR 72.0	EUR 9.0	6.75%	EUR 5.5	EUR 14.5
8	70.0	10.0	LIBOR + 5 bp	EUR 63.0	EUR 9.0	6.75%	EUR 4.9	EUR 13.9
9	60.0	10.0	LIBOR + 5 bp	EUR 54.0	EUR 9.0	6.75%	EUR 4.3	EUR 13.3
10	50.0	10.0	LIBOR + 5 bp	EUR 45.0	EUR 9.0	6.75%	EUR 3.6	EUR 12.6
11	40.0	10.0	LIBOR + 5 bp	EUR 36.0	EUR 9.0	5.25%	EUR 2.4	EUR 11.4
12	30.0	10.0	LIBOR + 5 bp	EUR 27.0	EUR 9.0	5.25%	EUR 1.9	EUR 10.9
13	20.0	10.0	LIBOR + 5 bp	EUR 18.0	EUR 9.0	5.25%	EUR 1.4	EUR 10.4
14	10.0	10.0	LIBOR + 5 bp	EUR 9.0	EUR 9.0	5.25%	EUR 0.9	EUR 9.9
15	0.0	10.0	LIBOR + 5 bp	EUR 0.0	EUR 9.0	5.25%	EUR 0.5	EUR 9.5

¹The applicable fixed interest rate in EUR decreased from 6.75% to 5.25% after rollover of the currency conversion at the end of year 10.